



Sustainability Report

2016/2017





*As a family business
we accept responsibility for our company
and our employees as well as for
the society and the world we live in.*

*By adopting a values-based approach, managing our
resources efficiently and engaging in long-term
and fair business transactions we are contributing to a
sustainable future for the tea trade.*



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Foreword

Dear readers and tea aficionados,

Climatic effects and political conflicts have an impact on many sectors, including the tea industry. In addition to these factors, retail requirements are becoming more exacting and the market environment as a whole is dynamic. OTG co-owner Michael Spethmann talked to Christiane Stöhr, Business Director at Scholz & Friends Reputation, about how Ostfriesische Tee Gesellschaft is meeting these challenges.



You published your first sustainability report two years ago. What has changed since then?

Michael Spethmann: First of all, we have succeeded in significantly ramping up our CSR activities throughout our supply chain. This is thanks in part to our successful partnerships with organisations such as the ETP, UTZ and the Rainforest Alliance. Together, we have been able to raise social standards in the countries of origin. By providing training in various areas, we are also putting more and more people in a position to help themselves. Other success stories include the projects in tea origin Malawi Tea 2020 and the ETP/UNICEF initiative in Assam, which we are supporting. We are taking action within our own company too: we are, for example, particularly proud that 200 trainees have already successfully completed our “Zukunft durch Ausbildung” (Education for the Future) programme.

You have set your sights high. Have you been able to achieve your objectives?

Michael Spethmann: Our most pressing goal is to make exclusive use of sustainably grown raw materials in the future. We are well on the way to achieving this. The share for black and green tea is already 60%, while the figure for herbal and fruit teas stands at 50%. We have made progress in many

*Figures for the brands

other areas as well: the OTG Sustainability Council has started work and we have switched to 100% recycled material for all of our brands’ folding boxes.

At the same time, we are working on a range of ongoing goals. Each year, we carefully check whether and how we have achieved them. As a company that makes extensive use of energy, for example, we meticulously record our greenhouse gas emissions. We have significantly reduced our indirect emissions resulting from air travel, waste and water/effluents in comparison with 2015. Calculating our carbon footprint helps us to monitor the increased energy requirements which we are experiencing as a constantly growing company because of site expansion and new warehouse building with picking and shipment. We have also set ourselves ambitious goals for the development of up-and-coming managers or in connection with our “LSH-Gesundheit” (LSH Health) scheme, for example.

What new content can readers expect in the Sustainability Report 2016/17?

Michael Spethmann: We conducted a materiality analysis to examine the strategic element of our approach. It confirmed that our supply chain is the most important area of action – not just for our stakeholders. What happens in the supply chain also has a major impact on us as a company. With this in mind, we have devoted more space to that issue in this report, including providing a detailed easy-to-understand breakdown of our whole supply chain in the form of an infographic.

In addition to this, we have used the United Nations Sustainable Development Goals (SDGs) as a framework for our sustainability strategy and activities for the first time. By doing so, we are consciously joining the global community which is calling for everyone to work together to advance sustainable developments all around the world.

What does OTG plan to do next in the field of sustainability?

Michael Spethmann: We want to focus even more strongly on environmental issues throughout our supply chain. This includes measures which can at least lessen climate change in the cultivation regions and help to conserve precious water resources. Diversity is also on our agenda. We are already well positioned here, but we want to further strengthen our commitment.



Michael Spethmann
Executive Board (Chair) of Laurens Spethmann Holding

Tradition and expertise provide firm foundations

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Ostfriesische Tee Gesellschaft was established in the town of Leer, East Frisia, in 1907. Originally a small family business with four employees, it now operates on the global market, has a headcount of approximately 760 and generates revenue of 250 million euros (2017 figure).

Today, Ostfriesische Tee Gesellschaft GmbH & Co. KG (OTG) is based in Seevetal, Lower Saxony. It is the largest and oldest subsidiary of Laurens Spethmann Holding Aktiengesellschaft & Co. KG (LSH). OTG is one of the largest and most important tea manufacturers in the German-speaking market and plays a major role throughout Europe along with other LSH subsidiaries.

With its slogan "OTG – More than just tea", OTG has successfully established tea brands such as Meßmer, MILFORD and OnnO Behrends on the market. In addition to this, the tea specialist is a long-standing partner of well-known national and international retailers. Our firm's quality standards and expertise are increasingly in demand in the B2B and out-of-home sectors as well.

Now a fourth-generation owner-operated company, OTG has retained the charm and merits of a family business. Tradition is not just the basis for values built on entrepreneurship, quality, creativity and expertise: it is also the key to stable growth, now and in the future.



	SWEETENERS, SNACK AND FRUIT BARS	TEA	CEREALS
DISTRIBUTION	Nutrisun GmbH & Co. KG Seevetal, Germany Halo Foods Ltd. (50% share) Newport, Great Britain	Ostfriesische Tee Gesellschaft GmbH & Co. KG* Seevetal, Germany OOO Milford Moscow, Russia Milford Tee Austria Hall in Tirol, Austria PAGÈS S. A. S. Le Puy-en-Velay, France	Nordgetreide GmbH & Co. KG (50% share) Lübeck, Germany
PRODUCTION	MEDIN GmbH & Co. KG Faulbach, Germany Halo Foods Ltd. Newport, Great Britain Halo Foods Ltd. Swindon, Great Britain	Kräuterhaus Wild GmbH & Co. KG* Grettstadt, Germany Milford Tea GmbH & Co. KG* Buchholz i. d. N., Germany OnnO Behrends GmbH & Co. KG* Norden, Germany PAGÈS S. A. S. Le Puy-en-Velay, France	Nordgetreide GmbH & Co. KG Lübeck, Germany Nordgetreide GmbH & Co. KG Falkenhagen, Germany Nordgetreide GmbH & Co. KG Überherrn, Germany
LOGISTICS	OTG Lager- und Frachtkontor GmbH & Co. KG* Lager Nord – Buchholz i. d. N., Germany Lager Süd – Grettstadt, Germany OTG Zukunft durch Ausbildung GmbH*, Buchholz, Germany		

Company structure of
Laurens Spethmann Holding

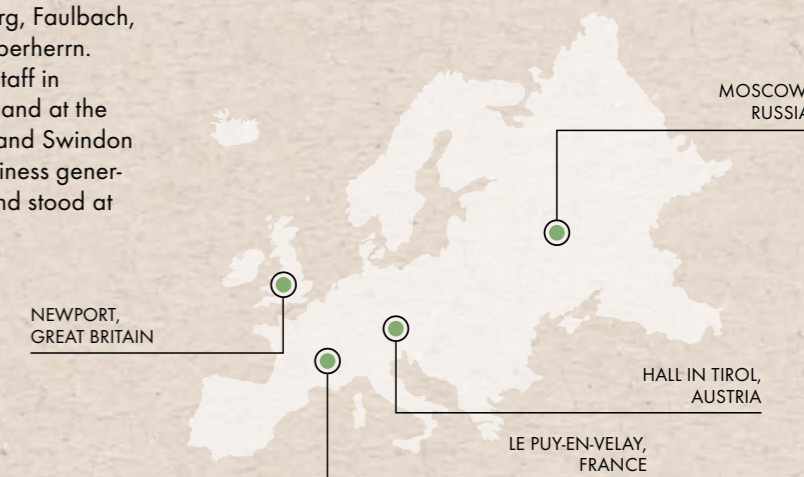
*This report relates to
the German business units
in the tea segment.

LSH: our parent company

Laurens Spethmann Holding Aktiengesellschaft & Co. KG has 13 subsidiaries. In addition to tea as the holding company's main product, with well-known brands and private-label teas, its portfolio includes cereals, sweeteners, snack bars and fruit bars as well. The companies owned by LSH offer individual high-quality solutions for the buffet, catering and à la carte sectors along with innovative product concepts for industrial companies – ranging from raw materials to all-in-one solutions.

In total, approximately 1,060 employees work at the German LSH sites in Seevetal, Buchholz, Hamburg, Faulbach, Grettstadt, Norden, Lübeck, Falkenhagen and Überherrn. On top of this, there are some 250 members of staff in Moscow (Russia), Hall (Austria), Le Puy (France) and at the firm's two British sites in Newport (south Wales) and Swindon (southern England). The proportion of LSH's business generated abroad consists mostly of export revenue and stood at 38 per cent in the year under review.

The LSH companies represent a wide range of market and brand expertise and are dedicated to the further development of products, techniques and processes alike. By identifying trends at an early stage, they succeed, for example, in constantly reinventing the traditional product tea. Some 20 per cent of the holding company's revenue is generated with products that are less than three years old. LSH believes that its success is founded not only on knowledge sharing and close retail partnerships but also on its commitment to finding outstanding and quick solutions for its clients.



Our successful brands



Meßmer turns my moment into a special moment

Meßmer is one of the two best-known and leading tea brands in Germany. It has a market share of approximately 25% based on revenue: Meßmer is drunk in a third of households in Germany. For more than 150 years, the brand has stood for high quality, expertise and special moments of enjoyment. Its wide range consists of more than 80 varieties, including traditional black and green teas, herbal and fruit tea blends, and rooibos. Every year, Meßmer develops numerous special new blends, including its tea of the year.



Young but steeped in tradition: MILFORD

MILFORD combines tea expertise with a fresh unconventional image. Since 1966 the brand has been seen both nationally and internationally as an especially innovative player in the tea market. It constantly responds to new trends with its extensive selection of herbal and fruit teas. MILFORD's teas for children and cold infusions offer surprisingly intense and even unusual taste experiences.



In touch with the company's roots: OnnO Behrends

With its regional authenticity, the brand OnnO Behrends symbolises East Frisia's tea drinking culture. The traditional strong East Frisian tea is particularly reminiscent of the original Ostfriesische Tee Gesellschaft. This brand has been part of OTG since 1988. The modern production facility in the East Frisian town of Norden is one of the region's biggest employers.

The foundations: our values

At OTG, we are guided by the notion that healthy enjoyment is part of a healthy life. To make this possible, we do not just offer high-quality and safe products. We also ensure that our family business remains independent and profitable and maintains economically expedient, fair, long-term partnerships throughout our supply chain. Our customers are at the heart of everything we do. We use our expertise and know-how in order to live up to their expectations and wishes. Our work relies on two cornerstones: our employees, who see it as their job to contribute to the bigger picture, and our philosophy, which brings together tradition and innovation.

For decades, our family business has been closely guided by traditional values such as trust, tolerance, accessibility and commitment. These basic tenets are embedded in our mission statement or Fundamental Principles. The Fundamental Principles apply throughout the LSH Group and embody our dedication to responsible conduct at every level. This is also underlined by our Code of Conduct for all staff and our governance mission statement. Observing these values makes us credible, which in turn paves the way for our business success.

Leading the way: our governance mission statement

LSH's Fundamental Principles define governance as thinking what others don't, searching for what others don't and doing what others don't. Among other things, what we expect of our managerial staff is that:

- their actions are founded on responsibility, credibility and practised values,
- they promote people's career development and personal growth,
- they inspire their teams for joint tasks and embrace diversity,
- they communicate in a manner that is clear, transparent, reliable and respectful,
- they recognise the need for change and then implement such change,
- their commitment to performance and their willingness to take results-oriented action motivate both themselves and others.

Value-based actions: our Code of Conduct

We have drawn up a Code of Conduct to give all our employees guidance on tricky issues and decisions and to help them avoid conflicts of interest. The Code is supplemented and expanded as and when necessary.

In accordance with the Code, all employees undertake to observe the legal requirements and guidelines and to act correctly at all times. Their conduct towards customers, suppliers and business partners is both friendly and respectful. They place the focus of their actions on the well-being of and benefits for the customer and consumer. Our employees observe confidentiality both verbally and in writing and respect the protection of company property. And lastly, we expect them to treat resources and the environment responsibly and to demonstrate social responsibility.

Following the rules: our compliance

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We comply with all relevant legislation and act in accordance with internationally recognised guidelines and sustainability goals. Among other things, OTG explicitly and actively combats the exploitation of children and adolescents, prohibits any kind of employee discrimination and condemns all forms of forced labour. We have also incorporated these requirements into our Code of Conduct for suppliers. It includes all the main regulations stipulated by the International Labour Organization (ILO).

Furthermore, we endorse the Sustainable Development Goals (SDGs) adopted by the United Nations as part of the 2030 Agenda. The aim of these universal sustainability goals is to help combat poverty, inequality and climate

change effectively. There is a graphic for each of the areas of action featured in this sustainability report showing which of the SDGs our activities in that field contribute towards.

To foster greater sustainability in the tea industry – and especially in the producer countries – we also joined the international non-profit organisation that is the Ethical Tea Partnership (ETP) in 2012 (see "Supply chain" section). As a member of this partnership, we are fighting to bring about better working conditions and raise environmental standards. We are also helping local producers to implement these changes.

Management system and training ensure compliance

We take a two-pronged approach to safeguarding compliance within our company. Firstly, we maintain openness and transparency. We published our first sustainability brochure, "4 OUR WORLD" back in 2012. It was followed in 2015 by our first sustainability report, which complied with the G4 Guidelines of the Global Reporting Initiative (GRI). This 2017 report complies with the new GRI Standards.

We also rolled out a compliance management system throughout the company in 2017. As part of this, we completed a risk analysis and produced a compliance management handbook, which was published on the intranet. At the same time, we appointed an internal compliance officer and introduced an external ombudsman. These tools make it possible for people to report violations of the rules and other incidents anonymously. Despite making whistle-blowing easier, we had not received any reports of misconduct by the end of 2017.

In addition to this, we regularly run training courses to raise employees' awareness and prevent inappropriate behaviour. All new employees are trained in data protection, for instance. In 2017 34 members of staff from Sales, Purchasing and Tea Purchasing received advanced training in competition law; eleven members of the Tea Purchasing team took part in an internal course on human rights. Similar events are planned for the future. We are also drawing up compliance guidelines presenting relevant issues for all staff in an accessible way.

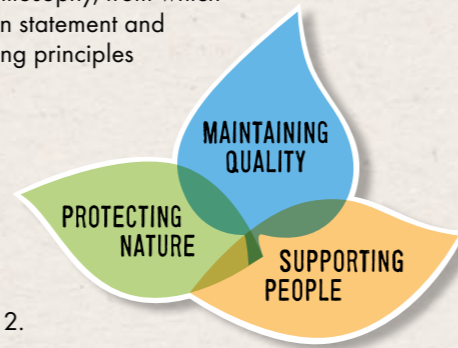


Based on values: our sustainability strategy

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For Ostfriesische Tee Gesellschaft, sustainability is inextricably linked with responsible corporate governance. The basis for our sustainability strategy is our corporate philosophy, from which we derive our principles and guidelines, such as the governance mission statement and the Code of Conduct. In this context, we have formulated three overriding principles which shape our daily actions and our sustainability strategy:

- Maintaining quality
- Protecting nature
- Supporting people



OTG aims at embedding these values in the company in the long term. With this in mind, we initiated a structured strategy process back in 2012. Staff from all relevant divisions play a permanent role in this process. In connection with the process, we have identified five areas of action which form the focus of our sustainability activities:



We have developed a road map spanning these areas of action. On the one hand, this includes the objectives we are pursuing and hope to achieve. On the other hand, it sets out who is responsible for the activities we are undertaking to attain these goals. Everything we do is based on the principle of concentrating on the areas where we can have the greatest possible impact.

Our supply chain is the area of action which poses the greatest challenges. We are a relatively small player in the global market and do not have our own tea plantations or farmland. This reduces our scope of influence. We enter into partnerships with leading organisations to ensure that we can nevertheless exercise effective leverage. As a small enterprise our major improvements to living and working conditions in the countries of origin are minimal. We can only achieve this in conjunction with the Ethical Tea Partnership (ETP), UTZ and the Rainforest Alliance.

Consistent sustainability management

Embedding sustainability in the company is a dynamic process at OTG, which is why we set up an additional body in 2017. The Sustainability Council – consisting of the Executive Board, the management team and twelve employees from different departments and levels of the hierarchy – meets two times a year. It steers all sustainability activities in an advisory capacity, monitors target attainment and initiates new goals which are reviewed and approved by the Executive Board and the management team.

