

Bahlsen



OUR SUSTAINABILITY

MILESTONES AND GOALS



Strategy & Dialog

FOCUS: Integrating the sustainability strategy into the corporate strategy

CERTIFICATION

in accordance with ZNU's More Sustainable Economic Management (Food) standard



PROGRESS

Sustainability management system

STAKEHOLDER SURVEYS AND ANALYSES

(every 2 years)



INTERNAL SUSTAINABILITY CHECKS

(every 2 years)

STAKEHOLDER DIALOG

about our relevant sustainability topics



REPORTING

Sustainability strategy (every 2 years)



Product Responsibility

FOCUS: Greater transparency of the supply chain

PALM OIL

Formation and implementation of a cooperation project with WWF, Wild Asia and small farmers who grow palm oil in Sabah / Malaysia



START OF CHANGEOVER

Changeover to palm kernel oil of RSPO "Segregated" standard as of 01 / 2018

COMPLETE CHANGEOVER

to RSPO "Segregated" standard for all pure palm fats by 01 / 2016

PROCUREMENT OF CERTIFIED COCOA

100% changeover by 2020, 20% of which is procured directly through partnering cooperations at the source

EXPANSION OF COOPERATION

with certified farmer cooperatives



PROCUREMENT OF KAT-CERTIFIED EGGS

Traceability and Identity Preservation for all eggs



HOT SPOT ANALYSES

at raw material and product level



Environmental Protection

FOCUS: Advancing the Agenda 20'20 / climate protection strategy

20
PERCENT

REDUCED CONSUMPTION OF RESOURCES

including electricity, gas, water and waste per ton of finished product produced (base year 2010)

COLLECTION AND EVALUATION
of greenhouse gas emissions

REDUCTION OF CO₂ EMISSIONS

per cubic meter of goods loaded (base year 2010) in percent



ELIMINATION
of waste

QUANTIFICATION
of product carbon footprints / recording CO₂ footprint for PickUP!, Leibniz butter biscuits and Bahlsen chocolate wafer rolls



CALCULATION OF CARBON FOOTPRINTS
for 2014 at all Bahlsen sites

IMPLEMENTATION AND PROGRESS

ISO 50001 energy management system



Employees & Society

FOCUS: Advancing corporate culture and leadership culture

IMPLEMENTATION
of Bahlsen's new Leadership Guidelines and Employee Guidelines, the Bahlsen Leadership Development Program and the Bahlsen Graduate Program

FULFILLMENT OF THE TREE PROMISE
for 125,000 trees



EMPLOYEE SURVEYS
on the topic of sustainability (every 2 years)

INTEGRATION
of sustainability into the Bahlsen training and qualification program

BUILDING SKILLS
in relation to sustainability; training multipliers on the topic of sustainability

FORMATION OF 6 PLANT FOR THE PLANET ACADEMIES
at our sites (national / international) per year



SUSTAINABILITY
integrated in Bahlsen's training program



Strategy and Dialog | We will continue to advance our sustainability strategy and further systemize our activities. We understand this as a continuous learning and change process for the entire company. We seek an active dialog with our relevant stakeholders, for which a high degree of transparency is vital. This refers to our products, meaning their origin, qualities and properties, as much as it refers to the mission and services that define our responsibility which we owe to the environment and to society.

Product Responsibility | We demonstrate our mission to provide the highest possible product quality by procuring and using selected raw materials and applying strict controls to our qualified suppliers. In relation to procurement, we strictly comply with our quality policy and assume the responsibility for critical topics in our value chain.

Environmental Protection | Our focus aims to improve resource efficiency based on the continuous improvement of all business processes. We persistently work toward minimizing the environmental pollution which our operations generate, in addition to eliminating any form of waste.

Employees and Society | As a family business, the well-being of our employees is important to us. This is why we invest in their professional as well as personal further development and actively pursue the values of a work-life balance. This makes us a desirable employer. Our social commitment supports projects that share a close connection with Bahlsen, with traditions and with the company's values as well as its sites.

A handwritten signature in black ink, reading 'Uwe M. Zehner'.

Owner and Chairman of the Executive Board of Bahlsen GmbH & Co. KG



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Have we chosen the right path?

Ever since Bahlsen has opted to pursue a path toward greater sustainability, a lot has happened. Time for a recap of past events and to take a look at the present. Martina Fleckenstein (WWF Germany), Laura Brosius (trainee in sales at Bahlsen), Niklas Roszak (training to become an industrial manager at Bahlsen) and Werner M. Bahlsen (owner and Chairman of the Executive Board, Bahlsen), met for a talk.

Quite a few things have changed during Bahlsen's anniversary year 2014. Mr. Bahlsen, where does this strong will to bring about change come from?

Werner M. Bahlsen: As a matter of principle, a company must always undergo change and evolve in order to survive. And when celebrating your 125th anniversary, you must do a lot to stay young. The two of you, Ms. Brosius and Mr. Roszak, are good examples of our young up-and-coming talents which will accompany Bahlsen into the future.

Ms. Brosius, Mr. Roszak, just what is it that you appreciate about Bahlsen?

Niklas Roszak: I have been with Bahlsen as a trainee for one and a half years now and will be graduating this year. I can tell you that I've learned a lot, even beyond the actual contents of my training. For example, I was directly on site, meaning directly with the production and very close to the production machinery, which is of course very exciting. Next, I will have the opportunity to join a supplier on his rounds. The trainees from the second year of training will then head out to a producer or supplier and can take a look behind the scenes.

Laura Brosius: Same here. I have been with the company for nine months and during this time was able to learn about a broad spectrum of activities. I was able to work independently and assume responsibilities. As a job starter, this is just great. What equally impressed me are the short decision-making channels. If you are directly involved in everything it is much easier to assume responsibility and look beyond the limitations of your own department.

Does Bahlsen give sufficient freedom to young people for them to evolve both professionally as well as personally?

Niklas Roszak: I can easily see myself working for Bahlsen later on. But first of all, I would like to expand my academic knowledge further once I have completed my training. I hope to have more opportunities to evolve as a result.

Werner M. Bahlsen: I agree with this only to a certain point since new possibilities and opportunities continuously open up at Bahlsen. If you are aiming for a university degree after your training there is certainly the possibility to discuss available options with regard to combined studies. We are open to those kinds of solutions; after all, as a company, we depend on motivated and qualified junior staff.



Werner M. Bahlsen, owner and Chairman of the Executive Board

Since 1999: Chairman of the Executive Board of Bahlsen GmbH & Co. KG

1978 – 1999: Member of the Executive Board

1975: Joined the family business, Bahlsen International Holding AG, Switzerland

Practical placements in the UK and US bakery industry

Business management and economics studies, Zurich

Trained pastry chef

How does Bahlsen manage to motivate all employees to join the path toward greater sustainability?

Werner M. Bahlsen: It is quite a challenge to convince each and every one of an idea and to mobilize them. But we gladly accept this challenge. Here, too, we place our hopes on our trainees and young employees: We train them as sustainability ambassadors who bring their perspective on the subject to the company. In the meantime, sustainability has also become part of our further training program.

Niklas Roszak: For me as an employee it feels as if sustainability already enjoys quite a standing at the sites and continues to grow even more. There they pay the utmost attention to avoiding waste. This directly integrates each employee working in production into the sustainability process. Even small things can add up to have a major impact – such as signs on light switches that remind you to turn off the light when leaving the room.

Laura Brosius: I eat every day here at the head office's canteen and I must say it's really extraordinary. The canteen offers largely regional and seasonal products.

Werner M. Bahlsen: The idea for the canteen was this: We expect quality work from our employees since we produce quality products. Consequently, we have to offer them good food in return even if the cost of this is slightly higher compared to standard offerings.

What impact does the managerial level actually have in terms of sustainability? What can employees do to boost the topic?

Werner M. Bahlsen: From my perspective, it is implausible to propagate sustainability and then make decisions that do not coincide with this principle. The managerial level must fully stand behind this topic. It must set an example in relation to sustainability and integrate it into decisions even if this is more costly at that moment in time. Maybe it is easier for employees working at the sites to relate to this since they handle raw materials. Employees working primarily in the office may find this concept more difficult to grasp. But even at the head office, we consume energy, water and paper. It is possible to achieve even more here by demonstrating to employees how to save by providing specific examples.

Ms. Fleckenstein, in your opinion, does Bahlsen back the right focal points?

Martina Fleckenstein: Over the past years, Bahlsen has dealt intensively with the issue of sustainability and taken specific action, such as in the certification of cocoa. We greatly welcome this. Moreover, Bahlsen advocates transparency in relation to the procurement of raw materials. For example, Bahlsen's decision to not use any eggs produced in cages is a good and vital step, but it would be even better if it were guaranteed that chickens are fed with local feed or non-GMO soy feed only.

Many consumers know by now that the production of raw materials like palm oil or cocoa brings with it social and ecological issues. How does Bahlsen respond to criticism?

Werner M. Bahlsen: I consider this point to be vitally important. As a company, you are responsible for the sourcing of your raw materials. It is up to you to obtain information in order to gain genuine insights into the production, directly on location. My employees and I regularly visit the cultivation areas for cocoa and palm oil. Does this mean that we can be one hundred percent sure that everything is clean and fair? Surely not – but that does not release us of our responsibility to involve ourselves directly and learn about the situation on location.

Ms. Fleckenstein, you went to Malaysia with Mr. Bahlsen to see for yourself how small farmers produce palm oil at the point of origin – what were your expectations?

Martina Fleckenstein: When still in Germany, it is always easy to say that we cooperate with small farmers. In practice, things are much more difficult. Longer supply chains are involved in between and the local structures are also difficult. But in principle, our expectations have been met. We visited a project that seemed ideal for a cooperation. Moreover, we made the acquaintance of an excellent and reliable partner in Malaysia, Wild Asia, jointly with whom we will now try to locate suitable small farmers.



Martina Fleckenstein, Head of Agriculture and Land-Use Change, WWF Germany

What are the primary areas of conflict in Malaysia?

Martina Fleckenstein: From our perspective, conflicts always arise when trying to identify new areas for the cultivation of palm oil. Quite often licenses are issued without having previously checked whether valuable habitats, such as for the orangutan, are affected or whether areas are identified for the production which to date were used by the local population to grow crops and consequently, produce food. The WWF therefore advocates that local communities be included in the creation of land use plans and that data about rare species of animals or valuable habitats are taken into consideration.



Niklas Roszak and Laura Brosius introduce a fresh perspective into the debate.

In the past, the WWF was criticized for its proximity to the industry. Ms. Fleckenstein, what is your position in general in relation to the palm oil issue?

Martina Fleckenstein: Because the growing use of palm oil contributes toward the clearing of tropical forests, the WWF initiated a Roundtable on Sustainable Palm Oil (RSPO) in 2004. The various members are either involved in many different ways in, or are affected by, the production of palm oil: palm oil producers, traders, consumer goods manufacturers, banks as well as NGOs like WWF and Oxfam. The aim of the roundtable is to move as many parties as possible toward complying with minimum standards. The RSPO is therefore not an eco-label. It signals that plantations voluntarily do more to protect nature and human rights than is mandatory by law. In developing and emerging countries such as Indonesia and Malaysia, this is a crucial first step. But even in Germany, a mere 30% of imported palm oil or palm oil that is used is certified. The large volume that remains is used without vouching for compliance with minimum standards. And regardless of the criticism the RSPO faces, not doing anything at all is not a solution either. Moreover, half of the certified palm oil to date is not even sold. This is an argument which producers continue to reproach us with when we try to assert stricter criteria. A first step in Germany is the Forum for Sustainable Palm Oil (FONAP = Forum Nachhaltiges Palmöl) which was called to life by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ = German Society for International Cooperation), the German Federal Ministry of Food and Agriculture (BMEL = Bundesministerium für Ernährung und Landwirtschaft), as well as WWF and various companies. Bahlsen is a vital and active partner here.

Will companies like Bahlsen have alternatives to the highly coveted raw material to choose from in the near future?

Martina Fleckenstein: We just launched a study on this subject. To produce the same quantity of oil, soy plants, for example, would require an area six times larger than what palm oil plants need – not only would this shift the issue to other areas of cultivation but also, due to the greater land requirements, it would aggravate it. This is why for us, the most important approach lies in ecologically compatible cultivation. And what one must always keep in mind with regard to palm oil: growing it is a means of subsistence for many farmers and secures jobs.

Just how important is it for the younger generation to know about the raw materials in a biscuit? Do you really take a close look?

