

*Sustainability at erlenbacher -
tangible, comprehensive and active*

2017



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Sustainability at erlenbacher – tangible, comprehensive and active

1. Introduction

erlenbacher backwaren GmbH in Groß-Gerau is one of the leading manufacturers and distributors of deep-frozen premium cakes, cream products and desserts in Germany and Europe for the out-of-home market.

Using traditional craftsmanship and state-of-the-art technology, the company, with more than 600 employees, manufactures more than 20,000 tonnes or over 20 m premium baked goods, cream products and desserts with first-class quality with a homemade-like taste on six production lines every year, for all channels of the entire out-of-home market.

Natural, fresh primary products and love of the product are part of the recipe for success that makes erlenbacher a reliable partner in now more than 45 countries. In more than 40 years of history as a company, the company has established a very wide positioning for itself in the out-of-home market. From round cakes to tray bakes, cream tarts or cream slices and desserts: whether whole or pre-cut, anything can be produced as well as packed for the customers from a wide variety of distribution channels in various sizes and containers. In this way, erlenbacher is able to cater to individual wishes as well.

2. Sustainability – an important topic

“We want to meet our employees, suppliers and customers with openness, honesty and passion for the product,” says Bernd Neumeister, Managing Director of erlenbacher backwaren. “Because only if we assume responsibility for what we constantly do and produce and simultaneously pursue continuous improvement of all processes and products can we operate sustainably,” is his conviction.

Sustainability as a means of securing the future

Therefore, contributing to securing the future with sustainable actions is one of the highest corporate objectives at erlenbacher backwaren.

It is not just all the members of the management team who have committed themselves to this philosophy - each and every employee bears responsibility for sustainability at erlenbacher. Their motivation, their customer orientation, their innovativeness and their dedication can secure genuine competitive advantages for the company.

Therefore, the aim is to deal responsibly, as far as possible, with people, animals, the environment and resources, both in the strategic alignment and in everyday actions and in the products. As a global company and as part of the Nestlé Group, erlenbacher is conscious of its social responsibility towards the consumers, its employees, customers and the FRONERI parent group

Sustainability at erlenbacher: actively pursued corporate culture and continuous learning process throughout all areas

For many years, erlenbacher has pursued the aim of practising sustainability as a broadly conceived corporate culture and quality strategy throughout all the company's areas and departments.

The company sees the implementation of sustainability objectives as a continuous learning process that all employees and all partner firms are involved in. From "monitoring and management of the supply chain" to the "development of strategic partners on a contract cultivation basis" - sustainability topics and projects are a fixed component of an operational masterplan (OMP) specially set up for this for its effective management, not just in procurement, but in all company areas.

The ideas and suggestions from employees that are to be implemented by the corresponding sustainability teams and sustainability ambassadors in each erlenbacher business year flow into the OMP.

In regular quarterly discussions, the heads of the sustainability teams and the members of the management team meet to talk about current sustainability projects, new ideas and the implementation options.

erlenbacher is proud of the fact that, as a medium-sized company, it has established the topic of sustainability as part of its company philosophy and is much further ahead with its efforts in this regard than many a large group.

Defining concrete sustainability objectives

The Centre for Sustainable Corporate Management [Zentrum für Nachhaltige Unternehmensführung(ZNU)] at Witten/Herdecke University divides its studies on sustainability strategy into the following aspects:

- the environment
- the economy
- social issues

All three aspects are to be approached in a sustainable manner if a company wants to remain fit for the future.

In 2010, erlenbacher backwaren GmbH joined the partner network of the Centre for Sustainable Corporate Management (ZNU) and subjected itself to an analysis. The result showed to what extent the topic of sustainability was already established on a holistic basis and to what extent sub-aspects of sustainable corporate management had been implemented. Subsequently, starting points were highlighted for further advancing sustainable corporate management in an active manner. Then, on the basis of the ZNU sustainability analysis, concrete sustainability objectives were defined. Thanks to a regular comparison between the target

and actual status in the form of repeated sustainability checks, continuous development is ensured.

As a long-term partner company of Witten/Herdecke University's Centre for Sustainable Corporate Management (ZNU), it is very important to erlenbacher to be in constant dialogue both with the academic sphere and with other producers of the food industry on the topic of sustainability. The environment, the economy and social issues – in dialogue with others, many suggestions and much food for thought regarding the promotion of sustainability in all areas arise in these fields. Another decisive criterion is the quality of the products. For this reason, erlenbacher pay strict attention to the origin of all primary products, processing them carefully and with as little loss as possible.

Striving for more sustainability has already produced effects at erlenbacher: consumption of resources has decreased measurably, the purchasing strategies are being made increasingly sustainable, the products are not just safer but also healthier and the relationship with the employees has achieved a new quality.