The members of the Sustainability Council also act as influencers, raising staff awareness of these issues. This approach ensures that sustainability pervades the way people think and act at every level of our company, across the various units

and throughout the hierarchy. As we want to further boost our employees' involvement in implementing sustainability at OTG in the future, we are intensifying internal communication and integrating sustainability-related goals into managerial target agreements. In the second half of 2018 we will also start raising the profile of our sustainability activities at the Kräuterhaus Wild, OnnO Behrends and Milford Tea Buchholz plants. Explanatory and informative reports in the LSH Lounge (intranet) and in the staff magazine have been a tried and tested element of our communication strategy for some time now. In the future, however, we also want to make greater use of other tools, such as videos and case studies.



In dialogue with our stakeholders

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It is important that we know our stakeholders' expectations and needs and incorporate them into our business activities as this is an essential part of doing business successfully and responsibly. For that reason, we have established a systematic stakeholder management system with defined responsibilities. We maintain ongoing dialogue with all internal and external stakeholders within this framework. Various channels are used to this end, such as annual talks with clients and suppliers and the consumer service for end consumers.

The relevant stakeholder groups for our business activities include food retailers, end consumers, suppliers, staff, policy-makers, media representatives, academics, local communities and organisations, such as the German Tea Associations. In addition to this, we are in close contact with our partner organisations and conduct both open dialogue and proactive background discussions with consumer protection and environmental organisations to enhance transparency and knowledge sharing.



Monitoring relevant issues

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To sift the sustainability issues which are relevant to OTG, we delimited the pertinent areas and weighted them back in 2012 as part of our strategy development work.

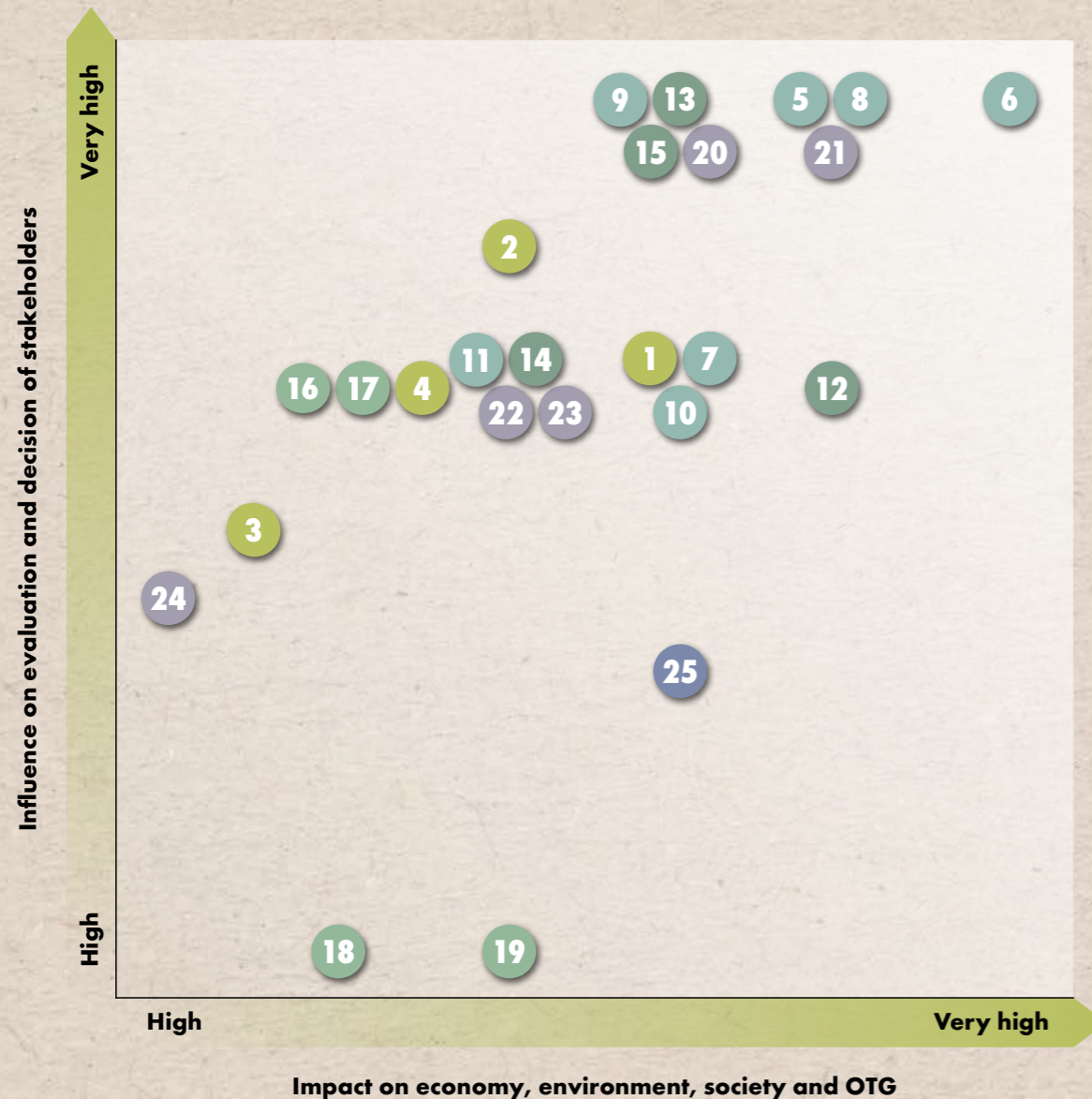
In early 2018, we completed another systematic materiality analysis based on the GRI Standards. By doing so, we updated our sustainability issues, reprioritised them and simultaneously gained new impetus for our sustainability strategy and activities.

The materiality analysis rests firstly on an assessment of how important a particular sustainability issue is for our stakeholders (relevance). Based on continuous contact with the stakeholder groups, the most senior management team – which encompasses all functional divisions – evaluated all aspects from an external perspective. Secondly, the most senior managers at OTG analysed the opportunities and risks (impact) associated with each specific sustainability issue in

detail. The effects on both the environment, economy and society (external impact) and OTG as a company (internal impact) were taken into account.

The resulting evaluations of relevance and impact (mean of the internal and external dimensions) are plotted on a matrix using a scale of 1 to 5. Issues with a score of 3.0 or more are considered material. They form the structural basis of this report.

OTG materiality matrix



Material topics



Corporate governance

- 1 Guidelines and principles
- 2 Transparency and reporting
- 3 Compliance
- 4 Stakeholder dialogue



Customers and products

- 5 Raw materials (three tea segments)
- 6 Labels and certifications
- 7 Packaging
- 8 Quality assurance
- 9 Customer satisfaction
- 10 Consumer protection
- 11 Development of innovative products



Supply chain

- 12 Partnerships
- 13 Social standards
- 14 Environmental standards
- 15 Social and environmental projects in the countries of origin



Energy and the environment

- 16 Energy management
- 17 Carbon footprint
- 18 Logistics
- 19 Waste



Employees

- 20 Remuneration and benefits
- 21 Employer attractiveness
- 22 Training and education
- 23 Family and career
- 24 Health and safety



Society

- 25 Social and environmental projects in the region





















Equal to the task: our sustainability goals

We have formulated our own goals for the five areas of action which we have identified. As part of an in-house target workshop in 2016 we updated existing targets and derived new targets and measures where appropriate. The table below provides an overview of OTG's current sustainability goals and activities, including the area of action they belong to and their attainment status.

Our goals in detail

Area of action	Material topics (from materiality analysis)	Target	Measure	Deadline
	Sustainable corporate governance	Systemising sustainability efforts, implementation on the basis of quantifiable and verifiable parameters	Developing a sustainability strategy and a programme of work with the goals integrated	✓
	Sustainable corporate governance	Permanently embedding responsibility for sustainability issues at the managerial level	Establishing a Sustainability Council comprising the Executive Board and management, which meets twice a year and which stipulates and tracks the goals and gives instructions to the divisions	✓
	Sustainable corporate governance	Creating incentives for the successful realisation of sustainability goals	Deriving departmental goals and incorporating these into the managerial staff's target agreements	Ongoing
	Raw materials (three tea segments)/labels and certifications	Increasing the proportion of raw materials from sustainable sources	Increasing the proportion of our brand's raw materials with certified origins (UTZ, Rainforest Alliance, ETP, Fairtrade) to 100%	By end of 2020
	Raw materials (three tea segments)/labels and certifications/packaging material	Raw materials (three tea segments)/labels and certifications/packaging material	Offering as many retail products as possible that are sustainably sourced	Ongoing
	Packaging material	Transitioning folding box board to sustainable materials	Converting the folding boxboard used by the brands to 100% recycled materials/only using virgin fibres of certified origin (FSC/PEFC)	✓
	Packaging material	Transitioning outer packaging to sustainable materials	Transitioning outer packaging (tray) to 100% recycled paper	✓
	Packaging material	Transitioning teabag envelopes and labels to sustainable materials	Using 100% virgin-fibre paper from sustainable sources (FSC/PEFC) for teabag envelopes and brand labels	By end of 2017 - goal discontinued ¹
	Packaging material	Transitioning strings to sustainable materials	Looking into sourcing sustainably produced cotton for our teabag strings	By end of 2017 - goal discontinued ²
	NEW: Packaging material	Reducing composite films (convert mixed films to unmixed films)	Checking if unmixed composite films with better recyclability can be used everywhere and then possibly realise conversion	By end of 2019
	NEW: Packaging material	Drafting procurement map of packaging materials	Recording main packaging streams to the individual OTG production plants; reworking supplier portfolio incl. logistics optimisation; inviting tenders for folding box and completeness statement requirements in the first six months of 2019 with subsequent bundling of purchasing volumes	By end of 2019
	NEW: Packaging material	Also assessing suppliers' sustainability performance	Including sustainability criteria in new supplier evaluation	By end of 2018
	Social standards/environmental standards	Obliging suppliers of raw materials and packaging materials to comply with environmental and social standards	Having all suppliers sign our Codes of Conduct and establishing a control mechanism for assessment in the field	✓
	Social standards	Raising employees' awareness of human rights and corruption	Giving employees training ³ on human rights and corruption in the supply chain	✓
	Social standards	Gaining a better understanding of the human rights situation in our supply chain	Analysis of potential risks posed to human rights through our business activities, establishment of a corresponding control procedure	By end of 2019

Area of action	Material topics (from materiality analysis)	Goals	Measure	Deadline
	Social and environmental projects in the producer countries	Improving the local people's living conditions	Gathering experience in concrete projects, identifying opportunities for greatest influence	Ongoing ⁴
	Social and environmental projects in the producer countries	Improving the environmental conditions in tea growing	Gathering experience in concrete projects, identifying opportunities for greatest influence	Ongoing ⁵
	Carbon footprint	Curbing greenhouse gas emissions	Reducing carbon emissions in kilograms of CO ₂ per 1,000 teabags produced/per kilogramme of tea processed by 3% compared with 2015	By end of 2018
	NEW: Carbon footprint	Reducing the consumption of resources in business communication	a) Digitalising efficiently and with more intensity business communication, particularly invoices, orders and shipping documents and projections b) Transitioning 80% of service provider invoices to e-invoices c) Digitalisation of communication in the works and warehouses	By end of 2020 By end of 2020 By end of 2022
	Energy management	Increasing the company's use of renewable energies	Making the German sites' electricity supplies 100% electricity from renewable sources	Ongoing
	Energy management	Boosting energy efficiency	Reducing electricity consumption in kWh per 1,000 teabags produced per kilogramme of tea processed by 3% compared with 2015	By end of 2018
	Energy management	Reducing gas consumption	Reducing gas consumption in kWh/m ² of heated space by 2% compared with 2015	By end of 2018
	NEW: Energy management	Expand energy management system to further sites	Sites: integrate warehouse site and freight site in Buchholz and Grettstadt into our energy management system	By end of 2018
	Logistics	Taking environmental criteria into account in the delivery of the raw materials	Maintaining proportion of ship-based deliveries of the raw materials for black and green tea at 90%	Ongoing
	NEW: Logistics	Optimising logistic flows between our company and customers or suppliers, e.g. checking integration of more rail transport	Checking what the requirements are for the use of rail transport; supplying customers for test purposes by rail in a pilot project	By end of 2019
	Training and education	Maintaining a vocational training quota of over 5%	Offering clerical and commercial training positions as well as cooperative education courses with different main emphases	Ongoing
	Training and education	Promoting future managers	Guaranteeing ongoing recruitment to managerial positions at the head office, in plants and in warehouses by means of the trainee programme and other measures	Ongoing
	NEW: Training and education	Establishment of leadership skill training for managers	Individual coaching based on a potential analysis, which is aimed at giving our managers immediate, highly effective support with current leadership issues	By end of 2018
	Family and career	Continuing to facilitate flexible working models	Supporting implementation of trust-based working hours at the head office	Ongoing
	Family and career	Continuing to facilitate flexible working models	Maintaining a high proportion of part-time employees	Ongoing
	Family and career	Promoting gender equality	Maintaining the proportion of women in managerial positions	Ongoing
	Family and career	Maintaining and expanding family-friendly work conditions	Gaining the FaMi seal of approval for family friendliness	Ongoing
	Health and safety	Promoting the workforce's health, at the same time raising employees' awareness of and encouraging them to consider health issues	Running annual programme on holistic health management with changing guiding theme	Ongoing

¹ Recycled materials can contain contaminants which may jeopardise food safety. An economic analysis has shown that it is not viable for us to source virgin-fibre paper from sustainable sources either. With this in mind, we have decided not to change the teabag envelopes at this time and to look for other more sustainable solutions instead.

² Due to the comparatively immaterial quantity of cotton used for our teabag strings, we have decided to discontinue this goal.

³ All employees in Tea Purchasing had received training on the topic of human rights by the end of 2017.

⁴ We have already succeeded in improving people's living conditions in the tea-growing regions by taking part in the UNICEF project in Assam and the Malawi Tea 2020 project.

⁵ We have already succeeded in improving environmental conditions in the tea-growing regions by taking part in the Malawi Tea 2020 project and completing targeted focus audits on environmental contaminants.



Customers and products



MANAGEMENT APPROACH

Safe and sustainable: our products

OTG offers its customers and consumers high-quality teas and reliable product safety. This includes carefully checking the origins of our teas and the processing method used. We have particularly high standards for sustainably grown raw materials with a view to preventing residues and contaminants. These requirements are defined in contracts and specifications. At the same time, it is important that the commodities we need are always available and consistently taste good.

Tea is just as varied as the challenges associated with growing it. We source raw materials from approximately 90 countries, which have a wide range of cultivation structures. Some source countries have very low environmental and social standards. Meanwhile, in others there is political instability or a lack of clarity regarding ownership of the land under cultivation. A large number of producers lack independence or have no market access. Wages and working conditions for employees are frequently unacceptable. Furthermore, deforestation, soil erosion and the use of pesticides threaten to upset the ecological balance.

A cooperative approach to improvements

We react to the challenges mentioned by imposing clear rules and offering the reliability of strong long-term partnerships. At the same time, we support initiatives which actively work towards improving environmental, living and working conditions in the producer countries (see "Supply chain" section). In addition to this, long-term cooperation is an important part

of our quality assurance – with our stakeholders, growers and upstream suppliers, but also with our retail partners and their sustainability officers.

We also work closely with the Ethical Tea Partnership (ETP) as a member and use the certifications associated with the established UTZ, Rainforest Alliance and Fairtrade standards. Our long-term objective is for all of our brands' raw materials to be sustainable. To achieve this, we have formulated detailed targets which we take into account whenever recipes are developed or revised. The whole Meßmer range has contained UTZ-certified ingredients since the beginning of 2015. The only exception is the ginger variety "Ingwer pur": sourcing sustainable certified ginger is proving particularly challenging. We achieved our target of increasing this proportion to at least 50% in the second quarter of 2017. In 2019 the figure is set to rise to over 70%. We are currently developing a corresponding step-by-step plan for our brands MILFORD and OnnO Behrends to increase the minimum proportion of certified ingredients to 40%.

