

Talking about  
Südstärke.



**SÜDSTARKE**



Our sustainability report for **2020**

Our responsibility. Our motivation.



## Our sustainability report for **2020**

Our responsibility. Our motivation.

# Contents.

- 4 Introduction
- 6 When can a company claim to be operating sustainably?
- 8 Südstärke GmbH
- 10 More than 100 years of tradition
- 12 Underpinning the company
- 14 Stakeholders
- 15 Worldwide sales
- 16 High-quality products on a global scale
- 17 We can also do organic
- 18 Uses
- 20 Our employees
- 22 Energy and the environment
  - Water consumption
  - Wastewater
  - Energy consumption
- 25 Certifications
- 26 Tables
  - An overview of Südstärke
  - Status of sustainability goals relating to staff
  - Status of the company's sustainability goals
  - Status of sustainability goals relating to energy
  - Status of sustainability goals relating to the environment
  - Status of sustainability goals relating to stakeholders
- 29 About this report
- 30 GRI indicator



# Introduction.



No report on 2020 would be complete without mentioning the coronavirus pandemic and its consequences. This became the defining theme of the year and impacted every aspect of sustainability:

● **In economic terms**, 2020 was more like a rollercoaster ride than an ordinary business year. A normal first quarter was followed by panic buying and stockpiling, then collapsing supply chains and lockdown measures. The result was significant challenges that only began to abate toward the end of the fourth quarter.

● **In environmental terms**, 2020 highlighted the limits of what is achievable and how much humans can affect things. Südstärke works closely with primary agricultural production, so its roots in nature and its awareness of the power of natural forces meant that this finding was nothing new. What did surprise the company, however, was how much a natural pandemic can impact a global economy that is becoming increasingly interconnected and interdependent.

● People around the world will feel the **social** effects of the pandemic for years to come.

Right from the start, the pandemic also had significant effects for Südstärke's employees and growers, and their families – from restrictions on social contact and schools moving to remote learning through to quarantine measures and, sadly, people becoming ill.

Südstärke has only been able to survive the challenges of the pandemic year 2020 thanks to the strong team spirit among its employees and a trust-based working relationship between the company's management and works council.

I therefore want to say a particular thank you to our employees and to the colleagues who act as employee representatives. They have masterfully demonstrated their flexibility and adaptability in the face of changing circumstances and they have contributed to the company's development in the long term.



Dr. Stefan Dick  
(Managing Director)

# When can a company claim to be operating sustainably?



A company is only operating sustainably if it „meets the needs of the present without compromising the ability of future generations to meet their own needs.“ (World Commission on Environment and Development/Brundtland Report, 1987).

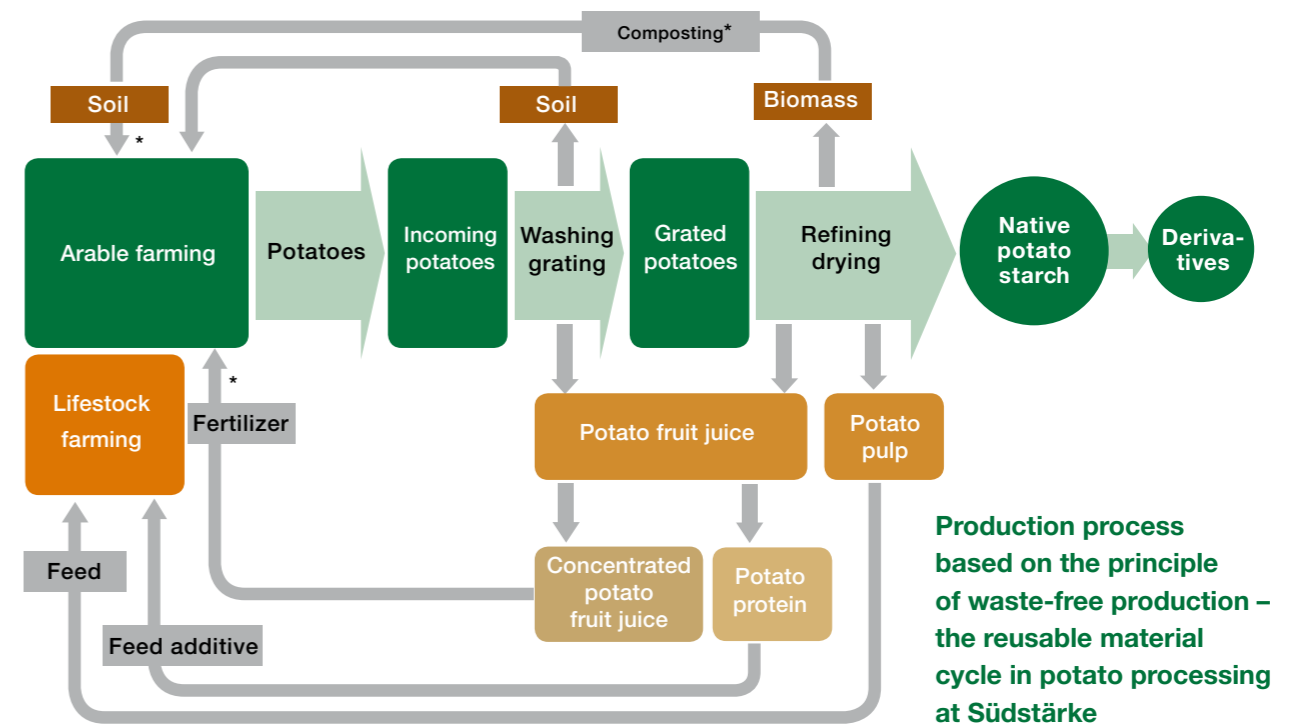
Sustainability is a key issue for Südstärke. As one of Germany's leading starch producers, the company acknowledges its responsibility to society and the environment, which are key pillars of its corporate philosophy.