Laura Brosius: I definitely do, no matter the domain. Whether eggs produced in a cage-free environment, or vegetables, or even the meat that I buy. I firmly believe that with the knowledge available to all of us today, it's impossible to ignore this.

Niklas Roszak: Personally, I also pay great attention to what I buy. When talking about biscuits in particular, I think it's a good thing that Bahlsen is changing over to certified products for its key raw materials. After all, I consider the preservation of nature as well as animal protection extremely important.

A look into the future: Which topics will be of critical importance tomorrow?

Werner M. Bahlsen: For Bahlsen, the process of sustainable management is not completed by achieving a certificate. We take an integrated approach to this process and know that it is a continuous one. There are still plenty of other raw materials that we have not as yet dealt with as extensively as we have with cocoa or palm oil. We intend to develop this further, step by step. And even when it comes to our own products, we continue to learn just as much in relation to consumer behavior or dietary habits. Our approach in all of this is to look where it might hurt and to specify inconsistencies, if there are any. In doing so our goal is to maintain our credibility as a company. Sustainability is a learning process and we are still far from reaching the end.



*Ilja Leba – Machine Operator
Production*



ELIMINATION OF WASTE

**TONS OF SCRAPS
PER YEAR**

**ARE ELIMINATED
IN PRODUCTION BE-
CAUSE OF PROCESS
IMPROVEMENTS IN
THE BAKERY AND IN
PACKAGING.**

To kick off the individual chapters, we exemplify the measures we take – both big and small – to eliminate waste at the company. Our employees are the ones who support these ongoing improvement processes; they are the experts for their respective working processes and, by thinking things through, ensure living sustainability at Bahlsen.

How is it possible to avoid producing scraps, or at least reduce scraps significantly? The Bahlsen Improvement Process and its methods provide an answer to this. We took a look at our puff pastries production in Barsinghausen, for example, and identified process steps which, once optimized, would produce fewer scraps. We even took a close look at the unit that produces ABC Russisch Brot. By introducing standing work stations, developing means for setting-up tools, marking set values and **integrating all employees in the set-up process**, we reduced set-up times **from two hours to less than 60 minutes**. This generates annual savings worth a five-figure amount – and we produce **69 t of scraps less per year**.

ELIMINATION OF WASTE



OVERPRODUCTION

Production exceeds consumer needs



INVENTORY

The available material, raw materials, areas, machinery exceed actual requirements



TRANSPORT

Excessive transport distances for products / material



MOVEMENT

Unnecessary, possibly even unergonomic movements by employees



MISTAKES

Scraps, malfunctions, incorrect deliveries, etc.



OVERPROCESSING

Product qualities are created which the customer did not request



WAITING TIMES

Employees / machines wait for material for further processing



IDLE SKILLS

Ideas and expertise of employees are not tapped

The relevant types of waste are highlighted.



*Bahlen's Executive Board: Sönke Renk, Michael Gawron,
Werner M. Bahlsen, Helge Wieneke*

We help create sustainable change!

Strategy and Dialog | By implementing our sustainability management system as well as being certified in accordance with ZNU's More Sustainable Economic Management (Food) standard, we systematized our sustainability activities and firmly established the theme as a continuous learning process in our company.

This report serves to describe our learning process in relation to sustainability and explain the knowledge gained and conclusions drawn.

One crucial milestone on our learning and development path of the past two years was being certified in accordance with ZNU's More Sustainable Economic Management (Food) standard by the Center for Sustainable Corporate Leadership (Zentrum für Nachhaltige Unternehmensführung, ZNU) of Witten / Herdecke University. Within the context of this learning process, we formed a sustainability management system which supports us in systematizing and documenting the relevant sustainability themes and requirements.

PRIMARY TOPICS AND FOCAL POINTS OF BAHLSEN'S SUSTAINABILITY STRATEGY



We interviewed our stakeholders on sustainability topics of relevance to Bahlsen from their perspective.

The illustration shows the crucial topics which have top priority, both from Bahlsen's perspective and the perspective of our stakeholders.

The themes are based on the findings from our internal sustainability learning path and the outcome from our last stakeholder survey conducted in November 2014.



This makes Bahlsen one of the top twelve companies to implement the ZNU standard, thus documenting not only to the inside but also to the outside that sustainability is anchored in the company as a systematic learning process. Starting on p. 45, you can gain a detailed insight into the individual areas which we had to deal with in order to obtain the certificate.

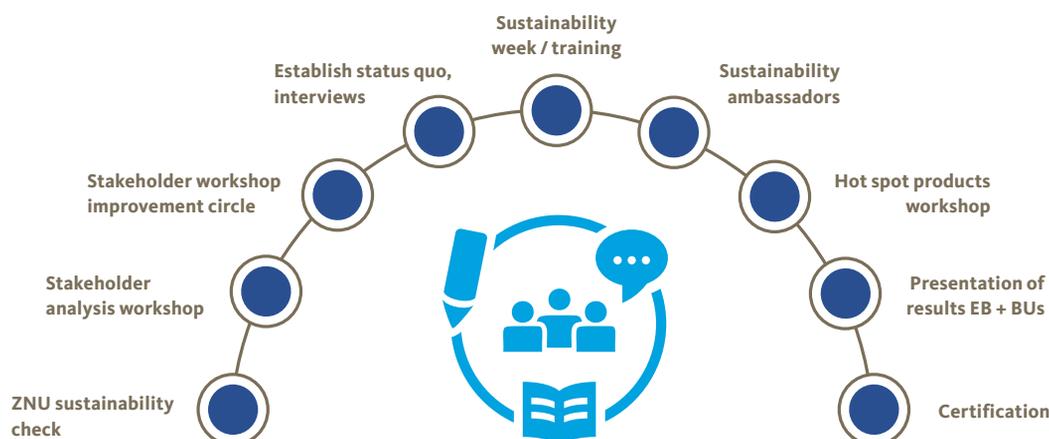
Dealing with inconsistencies – how to encourage internal debate

Every other year, we conduct the ZNU sustainability check at the company. The check serves the purpose of classifying the site internally. We discovered that our employees are probably the most critical stakeholders. In the context of the check, inconsistencies are identified which result from the implementation of our sustainability activities, and we discuss how to deal with them; also, knowledge and experiences are exchanged.

Thanks to this check, the internal debate about sustainability is set in motion at Bahlsen. The debates form an equally vital element in increasing intracompany communication skills and lead to a differentiated analysis of the topic. Based on the motto “Think – act – communicate!,” we also use the sustainability checks as the starting point from which to target the improvement of our sustainability performance.

Consumers who are increasingly highly interconnected and informed demand that we deal with the inconsistencies of our management with transparency. In brief, they expect companies like Bahlsen to be accountable even in relation to critical issues. When it comes to the complex theme of sustainability, aspects such as authenticity and transparency play a decisive role. In this context, we will further advance the development of our sustainability strategy and the integration within the company over the years to come. We see this development as a continuous learning and change process and face these challenges together with our stakeholders and partners.

ZNU SUSTAINABILITY LEARNING PATH AT BAHLSEN





Issue management

A central element of sustainable management is an issue management approach which helps us to appreciate relevant sustainability topics at corporate and product level. This approach refers not only to the intracompany perspective of the different specialty departments but also the external perspective of our stakeholders as well as the ZNU. Every other year, we extensively interview our stakeholders on topics of relevance to sustainability. Likewise, every other year we measure our progress with the ZNU sustainability check already mentioned. These actions are flanked by a regular screening of themes brought forward by NGOs, associations and the media as well as the constant exchange with suppliers and regular visits to producers and cooperatives at the points of origin of critical raw materials.

We have expanded our issue management system at the level of raw materials and products and added sustainability as a primary focus. In relation to issue management, our Corporate Quality Management is of particular importance: In addition to constant quality control, it is also responsible for the early identification of themes relevant for health.



Site classification from an internal perspective. Our employees and executives know the company very well, and as a rule constitute the most critical stakeholders when it comes to sustainability-related themes. Regular workshops (e.g. ZNU sustainability check) allow us to exchange knowledge and experiences, identify inconsistencies and develop solutions. Workshops like these increase our communication competence on the topic and make sustainability tangible.





At product level, we introduced so-called hot spot analyses: Product life cycles are viewed from all three sustainability dimensions. The analyses revealed that we are on the right track with the definition of our staple resources. The goal is in particular to advance our cocoa and palm oil strategy and to generate greater transparency of the supply chain. For more information about the hot spot analyses and our progress in relation to our strategic staple resources, please refer to the chapter titled “Product Responsibility,” from p. 16 onward.

Systematizing the stakeholder dialog

If a company prides itself on its sustainable management, an open and constructive dialog with the relevant stakeholders plays a material role. In particular, the consideration of employees and of the relevant NGOs opens up new yet challenging and beneficial perspectives. For Bahlsen, communication means much more than just the timely provision of transparent information. It is instead about the exchange of viewpoints and opinions, about a debate regarding inconsistencies and conflicts of interest relative to sustainability.

In the context of ZNU certification, we systematized the dialog with our stakeholders. Applying a multistage process, we initially analyzed all stakeholders with regard to their interests: Which topics are relevant to them? Where do they see risks? And how to they rate them? Which approach do they pursue in terms of a solution?

By referring to this as a basis, it then became possible to grade the various stakeholders by relevance. We specifically identified our most important stakeholders to be our employees, followed by our suppliers, consumers, trade partners and nongovernmental organizations. These groups form the focus of our future sustainability dialog.

At the end of 2014, we systematically inquired about the viewpoints of our stakeholders. The overall results from all stakeholders who were interviewed showed the following themes as particularly important: transparency of the supply chain, certification of sustainable raw materials, climate protection and the preservation of resources, product quality and safety, diversity, demographic change, leadership culture and corporate culture.

OUR RELEVANT STAKEHOLDERS



In the context of our sustainability learning path, we applied external and internal analyses to verify the most important stakeholders. With support from ZNU, we will continue to systematize the stakeholder dialog in the years to come. We aim to design our path toward sustainability and the related conflicts of interest with transparency and are willing to enter into an open, constructive dialog with all relevant stakeholders.



TO US, SUSTAINABILITY MEANS ACCOUNTABILITY AND CREDIBILITY. IT IS THE FOUNDATION FOR US AS A FAMILY BUSINESS.

Michael Hähnel, General Manager Business Unit Germany

The findings, which were also applied to our materiality analysis (see p. 9), indicate what we must pay particular attention to when developing our sustainability strategy further. The analysis showed that in principle the focal points are compatible with our strategic objective and build on or tie into those from the last survey. We have chosen the right path.

How can we expand our sustainability even further and yet anchor it more deeply in our strategic and operational management and also tap into it? This question will continue to shape the fundamental orientation of Bahlsen's corporate strategy in the decades to come. We are very well positioned and willing to continue to create the change process toward an even more sustainably managed company. Sustainability is and remains an integral part of Bahlsen's DNA. We understand sustainability as a dynamic learning process. There is still great potential and many topics that have to be dealt with. We take this learning process and our relevant themes seriously and will continue to define our corporate strategy and our goals in consideration of all three sustainability dimensions.

SUSTAINABLE CORPORATE MANAGEMENT





*Silke Hattenbauer – Assistant
Barsinghausen site management*

ELIMINATION OF WASTE

**TONS OF CO₂
LESS PER YEAR**

**ARE GENERATED BY
THE CHOCOLATE
TANK AGITATORS
BECAUSE OF A NEW,
SMART METHOD OF
OPERATION.**

Chocolate mass must stay in motion to remain homogeneous. This requires considerable energy since the motors driving the chocolate tank agitators are very powerful and consume electricity accordingly. Our empirical research established that **chocolate need not be agitated continuously**, and we found an interval which suffices to maintain a homogenous consistency of the chocolate without loss of quality. **This produces 43.9 t of CO₂ less per year.**

ELIMINATION OF WASTE



OVERPRODUCTION

Production exceeds consumer needs



INVENTORY

The available material, raw materials, areas, machinery exceed actual requirements



TRANSPORT

Excessive transport distances for products / material



MOVEMENT

Unnecessary, possibly even unergonomic movements by employees



MISTAKES

Scraps, malfunctions, incorrect deliveries, etc.



OVERPROCESSING

Product qualities are created which the customer did not request



WAITING TIMES

Employees / machines wait for material for further processing



IDLE SKILLS

Ideas and expertise of employees are not tapped

The relevant types of waste are highlighted.



We stand for quality and responsibility!

Product Responsibility | Responsibility is a commitment. This principle is part of Bahlsen's DNA and the basis for the trust placed in our company and in our products. The outstanding taste experience, the persistently high quality and the commitment to sustainability and corporate responsibility have made Bahlsen what it is today – a successful and modern family business.