Sustainable and/or organic ingredients are not yet available in sufficient quantities, especially for herbal and fruit teas. For this reason, we are utilising our position in the retail sector to encourage suppliers and producers to expand their offering of commodities which meet these standards. Moreover, we are in close contact with all relevant suppliers, organisations and retail clients by means of continuous reporting. We regularly have our packaging checked and approved by UTZ. Some of our private-label products carry the Fairtrade or Rainforest Alliance logo and are scrutinised by these organisations.

Our Goals

By end of 2020



Increasing the proportion of our brands' raw materials with certified origins to 100%

Ongoing



Offering as many retail products as possible that are sustainably sourced

By end of 2019



Reducing composite films for packaging material

Valuable raw material: our tea segments

Water and tea are the most widely drunk beverages in the world. However, tea is extremely diverse. We make a fundamental distinction between three segments – black and green tea, herbal and fruit tea, and rooibos tea – which are very different from one another in terms of their ingredients, origins and cultivation.

Black and green tea

The classic tea bush is a type of camellia whose buds and leaves are used to make black and green tea. Commercially, two main species are used: *Thea sinensis* and *Thea assamica*. Some 150 years ago, during the colonial period, a global market became established. This has relatively clear structures. Black and green tea are mainly cultivated at plantations; the proportion produced by smallholders has been growing continuously for a number of years.

Approximately 5 million tonnes of black and green tea are drunk around the world each year. However, this mostly takes place outside Germany. The country accounts for less than 0.5% of total consumption (the whole of Europe only makes up approximately 6%, with Great Britain single-handedly accounting for half of this). For this reason, our scope for action in this segment is very limited.

Herbal and fruit tea

Herbal and fruit teas are infusions made using plant parts such as chamomile flowers, peppermint leaves, pieces of apple or hibiscus flowers. The possible combinations of ingredients are virtually unlimited. We currently blend around 800 active recipes comprising more than 200 different plant parts. Overall, we have substantial market shares in the herbal and fruit tea segment. However, the total market is also considerably smaller than that for black and green tea.

The ingredients on offer frequently stem from uncertified cultivation, wild harvesting or non-transparent auctions. It is therefore not always possible to determine the goods' origins or trace them with absolute certainty. This poses major challenges, especially when it comes to sourcing sustainably produced, grown or harvested herbs and fruit. Consequently, it is impossible for us to procure as many as 400 ingredients from more than 90 countries around the world without the help of tried and trusted partners, suppliers and organisations.

Rooibos tea

The needle-like leaves of the rooibos bush provide the raw material for our rooibos tea. This bush only grows in South Africa and is cultivated by a small number of producers. As a result, sustainably grown rooibos tea is readily available in comparative terms. The proportion of raw materials with corresponding certification is 100% for our Meßmer brand.





A good nose

Stefan Feldbusch, Head of Purchasing, and Oliver Kunder, Head of Quality Assurance, talked to Thomas Sommereisen, Consultant at Scholz & Friends Reputation.

Mr Feldbusch, OTG plans to make all the raw materials used for its brands sustainable by 2020. How are you pursuing this goal?

Stefan Feldbusch: We are achieving it by making targeted purchases and carefully selecting our suppliers for black and green tea and for rooibos. In the herbal and fruit tea segment, we will work towards ensuring our suppliers comply with our specifications even more closely in the future. However, we will not be able to make all the tea blends in our current range 100% sustainable in the mid term – simply because there are not enough commodities which meet our standards for quality and taste. This may make it necessary to adjust recipes or even discontinue one or two specific varieties.



Oliver Kunder und Stefan Feldbusch

What challenges does this process entail?

Stefan Feldbusch: Being sustainable does not automatically make an ingredient high quality. We need both for our teas though – sustainability and a premium product. This makes it difficult, especially for black teas. The major cultivation countries are also some of the biggest consumers. As yet, there is no focus on sustainably grown tea in these countries because they concentrate more on the domestic market and less on exports. In the herbal and fruit segment, ginger is particularly problematic.

What are the most important considerations in quality assurance, Mr Kunder?

Oliver Kunder: In addition to a good sensory score, the quality has to meet both the legal stipulations and the retail and consumer protection requirements, which are often even

more exacting. When it comes to analysis, we demand the highest standards of our commercial laboratories. State-of-the-art technology makes it possible for us to find components – such as residues or contaminants from the environment – which were not visible just a few years ago. Then the challenge is to minimise even the smallest traces of weeds or waste gases from combustion processes as much as possible.

What is so special about the collaboration with UTZ Certified and the Rainforest Alliance (RA)?

Stefan Feldbusch: We want to increase the certification labels' understanding of day-to-day business in the tea industry as a matter of priority. We are keen to implement the required standards, but the certification labels also need to be prepared to compromise to a certain extent. Due to the merger of UTZ and the RA, it is also not yet absolutely clear which standards will apply in the future. Nevertheless, it certainly makes more sense for suppliers to just have to undergo a single audit. Perhaps the merger will also boost acceptance of certification as a whole.

What achievement in relation to raw materials over the last few years are you particularly proud of?

Stefan Feldbusch: We succeeded in developing suitable green-tea suppliers in Africa for the first time. Prior to this, only black tea had been produced there. We can pay the producers in Malawi and Kenya fair standard market prices for green tea, which are around ten per cent higher than prices for black tea. This gives us access to clean certified ingredients that have been checked for residues and offer a real alternative to tea from other sources.

Oliver Kunder: Cooperation is much more important these days. For instance, we show our suppliers ways in which they can meet our requirements. Quality assurance is now also being conducted at source, which has proved successful as well. We are collaborating more closely within the company too. Quality Assurance has established a risk management team that examines and evaluates data and analyses. Together with Tea Purchasing, they then decide which supplier is the right one for the corresponding requirements. This interface works well and is doubtless one of OTG's great strengths.

What tea do you personally like drinking the most?

Stefan Feldbusch: Darjeeling, second flush – UTZ-certified if possible.

Oliver Kunder: My favourite is an East Frisian black tea, fairly strong. But I like Herbal Tea too.

Quality assured: labels and certifications

GRI 102-40
GRI 102-43
GRI 102-44

OTG offers products which are made responsibly. The three different tea segments present a wide range of challenges. To meet these in line with our standards, we seek support from established certifications and standards. Our most important

partners include UTZ, the Rainforest Alliance and Fairtrade. We are also a member of the Ethical Tea Partnership (see "Supply chain" section).



UTZ is a sustainability programme for coffee, cocoa and tea founded by well-known brands in the Netherlands in 1997. Certified farmers apply responsible agricultural practices and run their businesses profitably while giving consideration to people and the environment. The UTZ certification mark boosts their productivity, thus improving the agricultural communities' standard of living. UTZ is one of the few organisations that also deals with the diverse area of herbal and fruit teas. www.utz.org



The **Rainforest Alliance** focuses on ecological issues. It works to conserve biodiversity and ensure sustainable livelihoods on the basis of environmentally friendly land use practices. It is also committed to achieving socially responsible business practices and value-based consumer behaviour. The aim is for people and the environment alike to prosper. Its approach includes training and certification. The Rainforest Alliance brings committed farmers, foresters and tourism companies together with the community of conscientious consumers by means of its green frog certification mark. www.rainforest-alliance.org

Merger of the Rainforest Alliance and UTZ – the Rainforest Alliance and UTZ merged in January 2018. The new organisation has retained the name Rainforest Alliance and has greater scope and more influence. It will present a new certification programme in 2019. Overall, it is hoped that this will make the certification process simpler while enhancing public acceptance of the label.



Fairtrade has its own certification system focusing on social aspects. Among other things, the certified smallholders, plantations and businesses make a commitment to observe regulated labour conditions, democratic structures and a ban on discrimination. The ecological aspects it addresses include environmentally friendly agriculture and a ban on harmful pesticides. In addition to a Fairtrade minimum price and premiums, from an economic perspective, the main requirement made of the traders and producers is that they engage in transparent trade relations. The hope is that these in turn guarantee sustainable development in the field, for example in the form of income or healthcare improvements. www.fairtrade.net



Certified black and green tea

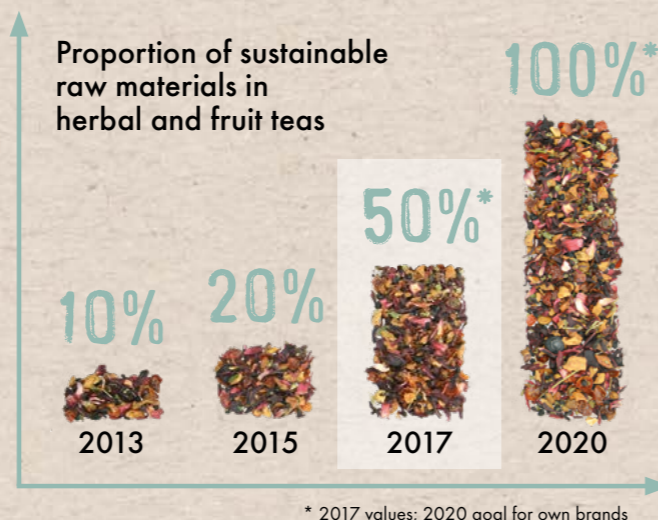
In 2012, approximately 10% of the raw materials used for our brands' black and green tea were sustainably grown. Thanks to our membership of the ETP, we were able to increase this proportion to around 40% in 2013 already. Collaborating with UTZ, the ETP, the Rainforest Alliance and Fairtrade enabled us to up the figure to 55% – including rooibos – by the end of 2015. The rate had risen as high as 60% in 2017. By 2020 we want all of our brands' raw materials to be certified.

Certified herbal and fruit tea

A new standard introduced by the Union for Ethical BioTrade (UEBT) and UTZ has been providing us with evidence of sustainable herbal and fruit tea production since February 2015. The standard was developed in conjunction with one of our suppliers and OTG is an implementation partner. The requirements of the FairWild Standard previously used by us were incorporated into this new standard. The standard pursues an approach of high flexibility and guarantees a broad geographical reach. While the UEBT focuses first and foremost on ethical biotrade, e.g. the maintenance of biodiversity and the payment of appropriate prices, UTZ facilitates the traceability of goods from the supermarket shelf to the producer. This means that the raw materials for herbal and fruit teas are documented transparently and there are fixed partners rather than various trader levels.

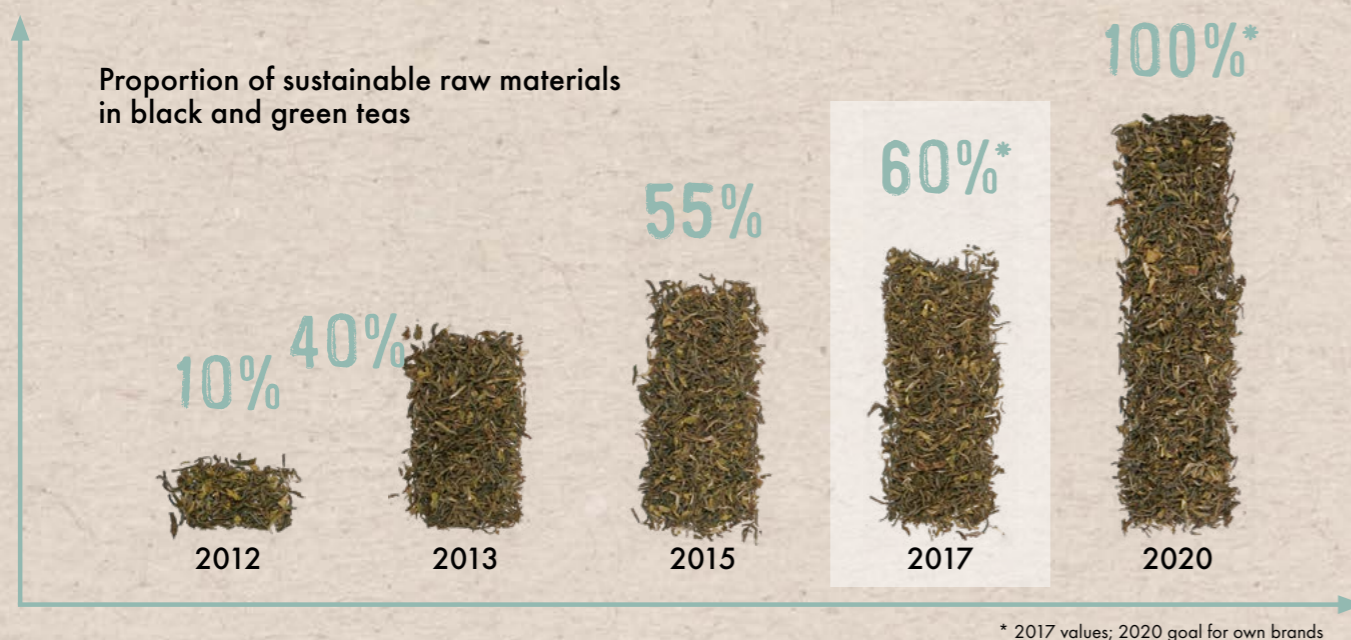
Immediately after the introduction of UEBT and UTZ Certified, we were able to double the proportion of certified raw materials used for our herbal and fruit teas from 10 to 20%. The figure rose to 30% in 2016 and stood at 50% in 2017. We are aiming at 100% in 2020. A number of specific ingredients – such as peppermint, camomile or fennel – are already sourced almost entirely sustainably.

Some other products are not yet available on the market in sufficient quantities. However, our demand has an effect on suppliers and growers, prompting a further rise in UTZ quantities. Our rooibos tea is UTZ-certified, meaning it is already made from 100% sustainable raw materials.



A strong partner for private labels

We offer our retail partners advice on all issues to do with sustainable raw tea materials and the associated packaging. Together, we look for other ways to market sustainable teas even more. Since 2016 we have been able to offer numerous retail partners sustainable herbal and fruit teas in particular, as well as raw materials carrying other certification labels such as Fairtrade or Rainforest Alliance. Furthermore, we are currently working with various retail clients on plans to expand our organic ranges to be wholly sustainable.



Checks from start to finish: quality assurance

OTG has established a stringent quality assurance system to maintain its high standards and safeguard consumer protection at all production levels. We have also developed our own forward-looking sensory analysis system and integrated it into all of our internal processes. Called **OptiPro**, it accompanies all workflows associated with quality assurance and improvement and incorporates all goods into the checks, from the purchase sample to the ready-packed product.

The **OptiPro** checks far exceed the legal requirements in Germany and the EU and are among the most stringent in the whole industry. Our products are only put on the market when our experts deem their taste and quality to be excellent and every single **OptiPro** criterion has been met in full.

An **OptiCheckInspection** forms a central part of the **OptiPro** system. This ensures compliance with standards, contracts and our own sustainability criteria. These days, quality assurance starts right at the plantation, where we can discuss challenges directly with the producers and work on solutions. We have also introduced so-called focus audits for our close partnerships, which are based on the principle of swapping control for cooperation (see "Supply chain" section). This means that we are in closer contact with our commodity partners and can investigate causes and work on reducing residues and contaminants on-site.

To date, this approach to quality assurance has proved very promising. We therefore plan to work even more closely with our partners in the near future, as well as continuing and ramping up the focus audits.

Thorough through and through: the core elements of OptiPro



OptiProd identifies the tea variety. We guarantee the unwavering quality of the raw materials by performing extensive checks on their properties and can therefore rule out deviations in a blend's typical character.

OptiCheck guarantees maximum product quality. With **OptiCheckProduct**, all of our teas are thoroughly analysed in modern accredited specialist laboratories. With **OptiCheckPackaging**, our packaging, such as the innovative recyclable Foodboard cartonboard, undergoes a similar process. Last, but not least, **OptiCheckInspection** is responsible for compliance with standards, contracts and our own sustainability criteria.

OptiSafe carefully cleans plants and components that pose a risk with water vapour in systems specially developed for tea products.

OptiMex uses a pressurised environment to treat raw materials that pose a risk, gently without adversely affecting their quality. We unequivocally choose not to employ the methods commonly used internationally involving phosphine, methyl bromide or ethylene oxide.

OptiCrop monitors compliance with strict cultivation specifications for the primary crops out in the fields. This includes keeping weed growth under control.

OptiSelect keeps the tea products materially free of weeds and foreign bodies.

Lastly, **OptiGuide** handles the vast number of statutory regulations and amendments. Our experts guarantee the very latest state of affairs and make sure our products also comply with the food companies' very strict liability requirements.