The cooperative structure of Südstärke enables the company to guarantee maximum sustainability. The raw material (starch potatoes) is grown by the owners of Südstärke (around 1,240 farmers) and processed in-house.

In other words, the entire chain – from growing the raw material, through production to the finished product – is controlled by the same people who are fundamentally committed to operating sustainably.

Südstärke also intends to continue to safeguard the interests of future generations and to develop the collaboration with its partners, so that it can offer a product that is sustainable on both an environmental and social level. Our customers have also chosen to make sustainability a particular priority in their companies.

This guiding principle of sustainable management underpins the values that shape how Südstärke operates and its business relationships with its contractual partners. But even without this guide, Südstärke emphatically reserves the right to impose sanctions on any contractual partner that intentionally and grossly disregards the fundamental values set out in the guiding principle.



\* where legally permitted



Starches and derivatives



Byproducts such as biomass and soil are put back into arable farming. Pulp and protein is used as animal feed in livestock farming, while potato fruit juice is used as a fertilizer.





The Schrobenhausen site

# Südstärke GmbH.

Südstärke GmbH is a major German producer of potato starch. Its two production sites in Schrobenhausen (where the company has its headquarters) and Sünching process around 600,000 tons of starch potatoes every year, producing some 150,000 tons of potato starch and starch derivatives.

This processing volume is equivalent to one third of the potato cultivation area and harvest in Bavaria every year. The two production sites together employ more than 270 people.

The controlling parent company of Südstärke GmbH is the Südstärke-Kartoffelliefergenossenschaft eG, which is owned by farmers in southern Bavaria. These farmers in turn supply the crucial raw material for starch production – starch potatoes.

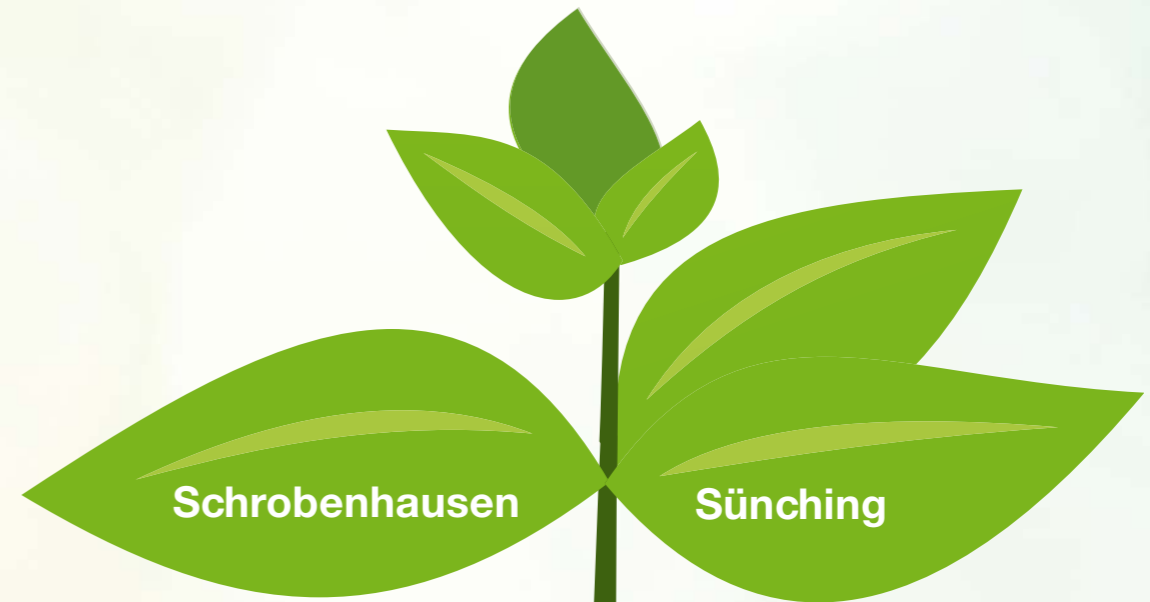
The cooperative structure means that the raw material for production is grown by the shareholders of Südstärke GmbH, who then process this raw material in-house.