Due in no small part to this, the company is getting closer to doubling the 2010 sales figure in the low three-digit million range by 2020.

erlenbacher certification according to the ZNU *Nachhaltiger Wirtschaften (Food) Standard*

erlenbacher's comprehensive engagement was certified by the Centre for Sustainable Corporate Management (ZNU) and Prüfinstitut Lacon GmbH in December 2015. To this end, more than 60 requirements had previously been examined precisely in an elaborate audit. Erlenbacher passed the audit with flying colours. What particularly convinced the auditors was the inclusion of all areas via the OMP, the training of the erlenbacher sustainability ambassadors at the company and the commitment in the field of occupational safety.

In addition, a comprehensive quality assurance system as well as all erlenbacher's customary certifications of the industry ensure not just compliance with the food-law specifications, but also the harmless use of erlenbacher products by the catering partners.

Since the company has been part of the Nestlé Group since 2002, the product safety and quality standards have been expanded additionally with the internationally recognised, very strict Nestlé standards.

erlenbacher employees become sustainability managers

The involvement and promotion of employees is considered of high importance at erlenbacher. For the purpose of defining concrete sustainability objectives, but also their active implementation within stipulated time periods, four employees have been trained as sustainability managers at the ZNU (**see also chapter C: Society – responsibility for people**).

In 2012, all 25 erlenbacher trainees were also trained there as sustainability ambassadors in a two-day seminar in order to create the necessary knowledge base on the topic of sustainability. Since then, on the introduction day for trainees,

the erlenbacher trainees have been familiarised with the topic of sustainability and trained by the sustainability ambassadors at the company as well as assigned to one of three permanent sustainability groups. In this way, not only is the central topic of sustainability to be carried further into the various company departments, but the sustainability concept is also to be practised continuously from the start, i.e. from professional entry and during the entire professional life.

In 2016, too, a workshop on the topic of sustainability again took place: the already implemented sustainability topics and projects as well as those in the planning or implementation stage were presented to all the new trainees.

Additionally, the three currently existing sustainability teams were rearranged in terms of personnel. Not just the new trainees, but all employees who are interested in the topic of sustainability, can get involved in these teams:

- Internal communication
- Energy and environment
- Social issues

At erlenbacher, the topic of sustainability is considered as continuous project work: Together, the trainee sustainability ambassadors, as the youngest employees at the company, develop new sustainability measures in these cross-departmental task forces.

With the aim of implementing the measures within a defined time frame, they meet regularly once a week or twice a month. In this way, new food for thought is to be provided and the sustainability concept is to be firmly established at all levels. Thus, all the processes in connection with erlenbacher are constantly scrutinised and constructively improved. This directly benefits not just the environment, but also the customers and the company itself.

3. Balanced diet

Nutrition, health and wellness (NHW)

Since 2008, erlenbacher backwaren has occupied itself specifically with the topics of nutrition, health and wellness. Cakes, gateaux and desserts are indulgence products in which sugar and fat make an important contribution to the good taste. Based on much customer and consumer feedback, in 2016 erlenbacher product development revised the pound cakes in cooperation with the declaration authority. The "sweetness" was reduced (approximately 10% less added sugar), without any loss in taste or quality, as the tests with end consumers show. Additionally, a large part of the saturated fatty acids (SFA) were replaced with polyunsaturated fatty acids in the form of rapeseed oil.

Nutritional Foundation Check (NF)

All erlenbacher brand products are subject to the Nutritional Foundation Check (NF). In regular tracking, they are analysed with regard to the properties that are to be restricted in the daily supply. These include the number of calories, added sugar, fat, saturated fatty acids and trans fatty acids as well as the proportion of sodium. These parameters are measured and indicated with reference to the portion size. One of the aims is to communicate appropriate recommendations for adapting the portions to the calorie requirements. At the same time, part of the focus in new product developments is to be on sugar and fat content, which is to be reduced as much as possible – while maintaining or improving taste quality and ensuring the technological processability of the recipe.

Additives and declaration

Since 2008, erlenbacher has avoided the use of flavouring as far as possible, trusting the natural taste of the primary products used. If flavours are still used at all, then only natural ones. Additionally, since 2014, no longer are declarable colourants added to the products, but only colouring foodstuffs. Moreover, there are no added preservatives whatsoever.

Trans fatty acids

Hardened fats/oils are not used in the erlenbacher products. Trans fatty acids make up less than one per cent of the fats used.

Nutritional value labelling

The specifications of the Food Information Regulation (FIR) are strictly complied with and compliance with them is monitored. All nutritional values are declared on the labels/packaging of all erlenbacher products and are available at www.erlenbacher.de/Fuer-den-

Profi/Sortiment. Access is also provided to a product database in which all nutritional values of all products can be retrieved.

Healthy employees

Through regular nutrition training (Corporate NQ foundation training), erlenbacher employees are introduced to the topic of healthy eating. (see also: **section C. Society**). It is important to erlenbacher that the health concept be engrained more deeply into the employees.