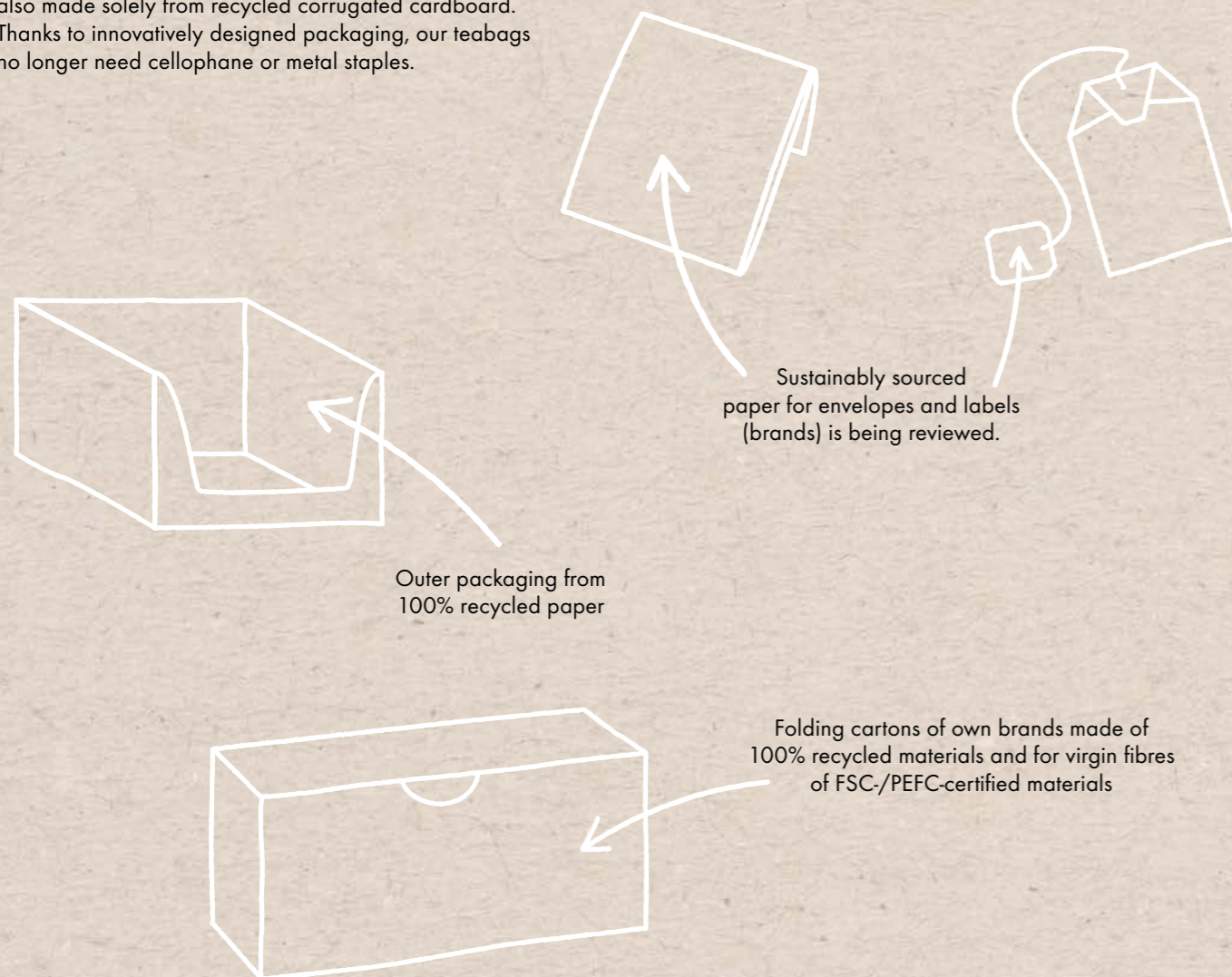


Filters and teabags: sustainable packaging

We also want to procure our packaging materials entirely from sustainable sources by 2020. To achieve this target, we are continuously working with our suppliers on further developing corresponding packaging materials – made from either recycled materials or sustainably produced virgin fibres. It is not possible to completely eliminate the use of virgin fibres because food safety regulations prohibit the use of recycled packaging materials in certain areas, such as filter paper, teabag envelopes or teabag labels.

We already use Foodboard cartonboard for our Meßmer, MILFORD, OnnO Behrends and Marco Polo brands as well as various retail clients. This is made entirely from recycled fibres and features an additional biodegradable barrier to prevent mineral oil migration. Most of our outer packaging is also made solely from recycled corrugated cardboard. Thanks to innovatively designed packaging, our teabags no longer need cellophane or metal staples.

Additionally, in 2017 we replaced pre-made bags for loose tea with flowpack film, which is easier to recycle. This did not just reduce material usage: because the new packaging has an airtight seal, it enabled us to increase product safety as well. We are currently examining whether other sustainable materials which can be heat-sealed could be used for teabag envelopes. In the year under review, we also looked into using sustainably grown cotton for our teabag strings. However, this idea is not economically viable at present due to the current market situation.



In dialogue: our customer service

Happy customers and outstanding products are the key factor for our business success. We set up a professional consumer service for our Meßmer and MILFORD brands back in 2002. Amongst other things, this includes active dialogue with customers on both brands' Facebook pages.

We receive numerous queries every day. These could be about changes to our ranges and recipes or new packaging design, questions about our products' ingredients or shelf life, or simply the best way to prepare our teas. We respond to all queries individually and personally within five days. Questions sent via social media are responded to even faster, usually within 24 hours.

Capable teams of experts

Product issues are dealt with by our experts in quality assurance, nutritional science and food chemistry. Our product development team also works hand in hand with consumers

on the basis of both positive and negative feedback. In the case of justified complaints, we offer a full no-hassle replacement as a gesture of goodwill. On average, we receive six complaints for every million folding boxes of tea sold. This puts our complaints rate at almost zero per cent.

We provide comprehensive information about tea on our brands' websites. They offer our customers tips on enjoying the perfect cup of tea, recipes, help finding stockists, and information about our sustainability strategy. We also offer our retail partners fast and detailed information when it comes to presenting ranges on their own websites. Our close contact with organisations such as UTZ allows us to keep interested retail partners up to date with their developments and commodity availability and to act as an interface between the certification label and the retail partner.

New and sustainable: product innovations

Every year, we launch approximately eight to twelve new products on the market under the Meßmer brand. All of these new product developments are required to use at least 50% (in exceptional cases 30%) UTZ-certified raw materials per recipe. In 2018, we also marketed organic herbal and fruit teas with 30% UTZ ingredients for the first time. We receive a large number of queries about product innovations that meet sustainability criteria for the private-label market as well. Depending on availability, we offer products with between 30 and 100% certified UTZ, Rainforest Alliance or Fairtrade ingredients.

Furthermore, we were able to include green tea from Africa in our range for the first time in 2017. To make this happen, we have been involved in initiatives in Kenya and Malawi since 2015. Growing green tea is demanding. Amongst other things, an additional production stage is needed where the tea leaf is heated using steam, for example, to destroy an enzyme. This prevents oxidation (also known as fermentation). OTG supported the project by making a firm commitment to purchase the tea. This gave the companies in Africa the security they needed to proceed with their plans.



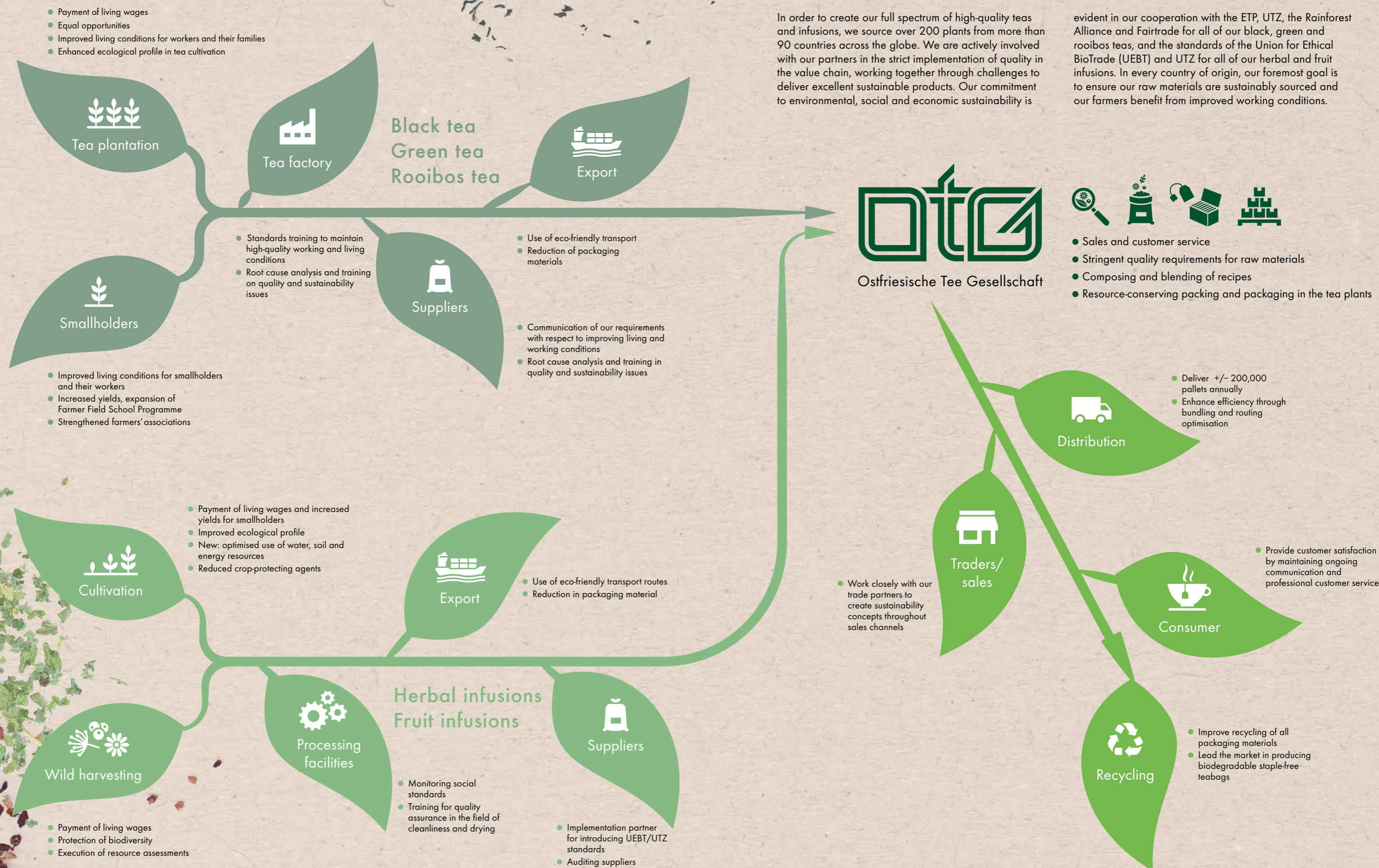


Supply chain

The OTG value chain

In order to create our full spectrum of high-quality teas and infusions, we source over 200 plants from more than 90 countries across the globe. We are actively involved with our partners in the strict implementation of quality in the value chain, working together through challenges to deliver excellent sustainable products. Our commitment to environmental, social and economic sustainability is

evident in our cooperation with the ETP, UTZ, the Rainforest Alliance and Fairtrade for all of our black, green and rooibos teas, and the standards of the Union for Ethical BioTrade (UEBT) and UTZ for all of our herbal and fruit infusions. In every country of origin, our foremost goal is to ensure our raw materials are sustainably sourced and our farmers benefit from improved working conditions.





MANAGEMENT APPROACH

Working with strong partners to take responsibility in the supply chain

OTG's main procurement regions for black and green tea are Darjeeling, Assam and Nilgiri in India along with Malawi in Africa. However, we source raw materials from a total of 90 countries around the world. This means we are confronted with different problems arising from precisely this regional diversity. Accordingly, the challenges we face in our supply chain frequently reflect those of the country in question.

Fundamental social change processes involving a large number of different stakeholders are needed to improve socio-economic and climatic conditions in our supplier countries. The primary objective is to create better living and working conditions for people and to combat poverty by paying living wages. Stemming the negative impacts of climate change is a further goal. Measures such as water-saving irrigation, utilising natural fertilisers, preserving plant diversity and making responsible use of pesticides contribute towards this.

A three-pronged approach to more sustainable tea production at the source

OTG is a relatively small player on the large global market. We do not have our own tea plantations or farmland, which further reduces our potential for direct influence. We enter into targeted and constructive partnerships to ensure that we can

nevertheless make a meaningful contribution to tackling the greatest challenges. In conjunction with our partners, we first enhance transparency by means of a monitoring programme to find out exactly where tea producers need to make improvements. Secondly, based on our social and environmental standards, we stipulate concrete requirements, for example as part of development plans for tea producers. We ensure that these are implemented via stringent regular oversight. Thirdly, we help tea producers to improve and put our action plans into practice by offering targeted training courses and qualifications.

Various guidelines, such as our Code of Conduct for suppliers, serve as the basis for our actions. By 2020, we intend to source all raw materials for our brands entirely from sustainable cultivation. We make use of the UTZ, Rainforest Alliance, Fairtrade and Ethical Tea Partnership (ETP) certification schemes. The specialists at our Tea Purchasing and Quality Assurance departments manage and monitor target attainment by issuing concrete specifications. The executive team and the Sustainability Council are always kept up to date on the extent to which these specifications are met.

Our Goals

By end of 2019



Gaining a better understanding of the human rights situation in our supply chain

By end of 2020



Increasing the proportion of our brands' raw materials with certified origins to 100%

Ongoing



Gathering experience in concrete projects, identifying opportunities for greatest influence



A strong partner: the Ethical Tea Partnership

GRI 102-40
GRI 102-43
GRI 102-44



OTG joined the Ethical Tea Partnership (ETP) back in 2012. This international non-profit organisation has been pursuing the goal of improving working and environmental conditions in the tea industry supply chain since 1997. Together, over 50 members, the Ethical Tea Partnership brings together tea companies with development agencies, NGOs, governments and trade unions. Their priority is to deliver social impact programmes to improve tea workers' lives.

Specifically, the ETP is committed to improving safety at production plants, preventing discrimination, furthering the use of environmental management instruments, and informing smallholders and tea workers of their rights. Well-known certification labels such as Fairtrade and the Rainforest Alliance also co-operate with the ETP. The organisation makes sure that it provides source countries with the support they need by means of streamlined structures, an excellent network and an approach that helps people to help themselves.

Specifically, ETP runs programmes that tackle sensitive, complex, and deep-rooted issues: including climate resilience, safe use of agrochemicals, providing young vulnerable girls access to education and training, reducing harassment and discrimination of female workers and minority groups in the work place, improving the lives of young people in tea communities and improving nutrition on tea estates.

As the ETP has a broad base in the countries that produce black and green tea, it gives us access to a wider range of sustainable tea components. This is crucial for our target of making exclusive use of sustainably produced, quality raw materials for our brands by 2020. Despite natural fluctuations in quality, it ensures that we are able to maintain the flavour of our varieties. Furthermore, the collaboration gives us important information about our producers' needs. www.ethicalteapartnership.org

"The ETP is a reliable partner" Annemarie Leniger, Managing Director

Why did OTG join the ETP in 2012?

Annemarie Leniger: We need strong partners to forge ahead with sustainability, at our company and at the country of origin. Following a thorough examination, we decided to become a member of the ETP because it is the only organisation of its kind which specialises exclusively in tea. We were the first large German company to join. ETP's mission is to improve the lives of tea workers and their communities and our regional teams offer on-the-ground expertise to make this happen.

What do you like most about working with the ETP?

Annemarie Leniger: A reliable partnership with clear structures. Further more the relationships with specialist NGOs such as Oxfam, GAIN and Anchor are good. This successful multi-stakeholder approach offers the ideal combination of specialist expertise, both in tea and sourcing issues. The ETP is now a widely respected institution in the tea market.



What targets have you set yourself for the future?