Back in the 1950s, Bahlsen set up its own scientific laboratory which ensured the optimal control of raw materials and processes. Bahlsen thus fulfilled the requirements of the German Food Act long before it was passed in 1958.

Scientific research on raw materials and baking processes remains a central element of our quality policy to this day. We share a close communication with our suppliers and create solutions jointly with them in order to improve recipes and baking methods. This is only possible through open, trustful and sustainable relationships with suppliers.

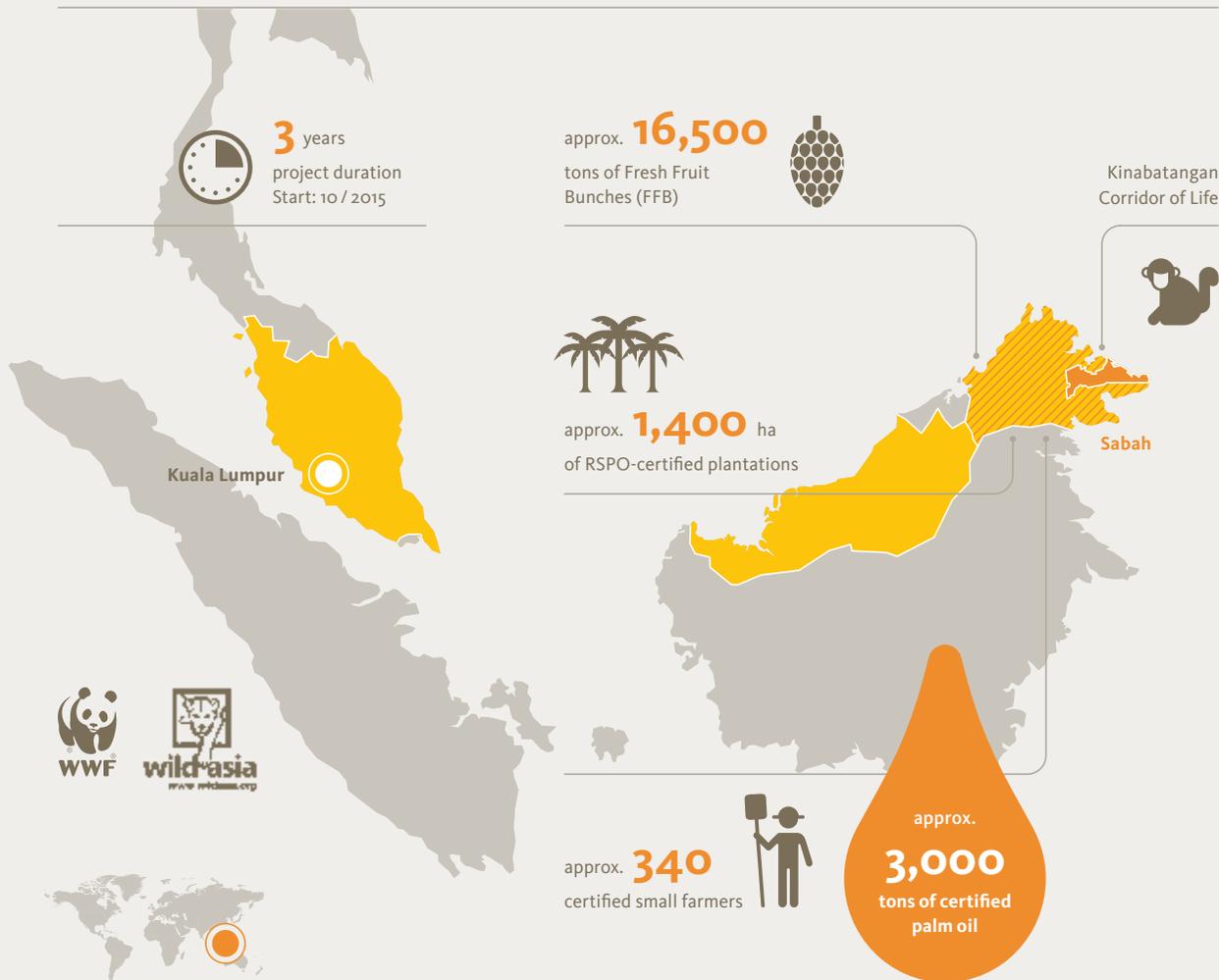
It is part of our quality promise that we only use non-hydrogenated vegetable oils for our products. We refrain from using additives, such as preservatives, antioxidants, artificial flavors (meaning those not found in nature) and flavor enhancers or colorants (except coloring foodstuffs). Our recipes do without genetically manipulated ingredients including additives and flavors. We specifically use wheat-based raw materials from controlled contract farming (flour, starch, starch decomposition products). We also do not use any soy products. The only exception is the minimal use of soy lecithin which, however, we can trace back to the cultivation area in the country of origin (Identity Preservation).

Our quality focus: Issue management and safe indulgence

Product safety and consumer protection have always been the focal point of Bahlsen's issue management. We have expanded our issue management system at the level of raw materials and products and added sustainability as a primary focus. One new instrument that was introduced at product level is the so-called "hot spot" analysis. We consider the material sustainability dimensions and themes for the entire product life cycles: the impact on the environment, on humans and on animals in the fields of production, processing, distribution / trade as well as consumption / disposal. In a second step, the respective relevance and potential influence of Bahlsen are analyzed, based on which actions are derived.

We started in 2014 by taking a look at the following of our products: PickUP!, Leibniz Choco and Bahlsen Life Nuss-Schoko. Hot spot analyses enable us to appreciate whether any action is needed and where we can take effective measures and exercise influence.

CERTIFICATION OF SMALL FARMERS IN MALAYSIA: COOPERATION PROJECT WITH WWF AND WILD ASIA



PROJECT SUMMARY

Goals

The small regional farmers are to learn how to sustainably manage their palm oil plantations. Best agricultural practices and the preservation of nature are the primary focus for this. The ultimate goals at the very top of the project agenda include RSPO certification for small farmers as well as the implementation of additional FONAP criteria and WWF's best practice requirements.

This allows us to lay the foundation for building a transparently structured physical supply

chain between small local farmers in Sabah, refineries in Europe, and Bahlsen. It is our goal to achieve a volume of roughly 3,000 t of certified palm oil by 2018.

Synergies

The project is connected to Malaysia's Corridor of Life nature conservation project which WWF Malaysia supports. The goal of the project is the protection and preservation of the unique varieties of species found along the Kinabatangan and its tributary rivers, an area which is home to many highly endangered

animal species. The best-known species include the dwarf elephant, orangutan, rhinoceros hornbill and clouded leopard.

Corridor of Life aims at establishing a balance between the growing demands on private land development (e.g. for the cultivation of palm oil) and the compelling necessity to protect unique animals and plants.



In the future, we will conduct additional analyses at product level which we will use to discuss sustainability there, and we will integrate these aspects directly into product development insofar as they are sensible.



THE INSIDE MUST MATCH THE OUTSIDE.

Werner M. Bahlsen, owner and Chairman of the Executive Board

Bahlsen is one of those companies that take the initiative as early as possible in an attempt to keep all indicators of relevance to health within a range that falls below academically debated thresholds, in cooperation with all sector associations. The exchange of knowledge, the creation of recommendations for action (so-called “tool boxes”), and the transparency of information for the public are the aims of our commitment. Even if there is no academic foundation, we work toward minimizing or even completely eliminating a potential impact on health from the very start. Our recipes and baking methods undergo constant controls, analyses and improvements to avoid possible unwanted effects.

Whether consumers opt for our classic products or try something new, one thing is for sure: We always strive for the highest quality, which is why we use ingredients that must satisfy our specific requirements for safe indulgence.

Our sustainability focus: Greater transparency of the supply chain



Since our last sustainability report, we have clearly upped our commitment with regard to our staple resources of cocoa, palm oil, wheat and eggs. Since then, we have entered into an intensive and critically constructive dialog especially with our suppliers, but also with other stakeholders who are relevant for us, such as nongovernmental organizations. In the following, we would like to demonstrate how our commitment and learning process is evolving with regard to staple resources.

Palm oil: Commitment expanded to include the point of origin

In terms of volume, palm oil is the world’s most-produced vegetable oil. It is a crucial raw material in the production of biscuits. Its excellent processing qualities and taste properties make it ideal for baking. The demand for palm oil has increased manifold over the past years. Particularly the drastic growth of Asia’s population, but also political goals such as the use of palm oil in the production of energy and as a bio fuel, sparked an increase in demand. This development led to enormous areas of tropical rain forest being cleared – with a grave impact on nature and man. Since 2010, we have been a member of the RSPO and in 2012 implemented the changeover at our German and Polish sites from conventional to certified palm oil of “Mass Balance” standard. However, we use this standard only as a temporary solution. By January 2016, we will have changed all pure palm fats processed directly at our sites to the higher, “Segregated” standard. Starting in 2018, we will also begin changing palm kernel oil to the higher, “Segregated” standard.

In spite of the rigorous changeover strategy, we are convinced that the status quo with regard to certified and sustainable palm oil does not suffice. However, there is no economic alternative to palm oil, and even other raw materials used in



*On location in Malaysia, left to right:
Sheila Senathirajah, Wild Asia;
Martina Fleckenstein, WWF Germany;
Werner M. Bahlsen*

this field are not without contradiction from an ecological and quality aspect. Substituting palm oil with oils harvested from sunflowers, soy or rapeseed, considering the much larger requirements in space, is not reasonable. Additionally, soy and rapeseed call for a special consideration of possibly genetically manipulated seeds – a topic which European consumers in particular view highly critically. Sunflowers nowadays are grown primarily in Russia and in Eastern European countries like the Ukraine; the political situation in these countries foils any guarantees as to a steady supply.

As a medium-sized family business, we cannot change global challenges such as ecological and social conditions within the cultivation of palm oil by ourselves. For this reason, we joined the Forum for Sustainable Palm Oil (FONAP) in 2014. FONAP allows us to address existing criticism with regard to the palm oil sector and advance the development toward greater sustainability. This includes halting the cultivation on peat soil, the use of highly hazardous pesticides, and the still outstanding commitment to refrain in general from clearing tropical rain forest. These topics are currently not covered by the RSPO certification.

It is our mission to be able to trace back the palm oil which we use to its point of origin. We want to know the footprints all the way to the oil mill, better even, to the plantation. For this, we regularly visit cultivation areas in Indonesia and Malaysia to get an idea of the situation there.

In November 2014, we traveled with WWF representatives to Malaysia, i. a. to take a look at two certification projects on location. Besides Indonesia, Malaysia is worldwide the main producer of palm oil: 79 % of Malaysia's entire agricultural land is used to farm palm oil. Roughly 15% of the areas dedicated to palm oil are cultivated by small farmers there – the majority of the farms are family-run and cultivate an area of less than 40 ha. These small farmers play a significant role in the developing of rural areas and for the country's economic progress. However, these small farms tend not to be affiliated with the RSPO certification system due to the high organizational requirements.

2013

Top position WWF palm oil scorecard

2016

By 01 / 2016: Complete changeover to pure palm oil of RSPO "Segregated" standard

2018

As of 01 / 2018: Changeover to palm kernel oil of RSPO "Segregated" standard



100 % pure palm oil changeover to RSPO “Segregated” standard

The aim of our trip was to look into cooperation possibilities by using the certification of small farmers as an example, and also to find out about how to form sustainable and transparent supply chains all the way through to Germany. This is an approach that harmonizes perfectly with Bahlsen while equally addressing the critical aspects of palm oil farming.

With this step, we face the hot spots associated with the procurement of raw materials; jointly with the WWF, we want to create greater transparency using this example in order to directly influence the value chain. The cooperation project (see p. 17) starts in fall 2015.



100 % eggs from KAT-certified operations

Egg raw materials from KAT-certified operations

The primary focus of our production lies on processing renewable, vegetable raw materials. We consciously and largely do without raw materials of animal origin, except for egg and dairy products as well as honey. We even keep an eye on the “hidden” components of animal origin. Naturally, we live up to our responsibility when it comes to complying with animal-friendly livestock farming practices.



95 % wheat from controlled contract farming

Bahlsen uses only egg raw materials from alternative poultry farming (cage-free or free-range systems). Compliance with conditions for animal husbandry and traceability of the purchased eggs undergo random testing through supplier audits that are regularly carried out. Since 2015, we have also been purchasing all egg raw materials from KAT-certified operations (KAT = Verein für kontrollierte alternative Haltungsformen e. V.; Association for Controlled Alternative Animal Husbandry). The KAT system is a comprehensive traceability system which preserves the identity of the egg raw material.