4. Environment – responsibility for nature

Climatic consideration of deep-frozen products

When it comes to sustainability, deep-frozen products are often viewed critically. Cooling down and storing deep-frozen goods is indeed energy-intensive. A comparison with other food shows that the general eco-balance of deep-frozen products is at the level of other forms of offering, for example food filled into tins or glass. This is confirmed by an eco-balance study published by the Öko-Institut e.V. and the Deutsches Tiefkühlinstitut e.V.

Meanwhile, the environmental effects of distribution contained in transportation and storage are a lot lower in all product groups investigated than previously assumed. Thus, it is not the form in which food is offered per se that is indicative of a good or bad eco-balance. The product composition, purchasing behaviour, storage in the household and preparation are much more decisive.

The consumer can also make a crucial contribution to more climate protection by dealing carefully with food.

For a long time already, the deep-frozen industry has directed the focus at maximum energy efficiency, with most production sites now having heat recovery systems.

Production technology

To be able to respond to the rising demand for high-quality convenience products in Germany and other European countries in future as well, erlenbacher has invested approximately EUR 35 m in an extension to its premises in the last few years. Thus, up to 50% more deep-frozen baked goods can be manufactured in craftsmanship quality. In the plant expansion completed in 2011, the latest knowledge regarding environmental protection and energy efficiency was implemented and used.

Erlenbacher has set itself the objective of saving more energy and resources on a year-on-year basis each year.

Thanks to its effective sustainability policy, erlenbacher reduced the specific water and energy use in the manufacture of the products in 2016 beyond the

set objective. For instance, power consumption decreased by 5.7% in 2016 compared to the previous year. In addition, from 2017, 100% eco-power will be

used at erlenbacher pursuant to the "Renewable Plus" standard via corresponding certificates. The savings in drinking water consumption were also especially high (- 16.2%). erlenbacher also achieved record environmental figures in gas (- 9.8%) and cooling supply (-10.6%).

Out-of-home market in transition

The out-of-home market is changing, and with it not just the occasions for consumption, but also the service concepts and the personnel situation of the customers. erlenbacher reacted to this in good time, for example by investing in an extremely good cutting technology. Pre-cut premium round cakes and tray bakes or cream tarts and cream slices not only make handling easier for the customer, but also contribute sustainably to cost calculation reliability with portion sizes that are always exactly the same, as well as to considerably improved waste management with the option for need-orientated portioning.

PCF – the CO₂ footprint

erlenbacher backwaren GmbH was one of the first companies in the baked goods industry to create a "CO₂ footprint" for deep-frozen cakes and cream slices. The so-called CO₂ footprint (polycarbon footprint, PCF) is the measuring stick for the eco-balance of a product. In it, the emissions "from the cradle to the grave" - across the entire lifecycle of a product - are calculated.

erlenbacher had a CO₂ footprint created for two products on an exemplary basis: for the premium apple tart and the strawberry-buttermilk slices. The CO₂ emissions caused by the cultivation, processing and transportation of primary products, by production, including freezing, the CO₂ emissions produced due to the provision of administrative buildings and the organisation, as well as due to packaging, logistics and disposal are taken into account in this calculation. The calculations showed that the major part of the PCF is due to the procurement of the primary products in both cases.

Protecting resources through environmentally friendly energy use

At erlenbacher, the sustainability concept also includes keeping the impact on the environment as low as possible by curbing the consumption of resources as much as possible while at the same time using modern, efficient production technology. From a technical perspective, this is also associated with lower production costs – a competitive advantage for erlenbacher in the long term.

As one of the most important consequences of this, at the end of 2012 the company converted from heating and operating all ovens with heating oil to heating and operating with gas, thus reducing the emissions of CO₂ by 25% per year to 790 tonnes. In addition, thanks to the conversion from a

low-temperature boiler to a condensing boiler, 340,000 kWh of natural gas and 34 tonnes of CO₂ were spared. The burner regulation for the building heating in collaboration with the heat recovery took place in such a precisely accurate manner that the low-temperature boiler hardly needs to be switched on anymore.

Protecting resources by saving freshwater

The cleaning of industrial plants for food production takes place by means of so-called CIP cleaning (CIP = cleaning in place). The cleaning programmes were further optimised at the end of 2015. Thus, in 2016, approximately 3,400 m³ less freshwater was consumed compared to the previous year.

Protecting resources through heat recovery

To freeze its cakes and gateaux, erlenbacher uses the cooling technology from Nordfrost. The storage service provider and deep-frozen-goods shipping company – a direct neighbour of erlenbacher in Groß-Gerau - provides storage places for the erlenbacher products and supplies the refrigeration required for the production process of the cakes and gateaux.