Annemarie Leniger: For us, working with the ETP plays an important part in enabling us to source 100% sustainable raw materials for our brands. In addition to this, we influence the ETP's strategic focus as a member of its advisory committee. We want to use this influence to foster more responsible conduct throughout the tea market on the basis of our principles: maintaining quality, protecting nature and nurturing people.



The world map of tea

An incredible array of raw materials sourced from all over the world goes into tea. The tea growing situation varies from segment to segment, and low environmental and social standards apply in many

of the countries of origin. As such, responsible tea production involves many challenges. OTG rises to these challenges with clear rules, strong partnerships and local initiatives.



Setting and enforcing social standards

OTG is committed to ensuring humane working conditions throughout its supply chain. This includes, for example, paying living wages and prohibiting child labour, forced labour and discrimination. With this in mind, we incorporated these core labour standards of the International Labour Organization (ILO) into our 2013 Code of Conduct for suppliers. We have set ourselves the goal of only dealing with companies and individuals who recognise both the legal requirements and our Code of Conduct. Since 2016 these have been endorsed by all of our suppliers of raw materials and packaging materials, who have signed to confirm their compliance.



Systematic audits

We have to create transparency and know what living and working conditions are like in the supply chain so that we can check that social standards are being upheld. As seamless checks are not realistic, we have established a three-stage verification mechanism.



In step one, our suppliers complete self-assessment forms. This enables us to identify any initial deviations from our Code. Secondly, talks are held with the management and anonymously with workers. We conduct these audits in line with the ETP's guidance, based on the ILO's core labour standards. As we cannot complete all of the checks ourselves for quantitative reasons, we work with capable independent cooperation partners. They include, amongst others, the ETP, Fairtrade, UTZ and the Rainforest Alliance. These organisations are familiar with local conditions and work directly with farmers, plantations and authorities.

In step three, active support is offered to the suppliers, either by us or by our cooperation partners. If action needs to be taken, we identify this in conjunction with the producer and come up with an action plan together. The supplier then has a certain length of time in which to meet the requirements – again, with our assistance. Progress is checked by means of further audits. We reserve the right to terminate our working relationship with partners who repeatedly break the rules and do not take sufficient action to rectify this.

Sharing knowledge

Whilst ETP specialises in longer term social impact work and our other partners such as Fairtrade, UTZ and the Rainforest Alliance focus on certification, they all have a common goal: they want to help people to help themselves. We support them in doing this with our expertise and by means of various projects. For instance, we were heavily involved in developing the sustainability standards for herbal and fruit tea.



With the help of training, we want to share knowledge, in order to can bring about change. In Assam and Kenya, for example, we empower women to manage their own paperwork – such as contracts, identification papers or bank accounts – or defend themselves if they are assaulted or organise help. A special ETP action programme in Kenya also gives women access to managerial and leadership positions. We train our own staff on human rights and compliance issues. This raises their awareness and makes them better able to evaluate and classify incidents in the respective countries.



Relieving pressure on the environment

Healthy soil and a balanced climate in the countries origin are also in OTG's interests because they play a crucial role in the consistent quality of our raw materials. Established certification organisations such as UTZ, Fairtrade and the Rainforest Alliance have formulated key standards for black and green tea. With their requirements, they contribute towards climate protection or the preservation of biodiversity and forests, for example.

We are also a member of the UTZ Pesticide Working Group. This initiative by various market players shares knowledge concerning pesticides and contaminants with the project leads at UTZ. The aim is to make better and higher-quality raw materials available.

Own standards for herbal and fruit tea

In conjunction with one of our suppliers, UTZ has developed its own environmental standard for the eco-friendly cultivation and wild harvesting of commodities for herbal and fruit tea. This has been recognised by the UEBT. OTG is an implementation partner. Amongst other things, the standard requires specifications to be checked by trained employees of our suppliers. Each partner company seamlessly documents the cultivation of products using a management system. Field studies verify the sustainability and traceability of products which are wild-harvested.



Approved pesticides are used sparingly, if at all; their use is documented seamlessly. Crop protection substances are avoided whenever possible. Special steps are taken to protect soil during cultivation or wild harvesting: the aim is to prevent soil compaction and erosion. When necessary, we also complete biodiversity projects with suppliers. Furthermore, growers are expected to use water-saving irrigation. There are numerous requirements in place to prevent fertilisers and pesticides from entering the groundwater. Lastly, our partner companies ensure that waste is disposed of professionally.



Swapping control for cooperation

We have amended our philosophy to enable us to prevent residues and contamination in our products even more effectively. Instead of just exercising quality control, we want to cooperate. To this end, we have developed so-called focus audits with our key suppliers. This involves completing process monitoring and taking random samples at each tea processing stage. At the same time, we analyse the fertilisers, compost and water used. The direct surroundings are also examined to avoid cross-contamination caused by wind drift or pollution, for example.

We share and discuss all of the findings with our suppliers. This allows each party to understand the other's challenges and find cost-effective ways to help optimise the relevant processes. Our aim is not just to audit our suppliers and give them recommendations. Instead, we want to offer them our support and actively help them to make potential improvements. We already conduct focus audits of this kind in Assam, China and South Africa.

organisations, we aim to identify ways in which we can help to improve living conditions for local people and environmental conditions in the cultivation of tea.

Malawi Tea 2020

In Malawi, Africa, ETP and its members have joined forces to establish a competitive tea industry in one of the in one of the world's poorest nations which will enable workers and farmers to earn a decent living. It is the only initiative of its kind in the tea industry to date. The programme strives to create a functioning business sector which invests in its future and its employees.

Since the programme began, workers' pay – which is no longer linked to Malawi's low minimum wage – has been increased several times. Employee representative bodies have been set up and trained to take part in wage negotiations, for example, and the first pay agreement has already been signed. All in all, the gap between wages and the subsistence level has shrunk, despite difficult macroeconomic conditions. The aim is to close the gap completely by 2020.



Smallholder farmers have improved their income by boosting yields and quality. To date, approximately 3,300 smallholders (65% women) have gained new agricultural and commercial skills. More than 30,000 workers are also better nourished because they receive lunches enriched with vitamins and minerals. Although the business environment is challenging, the tea plantations have upped their investments in planting, irrigation and factory modernisation. Further investments have been announced. There has even been progress in the use of renewable energy and environmental protection. OTG will continue to support the Malawi Tea 2020 project.

UNICEF

The Indian state of Assam is one of the world's most important tea regions. In 2014, the ETP rolled out a multi-stakeholder programme here in conjunction with UNICEF. OTG is supporting the project as a funding partner. The initiative is primarily designed to benefit children – especially girls – who struggle in India due to poverty, the caste system and oppression.



Through our 3-year support for the UNICEF and the Ethical Tea Partnership (ETP) partnership, we have continued to improve opportunities for tens of thousands of children in Indian tea communities and reduce their vulnerability to trafficking and abuse.

The Assam programme targeted families in 350 communities linked to 100 tea estates. To date the programme has:

- Equipped more than 35,000 adolescent girls with the knowledge and life skills that will help them secure a better future and reduce their vulnerability to violence, abuse and exploitation
- Reached 30,000 community members to protect children from all types of violence, abuse and exploitation
- Influenced national, state and district governments to protect children and review policies affecting women and children living in tea communities.

In June 2018, the programme was significantly scaled up to build on its success. The Improving the Lives of Women and Children in Assam's Tea Communities programme will reach more than a quarter of all tea estates in Assam. OTG will support the project in future as well.

Other projects

Together with one of our suppliers for herbal and fruit tea, we are also involved in a large number of smaller-scale initiatives which are financed via the UTZ premium. As part of this scheme, for instance, safety training was organised in Bulgaria to better protect lime blossom collectors, most of whom climb the trees with no safety equipment.

Meanwhile, in Paraguay, interested smallholders in a co-operative were given beehives and colonies. A workshop on beekeeping, biodiversity and pollination services was also held in the cooperative.

Furthermore, to give workers and their families constant access to clean drinking water, treatment plants were installed in two remote cultivation areas in Egypt, providing a source of high-quality drinking water.

Engagement at countries of origin

We work with partners such as ETP and the German Agency for International Cooperation (GIZ) to support a range of aid initiatives. By participating in concrete projects with these



Energy and the environment



MANAGEMENT APPROACH

Far-sighted: our environmental management

Companies which produce foodstuffs from natural raw materials are heavily dependent on an intact environment. Changing climatic conditions, temperature fluctuations, periods of drought, torrential rain and the occurrence of extreme weather events in general, all have a substantial impact on the quality and availability of commodities in the short, medium and long term.

OTG knows that it bears a responsibility in this field. We have made a commitment to do business in a way which conserves resources throughout the supply chain and to constantly minimise our energy consumption, within the boundaries of financial and technical feasibility and by means of carefully considered workflows.

With this in mind, we have identified specific areas of action in our own business operations – the procurement of raw materials, production, transport and administration – where we can significantly influence the negative environmental impacts. These primarily include energy management, the responsible disposal of waste, and logistical and transport issues. We report on how we are conserving resources and protecting the environment in our use of packaging in the “Customers and products” section. In addition to this, we are tackling environmental issues in the countries from which we source our raw

materials (see “Supply chain” section), although we do not have a direct say or consequently a direct means of influencing developments there.

We have developed a list of targets for all relevant environmental issues. For instance, we have formulated annual energy targets. We continuously monitor progress and the implementation of our plans using key figures, regular management reviews and internal audits. Our efforts are supported by energy management officers at all our German sites.

Our Goals

By end of 2018



Reducing carbon emissions in kilogrammes of CO₂ per 1,000 teabags produced/per kilogramme of tea processed by 3% compared with 2015

By end of 2022



Reducing the consumption of resources in business communication

Ongoing



Making the German sites' electricity supplies 100% electricity from renewable sources

Carbon footprint

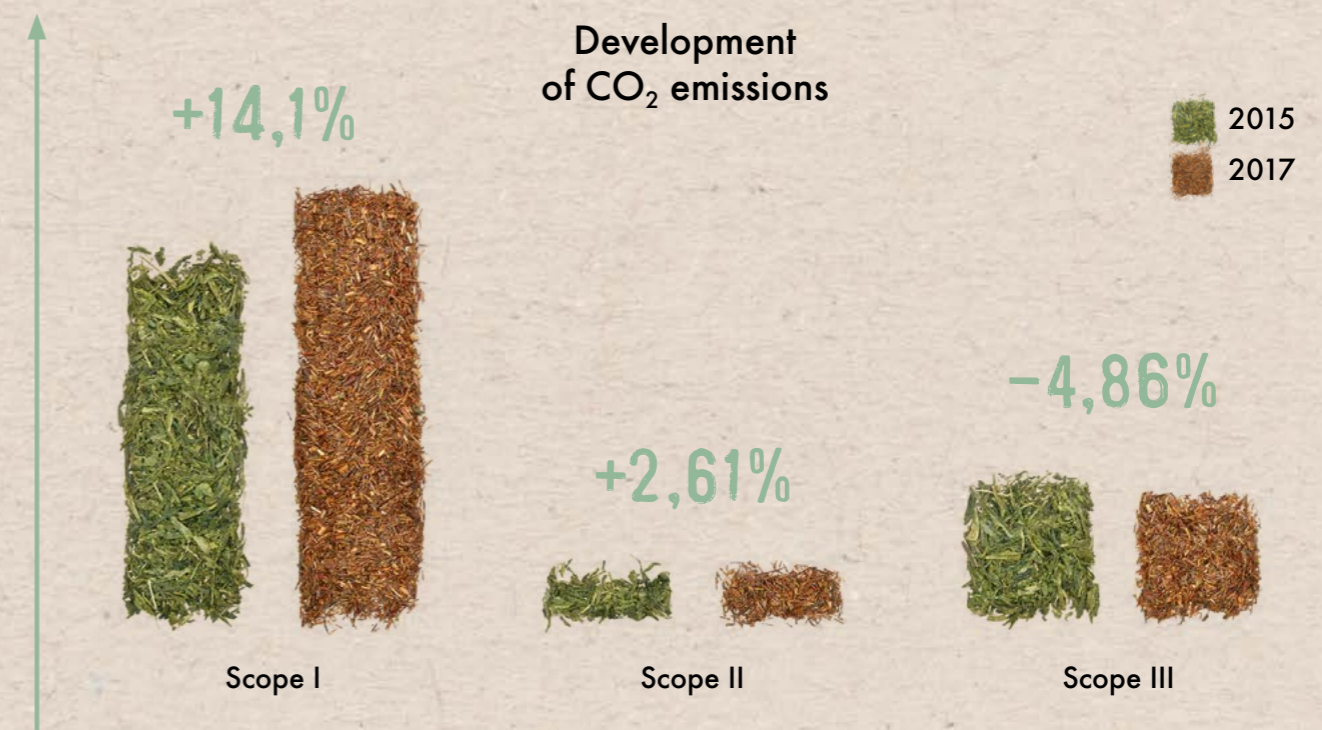
We have been collecting extensive data on our greenhouse gas balance since 2010 to help us contribute towards the attainment of national and international climate targets. Together with an external partner, we produce a corporate carbon footprint on the basis of this data every two years. This instrument helps us to make our production and logistics more environmentally friendly by allowing us to derive and implement appropriate measures.

- Heat generation and the use of company cars account for the majority of our emissions (Scope I). All in all, emissions of greenhouse gases rose slightly from 2,559.33 tonnes in 2015 to 2,783.41 tonnes in 2017.
- **Scope I**
OTG's direct emissions from sources controlled by the company such as fuel oil or natural gas increased by 14.10% in comparison to 2015.
- **Scope II**
OTG's indirect emissions, such as those caused by purchased energy, were up 2.61%. These higher figures were a direct result of our company's growth, including site expansions and the construction of a

new facility with a fully automated high-bay warehouse, picking and a dispatch area at the Grettstadt site.

- **Scope III**
By contrast, emissions caused by third-party services and purchased upstream services, such as business travel, fell by 4.86%, even though we included hire cars in this figure for the first time in 2017. All in all OTG's level is good.

The objective is to maintain this level and generate further savings through optimisation measures.





Environmentally friendly and efficient: our energy management

OTG mainly uses electrical energy for the fully automated blending and packing of tea, at its administrative facilities, and for IT, communication systems and lighting. To heat the business premises, we use energy from either heat recovery or natural gas. To enable us to manage and optimise our energy usage, we established an energy management system at all production sites and our head office in 2014. This has been certified in accordance with ISO 50001.

In the same year, we also completed an energy check for all sites in Germany. To supplement this, we put in place a company-wide energy recording concept which allowed us to identify the main energy consumers. At the head office, for example, these are IT – including PCs and server rooms – and operations in our kitchen. In production, the generation of compressed air and lighting proved particularly energy-intensive.

As well as constantly enhancing energy efficiency, we are making use of renewables. Back in 2015, for example, we switched all of our electricity consumption points in Germany to 100% certified green power.

Reducing consumption, boosting efficiency

Between 2008 and 2015 we succeeded in reducing our energy consumption by approximately 2% a year. We resolved to drive this figure down further in the period from 2015 to 2018. However, the reduction was less pronounced than we had hoped due to the construction of a new facility with a fully automated high-bay warehouse, picking and a dispatch area at our Grettstadt site and the expansion of business activities in

our markets during the reporting year. Overall, we were able to decrease our electricity consumption from 7,714,738 kWh in 2016 to 7,687,351 kWh in 2017. Our gas usage edged up slightly, from 3,905,255 kWh in 2016 to 4,069,536 kWh in 2017.

We have taken several steps to systematically lower our energy requirements, including completing extensive energy efficiency refurbishments at our company's head office. This involved replacing the old windows with modern ones, for example. At our production sites, we have switched to LED lighting in many areas and replaced various old motors with new energy-saving models. We always take energy consumption figures into consideration alongside conventional performance data when investing in new machinery. Furthermore, we succeeded in improving overall capacity utilisation at our plants' production facilities.



In the near future, we also plan to incorporate the OTG Lager- und Frachtkontor GmbH & Co. KG sites in Buchholz and Grettstadt into our energy management system.

Smart transportation: our logistics

We are concentrating on areas of action where we have considerable influence in the field of logistics as well. For instance, we can proactively steer the outgoing delivery of our 200,000 pallets or so a year. Whenever possible, we choose a direct delivery route to avoid intermediate delivery points. In addition, we are constantly working on increasing the load factor of our pallets.