53 % cocoa changeover to certified “Mass Balance” cocoa; BDSI recommendation: 50 % sustainable cocoa by 2020

Responsible cocoa procurement

We are committed to the procurement of certified cocoa only as of 2020. Beyond this commitment, we shall further extend our direct influence in the countries of origin where cocoa is produced. We have already been working for over four years with a farmers’ cooperative on the Ivory Coast and this year will start a collaboration with a second cooperative. It is our goal to procure 20 % of our cocoa requirements directly from partnering cooperatives by 2020. The primary focus here is to secure the raw material and the quality paired with greater transparency and traceability of the cocoa supply chain. At the same time, our immediate commitment allows us to improve local social conditions together with those in charge. The cooperation with local partners, which has been consolidating over the past years, led to our increasingly differentiated understanding of the land and its people. This allows us to gain a better grasp of the various challenges and to take a pragmatic, partnership-based approach on location.



A DIALOG ABOUT: COCOA

Which learning process did Bahlsen undergo in relation to the direct procurement of cocoa?

We have learned that a direct, local commitment at the point of origin clearly is worthwhile for all parties involved. But we have to be patient in the process – an African proverb says: “Europeans have the clock, we have the time.”

For example, our commitment enables us to trace the raw cocoa all the way back to the plantations. We also know that our sustainability premiums reach the farmers. Trust, time and dependability play a major role in this. Although we

persistently refuse to accept poor quality, we remain loyal to our partners regardless of the challenge, and thus demonstrate dependability and extend an opportunity for improvement. We will double our tonnages with the upcoming main harvest and kick off the cooperation with a second certified cooperative.

Did our strategy and the respective objective materialize in terms of direct sourcing? What does the further development look like?

By 2020, we will import 20% of our demand for beans directly and autonomously from the point of origin. All in all, this is a development

we can rightly be proud of, and an objective which motivates us.

*Lars Bardenhagen,
Head of Corporate Procurement*



Improved sustainability is based on solid basic knowledge in business economics. Once we are on location, we can gain insight as to what the application of this knowledge looks like. The farmer shows us her revenue and expenditure accounts.



Certified cocoa

Improved organization among the small farmers and practically relevant training at the plantations of the farmer cooperatives – this, from our perspective, forms the strongest leverage in order to achieve greater sustainability in cocoa production. This is where the UTZ Certified cocoa program sets in. Jointly with UTZ Certified, we are committed to the procurement of sustainable cocoa becoming a given. The program supports farmers in working more effectively and economically and aims toward improving the income of the farmers and their families. Training comprises areas such as management, cultivation practices, environmental management and social working conditions. Once a year, the trained small farmers are audited. Training covers the following: organization of groups, documentation of process flows, revenue (including premiums) and internal traceability; productivity improvement, maintenance of soil productivity, regeneration of tree population; integrated pest management with (if feasible) natural means, waste management; safety measures in the event of accidents, addressing women directly and integrating them into the economic processes, containment of child labor, freedom of negotiation and association.

Poverty and abusive child labor remain the key issues

The average age of small farmers is 49; only six percent of the rural population lives to reach the age of 60. For the cultivation of cocoa to even offer any perspective for the next generation and gain esteem, a level of income securing the cocoa farmers' subsistence must establish itself on a large scale. The fight against structural poverty and, ultimately, the abolition of illegal child labor associated with this cannot be won through sustainability programs by UTZ Certified, Rainforest Alliance, and Fairtrade alone, but only through cooperations that partner with the industry, NGOs and local governments. Certifications can never fully exclude child labor.

To curb child labor, UTZ Certified stipulates the following requirements and preventive measures:

- Certified farmers convene as groups and name individuals who are responsible for the topic of child labor.
- Farmers jointly develop an action plan in order to curb child labor on farms.
- Training is regularly carried out on the topic of child labor.
- Documentation is improved through the issuing of birth certificates.
- Jobs are created to achieve greater equality of women.

For the future, it is our strategy to source as many cocoa beans as possible directly from the farmers in the countries of cultivation. For this reason, we will continue to further expand our relationships with partnering cooperatives on location. For years now, we have obtained a first-hand impression of the situation of the cocoa supply chain. Our principle: Only if we know our partners and certified farmers well can we build trustworthy business relationships and specifically commit ourselves to better social conditions. This also includes that, whenever we have a direct impact, we ensure that, for example, nobody benefits from abusive child labor. As a matter of principle, there is no space for child labor in our supply chain.

Consumers and trading partners can be sure: Bahlsen is committed toward responsible and transparent action and faces the critical topics of the value chain – yet not as a lone warrior, but in cooperation with its suppliers and partners on location.



A DIALOG ABOUT: WHEAT

Michael Klöfkorn (Head of Corporate Sustainability at Bahlsen) talks to Jörg Vahlberg (CEO Hedwigsburger Okermühle) and Lorenz von Schintling-Horny (farmer)

Mr. Vahlberg, you have been organizing controlled contract farming jointly with your wheat producers since 2004. Which sustainability parameters have been included in the system?

Controlled contract farming allows us to document the traceability and transparency from the farmer's field all the way to the consumer. In 2013, our testing system was expanded by six sustainability indicators, which are: climate impact, use of resources, biodiversity, soil protection and water and air pollution.

Mr. Schintling-Horny, what are the benefits of this new testing system? How were you involved?

I was able to participate in the definition of the indicators. After all, I had to be able to practically apply them at my farm. The indicators allow us to make our sustainability performance more tangible and measurable. On the one hand, this allows us to document what we have been doing for years already. On the other, the new system also triggers a new shared learning process – such as optimizing our cultivation intensity and procedures in relation to ecological aspects.

Jörg Vahlberg: Also, we must always keep an eye on the direction which the requirements are evolving toward. We do not simply want to respond when laws are changed. Sustainability and transparency go hand in hand. This is also what Bahlsen expects from us in addition to quality. So that's what we have to champion.

Michael Klöfkorn: Both consumers and NGOs expect us to offer more transparency in relation to the origin and production of our staple resources. The flour which we source from Okermühle places us in an excellent position.



Left to right: Lorenz von Schintling-Horny, farmer; Michael Klöfkorn, Head of Corporate Sustainability at Bahlsen; Jörg Vahlberg, CEO Hedwigsburger Okermühle



*Stephanie Weisbrich –
Quality Management
Resources*

ELIMINATION OF WASTE

**TONS OF WASTE
PAPER PER YEAR**

**ARE SAVED BECAUSE
WE NO LONGER DRY
OUR HANDS WITH
CELLULOSE TOWELS.**

LIVING SUSTAINABILITY

Wherever possible, we **installed electric hand dryers** at the sanitary facilities of our German sites to replace disposable cellulose towels. **Not only does this save water and electricity** with regard to the production process, it also dispenses with the follow-up disposal. The new dryers are extremely energy-efficient so that total savings by far exceed their consumption of power – **and we have roughly 10 t of waste paper less to dispose of in the course of the year.**

ELIMINATION OF WASTE



OVERPRODUCTION

Production exceeds consumer needs



INVENTORY

The available material, raw materials, areas, machinery exceed actual requirements



TRANSPORT

Excessive transport distances for products / material



MOVEMENT

Unnecessary, possibly even unergonomic movements by employees



MISTAKES

Scraps, malfunctions, incorrect deliveries, etc.



OVERPROCESSING

Product qualities are created which the customer did not request



WAITING TIMES

Employees / machines wait for material for further processing



IDLE SKILLS

Ideas and expertise of employees are not tapped

The relevant types of waste are highlighted.



The Bahlsen Barsinghausen site took part in the factory-of-the-year competition “Fabrik des Jahres 2011 – Global Excellence in Operations” and took the prize in the category “Hervorragende Standortentwicklung” for its outstanding site development. This prestigious competition is Germany’s toughest benchmark for the finishing industry. It honors top performances by manufacturing companies in Germany and Europe.

We cultivate the protection of the environment and resources!

Environmental Protection | The primary focus of our energy management consists of improving our resource efficiency. To achieve this, we rely on the continuous optimization of all business processes by all employees.

With our activities we hope to proactively contribute toward preserving the environment. With the introduction of the ISO 14001 environmental management certification at the Barsinghausen, Varel and Berlin sites as well as within logistics, we placed the focus on the resource-friendly use of energy in 2012. Our chief environmental goal was the AGENDA 20‘20, which is to help lower the consumption of electricity, gas and water as well as the production of waste per ton of product produced by 20 % by the year 2020. Moreover, CO₂ emissions per cubic meter of goods loaded are to be reduced by 20 %. Consumptions recorded in 2010 serve as reference values.

Change from environment management to energy management system

The German tax cap for the most energy-intensive users (SpaEfV) changed the statutory reimbursement conditions for electricity and energy in mid-2013. German legislation requires the introduction of either an ISO 50001 energy management system or an EMAS (Eco Management and Audit Scheme) environmental management system by the end of 2015.



For our German sites, we have decided to introduce the ISO 50001 energy management system. In December 2014, we were able to successfully conclude the certification. The underlying objective of the AGENDA 2020 will be continued and is equally an integral element of the energy management system. The structures of the environmental management will remain, although we will no longer pursue ISO 14001 certification.

The energy management system will be advanced especially by members from the energy team, comprised of those in charge of facility supply and technology as well as engineering and purchasing at the sites. An Energy Management Officer coordinates and monitors all activities relative to energy and resource efficiency. Internal guidelines have been described in the Energy Management Manual and are binding for all areas of the Business Unit Germany. Consequently, the scope of application compared to the ISO 14001 environmental management has grown since developmental and marketing activities now also increasingly take into account any potential impact on energy consumption.

The next steps: Site studies and product carbon footprints

We are now taking the preparation of site studies and product carbon footprints a step further. We will record the status quo of our greenhouse gas emissions for our sites with detailed transparency. The analyses will be conducted on the basis of international carbon footprint standards (ISO 14067, 14040, 14044) as well as of the GHG protocol. We will also establish the product carbon footprints for our PickUP! Choco, our Leibniz butter biscuits as well as our chocolate wafer rolls. With the help of these product carbon footprints, every greenhouse gas-emitting point in the value chain all the way to the consumer will be recorded and rated. The mentioned status quo is to help identify specific elements of improvement for the value chain as well as trigger and implement the respective optimization measures. It is our goal to identify the relevant set screws for climate protection measures and, based on these, to establish climate protection goals in concrete terms.

Participation of employees as an important component

A conscious approach to handling resources requires the active participation of all employees. Every single employee is called upon to handle the resources used in his or her respective working environment on a daily basis responsibly. The employee knows his or her individual working environment best and can make an impact through simple actions: Is it really necessary to leave the light on or can it be switched off? Do all machines in the working environment have to be on standby or can they be completely turned off? Is it possible to turn on production units at a later point in time, or turn them off earlier? How much water is de facto needed for cleaning? Can office PCs / laptops, monitors and printers be completely switched off at the end of the working day? Is it possible to separate waste even more effectively (e.g. paper) in order to repurpose individual fractions?

56

tons of CO₂ less per year due to heat recovery from a jam-making unit

135

tons of CO₂ less per year due to expansion of refrigeration in logistics

7.32

tons of CO₂ less per year due to lighting control system at the Berlin packing material warehouse



The Bahlsen Improvement Process (Bahlsen Verbesserungsprozess – bvp) deals with many employee proposals on energy efficiency. As a result, numerous improvements have already been made. bvp Energy Workshops constitute a further component to pro-actively involve employees. We still require the know-how and ideas of all employees to achieve consumption improvements. Sensitizing employees is a key component on the path toward achieving the goals of the AGENDA 20'20.



OUR BVP APPROACH HAS HELPED TO DEVELOP AN AUTONOMOUS UNDERSTANDING OF SUSTAINABILITY. THE SHEER VOLUME OF THE CONTRIBUTION RESULTING FROM COMPACTING MANY SMALL STEPS IS REMARKABLE.

*Karl Reichstein, Director Production and Technology
Business Unit Germany*

Energy

The continuous improvement in relation to the consumption of energy has been a strong focal point since the introduction of the ISO 50001 energy management system. Last year, we initially established the consumptions at the sites of the Business Unit Germany with the help of short-term measurements in order to spot and assess high-demand consumption more easily.