Nordfrost's climate-neutral ammonia, which releases heat in the event of compression in the compressor, serves as a coolant. erlenbacher has used this heat since 2011 to preheat the water for the cleaning and building heating. The heated water is consolidated in a buffer tank with a capacity of 100,000 l; for hygienic reasons, the cleaning water flows in a separate cycle and, in turn, absorbs the heat via heat exchangers. Thanks to the heat recovery from Nordfrost's cooling plant, erlenbacher saves 1,476 MWh in heating energy per year, which equates approximately to the annual consumption of 370 four-person households and a CO₂ equivalent of 400 tonnes. The warm exhaust air of the burners as well as the compressors for producing the compressed air is also used at erlenbacher to heat water by means of heat exchangers. Here, 1.1 m kWh is saved annually, corresponding to 99,000 m³ of gas.

Energy data management system

In 2013, erlenbacher introduced a new energy data management system (Hochhuth). Meters now measure the flow rates of water, natural gas, power and compressed air at many points. Thus, it is now possible to view and monitor individual consumptions, detect problems quickly and, if necessary, optimise the method of operation. For instance, it was established that there was a need for improvement in the water treatment for the steam boiler – the measures implemented in this connection in 2016 led to approximately 700 m³ of water being saved. Operating errors (e.g. water overdosage) can be quickly discovered thanks to the measurements.

ETS – Energy Target Setting project

In 2015, together with the erlenbacher suppliers and experts from the technology division at erlenbacher, various processes were examined and analysed as to how they could be made more efficient.

Further projects

Further projects that led to resources being saved:

- A change in defrosting the freezers resulted in savings of 330,000 kWh of power per year and reduced the CO₂ equivalent by 148.5 tonnes.
- A change to the level regulation of buffer tank feedwater from the steam boiler led to a reduction in circulation losses and thus to a 700 m³ saving of water per year.
- With the alteration of the conductivity measurement on the steam boiler, a saving of 420 MWh of natural gas and of 4,300 m³ of water per year was achieved.
- Additionally, the steam pressure on the steam boiler is being reduced gradually and missing points on the steam lines were insulated.
- In the newly insulated oven of the ground line, the savings amount to approximately 110,000 kWh per year.
- Due to the preheating of the water for the continuous-flow washing machines of production via the heat recovery from the flue gas of the ovens, steam consumption was reduced considerably.
- The replacement of the roll-up door on the deep-frozen shop and in the cold storage with a sliding door contributes to the significant reduction in refrigeration losses.

Environmental responsibility in all areas

At erlenbacher, the ideas on more sustainable solutions and behavioural methods go beyond production technology. The possibility is being considered, for example, of replacing some of the plant vehicles for special use with electric pool cars. Everywhere at erlenbacher, battery collection boxes have been set up for the employees. Motion detectors on the light switches as well as energy-saving LED illuminants in the management corridors as well as in the sanitary facilities also contribute to saving energy.

5. Purchasing

All erlenbacher suppliers must be audited according to the Nestlé Food Safety Management Standard (NFSMS) before carrying out a delivery. As a partner company of the ZNU (Centre for Sustainable Corporate Management of Witten/Herdecke University), erlenbacher is in constant dialogue with members of the academic sphere and other producers of the food industry on the topic of sustainability. It is thus ensured that relevant hot spots related to the primary products can be detected early and processed.

Whole eggs

The eggs acquired by erlenbacher are exclusively fresh whole eggs from a few selected producers who have been audited according to the Nestlé Food Safety Management Standard (NFSMS) in advance and thus guarantee the highest possible food safety. Since 2011, the whole eggs have come exclusively from laying hens kept in free run. Since 2014, by means of an additional KAT certification (KAT is the monitoring body for securing the origin of and tracing eggs from alternative hen rearing systems in Germany and the neighbouring EU countries), complete traceability up to egg production has been guaranteed and the desired method of rearing has been ensured.

In addition, all the suppliers that use egg as a component for one of the ingredients used by erlenbacher were requested also to work only with egg from free run. All the suppliers confirmed this request and are following it.

In this connection, Erlenbacher has also attended to the topic of animal welfare (see also **chapter D - Products and their safety**).

erlenbacher backwaren was the first company in the food industry to launch a pilot project together with the egg producers and chicken farms. The breeding of the male chicks is supported. This breeding, which is initially uneconomical for the farms, is possible only because erlenbacher backwaren tolerates higher purchase prices.

Cocoa

For years, the primary product cocoa obtained by erlenbacher has been purchased from a few selected producers who were audited according to the Nestlé Food Safety Management Standard in advance. In 2015, erlenbacher, together with its suppliers, converted to cocoa that was certified according to UTZ and became certified according to UTZ itself. ("UTZ-certified" stands for sustainable cultivation accompanied by better conditions for farmers. Through the UTZ programme, the farmers improve their harvest, their income and their prospects, while protecting the environment and the earth's natural resources.). The proportion of UTZ-certified products in the purchased quantity now amounts to 100%.

At the same time, the suppliers that use cocoa as a component for one of the ingredients used by erlenbacher are spoken to so as to discuss the options for a conversion to certified cocoa here as well.