As we do not have our own haulage fleet, we rely on the services of hauliers to deliver directly to our clients and stock our warehouses. We primarily use companies which constantly

reduce their own carbon footprint, for example by improving the capacity utilisation of their vehicles or buying eco-friendlier HGVs. So as to save as much paper as possible, digital invoicing is another criterion for our choice of logistics partners. Currently, e-billing accounts for 80% of our haulage invoices, while 100% of credit notes are sent digitally.

Car policy for an environmentally friendly fleet

We have produced a car policy for our internal vehicle fleet. Amongst other things, this formulates ecological specifications for new vehicles. We only use cars whose engines have an efficiency class of A or B. As of September 2017, 78% of our vehicles were certified as compliant with EURO 6, while just 22% met the criteria for EURO 5. From 2019 onwards, we intend to make exclusive use of EURO 6 vehicles.

We have less influence over the incoming delivery of raw materials and packaging materials. We handle black, green and rooibos tea by the container. 90% of these goods are delivered to us by sea, which is a comparatively environmentally friendly option. Herbal and fruit teas are sourced from all sorts of regions around the world and are transported to us in a range of ways. The majority of our packaging materials come from suppliers in Germany. Whenever possible, we send the lorries off with return loads once they have made a delivery. In Purchasing, we have started drawing up a procurement map. The aim of this is to depict flows of goods, enabling us to combine loads. This is due to be finished in 2019.



Clean sweep: our waste management

Avoiding waste and separating out recyclable materials is part of OTG's philosophy. These specifications are integrated into day-to-day workflows and consistently observed by our staff. New employees are inducted accordingly; all key information is also easily accessible and can be checked at any time.



Furthermore, we take part in the dual system operated by "Der Grüne Punkt", which helps to ensure that our sales packaging is recovered in an environmentally friendly manner. This saves a considerable quantity of greenhouse gases, crude-

oil equivalents, phosphate equivalents, primary energy and sulphur dioxide equivalents. We were awarded environmental certification by Der Grüne Punkt in 2017, confirming this.

Due to the diversity of our range and fluctuating production volumes, comparing the absolute annual waste volumes is of limited value. However, the waste per tonne of tea produced has been consistently low since 2009; we constantly check ways of bringing about further reductions. The waste generated by OTG consists largely of cardboard and paper and stems primarily from our production plants (material for outer packaging, production errors), warehouses and administrative premises. We have already achieved a recycling rate of 100% for our packaging material.

Some of the residual waste (2017: 74.2 tonnes) is tea dust. We have launched a project at one of our plants to collect the tea dust and compress it into pellets which can then be used by farmers. There are only very small quantities of hazardous waste, such as machine oil. This is disposed of by specialist companies.



Employees



MANAGEMENT APPROACH

Our future: our employees

The staff at OTG are a guarantee of our success. For this reason, our primary objective in relation to human resources is to retain our employees and find new suitable candidates for vacancies which arise. To achieve this, we place a special focus on a family-feel corporate culture based on our values. We also acknowledge our employees' contribution towards the company's positive development by means of commensurate pay. Furthermore, we offer our staff members various options for continuous professional development (CPD) and make it easier for them to reconcile their family and work commitments via individual working time models. Lastly, we open up concrete promotion and career opportunities for our junior staff with the aid of targeted development schemes.

Externally, we present ourselves as a strong employer brand that appreciates the achievements of its staff. In this way, we are also counteracting the considerable consequences of demographic change for the employment market. Demand for skilled workers is outstripping the number available, especially in technical and industrial professions. On top of this, the expectations of applicants from different generations are changing.

A big family

Working at OTG is hallmarked by an open corporate culture which is founded on trust. Outside our head office, works councils represent the interests of our staff; at the head office, employees have the support of an ombudswoman. As a family company, we are careful to uphold our traditional values. They are reflected in our rules and codes as well as in the way we

treat one another. We want to uphold this ethos in the long term – but not without modifying specific elements of it as and when necessary, in line with our corporate culture.

As well as maintaining our attractiveness as an employer, we want to heighten it. Presenting the subsidiaries jointly as LSH is one of the steps we take to achieve this. We develop effective means of retaining staff and innovative activities to attract new co-workers. It is particularly important to us to fill vacancies with in-house staff wherever possible and to help junior employees grow to fill managerial positions. Furthermore, we want to keep offering a high stable number of traineeships as this gives us a certain degree of independence from the external labour market.

Reliable implementation

We have formulated a number of ambitious targets which are regularly updated to enable us to put our HR plan into practice. The HR department ensures that necessary changes are defined and planned activities are implemented. The management team and Executive Board are, of course, regularly informed about relevant developments and staffing changes at the company – for example by means of key figures on training – at routine meetings.

We also seek external assistance when it comes to achieving our targets. For instance, the FaMi seal of approval awarded by the "Frau & Wirtschaft" network confirms that we are a family-friendly employer. We systematically identify both the need for CPD and appropriate activities on the basis of regular staff appraisals.

Our Goals

Ongoing



Maintaining a vocational training quota of over 5%

Ongoing



Promoting gender equality, maintaining the proportion of women in managerial positions

Ongoing



Gaining the FaMi seal of approval for family friendliness



Commensurate with performance: remuneration and benefits

| GRI 102-41

OTG does not include variable remuneration in its contracts of employment. Instead, we create a working environment which permanently motivates our staff and trusts in their complete commitment. At the head office in Seevetal, each employee's pay is determined following an individual assessment of the demands and responsibilities entailed in their role. Collectively agreed conditions apply at our sites in Buchholz, Grettstadt and Norden. Of course, we take the minimum-wage regulations into account.

Not all of our sites have a canteen offering affordable lunches, so we offer additional payments towards meals in many cases. Annual Christmas parties and events to mark other occasions are integral elements at all our sites. We are currently looking into subsidising public-transport tickets; other staff benefits are planned. There is a special focus on promoting good health: we have had a specific budget for this purpose for a number of years.

Benefiting from knowledge: training and continuous professional development

In the future, OTG intends to train even more junior employees itself and retain them at the company. An important indicator in this context is our training rate, which remains above five per cent (2016: 5.5%/2017: 5.0%), while the dropout rate is zero. To attract well-qualified trainees to the firm, we are working more closely with schools. This takes the form of vocational guidance projects, for example. At the same time, we have built up a recommendations network consisting of former trainees and their friends, acquaintances and relatives. We give young people from difficult backgrounds the opportunity to gain a foothold in the world of work with our training programme "Zukunft durch Ausbildung" (see "Society" section). In 2017, we also introduced two additional dual courses of study focusing on business computing and industrial engineering.

Continuous professional development focusing on soft skills motivates our staff, improves their qualifications and retains them at our company in the long term. We assess and support our employees individually. Depending on requirements and the content to be covered, we offer both one-off CPD events and multitopic training sessions and courses – for instance to accompany the introduction of a new merchandise management system.

We have established a flexible, project-based and tailored training programme for up-and-coming managers at our head office, our plants and our warehouses. By doing so, we aim to fill managerial positions with qualified staff who have an in-depth knowledge of the company and strongly identify with it. Another aim of the programme is to maintain our comparatively high proportion of female managers, which is over 30% (2016: 30.1%/2017: 32.7%). In 2017, this was supplemented by a project to develop leadership skills comprising an analysis and one-to-one coaching (see interview).

We promote internal knowledge sharing via regular talks by staff from all levels. This fosters a better understanding of workflows and interrelations, in-house dialogue, and employees' appreciation of both their own work and that of their colleagues. In the future, we want to train our managers in additional key issues – such as evaluating capacity to avoid overloading staff – and strengthen our learning and feedback culture.



“Safeguarding the company’s fundamental values”

Since 2017 both OTG and the other companies in the LSH Group have been offering all managers leadership skill training consisting of an analytical and a coaching element. HR manager Sabine Konieczny explains why.



Ms Konieczny, what leadership skills are important for OTG and how did you identify them?

Sabine Konieczny: A core team examined the whole hierarchy and used the Pawlik model to identify a dozen leadership skills which we need in order to safeguard our future viability. Amongst others, they include a willingness to accept responsibility and a general readiness among managers to learn and to solve conflicts.

What are the next steps?

Sabine Konieczny: We are assessing the need for development based on an online potential analysis and one-to-one discussions. All of the information is evaluated scientifically. This will give us an optimum picture of the current state of development along with our managers’ strengths and potential. One-to-one coaching is then provided on this basis, enabling us to give our managers immediate, highly effective support with current leadership issues.

What have you achieved so far?

Sabine Konieczny: All managers have completed the analysis and the subsequent appraisal; some have already received coaching as well. Our managers think the programme is brilliant because self-reflection strengthens them and gives them another perspective on existing challenges. It helps everyone to shape leadership at the firm on the basis of set principles and take the company’s development forwards consistently together.

Always in focus: health and safety

In 2009, OTG initiated an occupational health management scheme at the head office entitled “LSH-Gesundheit – aktiv, bewusst und clever” (Health at LSH – Be Active, Aware and Alert). As well as continuing this programme, we will further expand it. Meanwhile, our sites develop their offerings on specific topics independently in line with demand. Together, we offer ongoing support with a range of issues, such as running coaching or entering the HSH Nordbank Run. Targeted measures such as massages round off the programme. At the two tea plants – OnnO Behrends in Norden and Kräuterhaus Wild in Grettstadt – our employees can even lease bicycles to keep fit while they travel to work.

In 2017, our health activities focused on achieving a good work-life balance, healthy eating and remaining fit for work. We have promoted better preventive healthcare at work in various ways, such as by offering new computer glasses, height-adjustable desks and time off following stressful periods. On top of this, we offer advice on ergonomics and sight tests at the head office. In the future,



we will continue to offer our employees specific measures relating to various issues and provide them with comprehensive information. For example, we are planning to run initiatives covering exercise, sensory perception and inner peace by the name of “Gesunde Momente für mein gesundes Leben” (Healthy Moments for My Healthy Life).

Close to people: family and career

As a family business, we believe it is particularly important to offer family-friendly working conditions. That means doing more than giving employees with children greater scope to fulfil their roles as parents. We also want to make it possible for our staff to care for relatives or give them time for special projects which will aid their personal development. When necessary, we develop individual solutions with our employees – such as flexible working hours and sabbaticals – or help them return to work. In 2016, OTG was awarded the FaMi seal of approval naming it an “excellent family-friendly company” in recognition of its commitment. We want to earn this certificate again in 2018.



Support for parents

We actively maintain contact with staff who are on parental leave. Amongst other things, this allows us to make flexible use of mothers and fathers when we are short-staffed or offer them part-time positions during their parental leave. When they return from parental leave, we can also offer them tailored part-time models. There is no demand for in-house childcare from our staff because there is currently no shortage of nursery places in Seevetal. Nevertheless, we reserve nursery places for toddlers to cater for emergencies and respond to changing needs. We are currently working with the “Frau und Wirtschaft” network – which we belong to – to develop holiday play schemes.

Individual working hours

We offer our employees a wide range of working time models and individual part-time options. In 2017, about a fifth of them made use of these possibilities (19.4%/2016: 19.1%). Staff at the head office have been offered trust-based working hours for some time, allowing them to determine their working hours themselves, in consultation with their department. In the future, we want to make it even easier for our employees to take time off after particularly stressful periods at work.

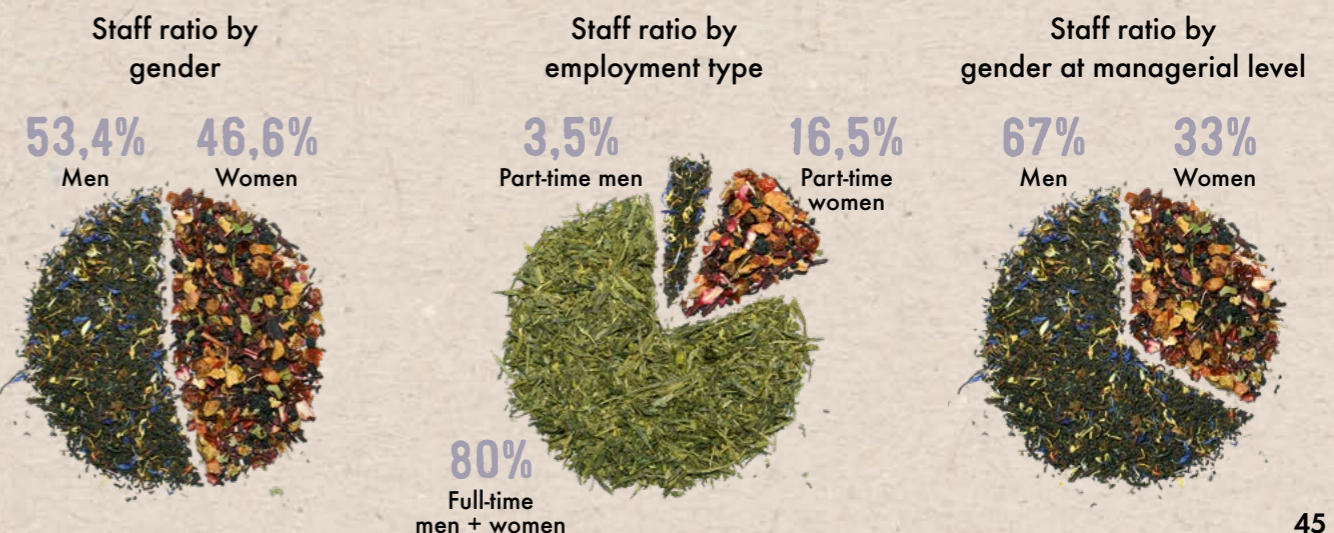
Strengthening diversity

As an international company, we pay close attention to regional or cultural specifics. Diversity at all our sites is reflected in a culture of respect, opportunities to express opinions (anonymously), a spread of ages and balanced gender representation – including in managerial positions. Shared values are of crucial importance to us, and that includes gender equality.

An attractive employer: OTG

Since 2017 we have been consistently using Laurens Spethmann Holding as an employer brand. We intend to establish this in the long term and further enhance its attractiveness. In the future, all subsidiaries will use the holding company’s overarching employer brand for a uniform presence on the labour market. By doing so, we primarily intend to further strengthen staff retention. As an indicator of staff loyalty, we want to maintain – or reduce – our already low fluctuation rate of 5.6% in the future.

We are particularly keen to position ourselves as an attractive employer online. Amongst other things, we use our own career portal on the holding company’s website to do this. We have a new profile on XING and are present on the reviews portal kununu. Using these channels gives us additional contact points with applicants and provides feedback. To complement these activities, we will continue to utilise offline promotions at job fairs, for example, and the Girls’ and Boys’ Day events which give children a chance to experience a range of workplaces.





Society



MANAGEMENT APPROACH

Focusing on people: our social responsibility

OTG has been backing social projects in its home region for about a hundred years. We want to support local people proactively in the future as well.

We have close ties to our region as an employer and a company, along with strong roots there. That is why we go beyond our core business in the interests of local people. Even way back in the 1920s, the firm focused on esteem and helping the needy, when Laurens Janssen organised the first programmes to feed the poor. With this, Laurens Spethmann's grandfather started a tradition which we as a family company maintain to this day.

Partnerships based on clear guidelines

We are primarily involved in activities in and around Hamburg, where we support projects that comply with clear guidelines. Important factors are initiatives which are de-

signed to be long-term and reliable partnerships founded on trust. One of our thrust areas remains helping those in need. Additionally, we want to offer young people bright prospects and strengthen business initiatives, such as those promoting women.

Engagement calls for clear structures and processes. First of all, the holding company's Executive Board and the Spethmann Foundation examine possible ideas and initiatives. The selected projects are overseen – and sometimes personally supported – by a member of the Executive Board during the implementation phase. Our employees also regularly take the opportunity to volunteer. We give them time off work to do this, with no red tape. We regularly report on all our work in the press and on our website.

Exemplary: our projects



SPETHMANN STIFTUNG

Wide-ranging support: the Spethmann Foundation

Laurens Spethmann and his wife Marianne established the foundation bearing their name in 2001 as a way of thanking the local region and its inhabitants. Based in Jesteburg, the organisation is dedicated to helping children and adolescents,

supporting people with disabilities and serving charitable purposes as per its motto of "Focusing on the Individual". Our employees also took this ethos to heart in 2017 and donated the proceeds from the sale of sustainability photo calendars which they produced themselves to the foundation.