In the years to follow, we will work out and implement measuring concepts which will allow us to observe the consumption long-term. The continuous improvement of energy efficiency was further advanced in 2013 and 2014. We would like to demonstrate our technical improvements on the basis of three examples:

- Renewal of a refrigeration unit
- Heat recovery from a jam-making unit
- Expansion of refrigeration in logistics

Renewal of a refrigeration unit

In 1997, the Kyoto Protocol established the goal to severely reduce climate-harming gases on a global scale in order to counter the GHG effect. According to these guidelines, the refrigeration unit operated at the Barsinghausen site to air-condition the production unit and refrigerate production processes was not allowed to continue operation beyond January 1, 2015.

R22, the refrigerant used, was to be taken entirely from the European market by that date. Consequently, Bahlsen needed to act and renew the refrigeration unit. However, at the same time, this step provided the opportunity to replace the technology – parts of which were more than 20 years old – with modern, energy-efficient alternatives and thus lower operating costs and the site's CO₂ emission levels.

An invitation to tender was called to help find the optimal solution available for the site on the market. In order to rate the solutions, aspects such as future-proofness, sustainability and economic efficiency were referred to as criteria, whereby the future-proof concept was taken into account in terms of design and expandability. Sustainability determines the unit's impact on the environment, especially due to its energy consumption during operation and the resulting CO₂ emissions. Moreover, the concept should also reflect the economic optimum for the



company. This was assessed with the help of the Life-Cycle Cost Analysis which, on the one hand, takes into account the actual investment and, on the other, the cost of operation and the cost of dismantling the unit at the end of its life cycle.

Plant concepts developed by suppliers vary greatly with regard to these assessment criteria. Especially the assessment of the impact on the environment surprisingly led to the result that the natural refrigerant, ammonia, which is deemed particularly climate-friendly by the refrigeration industry and which is already being used at Bahlsen for various systems, was not the favorite from an overall perspective. The use of oil-free magnetic-bearing turbo compressors – in spite of using the climate-harming R134a refrigerant – least impacted the environment during plant operation due to the refrigeration machines' extremely high energy efficiency. At the same time, this technology, compared to other concepts that were examined, will reduce operating costs by more than €1,000,000 over a period of 20 years of operation. Compared to the old plant in place, scheduled energy consumption will reach approx. 50% only. Since summer 2013, the Barsinghausen site has been enjoying a future-proof supply from the refrigeration unit, and both CO₂ and operating costs could be reduced as expected. This is an excellent contribution toward climate protection and the company's economic efficiency.



Resource preservation goals and measures will even be formulated at product level in the future. For example, we will take a closer look at our chocolate wafer rolls. With the help of product carbon footprints, every greenhouse gas-emitting point in the value chain all the way to the consumer will be recorded and rated in relation to their relevance for the entire CO₂ footprint.



Heat recovery from a jam-making unit

A small project was able to reduce the energy consumption of the jam-making unit at the Varel site and lower CO₂ emissions in production. The project proved so successful that it was duplicated for an identical plant.

The goods produced by these units have a fruit jelly center that is spread onto a sponge base and then covered with chocolate. The jelly is boiled from a mixture which is made of cold water, sugar, gelling agents and fruit concentrate. To thicken the jelly, part of the water is boiled out of this so-called preblend. The vapor from the boiled-out water was previously trapped in an extractor hood and discharged via the roof. These so-called hot exhaust vapors, due to the evaporated water, contain much energy which was discharged into the surroundings through the extractor system without being used. The goal was to tap this energy potential and make it available. The challenge here was to find a system as technically simple as possible which allowed a substantial share of the energy contained in the exhaust vapors to be extracted at low cost.

Using a tubular heat exchanger, the heat trapped in the exhaust vapors is now used to warm the preblend from around 45°C to 85°C before it is boiled in the jam-making unit. As a result, the jam-making unit heats the preblend from a starting temperature of 85°C to 105°C only and requires approximately 25% less energy for this.

Triple-shift operation allows this technology to reduce approx. 56 t in CO₂ emissions annually per plant.

Expansion of refrigeration in logistics

A Barsinghausen logistics warehouse stores chocolate and non-chocolate products. To secure the high quality of Bahlsen products, it is necessary to maintain a steady storage temperature all year round. Chocolate items in particular require these temperatures to be observed in order to avoid the formation of what is termed “fat bloom.”

Over the past years, the extremely hot outdoor temperatures repeatedly led to the required storage temperatures being exceeded so that refrigeration systems had to be rented. Intensive examinations of the existing refrigeration system showed that it cannot provide for the required cooling capacity. Two warehouse extensions over the past decades had significantly increased the storage area to be cooled and resulted in the installed cooling capacity no longer sufficing to maintain the respective requirements.

During the project planning stage, passive solutions were initially examined which were to limit the need for refrigeration and, consequently, the consumption of energy. The possibility of insulating the building was examined, which in summer would prevent excessive heat from entering the building from the outside.

But since warm products go directly into storage after production, improvements to the building’s insulation would also entail that in the event of cold outdoor temperatures, less heat could escape from the inside to the outside. Overall, the simulation demonstrated that upping the building’s insulation would have created greater demand for cooling energy annually. Nor was it possible to adjust / amend warehouse usage in order to limit the refrigeration requirements, since flexibility of storage is paramount for modern logistical operations; no further optimization potential was identified here.

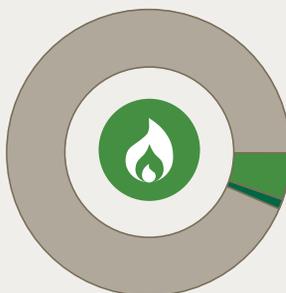
The preliminary examination had resulted in an expansion of the available refrigeration system in order to guarantee the warehouse’s temperature requirements. For this reason, various options were considered in terms of feasibility, economic efficiency and sustainability. In conclusion, a new ventilation unit was set up on the roof which covers the base load for air conditioning. The old a / c units were kept to accommodate peak loads during the summer season. This significantly reduced the project’s investment costs. To exploit the cooling capacity at the warehouse more efficiently, the existing air duct system was adjusted with little effort and the new device was connected to the old system. Consequently, no new air ducts had to be set up for the high-bay storage so that warehouse operations experienced minor interruption only.

AGENDA 20'20: PROGRESS 2010 TO 2014



- 5.5

percent of electricity (in kWh / t)
between 2010 and 2012
2010: 447 | 2011: 434 | 2012: 431
between 2013 and 2014
2013: 430 | 2014: 422



- 6.4

percent of natural gas (in kWh / t)
between 2010 and 2012
2010: 943 | 2011: 882 | 2012: 891
between 2013 and 2014
2013: 933 | 2014: 883



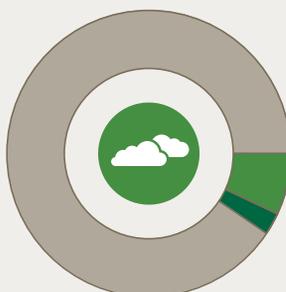
- 23.0

percent of water (in m³ / t)
between 2010 and 2012
2010: 2.44 | 2011: 2.12 | 2012: 2.14
between 2013 and 2014
2013: 1.94 | 2014: 1.88



- 45.5

percent of residual waste (in kg / t)
between 2010 and 2012
2010: 6.79 | 2011: 4.26 | 2012: 4.50
between 2013 and 2014
2013: 4.32 | 2014: 3.70



- 9.7

percent of CO₂ (in kg / cbm)
between 2010 and 2012*
2010: 9.35 | 2011: 9.33 | 2012: 8.70
between 2013 and 2014
2013: 8.15 | 2014: 8.44



Advancing the Agenda 20'20

Preparation of the overall carbon footprint for the Bahlsen Group on the basis of all sites for the years 2010 and 2014
Quantification and analysis of product carbon footprints for PickUP!, Leibniz butter biscuits and Bahlsen chocolate wafer rolls

● 2010 – 2012 ● 2013 – 2014

* CO₂ emissions refer to Bahlsen logistics in Germany. The data relating to residual waste, water, natural gas and electricity refer to the three Bahlsen sites in Germany (excluding Schneverdingen).



Renewal of refrigeration unit in Barsinghausen.
In order to rate the solutions, aspects such as future-proofness, sustainability and economic efficiency were applied as deciding factors.

The use of modern ventilation technology reduced the need for energy even while raising cooling efficiency. This measure lowered the cost of energy and CO₂ emissions in the range of 135 t per year.

Residual waste and water

The production process generates a variety of substances and materials for which the company has no further use. We realize that repurposing these materials is more sustainable than incinerating or depositing them. All sites therefore strive to carefully separate their entire waste into categories that can be recycled, such as cardboard, plastics, metal scrap etc., so as to return them to the materials cycle.

22

*tons less of packaging
for Leibniz biscuits*

In the context of producing biscuits and cakes, parts of the raw materials and products cannot be sold as an end product (e.g. products during a system's start-up process) and therefore are scrapped. The aim here is to continually reduce this share. In the future, we will decrease packaging scraps for Leibniz biscuits significantly. The wrapping is comprised of four basic packaging materials: Pergafin (greaseproof paper), top and bottom corrugated wrap, and film. Every time the packaging roll is changed, it is attached to the roll in place with a strip of adhesive tape, known as splice tape, to enable continuity of the wrapping process. However, product packs featuring this splice tape are not meant for retailing and have to be sorted out. For this reason, when changing a roll, the strip of the adhesive tape is marked additionally with a metalized strip of adhesive tape to easily locate and remove the packet of biscuits later in the process at a search coil. The analysis of biscuit packs removed like this resulted in approx. 22 t of finished product waste per year. By using an alternative splice tape for the corrugated wrap and Pergafin, these scraps can be avoided entirely.



Our just-in-time production contributes toward the elimination of waste in the form of excess raw materials, finished products and packaging. Everything is produced exclusively just in time and of optimal quality at the request of the customer, thus eliminating overproduction.

One objective of our AGENDA 20'20 targets lowering the consumption of water per ton of finished product. Over the past two years, we were able to realize further projects in this regard. Connecting water-cooling steel band of existing cold water systems to individual ovens saves around 8,000 m³ of fresh water per year. Changing the cooling system for a dough kneader from town water to the a/c water system reduces the annual need for fresh water by around 6,300 m³. The reduction of the fresh water consumption simultaneously leads to a reduction of waste water – water which does not need to be treated at a sewage plant.

Transport

For our products to reach the consumer as fresh as possible and at the best quality, short storage periods for the raw materials, their speedy processing and the swift dispatch of the finished product are observed. This calls for smooth supply chain management under the greatest possible consideration of the environment.

In choosing a logistics partner for the transport segment, we particularly value the energy efficiency of the fleet of vehicles. For the ongoing year, Euro 6-rated vehicles make up a share of 37%; the remaining 63% are vehicles that meet emission standard 5. This constitutes a clear improvement compared to 2012. At that time, 83% of the forwarder's fleet were comprised of vehicles that met Euro 5 requirements, and 17% jointly met Euro 3 and 4 requirements.

The warehouse segment was able to achieve distinctive reductions in the consumption of gas and electricity from a number of smaller measures: For example, old gas heaters were exchanged at the Bahlsen logistics center and the facades were insulated, the ventilation control was manually optimized, the main points of consumption were analyzed and – as the most significant component – the employees were involved and sensitized how to consciously use energy. All of these measures are reflected in a considerable reduction in the consumption of electricity and gas.

8,000

cubic meters less of fresh water used per year due to water-cooling steel band

69

tons of scraps saved per year due to improvements in the overall process for puff pastries



37 %

of transport vehicles deployed in 2015 already comply with Euro 6 requirements



*Eduard Theisz –
Line Manager*

ELIMINATION OF WASTE

**KWH OF ELECTRICITY
PER YEAR**

**ARE SAVED BECAUSE
NOW WE ONLY
ACTIVATE THE
LIGHTS WHEN
WE NEED THEM.**

In the past, lights were often kept burning unnecessarily at our packing material warehouse in Berlin. By installing motion sensors and a daylight controller, the lights are now only switched on when necessary. **Saving 20,000 kWh of electricity per year** by reducing unnecessary lighting is part of optimizing all process flows at the packing material warehouse and allowed us **to generate savings worth a five-figure total in 2014.**

ELIMINATION OF WASTE



OVERPRODUCTION

Production exceeds consumer needs



INVENTORY

The available material, raw materials, areas, machinery exceed actual requirements



TRANSPORT

Excessive transport distances for products / material



MOVEMENT

Unnecessary, possibly even unergonomic movements by employees



MISTAKES

Scraps, malfunctions, incorrect deliveries, etc.



OVERPROCESSING

Product qualities are created which the customer did not request



WAITING TIMES

Employees / machines wait for material for further processing



IDLE SKILLS

Ideas and expertise of employees are not tapped

The relevant types of waste are highlighted.