Palm oil

The Roundtable on Sustainable Palm Oil (RSPO), founded in 2004 at the initiative of the WWF, aims to promote sustainable cultivation methods for palm oil and thus to restrict damage to the environment as a central organisation. In addition to environmental protection associations, members of the roundtable include firms and institutions from the value chain

of palm oil, including plantation farmers, dealers and industrial consumers of palm oil, as well as investors and banks.

In 2015, erlenbacher became RSPO-certified, with the palm oil used coming completely from sustainable cultivation. For the palm oil itself, the RSPO variant "segregated" is used on a 98% (here, certified palm oil is kept separate from non-certified along the entire supply chain).

Dairy products

From crème fraîche to yoghurt to low-fat curd cheese or cream curd cheese to cream cheese, erlenbacher buys nearly 100% of its German dairy products - which are used on 5 different production lines every day - fresh on a daily basis. In line with the motto "Each customer to his own taste in cheesecake", a wide variety of

dairy products, for example, are used for an estimated 40 different cheese mass preparations, from double-cream cream cheese in the American cheesecakes to Auntie's cheesecake with low-fat curd cheese or cream curd cheese.

Nuts

erlenbacher obtains nuts mainly from Europe, for example from Turkey, but also from the USA. Here, too, the suppliers are certified. Nut purchasing is also to become increasingly sustainable, with only UTZ-certified hazelnuts used.

Sugar and cereal

erlenbacher uses exclusively beet sugar and local cereal products mainly from Germany in its products.

Packaging and waste prevention

Erlenbacher places priority on packaging of all types being recyclable. Since mainly paper/cardboard and plastics are used, which can be recycled both in terms of material and in terms of energy, the proportion of packaging-induced greenhouse gas emissions is relatively low. For example, in 2010, the tray bake foil was reduced by 20%, representing a saving of 5.4 tonnes of OPP plastic per year. With the round cake, too, a 20% reduction of the thickness in the plastic recipe was achieved. Here, 13 tonnes are saved every year. In addition, all packaging from erlenbacher is resealable, which facilitates a partial removal of the products for the customer.

erlenbacher has also set itself the objective of strictly examining and promoting the separation of mixed waste, such as plastic-coated Euro-pallets or curd cheese bags, for example.

When it comes to service articles and service concepts, too, vigorous attention is paid to the use of environmentally friendly, recyclable materials. For example,

the cakes-to-go are packed in PLA containers from 100% biodegradable maize starch.

Standards for print products and trade fairs

The printed paper used by erlenbacher for mailings, flyers or letters, etc., come almost exclusively from sustainably forestry and are certified according to FSC or PEFC. Additionally, all print materials are produced with environmentally friendly paints and print techniques. All textiles used meet the Bio Tex Standard 100. For the small in-house exhibitions, system modules and reusable stand materials are consistently used.

In individual stand construction, focus is placed on modularity, reusability, recycling and sustainability. Here, sustainable materials and paints are used. Plastic tarpaulins are recycled in an original manner: they are made into erlenbacher bags. These sought-after unique items are produced by a sheltered workshop from the waste product of the stand construction.

6. Society – responsibility for people

Social sustainability

However, at erlenbacher, acting sustainably does not just mean bringing ecology and economy into harmony. An ever greater role is also being attributed to social sustainability. This is associated with the involvement of the employees in company processes, professional training as well as job security. erlenbacher wants to cater to the needs of its employees and does its very best to ensure a pleasant working climate. Additionally, all erlenbacher employees are encouraged to be active on behalf of the community:

Projects in 2016:

- Social project “Boxing Day” with package donations for the “Children’s Future” project in Bosnia and Romania. Additionally, donation cans were set up in the erlenbacher shop.
- Information day at schools and at vocational training fairs.

Sustainability Day 2016

In 2016, the erlenbacher sustainability ambassadors held a sustainability day for all employees for the second time. The focus was not just on the topic of sustainable actions at erlenbacher, but also at home.

The topics and proposals of the Sustainability Day 2016:

- Do-it-yourself alternatives: how can one make one’s private environment more sustainable?
- Waste separation
- Saving energy
- Sustainable housekeeping and recycling at home
- Information on bone marrow donation (DKMS)
- Information on organ donation
- Information on blood donation
- Proposal: cooperation with a beekeeper (setting up beehives)
- Proposal: setting up a Christmas tree and “Christmas elves” for all employees
- Proposal: a cross-departmental after-work get-together, for

management, production and warehousing

Health management

Due to the rising average life expectancy and the associated increase of the retirement age, health promotion and prevention measures are gaining greater importance. By means of them, individual health and quality of life can be enhanced and performance capacity can be preserved. Through physical fitness, a counterbalance is created to the world of work.