Bright prospects: our "Zukunft durch Ausbildung" (Education for the Future) programme

Also, youngsters from difficult backgrounds should be able to make the most of opportunities. With OTG Zukunft durch Ausbildung GmbH, we help to give them genuine career prospects in warehouse logistics. Our training company started out in 2004 with ten trainees. Since then, more than 200 apprenticeship agreements have been signed and final examinations successfully completed, giving young people qualifications as warehouse clerks or storage keepers. Many of these junior professionals subsequently found work on the primary labour market.



"It's important to seize your opportunities"

Birgit Lachmann and Horatiu Anton successfully completed the "Zukunft durch Ausbildung" (Education for the Future, ZdA) programme. Now they are both instructors themselves. They talked to Regina Schubert, Sustainability Project Lead, about the programme and their work.

What makes "Zukunft durch Ausbildung" so special?

Birgit Lachmann: It gives lots of people a professional opportunity which they wouldn't get on the primary labour market. In my case, I was able to start training at the age of 27 as a mother of two. Without the programme, I wouldn't be where I am now professionally.

Horatiu Anton: I came to Germany from Romania in 2011 and initially did temporary work. My aim was to gain a qualification in Germany. I more or less gained a permanent contract overnight. That was a valuable experience.

How does the programme deliver fresh momentum for OTG?

Birgit Lachmann: Every company benefits from knowledge sharing among its own staff. ZdA is both a flagship initiative and a talent factory. Amongst other things, several master logistics specialists have emerged from the programme. That makes it a business success too.



As an instructor, what differences are you seeing between today's trainees and those of the past?

Horatiu Anton: A lot of young people today struggle more with interpersonal and social skills, so we have to work with them even more intensively. If we identify a handful of talented people at the end of each year, we've done our job well though.

What advice would you like to give young people?

Horatiu Anton: It's important to seize your opportunities.

Birgit Lachmann: Training forms the basis for every job application and additional qualification. It's really important for your self-esteem too. I can only advise everyone to keep training and never stand still, even when the going gets tough.

Targeted support: the "Frau & Wirtschaft" company network



We are a founding member of the "Frau & Wirtschaft" company network and help women to re-enter the working world after a career hiatus. The scheme is aimed at all women, whether they temporarily stopped work to have children, look after relatives or were unemployed. Whatever the case, we offer them expert tailored support by providing both information and organisation services. The services we offer include, for example, training sessions that specifically prepare women for job applications and selection processes, thereby accelerating their career on-ramping. In one-to-one talks, we explain personnel decisions and identify the women's individual career goals. The women are given additional assistance in the laid-back setting of "Stammtisch" get-togethers, where network contacts advise women on their career direction.

Active in Hamburg: the Laurens-Janssen-Haus



As one of four cooperation partners, we also support the community centre named after the founder of OTG. Located in Hamburg's deprived district Kirchdorf Süd in Wilhelmsburg, it provides a drop-in centre for people with mental health problems along with a day care centre for people with disabilities and the long-term unemployed. Various job opportunities are available, such as at the in-house restaurant, which serves affordable meals for local residents every weekday.

Practical assistance: the Bürgerstiftung Norden foundation



As a founding member of this organisation, we have been supporting people in need along with cultural, sporting and public welfare projects since 2003 via our OnnO Behrends brand. Often, our donations fill a gap left by public authorities, associations and other social organisations.

Integration with Meßmer: "Made auf Veddel"



Fashion designer Sibilla Pavenstedt founded the integration project "Made auf Veddel" in 2008. This project offers women with an immigrant background career prospects and puts them on course to become self-employed. The women sew, knit or crochet truly one-of-a-kind pieces. We are backing this work with our Meßmer brand. The Meßmer bag collection includes shoppers and elegant clutches inspired by the shape of a teabag. All of the proceeds are invested in the "Made auf Veddel" project.

Real team spirit: our sports sponsorship



Sport brings people together. Our MILFORD and Meßmer brands sponsor the successful Hamburg hockey club, Der Club an der Alster. With the Meßmer trophy, we also support riding in Luhmühlen – an area with a rich equestrian heritage.

About this report

GRI 102-48
GRI 102-49

Our first sustainability report was published in 2015. Now, Ostfriesische Tee Gesellschaft GmbH & Co. KG is presenting its second sustainability report. This provides transparent information about the status of our activities, all key outcomes, targets and progress over the last two years. It also flags up our future challenges. For the first time, we have based our report on the United Nations Sustainable Development Goals (SDGs). We see the SDGs as a global framework for our sustainability agenda and want to contribute towards achieving them.

Reporting period, boundary of the report and target groups

The reporting period is 1 January 2016 to 31 December 2017. Activities and data that extend beyond this period are marked as such in the report.

The content and key figures relate to the German organisational entities of the company's tea division. To be specific – unless stated otherwise – these are the head office of Ostfriesische Tee Gesellschaft, the tea plants and the tea warehouses. The report covers the sister companies Ostfriesische Tee Gesellschaft GmbH & Co. KG, Milford Tea GmbH & Co. KG, Kräuterhaus Wild GmbH & Co. KG, OnnO Behrends GmbH & Co. KG and OTG Lager- und Frachtkontor GmbH & Co. KG (Northern Warehouse in Buchholz and Southern Warehouse in Grettstadt).

This report serves to inform our stakeholders. These include customers, suppliers, employees, other business partners, representatives from the fields of business and politics, environmental and consumer protection organisations, and interested members of the general public.

Reporting structure, methodology and standards

The structure of the report reflects the areas of action within our sustainability strategy. The "Facts and figures" section on page 51 onwards contains the most important key figures for 2016 and 2017.

We based our choice of the content included in the report on the principle of materiality. In early 2018, we completed a systematic materiality analysis based on the GRI Standards. By doing so, we updated our sustainability issues, reprioritised them and simultaneously gained new impetus for our sustainability strategy and activities. The materiality analysis rests firstly on an assessment of how important a particular sustainability issue is for our stakeholders (relevance). Secondly, the most senior managers at OTG analysed the opportunities and risks (impact) associated with each specific sustainability issue in detail.

This report was prepared in accordance with the "Core" option of the GRI Standards. It also complies with the requirements of the GRI Materiality Disclosure Service.

Availability, reporting cycle and contact

The OTG sustainability report is published every two years. It is available in English and German and can be downloaded as a PDF file at www.otg.de/verantwortung. We would be delighted to receive your feedback on the report and any general questions you may have regarding OTG's sustainability activities. Please send these to nachhaltigkeit@otg.de.

Facts and figures

We have collated the key facts and figures related to our areas of action in order to make our sustainability achievements transparent and comprehensible.

The table below presents the most important facts and figures in the various areas for the 2017 reporting year. The information relates to the organisational entities Ostfriesische Tee Gesellschaft GmbH & Co. KG (OTG), Milford Tea GmbH & Co. KG (MFT), Kräuterhaus Wild GmbH & Co. KG (KHW), OnnO Behrends GmbH & Co. KG (OnnO) and OTG Lager-

und Frachtkontor GmbH & Co. KG (OLF), the latter comprising the Northern Warehouse in Buchholz (Lower Saxony) and the Southern Warehouse in Grettstadt (Bavaria).

The figures have been rounded. As a result, there may be minor deviations in the totals. The employee headcounts are the figures as at 31 December of each year.



Corporate governance

Position		Unit	2015	2016	2017
LSH – LAURENS SPETHMANN HOLDING GMBH & CO. KG					
Composition of the LSH Supervisory Board and Advisory Board	Total members	5	5	5	
	Women	1	1	1	
	Men	4	4	4	
	< 30	0	0	0	
	30–50	1	4	0	
	> 50	4	5	5	
Composition of the LSH Executive Board	Total members	3	4	4	
	Women	0	0	1	
	> 50	0	0	1	
	Men	3	4	3	
	30–50	0	1	0	
	> 50	3	4	4	
OTG – OSTFRIESISCHE TEE GESELLSCHAFT GMBH & CO. KG					
Total sales revenue at OTG		Euro million	250	254	256
Composition of employees at managerial level at OTG	Executive level	Women, per cent	42.86	37.5	50
		Men, per cent	57.14	62.5	50
	Departmental heads	Women, per cent	11.11	17.65	29.41
		Men, per cent	88.89	82.35	70.59
	Specialists	Women, per cent	25	33.33	33.33
		Men, per cent	75	66.67	66.67
	Unit management level	Women, per cent	45.45	39.13	40
		Men, per cent	54.55	60.87	60
	Experts	Women, per cent	23.08	32	38.46
		Men, per cent	76.92	68	61.54
	Managerial level, total	Women, per cent	31.15	31.71	37.84
		Men, per cent	68.85	68.29	62.16
	OTG memberships		<ul style="list-style-type: none">• Arbeitgeberverband für den Regierungsbezirk Lüneburg e. V.• Bundesverband Materialwirtschaft, Einkauf und Logistik e. V. (BME), Frankfurt am Main• Deutsche Gesellschaft für Qualität e. V.• Deutscher Teeverband e. V., Hamburg• Ethical Tea Partnership, London• Markenverband e. V., Berlin• THIE Tea & Herbal Infusions Europe, Hamburg• UTZ Certified, Amsterdam• VEA Bundesverband der Energie-Abnehmer e. V., Hanover• Wirtschaftsvereinigung Kräuter- und Fruchtee e. V., Hamburg• Zentrale zur Bekämpfung unlauteren Wettbewerbs e. V.		



Customers and products

Position	Unit	2015	2016	2017
Tea products produced	Teabag billion	10	7.9	7.7
UTZ-certified products of Meßmer	Percentage of certified raw materials in all Meßmer products	30	30	50
Product complaints	Per cent	0.0006	0.0007	0.0006



Supply Chain – raw materials for tea

Position	Unit	2015	2016	2017	
Proportion of sustainable raw materials for green tea/black tea ¹⁾	Per cent	55	65	70	
Proportion of sustainable raw materials for herbal tea/fruit tea ²⁾	Per cent	20	20	24w	
Expenses for OTG suppliers, by location	Within Germany	Per cent	89	90	91
	Outside of Germany	Per cent	11	10	9

¹⁾ The raw materials are certified by the ETP, UTZ, Fairtrade or the Rainforest Alliance. | ²⁾ The raw materials are UEBT-/UTZ-certified.



Energy and the environment

Position		Unit	2015	2016	2017
ENERGY					
Electricity	Total	kWh	7,483,238	7,714,738	7,687,351
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	kWh	651,975	655,292	648,061
	OnnO Behrends GmbH & Co. KG	kWh	1,255,507	1,377,909	1,297,717
	Milford Tea GmbH & Co. KG	kWh	2,669,954	2,650,360	2,670,230
	Kräuterhaus Wild GmbH & Co. KG	kWh	2,457,482	2,577,880*	2,621,721
	OTG Lager- und Frachtkontor GmbH & Co. KG	kWh	294,295	317,600	301,238
	Meßmer MOMENTUM, Hamburg	kWh	154,025	135,697	148,384
Natural gas	Total	kWh	3,415,443	3,905,255	4,069,536
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	kWh	446,593	476,443	429,844
	OnnO Behrends GmbH & Co. KG	kWh	247,260	286,413	389,757
	Milford Tea GmbH & Co. KG	kWh	401,834	433,993	387,752
	Kräuterhaus Wild GmbH & Co. KG	kWh	812,732	1,197,917*	1,238,641
	OTG Lager- und Frachtkontor GmbH & Co. KG	kWh	1,507,024	1,510,489	1,623,542
District heating	Meßmer MOMENTUM, Hamburg	kWh	254,856	320,877	—**
Proportion of renewable energy	Power generation	Per cent	100	100	100
	Natural gas generation	Per cent	0	0	0
CARBON FOOTPRINT					
CO ₂ emissions – Scope I	Company cars	t	811.13	The corporate carbon footprint was not calculated in 2016	878.66
	Heat generation	t	951.26		1,132.27
	Total – Scope I	t	1,762.39		2,010.93
CO ₂ emissions – Scope II	Electricity consumption (total – Scope II)	t	190.81		195.79
CO ₂ emissions – Scope III	Shipping (ext.)	t	121.54		123.76
	Rail travel	t	2.20		2.56
	Air travel	t	152.13		137.71
	Hire cars	t	N/a.		11.95
	Waste	t	324.06		295.80
	Water/effluents	t	6.20		4.91
	Total – Scope III	t	606.13		576.69
Total carbon emissions (Scope I, II and III)		t	2,559.33		2,783.41

* The rise in 2016 was due to an increase in warehouse space. | ** Consumption figures are not yet available for 2017.



Energy and the environment

Position	Unit	2015	2016	2017
WATER INPUT				
Total water consumption	m ³	10,284	9,287	9,102
Effluents	m ³	9,551	8,773	8,507
RECYCLING RATIO PACKAGING MATERIAL				
Outer packaging	Per cent	100	100	100
WASTE AND REUSABLE MATERIALS *				
Residual waste/municipal waste	t	71.12	100.18	88.60
Mixed waste for recycling/reusable material	t	312.01	435.94	434.94
Organic waste	t	25.20	7.80	14.50
Mixed paper/card/corrugated board/cardboard packaging	t	744.42	824.41	802.21
Cardboard packaging	t	9.58	See above	See above
Waste oil/oil-contaminated substances	t	0.16	N/a.	N/a.
Films/plastics	t	65.10	63.69	64.31
Reusable materials	t	118.10	See above	See above
Number of pallets	Number	682	N/a.	N/a.
Number of pallet lids	Number	291	N/a.	N/a.
Mixed construction waste/pellets	t	68.68	See below	See below
Garden waste	m ³	28.50	N/a.	N/a.
Pellets (from tea production)	t	N/a.	20.81	31.72
Pellets (from tea production)	t	N/a.	75.19	167.52
Scrap metal (iron, steel, aluminium, copper, etc.)	t	N/a.	5.18	4.18

* New method structure from 2016 for better comparability



Employees

Position		Unit	2015	2016	2017
Total employees		Total number	748	747	762
		Women	348	346	355
		Men	400	401	407
Employees by employment type	Full-time	Total number	582	603	613
	Part-time	Total number	166	144	149
		Women	133	117	126
		Men	33	27	23
Employees by workplace	Ostfriesische Tee Gesellschaft GmbH & Co. KG, Lower Saxony	Total number	271	292	304
		Women	147	159	170
		Men	124	133	134
	Kräuterhaus Wild GmbH & Co. KG, Bavaria	Total number	129	124	130
		Women	70	68	70
		Men	59	56	60
	Milford Tea GmbH & Co. KG, Lower Saxony	Total number	129	129	135
		Women	57	57	59
		Men	72	72	76
	OnnO Behrends GmbH & Co. KG, Lower Saxony	Total number	127	107	92
		Women	46	34	27
		Men	81	73	65
	OTG Lager- und Frachtkontor GmbH & Co. KG, Lower Saxony and Bavaria	Total number	92	95	101
		Women	28	28	29
		Men	64	67	72

 Employees

Position		Unit	2015	2016	2017
NEW HIRES					
Total new hires		Total number	116	100	109
		Women	49	46	50
		Men	67	54	59
Up to 30 years old	Total	Total number	67	56	61
		Women	29	28	24
		Men	38	28	37
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	13	11	16
		Men	8	4	9
	Kräuterhaus Wild GmbH & Co. KG	Women	3	5	2
		Men	5	2	8
	Milford Tea GmbH & Co. KG	Women	0	6	1
		Men	6	9	10
	OnnO Behrends GmbH & Co. KG	Women	10	2	0
		Men	12	5	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	3	4	5
		Men	7	8	10
30 to 50 years old	Total	Total number	40	39	37
		Women	17	17	20
		Men	23	22	17
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	10	14	12
		Men	10	18	7
	Kräuterhaus Wild GmbH & Co. KG	Women	2	1	5
		Men	2	1	2
	Milford Tea GmbH & Co. KG	Women	1	1	2
		Men	4	1	6
	OnnO Behrends GmbH & Co. KG	Women	1	0	1
		Men	4	1	1
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	3	1	0
		Men	3	1	1
Older than 50	Total	Total number	9	5	11
		Women	3	1	6
		Men	6	4	5
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	1	1	4
		Men	1	4	5
	Kräuterhaus Wild GmbH & Co. KG	Women	0	0	0
		Men	1	0	0
	Milford Tea GmbH & Co. KG	Women	0	0	1
		Men	0	0	0
	OnnO Behrends GmbH & Co. KG	Women	1	0	0
		Men	3	0	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	1	0	1
		Men	1	0	0