Annette Horvath, Head of Product Portfolio Management, with her two sons, Christopher and Julius. Even if you are well organized, things don't always go according to plan. We are flexible, for example; if ever a daycare strikes or caregiver falls sick at short notice.

We promote team spirit!

Employees and Society | A business can only be successful in the market for 125 years if it keeps an eye on the well-being of its employees and if the employees can identify with what they do and with the company they work for. Our employees are the heart of Bahlsen. Responsible and authentic action from the inside out – that is our mission.

Just like many other family businesses in Germany, Bahlsen faces a number of challenges that can only be championed with a powerful team and its strong spirit.



High standard of executive personnel

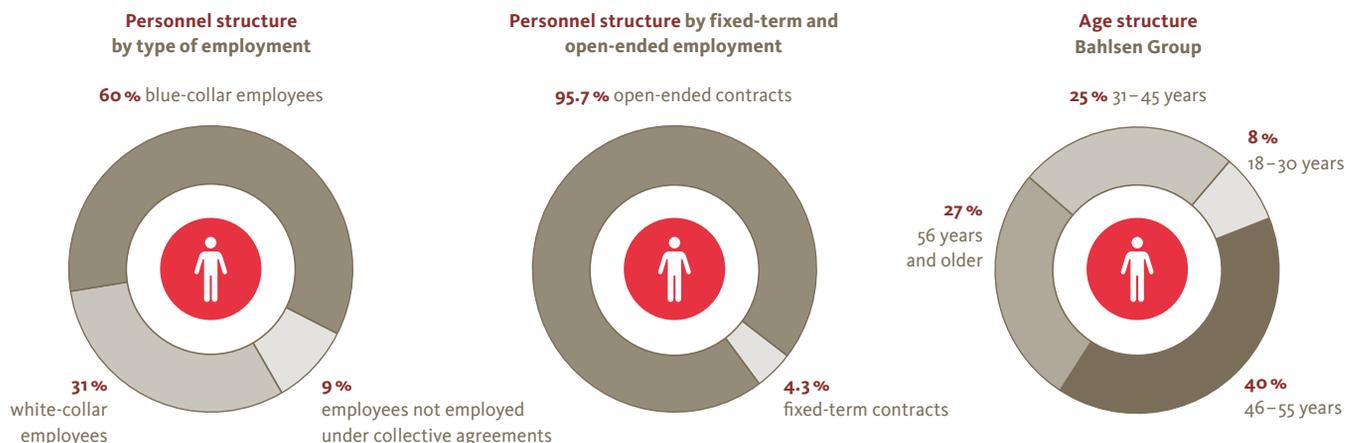
We appreciate the relevance of a consciously nurtured leadership culture for our long-term corporate result. Bahlsen executives are to act as role models in relation to behavior, style and discipline. Their leadership conduct equally includes a visionary mind and the pursuit of new paths.

Already in 2013, a Group-wide assessment of superiors was carried out in order to “rate” the status quo in terms of leadership conduct. Based on the outcome, over 40 workshops were carried out offering insights into the development and implementation of a joint leadership and employee mission statement. Designing our leadership culture and, associated with this, the work relating to individual leadership behavior, are at the center of the Bahlsen Leadership Development Program which we started in 2014. All Bahlsen executives will run through the program, which has been implemented within the entire Group. The aim is to consciously design our leadership culture within the meaning of our Leadership Guidelines and Employee Guidelines, whereby the personal development of the executives, the development of the team and of relations as well as a collective understanding of leadership will all be promoted.

Sustainable demography management

Most of our employees are aged 45 and over. However, it would be wrong to view this trend from a negative perspective only. The positive side is: People tend to grow older more healthily and more mature employees can draw on a wealth of knowledge and experience which is worth preserving, sharing and using.

AGE STRUCTURE, EMPLOYMENT RELATIONSHIPS



The share of agency workers in relation to regular staff averages 2%.
This share is slightly higher for blue-collar workers.



Three things are crucial for the sustainability of our personnel work: Our employees must identify with Bahlsen; we must take care of their health and well-being; and we require that they continuously develop their skills and qualifications. With modern, pragmatic measures, we guarantee our employees' loyalty toward the company. If the number of young skilled employees available in the labor market continues to decline in the future, the goal is to awaken and use the potential of our employees much more strongly.

The future challenge lies in leading a highly diverse generation under “a single roof.” This refers especially to changing ideas, wishes and values in relation to a work–life balance. Whereas the generations born between 1946 and 1964 were raised with the knowledge of a classic employment history, today's “Generation Y” born between 1980 and 2000 has totally different, at times even contrary demands on their jobs and their private lives. It is necessary to provide a demanding as well as encouraging working environment and development offer that suits all generations and life phases. It is our goal to create the challenges outlined in a positive manner for both sides and to expand our position as a desirable employer. As a family business, we are open and flexible, even for individual solutions. We face this challenge and expectation on behalf of our employees.

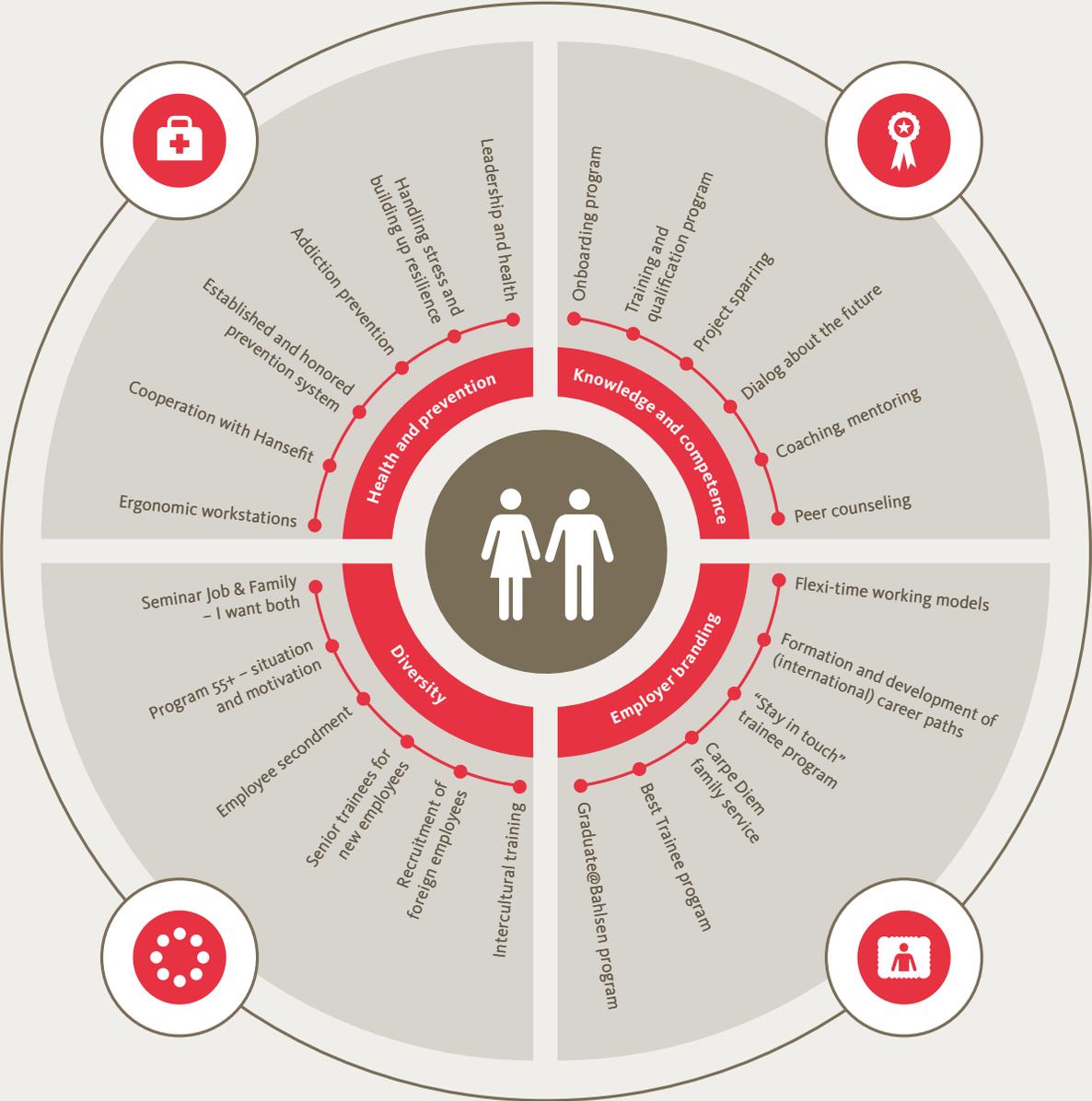
Diversity is our strength

We promote diversity – that is at the core of our demographic concept. We wish to benefit from the diversity of the different lifestyles, cultures, languages and life phases of our employees and promote an exchange and solidarity among them. We anticipate valuable impulses specifically from recruiting international colleagues, just as we do from the secondment of our experts, executives and trainees to our business units abroad. This way, we further strengthen our international corporate culture and expand the intercultural competencies of our employees on the job.

A central challenge for us is to support our employees in achieving a work–life balance and integrating all areas of life. One in three executive positions at Bahlsen is taken up by a woman, frequently working part-time. We want to continue our support for this. Flexible solutions in this regard and an open leadership culture are called for in order to manage the daily demands of family life and work.

We want to support an approach of lifelong learning with diverse individualized qualification and reflection measures. The basis for this is our training and qualification program which is available to all employees. The individual need for qualification is discussed during regular employee and development assessments.

DEMOGRAPHY MANAGEMENT AT BAHLSEN





For young executives, we offer formats such as peer counseling for an exchange on day-to-day leadership routines. Our offer for colleagues who are about to go into retirement includes talks about the future which design the transition into retirement and the sharing of their knowledge and experience.

Building sustainability skills

Sustainability is a fixed element of our training and qualification program. For example, on the basis of ZNU's More Sustainable Economic Management (Food) standard we offer a compact seminar which conveys – in addition to the basics – in particular focused knowledge on such topics as “Sustainable products” and “Sustainable HR and organizational development.”

Moreover, sustainability has been established as a training component at Bahlsen. Two-day workshops educate trainees in relation to sustainability, following which they can implement their own sustainability project at the company. Every trainee receives a budget of €200 for this. These workshops are held once a year. The goal is to sensitize trainees for sustainability matters and to translate the topic practically to the company. Following the successful implementation of the projects, the trainees are given a certificate which officially appoints them as Bahlsen sustainability ambassadors.

Health and prevention

We account for aging personnel with measures that secure the employability of all employees. Health management assumes the primary role under the generic term of “Prevention.”

The Health steering committee is in charge of the integrated processing and centralized control of all measures. The decentralized implementation of the health measures is carried out individually at the respective sites. We support our employees in autonomously and sustainably maintaining their performance capabilities and health, regardless of age.



**OUR GOAL IS TO ENCOURAGE
OUR EXECUTIVES TO REFLECT
UPON THEIR DAY-TO-DAY
LEADERSHIP BEHAVIOR
AND TO CONSCIOUSLY APPLY
IT IN CREATING OUR
CORPORATE CULTURE.**

Marianne Neuendorff, Head of Corporate Human Resources

Concerted action – avoiding waste

To kick off the individual chapters of this report, we exemplified how we eliminate waste at the company. Our employees are the ones who support these ongoing improvement processes; they are the experts for their respective working processes. To tap their expertise in order to improve process flows, we train them regularly. This so-called Six Sigma training comprises multiple achievement levels that are oriented toward Asian martial arts and therefore have been named “Yellow Belt,” “Green Belt” and “Black Belt.”



Our employees develop a fundamental understanding of all processes since ultimately everything we do can be understood as a process. They are put into a position which enables them to independently improve processes with the help of simple tools using a structured timetable. These tools have been selected with such goal in mind that they can be applied directly where needed using pen and paper, so as to contribute as effectively as possible toward finding a solution.

Employees who are trained accordingly are now capable of scrutinizing all processes jointly with their colleagues to examine them for the eight types of waste which we defined and to work out improvements through concerted action. The goal is to promote the employees' process improvement skills and motivate through success.

Bahlsen strengthens its commitment to the Enactus student network

In the Enactus network, students from more than 39 German universities conduct social entrepreneurship projects with a business approach. In doing so, they apply real business concepts to improve the quality of life and standard of living for people in need over the long term. At Bahlsen, we share an ambitious goal with these students – to make the world a better place, little by little. The Enactus students assume responsibility through practical roles, applying entrepreneurial spirit and business concepts to solve the challenges posed by society, business and the environment. Bahlsen executives and employees contribute to the projects as business advisors and help the student teams achieve better results with their practical experience and expertise. Through this commitment, we are in direct contact with the next generation of academics and talents, which enables us to enter an exciting dialog and learn first-hand how they think and work. We plan to strengthen and develop this fruitful exchange.