Therefore, at erlenbacher, the health of the employees is of the highest priority. This affects medical provision as well as caring for physical wellbeing.

erlenbacher offers a variety of health initiatives. Medical provision involves the taking of preventative measures for the protection of the employees. These include:

- adapted hearing protection
- free vaccinations (flu protection)
- sight test, vein screening
- examination for the prevention of coronary heart disease.

Through regular nutrition training (Corporate NQ foundation training), the employees are introduced to the topic of healthy eating.

Not only was the consumption of fresh fruit introduced as part of the trade fair stand catering at erlenbacher,

but also, for years, attention has been paid to ensuring that all employees consume sufficient liquid every day at the company itself. To facilitate this, erlenbacher has set up water dispensers at 22 locations throughout the company that all employees can use for free. The sustainability ambassadors from the "Environment and Energy" team suggested it should be examined whether it would be more sustainable to replace the water dispensers, with the gallons used through them, with water tap points with a filter from the public drinking water supply.

Following corresponding water analyses by the town of Groß-Gerau, it is now planned to abolish all the water dispensers gradually and to replace them with filtered tap water of drinking-water quality at the available 19 possible water points at the company.

Each employee has received a reusable 0.5 l drinking bottle made of recycled, food-safe plastic from the company for the workplace. A further consideration in this connection is aimed at introducing a drinking app to motivate the employees to consume more fluids during the working day and at the workplace.

The health initiatives at erlenbacher include:

- massage days that the employees can register for,

- with erlenbacher assuming half of the costs.
- yoga courses (in planning).
 - children's sports club for the children of the employees, two-weeks' holiday camps with sports opportunities and various activities are promoted by the company.
 - Mobility Audit 2016: erlenbacher employees participate in the event "Groß-Gerau läuft", with the company assuming the registration fees.
 - "Global Corporate Challenge" with GCC pedometers: teams from erlenbacher are represented.
 - acquisition of e-bikes by the employees: erlenbacher provides support with a 25% allowance for the acquisition costs. Currently, 17 e-bikes are already being used.
 - fitness: cooperation with two regional fitness studios, organisation of leisure sports groups.
 - information events, for example on the topics of burn-out and depression.
 - information event on quitting smoking

Additionally, intensive training sessions on the topics of hygiene and occupational safety take place annually.

The aim is for each individual employee to feel responsible.

Education and corporate culture

Education is required in various forms to bring a company forward financially. The ability of employees to grasp current developments, implement forward-looking ideas and solve existing problems are crucial factors for the innovativeness of a company and secure its financial future. At the same time, training measures lead to higher motivation and to keeping the employees at the company. Thus, education includes social and financial aspects of sustainability.

erlenbacher invests in employee training and supports them in this training. Internal and external training sessions allow them to expand their knowledge in their personal areas of expertise. In addition, erlenbacher provides training grants if employees want to pursue an extra-occupational course of study or further education. In order to provide the best possible support, erlenbacher carries out annual appraisal interviews to create personal development plans.

The following are some of the means that serve to provide the employees with information on current topics:

- Table displays from recycled plastic at the company restaurant.
- An intranet and the erlenbacher Facebook page are used as a platform, including for sustainability topics.
- Varying pop-ups on the screensaver inform the employees more directly and on a more up-to-date basis regarding sustainability topics, such as
 "explaining certificates" or "what sustainability means",
 "company health management", "how can I protect myself from catching cold in the

winter”.

- Two sustainability display cabinets are devoted exclusively to the topic of sustainability and the current projects.

Information brochures

To allow all the erlenbacher employees to participate in the projects and the results of what sustainability at erlenbacher means and how sustainability is supported and promoted by the company, the sustainability teams produce information brochures on individual topics under the title “erlenbacher employee info - about us”. Since 2012, the following brochures have been published:

- 1) Sustainability at erlenbacher - what does it mean?
- 2) Social sustainability – health and education
- 3) Ecological aspects of sustainability – primary products
- 4) Quality and product safety
- 5) Quality means more – what Q4 means
- 6) Q4 – product safety / safe products
- 7) Occupational safety
- 8) Everything about food
- 9) Let’s talk about community
- 10) Certificates – Enjoy with safety (in preparation)

Sustainability ambassadors at erlenbacher

The most important pillar of sustainable company growth at erlenbacher is its approximately 600 employees. Thanks to training and close involvement in the company, their commitment is great. erlenbacher wants to make sustainability tangible and bring it to life and wants to ingrain awareness of it deep in the minds of all its employees. To implement the objectives, four employees were initially trained as sustainability managers at the Centre for Sustainable Corporate Management (ZNU).

It was in 2012 that erlenbacher initiated the idea of the sustainability ambassadors in its own company (**cf. also the INTRODUCTION**): The sustainability ambassadors are more than 25 trainees and graduate trainees who were trained on a cross-company basis both in the commercial areas and the industrial areas. The aim is to stir the sustainability concept in the youngest members of the company community and to motivate them to carry it into all the departments. In a workshop lasting a day and a half, five project groups were formed, from which, in turn, 3 teams emerged: the Internal Communication team, the Energy & Environment team and the Social Issues team. Each team defines for itself projects that are processed continuously together. Additionally, the topic of sustainability is communicated internally on a more intensive basis.