 Employees

Position		Unit	2015	2016	2017
EMPLOYEE TURNOVER					
Total employee turnover		Total number	20	35	32
		Women	7	13	14
		Men	13	22	18
Up to 30 years old	Total	Total number	8	14	13
		Women	3	5	5
		Men	5	9	8
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	2	1	3
		Men	1	1	2
	Kräuterhaus Wild GmbH & Co. KG	Women	0	3	0
		Men	2	1	1
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	0	5	5
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	2	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	1	1	2
		Men	2	0	0
30 to 50 years old	Total	Total number	11	18	15
		Women	4	8	6
		Men	7	10	9
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	3	6	2
		Men	4	5	4
	Kräuterhaus Wild GmbH & Co. KG	Women	0	1	1
		Men	0	2	0
	Milford Tea GmbH & Co. KG	Women	1	1	0
		Men	1	1	4
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	1	0	1
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	0	0	3
		Men	1	2	0
Older than 50	Total	Total number	1	3	4
		Women	0	0	3
		Men	1	3	1
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	0	0	1
		Men	1	1	0
	Kräuterhaus Wild GmbH & Co. KG	Women	0	0	0
		Men	0	0	1
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	0	0	0
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	2	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	0	0	2
		Men	0	0	0

 Employees

Position		Unit	2015	2016	2017
PARENTAL LEAVE					
Total number of employees entitled to parental leave	Total	Total number	14	16	18
		Women	9	9	11
		Men	5	7	7
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	7	9	10
		Men	2	2	4
	Kräuterhaus Wild GmbH & Co. KG	Women	1	0	1
		Men	0	0	1
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	1	3	1
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	1	1
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	0	0	0
		Men	0	2	0
Total number of employees taking parental leave	Total	Total number	8	23	23
		Women	8	17	19
		Men	0	6	4
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	7	14	18
		Men	0	3	1
	Kräuterhaus Wild GmbH & Co. KG	Women	1	3	1
		Men	0	0	0
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	0	3	2
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	0	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	0	0	0
		Men	0	0	1
Total number of employees who returned to work after parental leave	Total	Total number	2	9	10
		Women	2	4	6
		Men	0	5	4
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	1	2	6
		Men	0	3	1
	Kräuterhaus Wild GmbH & Co. KG	Women	0	2	0
		Men	0	0	0
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	0	2	2
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	0	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	1	0	0
		Men	0	0	1

 Employees

Position		Unit	2015	2016	2017
PARENTAL LEAVE					
Total number of employees who returned to work after parental leave and who were still in their jobs twelve months after returning	Total	Total number	5	2	8
		Women	3	2	4
		Men	2	0	4
	Ostfriesische Tee Gesellschaft GmbH & Co. KG	Women	3	1	2
		Men	1	0	3
	Kräuterhaus Wild GmbH & Co. KG	Women	0	0	2
		Men	0	0	0
	Milford Tea GmbH & Co. KG	Women	0	0	0
		Men	1	0	1
	OnnO Behrends GmbH & Co. KG	Women	0	0	0
		Men	0	0	0
	OTG Lager- und Frachtkontor GmbH & Co. KG	Women	0	1	0
		Men	0	0	0

 Employees

Position	Unit	2015	2016	2017
Employee turnover rate	Per cent	4.30	4.73	5.60
Serious injuries and fatalities	Number	0	0	0
Employees covered by collective bargaining agreements	Per cent	20.19	19.81	20.08
Grievances about labour practices submitted to our ombudswoman or our opinions box	Number	0	0	0
Incidents of discrimination	Number	0	0	0

 Employees

Training opportunities	
Selected opportunities from our training offering	<ul style="list-style-type: none"> Regular training in the use of IT systems Management training Language courses Training for performance reviews Training in the areas of data protection, competition law, work techniques and office software Instruction regarding occupational health and safety, hygiene, etc. Training for those responsible for vocational training Seminars on methodologies, skills and leadership, tailored to needs and requirements
Transitional support programmes to promote continued employability and to manage career endings	<ul style="list-style-type: none"> Social counsellor to provide advice and assistance in handling bureaucratic and medical procedures, and to transition employees to temporary disability benefits Advice from our human resources staff regarding imminent retirement

GRI content index

Since 2015 we have based our sustainability reporting on the guidelines of the Global Reporting Initiative (GRI) as the globally accepted basis for comparability and transparency. For the first time, to produce this Sustainability Report 2017, we used the GRI Standard which will completely replace all previous GRI versions from July 2018 onwards. This report was prepared in accordance with the “Core” option of the GRI Standards. It also complies with the requirements of the GRI Materiality Disclosure Service. The report focuses on our key topics and on the indicators that provide substantive information regarding our business activities. Unless otherwise stated, the information relates to the financial year 2017.



General standard disclosures

Details of GRI Standards		Page number
GRI 101: Foundations 2016		
GRI 102: General Disclosures 2016		
ORGANISATIONAL PROFILE		
102-01	Name of the organisation	Acknowledgements and legal notice, p. 64
102-02	Activities, brands, products and services	Company portrait, pp. 4–5
102-03	Location of the organisation’s headquarters	Company portrait, p. 4
102-04	Location of operations	Company portrait, p. 5
102-05	Ownership and legal form	Company portrait, pp. 4–5
102-06	Markets served	Company portrait, pp. 4–5
102-07	Scale of the organisation	Company portrait, pp. 4–5
102-08	Information on employees and other workers	Employees, pp. 42–45; Facts and figures, pp. 53–57
102-09	Supply chain	Supply chain, pp. 26–27
102-10	Significant changes to the organisation and its supply chain	There were no changes in the scale, structure or ownership of our German sites during the reporting period. Regarding our green-tea supply chain we have sourced from Africa for the first time in 2017. Customers and products, p. 23
102-11	Precautionary Principle or approach	Company portrait, pp. 4–7
102-12	External initiatives	Customers and products: labels and certifications, p. 19; Supply chain: partnerships, p. 29; Society, pp. 48–49
102-13	Membership of associations	Facts and figures, p. 51
STRATEGY		
102-14	Statement from senior decision-maker	Foreword, p. 3
ETHICS AND INTEGRITY		
102-16	Values, principles, standards and norms of behaviour	Company portrait: our foundations, p. 6; Sustainability strategy, p. 8
GOVERNANCE		
102-18	Governance structure	Company portrait, pp. 4–7; Sustainability strategy: sustainability management, p. 9

General standard disclosures

Details of GRI Standards		Page number
STAKEHOLDER ENGAGEMENT		
102-40	List of stakeholder groups	Sustainability strategy: stakeholders, p. 9; Customers and products: labels and certifications, p. 19; Supply chain: partnerships, p. 29
102-41	Collective bargaining agreements	Employees: remuneration and benefits, p. 43
102-42	Identifying and selecting stakeholders	Sustainability strategy: stakeholders, p. 9
102-43	Approach to stakeholder engagement	Sustainability strategy: stakeholders, p. 9; Customers and products: labels and certifications, p. 19; Supply chain: partnerships, p. 29
102-44	Key topics and concerns raised	Sustainability strategy: stakeholders, p. 9; Customers and products: labels and certifications, p. 19; Supply chain: partnerships, p. 29
REPORTING PRACTICE		
102-45	Entities included in the consolidated financial statements	Company portrait, p. 4
102-46	Defining report content and topic boundaries	Sustainability strategy, p. 8
102-47	List of material topics	Sustainability strategy: materiality analysis, pp. 10–11
102-48	Restatements of information	About this report, p. 50
102-49	Changes in reporting	Company portrait: compliance, p. 7; About this report, p. 50
102-50	Reporting period	About this report, p. 50
102-51	Date of most recent report	About this report, p. 50
102-52	Reporting cycle	About this report, p. 50
102-53	Contact point for questions regarding the report	Acknowledgements and legal notice, p. 64
102-54	Claims of reporting in accordance with the GRI Standards	About this report, p. 50; GRI index, pp. 58–61
102-55	GRI content index	GRI Index, pp. 58–61
102-56	External assurance	About this report, p. 50

Specific standard disclosures

Details of GRI Standards		Page number
200: ECONOMIC		
GRI 201: Economic performance 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Company portrait, pp. 4–7
201-01	Direct economic value generated and distributed	Company portrait, pp. 4–7; Facts and figures, p. 51
GRI 205: Anti-corruption 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Company portrait: compliance, p. 7
205-02	Communication and training about anti-corruption policies and procedures	Company portrait: compliance, p. 7
205-03	Confirmed incidents of corruption and actions taken	Company portrait: compliance, p. 7
300: ENVIRONMENTAL		
GRI 301: Materials 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Customers and products: management approach, p. 16
301-01	Materials used by weight or volume	Customers and products: raw materials, p. 17; Facts and figures, p. 52
301-02	Recycled input materials used	Customers and products: packaging materials, p. 22
301-03	Reclaimed products and their packaging materials	Customers and products: packaging materials, p. 22; Facts and figures, p. 53

Specific standard disclosures

Details of GRI Standards		Page number
GRI 302: Energy 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Energy and the environment: management approach, p. 36; Energy management, p. 38
302-01	Energy consumption within the organisation	Energy and the environment: energy management, p. 38; Facts and figures, p. 52
302-01	Energy consumption outside of the organisation	Energy and the environment: energy management, p. 38; Logistics, pp. 38–39; Facts and figures, p. 52
302-04	Reduction of energy consumption	Energy and the environment: energy management, p. 38
302-05	Reductions in energy requirements of products and services	Energy and the environment: energy management, p. 38
GRI 305: Emissions 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Energy and the environment: management approach, p. 36; Carbon footprint, p. 37
305-01	Direct (Scope I) GHG emissions	Energy and the environment: carbon footprint, p. 37; Facts and figures, p. 52
305-02	Energy indirect (Scope II) GHG emissions	Energy and the environment: carbon footprint, p. 37; Facts and figures, p. 52
305-03	Other indirect (Scope III) GHG emissions	Energy and the environment: carbon footprint, p. 37; Facts and figures, p. 52
305-05	Reduction of GHG emissions	Energy and the environment: carbon footprint, p. 37; Facts and figures, p. 52
GRI 306: Effluents and waste 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Energy and the environment: waste, p. 39
306-02	Waste by type and disposal method	Energy and the environment: waste, p. 39; Facts and figures, p. 53
GRI 308: Supplier environmental assessment 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: environmental standards, p. 32
308-02	Negative environmental impacts in the supply chain and actions taken	Supply chain: environmental standards, p. 32
400: SOCIAL		
GRI 401: Employment 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Remuneration and benefits, p. 43
401-01	New employee hires and employee turnover	Facts and figures, pp. 54–55, 57
401-02	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Facts and figures, pp. 54–57
401-03	Parental leave	Facts and figures, pp. 56–57
GRI 403: Occupational health and safety 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Health and safety, p. 44
403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Facts and figures, p. 57
GRI 404: Training and education 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Training and continuous professional development, p. 43
404-02	Programmes for upgrading employee skills and transition assistance programmes	Employees: training and continuous professional development, p. 43
404-03	Percentage of employees receiving regular performance and career development reviews	Employees: training and continuous professional development, p. 43
GRI 405: Diversity and equal opportunity 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Family and career, p. 45
405-01	Diversity of governance bodies and employees	Employees: training and continuous professional development, p. 43
GRI 406: Equal treatment 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Supply chain: management approach, p. 28
406-01	Incidents of discrimination and corrective actions taken	We are not aware of any incidents of discrimination at OTG during the reporting period. By signing our Code of Conduct, our suppliers undertake not to accept any form of discrimination. Facts and figures, p. 57; Supply chain, p. 30
GRI 407: Freedom of association and collective bargaining 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Employees: management approach, p. 42; Supply chain: management approach, p. 28
407-01	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	We are not aware of any such violations. Our Code of Conduct forms an integral part of the contracts that we conclude with our suppliers and includes OTG's rules regarding the right to freedom of association and collective bargaining. The Code of Conduct is included in the supplier briefs in all invitations to tender. Supply chain, pp. 28–31

Specific standard disclosures

Details of GRI Standards		Page number
GRI 408: Child labour 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28
408-01	Operations and suppliers at significant risk for incidents of child labour	Supply chain: management approach, p. 28
GRI 409: Forced or compulsory labour 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28; Social standards, pp. 30–31
409-01	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Our business operations and the sites of our packaging material suppliers are not located in countries where there is a risk of forced or compulsory labour. However, some of our suppliers' tea growing activities are located in at-risk regions. Our Code of Conduct for suppliers stipulates our rules in this area, while the programmes of the ETP and UEBT/UTZ include appropriate measures. Supply chain, pp. 28–31
GRI 410: Security practices 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28; Social standards, pp. 30–31
410-01	Security personnel trained in human rights policies or procedures	The sustainability standards used by OTG, such as those of UTZ, the Rainforest Alliance and Fairtrade, include workplace security requirements. There has to be a security officer and security staff at the plantations. We also check this aspect as part of our audits. We are, however, currently unable to state a percentage due to a lack of data.
GRI 411: Indigenous rights 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28; Social standards, pp. 30–31
411-01	Incidents of violations involving rights of indigenous peoples	We are not aware of any such incidents.
GRI 412: Human rights assessment 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Company portrait: compliance, p. 7; Supply chain: management approach, p. 28
412-02	Employee training on human rights policies or procedures	Company portrait: compliance, p. 7
GRI 413: Local communities 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28; Social/environmental projects in the producer countries, pp. 32–33; Society: management approach, p. 48; Social and environmental responsibility in our region, pp. 48–49
413-01	Operations with local community engagement, impact assessments and development programmes	Supply chain: social/environmental projects in the producer countries, pp. 32–33; Society: social and environmental responsibility in our region, pp. 48–49
GRI 414: Supplier assessment for labour practices 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Supply chain: management approach, p. 28; Social standards, pp. 30–31
414-02	Negative social impacts in the supply chain and actions taken	Supply chain: social standards, pp. 30–31
GRI 416: Customer health and safety 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Customers and products: management approach, p. 16; Quality assurance, p. 21
416-01	Assessment of the health and safety impacts of product and service categories	Customers and products: quality assurance, p. 21
GRI 417: Marketing and labelling 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Customers and products: management approach, p. 16; Labels and certifications, p. 19
417-01	Requirements for product and service information and labelling	Customers and products: labels and certifications, p. 19
GRI 418: Customer privacy 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Customers and products: management approach, p. 16; Customer service, p. 23
418-01	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customers and products: customer service, p. 23
GRI 419: Socio-economic compliance 2016		
GRI 103: Management approach 2016 (103-1/103-2/103-3)		Company portrait: compliance, p. 7
419-01	Non-compliance with laws and regulations in the social and economic area	Company portrait: compliance, p. 7

What is behind the Sustainable Development Goals?

The United Nations established the Sustainable Development Goals (SDGs) at its 2015 general assembly. These replaced the Millennium Development Goals.

The SDGs bring together the social, environmental and economic dimensions of sustainability in 17 goals that contain 169 subgoals. The targets of the SDGs go far beyond the eight Millennium Development Goals and serve as a global reference for industrialised, developing and emerging nations in jointly tackling poverty and hunger.

They constitute a framework of action that among other things includes the promotion of health and welfare, equal rights and access to education as well as the preservation of the environment and biodiversity and the sustainable design of products and production.

OTG's areas of action can be linked to nine of the SDGs. At the beginning of the individual chapters, you will find the respective SDGs notated to whose promotion OTG makes a contribution.

You can find detailed information on the Sustainable Development Goals here:
www.un.org/sustainabledevelopment/



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With a clear goal in mind,
we have accomplished a lot in the past.
Our energy and drive, however, are unwavering.
With passion, commitment and ambition we will continue
to pursue our goals in the future – for a
global tea trade that is fair and sustainable.





More than just tea. 