Our social commitment

For decades now, our social commitment has been continuously supporting projects that share close ties with Bahlsen, with the company's traditions and values as well as its sites.

Our previous report covered the start of our partnership with the "Plant for the Planet" initiative, brought to life by pupils. Over the past two years, we consolidated this partnership with the pupils' initiative, and our meetings with the many young ambassadors advocating climate justice gave us plenty of exciting and enriching experiences. Climate change is and remains the decisive theme of the future and impacts our business activities because, for example, we depend on raw materials from nature and the diversity of species. Sustainable management and corporate responsibility are part of Bahlsen's DNA. We want to encourage our employees especially, as well as their children, to become directly involved in Plant for the Planet, to become part of this movement and to advocate in particular the protection of the climate.

Many of our employees and their children have already specifically contributed toward this partnership over the past two years with tree-planting parties and through their commitment with Plant for the Planet academies. We have conducted ten Plant for the Planet academies at our national and international sites. We corroborated this partnership with the promise to plant 125,000 trees. We can confirm to have already fulfilled half of this promise.

Pragmatic action is, as a rule, our prime maxim when it comes to social commitment. Simply donating funds every now and then is not enough for us – we back projects that receive our support wholeheartedly. The following overview shows a selection of our commitments that advocate more sustainability and solidarity.



SUSTAINABLE THINKING AND ACTION

- Training for the position of Sustainability Manager
- Sustainability integrated into Bahlsen's training programs
- Interdisciplinary sustainability workshops



JOINING FORCES TO FIGHT CLIMATE CHANGE

- Long-term partnership with "Plant for the Planet" student initiative
- 10 academies founded at Bahlsen sites (national / international)
- 573 children aged between 8 and 14 trained as Ambassadors for Climate Justice
- 335 trees planted as part of the Plant for the Planet academies
- Bahlsen's tree promise to the children: 125,000 trees (of which 60,000 trees are already confirmed)
- Bahlsen Running App "Moving Twice": 24,738 runners > 95,970 kilometers run in totality > 9,597 trees (as at 09 / 2015)



READY TO HELP

- Flood victims in eastern Germany
- Typhoon victims in the Philippines
- Voluntary participation of employees in social projects – Bahlsen releases employees from work
- 243 potential lifesavers registered at Bahlsen, intracompany type identification through Deutsche Knochenmarkspenderdatei (DKMS, Germany's bone marrow donor register)



THE CANTEEN AT THE BAHLESEN HEAD OFFICE: SUSTAINABILITY TASTES GOOD!

- The lunch table – a place to meet up with others and relax
- Encouraging healthy eating habits
- Use of seasonal and regional products
- Fish from sustainable fishery
- Vegetarian foods taste great!
- 70 % ecological and fair-traded foods
- Absolutely no ready-made products



25 YEARS OF OUR FUND-RAISING EVENT ON OPERNPLATZ

- 200 t of Christmas biscuits
- Over 180,000 bags of biscuits
- More than 5,000 volunteers
- Roughly €1 million in donations for charities such as:
 - Ein Herz für Kinder
 - Bauern helfen Bauern
 - Hannover Medical School's "Traumastiftung"
 - Hilfe für hungernde Kinder
 - Kinderherz e. V. (sponsoring heart surgery for children at the Hannover Medical School)
 - Aegidius-Haus (children's hospice)





Stop talking, start planting! Werner M. Bahlsen lends a hand to support the British Bahlsen team in London during its first Plant for the Planet academy in October 2014. A fixed element of each academy is a joint, big tree-planting event.



A DIALOG ABOUT: PLANT FOR THE PLANET

What drives you and why are you so committed to Plant for the Planet?

Allow me to answer that with a question: Why not? We can indeed try to entice adults, decision-makers and politicians to act but we as children and youngsters also have a responsibility to the environment and our future. Plant for the Planet offers me the opportunity to do good and to combine this with my personal further training in environmental and organizational strategies. I enjoy the work, especially when the feedback is positive – such as, for example, from Bahlsen.

What are your hopes for the future? What do you want to change?

I would like to see many more large and small enterprises to commit to the topic of protecting the environment and the climate.

There are many possibilities for action – of course, it would be ideal to be active in a variety of different fields, meaning to reduce the production of waste and the emission of greenhouse gases, if possible. At the same time, I naturally encourage everyone to plant trees; everybody can participate and do many small things for the future of our climate.

What do companies like Bahlsen need to do from your viewpoint?

Large companies like Bahlsen naturally have a very special responsibility, not only for their own employees and customers but especially also toward the environment – now and in the future. Companies should take this responsibility seriously because they in particular can have a major impact through small changes. Bahlsen has already contributed on a praiseworthy scale and we are

grateful for their fabulous support. But still, even Bahlsen can continue to evolve toward becoming a 110 % sustainable company.

*Jule Schnakenberg,
Climate Ambassador*



ABOUT THIS REPORT

This is the second report published by Bahlsen GmbH & Co. KG about its sustainability. It provides an overview of our learning process, the status quo and the further development within the fields of action of Bahlsen's sustainability strategy.

Contents, information and figures primarily refer to the years 2013 and 2014. In February 2015, we received our certification from PCU Deutschland GmbH (Control Union) for successfully introducing the More Sustainable Economic Management – Food standard. This standard was developed by the Centre for Sustainable Corporate Leadership (Zentrum für Nachhaltige Unternehmensführung, ZNU) of Witten / Herdecke University. The standard serves the introduction of an integrated sustainability management system and is geared specifically toward the food industry.

For this reason, we have reproduced the standard on the following pages in accordance with its system and with all requirements. Our reporting is guided by the aspect of materiality as equally required by guidelines of the Global Reporting Initiative (GRI G4).

We have outlined the primary topics on the foldout pages of this report. They are based on the findings of our internal sustainability learning path (see illustration p. 10) and the outcome from our last stakeholder survey conducted in November 2014, in which we asked the relevant stakeholders about their views on sustainability topics relevant for Bahlsen. The total sample (n = 316) and the findings from our learning process resulted in the primary topics that we focus on, taking into consideration our stakeholders as well as our value chain.

We generate the environmental data required for the reporting from the German Bahlsen sites. This reflects the largest part of the Bahlsen Group's production and logistics. Any other information, such as data relative to employees, is based on the overall company including our subsidiaries abroad.

When referring to employees in this report, the term includes both female and male staff.

REQUIREMENTS IN ACCORDANCE WITH ZNU'S MORE SUSTAINABLE ECONOMIC MANAGEMENT (FOOD) STANDARD

I.1 How efficient is issue management?

- I.1.1 An issue management system is in place which records and evaluates the sustainability requirements at least once every year and therefore identifies the relevant sustainability themes at corporate as well as site level in accordance with the new fields of action as listed in Part II of this checklist.
- I.1.2 An issue management system is in place which records and evaluates the sustainability requirements at least once every year and therefore identifies the relevant sustainability themes at product level for the main revenue drivers from a product life cycle perspective for an environmental, economic and social dimension.
- I.1.3 Also, the relevant stakeholders for the relevant themes are identified once every year, their interests are recorded and reconciled with the company's own interests. The resulting risks and opportunities are recorded and evaluated, according to need, at least once a year.

I.2 Has the company established a mission with regard to sustainability?

- I.2.1 The mission which is at all times accessible and comprehensible for all relevant (internal and external) stakeholders includes the primary themes identified by the issue management and formulates statements in relation to the core business regarding sustainability at corporate and site level (see Part II of this requirements list).
- I.2.2 The mission which is at all times accessible and comprehensible for all relevant (internal and external) stakeholders includes the primary themes identified by the issue management and formulates statements in relation to the core business regarding sustainability at product level.
- I.2.3 Compliance with statutory rights and obligations, international codes of conduct and a relation to society's sustainability policy (e.g. at global, EU or national level) are publicly communicated (e.g. in the mission statement).

I.3 How comprehensive are goals and milestones for more sustainability formulated??

- I.3.1 A target program has been established for all relevant sustainability themes identified under the field of action I.1. This includes suitable and measurable goals and milestones at corporate and site level as well as product level in addition to responsibilities, deadlines and corrections with regard to a continuous improvement.
- I.3.2 All goals included in the target program are to be communicated internally; a minimum three of these goals must be communicated externally.

I.4 Is sustainability anchored within the management and which resources (time, money) are made available in order to achieve these sustainability goals (capacity)?

- I.4.1 The issue has been anchored at upper management level. Those responsible (senior management) and their deputies have been named.
- I.4.2 An area of responsibility within the company which spans all departments and deals with sustainability matters on an interdisciplinary scale (e.g. sustainability teams) has been set up. The tasks and responsibilities have been documented.
- I.4.3 Processes are in place which evaluate the executives' individual sustainability performance.
- I.4.4 Reasonable resources to achieve proprietary sustainability goals have been made available.
- I.4.5 The company ensures that all relevant laws, guidelines and regulations of relevance to the sustainability management system were established in the current version and are accessible.

I.5 Just how curious and capable of learning is the company (education / learning process)?

- I.5.1 All employees are sensitized about sustainability. Sustainability skills exist and are specifically advanced.
- I.5.2 The need for advancement in terms of sustainability at the relevant corporate segments is being established. Respective measures are being implemented.
- I.5.3 Cooperations with parties involved in the value chain as well as other organizations (businesses, universities, consumer watchdogs or similarly) have been set up and are created so as to promote awareness of and knowledge about sustainability within the industry and in society.

I.6 How efficient is the diagnosis?

- I.6.1 To further advance the sustainability management system, the measures derived from the internal audits are checked for their effectiveness and follow-up measures are introduced.
- I.6.2 At fixed intervals, management assessments are held, their outcome is documented and corrective measures are introduced.
- I.6.3 It is documented how indicators are established, regularly recorded, validated and interpreted.
- I.6.4 For all sustainability themes that are identified as relevant (see I.1), indicators have been set up so that the individual degree to which a goal has been achieved becomes transparent.

I.7 How frank is the stakeholder dialog with internal ...

The company is committed to creating a lively INTERNAL dialog, meaning:

- I.7.1 to regularly inform employees about all material sustainability themes which concern the company and to demonstrate how the company counters the respective challenges (see I.3);
- I.7.2 to expressly encourage employees to provide feedback on the planned measures and possible conflicts of interest as well as to appoint a contact person (e. g. a sustainability officer) in charge of collecting and evaluating the feedback, who also secures that the feedback is taken into account in the decision-making processes at leadership level;
- I.7.3 representatives / works council have been appointed and are known so that conflict events in the company can possibly be solved by the circle of those concerned and by dialog. If it is not possible to achieve this, a neutral person of trust is named as mediator in order to avoid a court dispute. Moreover, it shall be secured that employees are familiar with offers available for solving conflicts, and here in particular have the contact details of the person of trust.

... and external stakeholders?

The company is committed to creating a actively EXTERNAL dialog, meaning:

- I.7.4 to make one's path toward greater sustainability (general and specific on the individual sustainability themes) transparent and to communicate it publicly (see I.3);
- I.7.5 to also take up critical issues or negative key events in the external communication;
- I.7.6 to seek dialog with (critical) stakeholders.

II.1 Climate / energy

- II.1.1 Significant information relative to greenhouse gas emissions from corporate activities at the site is systematically recorded, documented and evaluated on the basis of internationally accepted standards. Companies with multiple sites must record climate-relevant information at a minimum 30 % of sites within any one business segment. On the basis of such primary data, the carbon footprint can be extrapolated for the business segment and consolidated into a corporate carbon footprint. The aim is to apply as many primary data for the basis as possible. Hereby the minimum requirement is for all emissions that fall under Scope 1 and Scope 2 of the GHG protocol, inclusive of their upstream chains, to be recorded.
- II.1.2 Climate protection goals and measures have been formulated and initiated for the corporate and product levels (e. g. increasing the share of renewable energies).
- II.1.3 Jointly with business partners, the climate friendliness and energy efficiency of products, packaging and processes within the value chain are systematically increased.

II.2 Resources

- II.2.1 Information relative to key resource consumptions (e. g. water, area, material / packaging), waste and emissions resulting from corporate activities is recorded.
- II.2.2 Information relative to the use and disposal of poisonous or hazardous chemicals or other forms of pollutants is recorded and measures to avoid these are implemented.
- II.2.3 Resource preservation goals and measures are formulated and introduced at corporate and site level as well as product level (e. g. program relative to the steady reduction of waste flows, higher use of secondary raw materials).
- II.2.4 Jointly with business partners, the resource efficiency within the value chain is systematically increased.