All new trainees are integrated into these task forces and the knowledge developed is passed on to the employees using the sustainability brochures.

In 2016, the three sustainability teams organised a joint cycling trip, during which lively dialogue took place and the operational masterplan (OMP) for the current and planned sustainability projects was also discussed.

Problem-solving culture at erlenbacher

There is great potential in the sensitivity for detecting problems and solving them independently. erlenbacher wants to develop and live a problem-solving culture. To this end, the employees are offered special tools in order to solve problems independently in their direct working environment. Simple problem-solving tools include, for example, "Fishbone" and "5 x Why". Cross-subject opportunities for work cooperation are also to be taken advantage of. Ideally, such a culture leads in the long term to fewer faults and calmer, relaxed working. At the same time, team spirit and networking are promoted.

Temporary work prospect system

Work must be worthwhile. As an industrially producing bakery business that produces several hundred articles on just a few production lines, partially on demand, HR planning is not possible without adding temporary workers to the permanent staff when production volumes are high. Ten years ago, the initiative came into being at erlenbacher whereby these workers are educated in the profession, offered attractive jobs and, if possible, kept at the company in the long term.

With the "temporary work prospect system", erlenbacher committed itself to the following points:

Higher charge rates to the HR service providers for trained personnel in the case of activities as a baker, a confectioner or a food technology specialist.

Introduction of permanent temporary staff instead of varying staff.

Assessment of performance and behaviour of temporary workers, leading to faster integration into the company and consequently provide positions that become vacant to temporary workers and higher classification in the pay scale.

Integration of temporary workers through participation in social benefits of the company.

Provision of vacant permanent positions without management responsibility exclusively to applicants who were previously employed within the framework of labour leasing.

This approach led to higher motivation of the borrowed temporary workers and impacted positively on work performance. Annual discussions repeatedly lead to the issue of traineeship contracts. At the same time, the HR service providers can advertise these prospects, thus increasing the chances of HR procurement.

Through regular participation in the "HR workshop" of the ZNU (Centre for Sustainable Corporate Management of Witten/Herdecke University) and the dialogue with HR officers of other

companies, it is ensured that erlenbacher backwaren GmbH can develop.

7. Products and their safety

Quality and product safety

Quality and product safety are among erlenbacher's most important corporate objectives. Good quality is no coincidence, but rather the result of an active company philosophy, a reliable control system and constantly working on improvement processes.

The transparent production chain begins with cultivation

Quality is more than just buying the best ingredients. Protecting the environment and the transparency of the supply chain are also important. This

can be ensured only with seamless quality control, which must also take place on site, at the plant, as well as at the producer's premises. In the process, it is ensured that the individual work steps meet erlenbacher's high standards of quality and that all the working conditions are complied with.

erlenbacher has set itself the goal of being able to document completely and verify each production step with a wide variety of different materials and products by the end of 2016.

Auditing production sites

For years, erlenbacher has worked with selected producers that are not only certified according to the British Retail Consortium (BRC) or the International Featured Standards (IFS) Audit, but have also been audited according to the Nestlé Food Safety Standard and thus ensure the highest possible food safety. Thus, each production site – wherever it is in the world – must also be certified by an auditor trained according to the Nestlé Food Safety Management System (NFSMS) or by an auditor mandated by Nestlé.

From farm to fork – raw berries harvest-fresh from the field

For erlenbacher, sustainability begins with farming and cooperation with the farmers around the world has been intensified. The company uses a very high proportion of freshly harvested and immediately delivered fruit for its products, for example harvest-fresh

berries frozen individually in the individually quickly frozen (IQF) process that are not heated for further processing.

Whether strawberry fields in Morocco and Peru, or raspberry plantations certified according to Global GAP in Chile, erlenbacher has created its own position for a farming specialist who accompanies the farms on their way to a farm audit. With such subject-specific depth, erlenbacher is the trailblazer in the entire industry.

The aim of this measure is to provide training in the country of origin of the fruit for the entire workforce as far as possible – from the harvest workers in the field to the packers at the parcel station – in collaboration with farmers and producers. The awareness is to be created that each individual person in their post along the entire supply chain has a weighty influence on product quality and food safety.

For these elaborate training measures, materials including posters, stand-up displays and a training folder were produced in a total of six languages.