II.3 Biodiversity /...

- II.3.1 The impact of corporate activities on biodiversity is determined as are dependencies on biodiversity.
- II.3.2 Goals and measures aimed at promoting biodiversity have been formulated and introduced for the corporate and site level as well as product level.
- II.3.3 Jointly with business partners, biodiversity within the value chain is promoted.

... animal welfare

- II.3.4 Information relative to the effects of corporate activities on the well-being of animals is recorded.
- II.3.5 Goals and measures aimed at continuously improving animal welfare have been formulated and introduced at corporate and site level as well as product level (especially with regard to the proper, species-appropriate husbandry and use of the animals).
- II.3.6 Jointly with business partners, the animals' well-being within the value chain is systematically promoted.

II.4 Sustainable value creation / fair payment

- | | |
|--------|---|
| II.4.1 | The company's sales and profit targets are oriented toward securing the company's existence in the long term based on a fair and free competition. |
| II.4.2 | Sustainability constitutes a fixed element of our procurement criteria. |
| II.4.3 | Employees receive a fair salary, meaning permanent employees are paid according to the collective agreement and agency workers / workers paid on fixed-term contracts are paid at least the typical national minimum wage taking into account the maximum working hours and the reasonable remuneration for overtime. |
| II.4.4 | Employees partake financially in the company's success with the aim of improving their standard of living. |
| II.4.5 | The remuneration is independent of gender, origin, religion, etc. |

II.5 Quality / consumer protection

- | | |
|--------|--|
| II.5.1 | A quality management system is in place which equally governs the handling of overproduction or of products which do not correspond with customers' product requirements, in order to avoid food wastage. |
| II.5.2 | To protect health and safety, only those products and services are circulated which are safe under customary and reasonably foreseeable terms of use. |
| II.5.3 | Product and process qualities are made transparent for consumers and are communicated realistically and responsibly: Honest and clear images and statements relative to ingredients and production processes are used for advertising. |
| II.5.4 | Goals and measures relative to consumer protection are also communicated externally (e.g. Internet). |
| II.5.5 | A data protection system is in place (especially for consumer data). |

II.6 Social influence / anticorruption

- | | |
|--------|--|
| II.6.1 | The company openly discloses how it contributes to the communities in the regions where it pursues its chief business activities and which goals it sets itself in this regard for the future. |
| II.6.2 | The company discloses contributions to parties and politicians. Dealings with officials are of a transparent nature. |
| II.6.3 | A system is in place to prevent corruption / price fixing. Employees are trained preventatively. |
| II.6.4 | The number of complaints due to anticompetitive practices and material fines for a violation of legal regulations is recorded. |

II.7 Human rights

- | | |
|--------|---|
| II.7.1 | Systematic recording of information and facts relative to the compliance with human rights and fair working conditions (equal opportunity, handling of child and forced labor, respecting personal freedom of choice, freedom of association and of collective bargaining). |
| II.7.2 | To respect human rights, guidelines are set up, checked and systematically applied when selecting and evaluating suppliers / service providers. |
| II.7.3 | Jointly with market players, suppliers, trading partners, authorities, NGOs or others, the compliance with humans rights (e.g. access to education, health services, clean water) is enhanced. |

II.8 Health

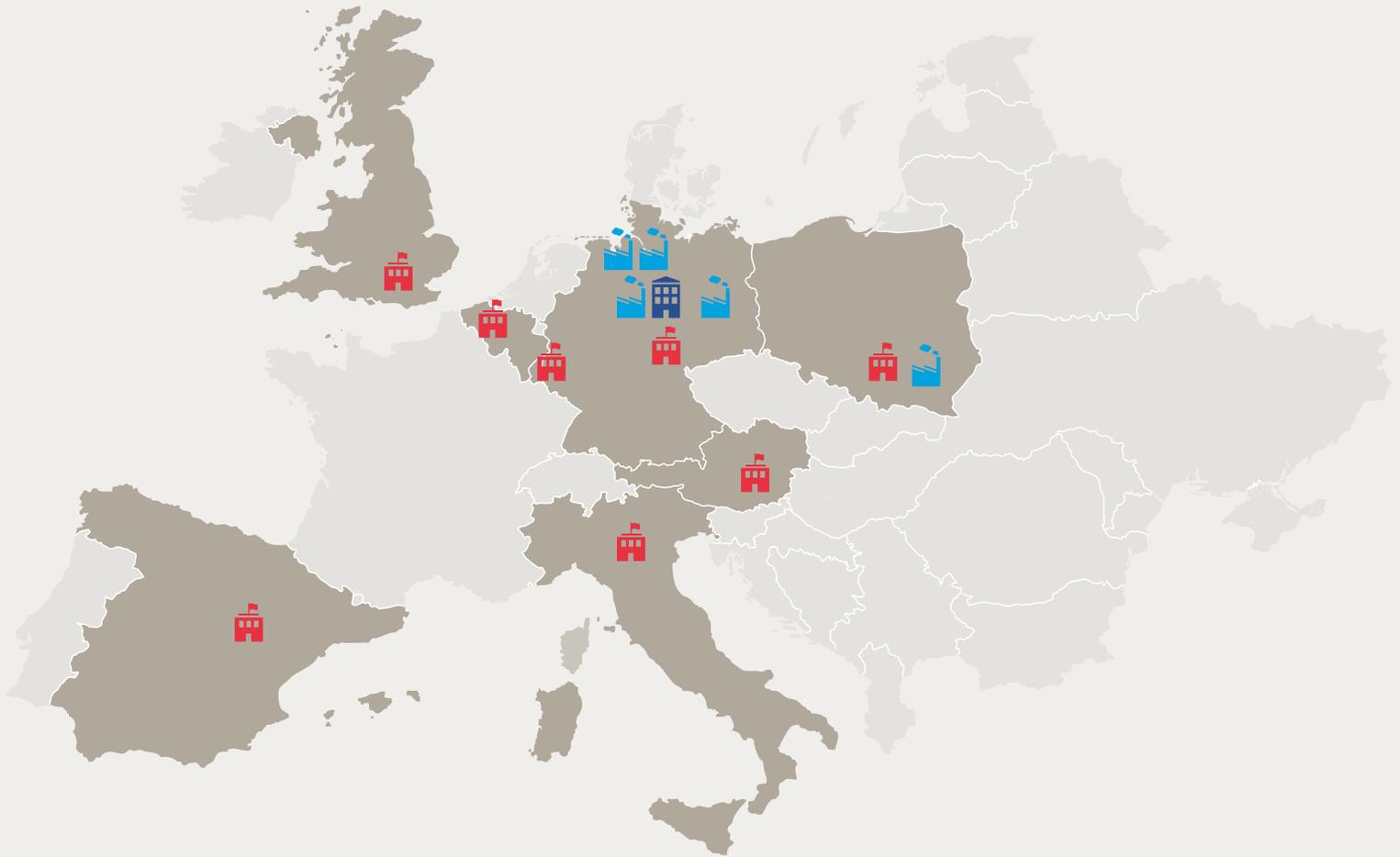
- | | |
|--------|--|
| II.8.1 | The impact on the health of man at the company is systematically recorded. Goals and measures to secure a safe and healthy working environment have been formulated and introduced (underlying principle: "Prevention is more important than limiting damage"). |
| II.8.2 | The effects of products, processes and / or services of the company on the health of people working in production (along the value chain) and during consumption are systematically recorded. Goals and measures aimed at the continuous improvement have been formulated or introduced. |

II.9 Diversity / demography

- | | |
|--------|--|
| II.9.1 | Measures are in place which promote the cultural diversity at the company with the goal of equality / equal opportunity of the employees and applicants regardless of age, gender, disability, ethnicity, religion, lifestyle, etc. (e.g. integration programs). |
| II.9.2 | The employees' age structure is systematically recorded in the light of the demographic change. Goals and measures have been formulated or introduced. |

Bahlsen fulfills the list of requirements in accordance with ZNU's More Sustainable Economic Management (Food) standard.

BAHLSSEN AT A GLANCE



HEADQUARTERS



Hannover (Holding)

SITES



Germany

Barsinghausen
Berlin
Varel
Schneverdingen

Poland

Skawina
Jawornik

BUSINESS UNITS



Germany
Belgium
Great Britain
Italy
Luxembourg

Austria
Poland
Spain
Bisquiva (national /
international trademarks)
Export



LEIBNIZ

Brandt

Kornland



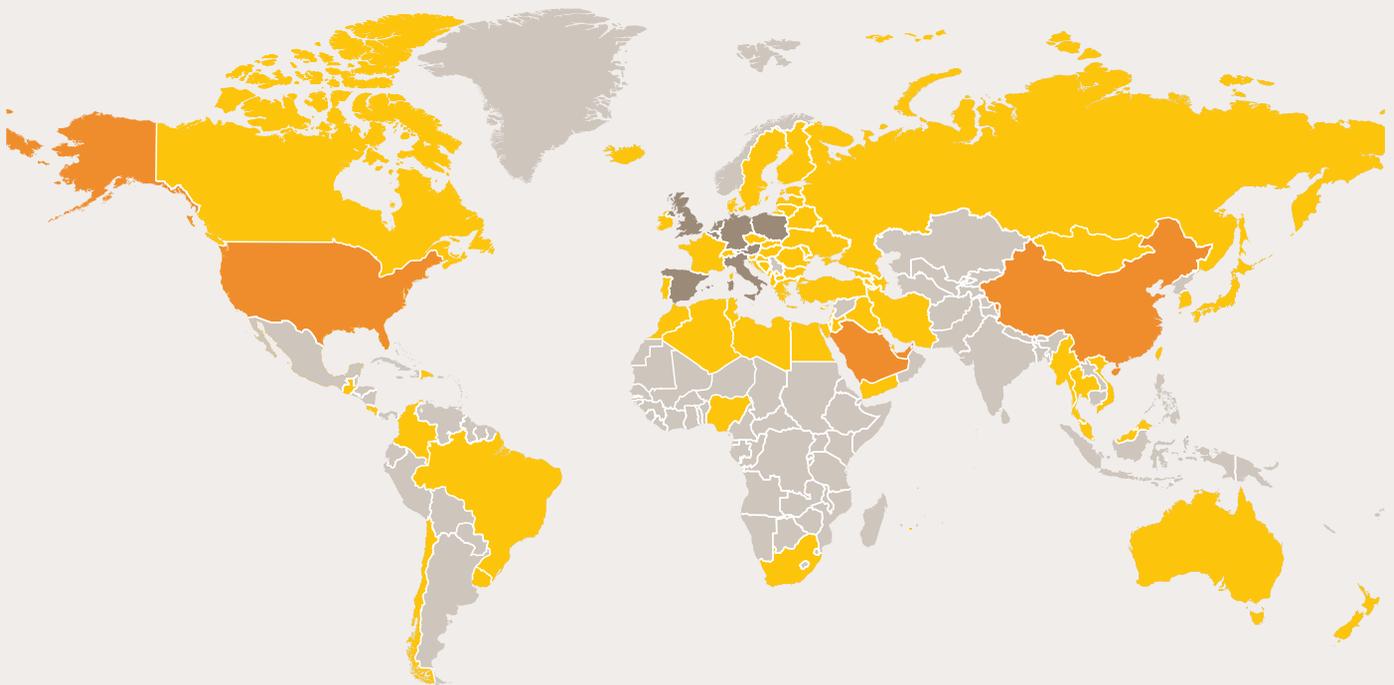
BAHLSEN UMBRELLA BRAND: Bahlsen stands for high quality and that special indulgence in biscuits, cakes and seasonal products.

LEIBNIZ UMBRELLA BRAND: Leibniz is the deliciously tasty biscuit snack for in between meals – a family favorite.

BRANDT: The Brandt biscuit brand was taken over by Bahlsen in 1995 (biscuit varieties include Hobbits, Müslikekse, Dinkel-Hafer-Taler).

AUSTRIA KORNLAND: Kornland is Austria's best-known muesli bar. Kornland produces six of Austria's top ten muesli bars.

POLAND KRAKUSKI: As one of the best-known brands in Poland, Krakuski complements the portfolio of national brands.



EXPORT COUNTRIES



80 countries worldwide

FOCUS MARKETS



North America
Middle East
China

REVENUE



515
€ million

SALES



132,000
tons

EMPLOYEES



2,487
in total

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