The intention is to be able to provide information by means of posters in places including on the fields. With the help of the code of conduct and corresponding support with checklists, information, as well as training and providing insight to field workers and pickers, compliance with very high standards for maximum product reliability in the countries of origin is to be ensured. The main aim is to scrutinise the farm workers' dealings

with hygiene, the use of pesticides and fertilisers as well as occupational safety in these countries on site, to create awareness of these sensitive topics and to stimulate learning processes. In future, this aimed-for closer cooperation with the farmers is to lead to contract cultivation through the supplying partners, including farm and plant audits such as the SMETA Audit (responsible sourcing: working conditions that are also demanded by the suppliers).

Moreover, erlenbacher participates in research projects and takes effective measures to monitor production on foreign objects and to test all delivered batches for viruses and soiling.

From farm to fork – animal welfare is also very important

erlenbacher backwaren uses not just herbal products in its products, but also animal products such as eggs, milk and cream. Animal welfare is also important to the company.

erlenbacher backwaren was the first company in the food industry to launch a pilot project together with the egg producers and chicken farms in January 2017. The breeding of the male chicks is supported. This breeding, which is initially uneconomical for the farms, is possible only because erlenbacher backwaren tolerates higher purchase prices. erlenbacher is willing to pay an extra price for this method of rearing.

Strict testing of end products

All products are tested regularly, comprehensively and scrupulously. The finished products go through various microbiological, chemical and physical tests. Additionally, there are visual checks, in which shape, colour and appetising appearance are reviewed. Good taste is very important.

It is always a focus and is also judged later at various points during storage.

At erlenbacher, nothing is delivered to customers that does not meet erlenbacher's high product standards with regard to taste and appearance. Therefore, product tasting and assessment of samples from current production take place daily at erlenbacher. Staff from the production, quality and product management departments as well as a member of management take part in this every day. With this, too, permanently very high product quality is ensured.

Quality standards and checks

Primary products are carefully monitored and must meet erlenbacher's quality standards. Each supplier is actively audited in order to receive approval for delivery of its products. Before primary products reach production, they go through strict incoming goods checks. Annual supplier assessments show where improvements must be worked on in cooperation with the suppliers. Quality management systems support: ISO 9001 (quality management), ISO 14001 (environmental management), ISO 22000 (food safety), BRC and IFS.

60/40 tasting

The market position is also reviewed by means of regular, independent comparative tasting. In a blind tasting session, carried out by an external market research institute, end consumers test selected top sellers from the erlenbacher product range. Here, the focus is on the parameters of appearance, taste, texture and smell. At least 60% of the testers must opt for the erlenbacher product over a tested alternative; otherwise, the recipe of the product is reviewed.

The quality requirements at erlenbacher are based on health, product safety and taste. Only when each of these areas is taken into account can the quality rightly expected by the company's customers be ensured in the long term. The premium quality of erlenbacher is something for which everyone at the company is responsible.

Customer satisfaction analyses and awards for the products

Consumers' standards regarding product quality are rising. Food must be safe and taste good; at the same time, consumers today want to know what is in their food, where the ingredients and primary products come from and under what social and ecological conditions they were obtained and/or processed.

Regular customer satisfaction analyses show that erlenbacher backwaren has the right philosophy: the quality of the products, the employees and the service is repeatedly assessed as very good and better than at the competitors. Further proof of this is provided by the numerous awards for erlenbacher products that have been issued by national and international expert panels in the last few years. For instance, at the end of 2014, erlenbacher won the European Coffee Award as "Best Food Supplier – Europe" for already the third time.

The high customer satisfaction and the large number of awards are confirmation of the successful erlenbacher corporate philosophy, based on the principles "natural, honest and passionate".

Love of the product - the four erlenbacher pillars

At erlenbacher, love of the product means passionate art of baking, traditional confectioner's craftsmanship, premium quality and modern technology. The company's success is based on these four erlenbacher pillars.

Sustainable corporate management as a continuous learning process

From the company's perspective, the implementation of sustainability strategies is a continuous learning process that can never really be completed. At erlenbacher, each individual enjoys learning new things and gladly takes suggestions on board. It is expressly welcomed when the business partners also follow this philosophy, are aware of their social responsibility and also pursue, support and call for these goals.

Sustainable operations can also be used as a marketing tool. In 2016, under the motto "Do good and talk about it – internally and externally", erlenbacher extended invitations to a press and customer trip to Morocco, during which the participants could see for themselves on site on the Moroccan fields the diversity of measures with which the company is intensifying cooperation with the farmers and harvest hands in order to ensure very high quality assurance.

However, the aim of the Centre for Sustainable Corporate Management (ZNU) of Witten/Herdecke University, of which erlenbacher has become a partner company, is to emphasise that a sustainability strategy is more than image maintenance. Rather, when implemented correctly, it becomes a real competitive advantage in hard-fought markets.

erlenbacher has recognised this and is aware of its responsibility when it comes to shaping the future. Bernhard Neumeister, Managing Director of erlenbacher backwaren GmbH, emphasises: "Sustainable corporate management and economic growth do not cancel each other out. In future, only both together will be possible."

erlenbacher backwaren GmbH - January 2017