The Sünching site

# More than 100 years of tradition.

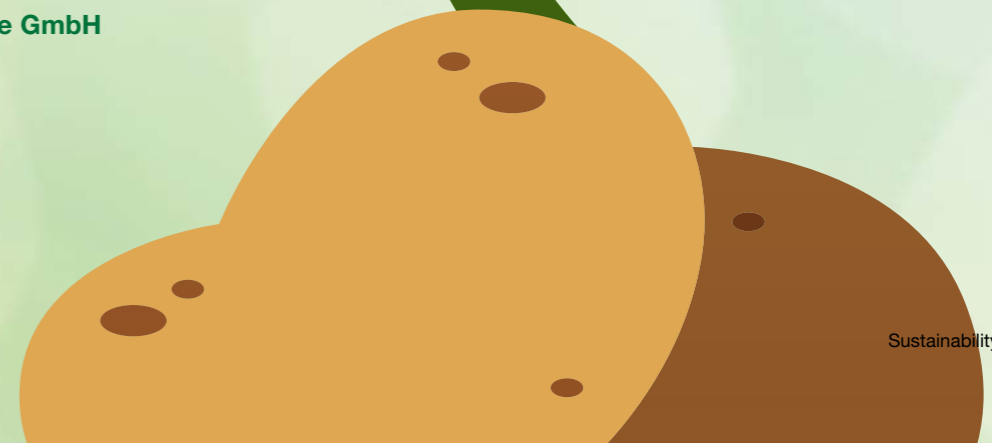
Südstärke is a company with more than 100 years of tradition. While its story started back in the early 20th century, Südstärke GmbH as it is today dates back to 1981.



## 1981 Merger to create Südstärke GmbH

- 1973**  
A growers' cooperative takes over 45%
- 1956**  
Joint distribution with the Sünching potato starch factory
- 1947**  
Potato flake and starch factory
- 1947**  
Sünchinger Stärkeindustrie GmbH
- 1938**  
Cooperative potato flake factory
- 1937**  
Reopens as a potato flake plant
- 1916**  
Sünching vegetable drying plant, producing flakes from 1919

The start of a success story – the creation of Südstärke GmbH





# Underpinning the company.

## Economic performance

Our commitment is rooted in long-term economic success achieved through acting responsibly.

## Risk management

We have established a risk management system that examines and evaluates the opportunities and risks for the company and the resulting impact in great detail. The organizational regulations and measures are set out in a risk management manual and undergo a continuous review process.

## Employment

Our success relies on satisfied and dedicated employees, who we encourage and support from an early stage, enabling them to do the job to the best of their abilities.

## Training and development

As our employees work in a demanding environment with ever-increasing product quality requirements, we provide them with ongoing opportunities to upgrade their skills. In order to give our trainees varied and hands-on training, we involve them in the company's daily operations right from the start.

## Workplace safety

We strive to give our staff a safe working environment and to minimize stresses and strains on them. We implement appropriate measures and ongoing improvements in order to avoid risks and prevent accidents at work.



## Energy and the environment

Conserving resources and acting in a way that is environmentally responsible are our top priorities. Our energy and environmental management system (which complies with DIN EN ISO 50001:2018 and DIN EN ISO 14001:2015) ensures that we observe relevant laws, regulations and recognized environmental protection standards. In addition, we record and analyze an expanded range of relevant production and consumption data. This means that we can implement specific measures to reduce consumption, increase

environmental performance and minimize our impact on the planet.

## Compliance

We comply with relevant national and international laws, contractual agreements and generally recognized labor and social standards – we believe that this is a prerequisite for lawful, social and ethical conduct.

# Stakeholders.

Südstärke's stakeholders are located in complex upstream and downstream areas. Working relationships dating back many years and intensive, ongoing dialog enable us to safeguard the interests of all of our stakeholders.

## Customers

Our customers around the world are at the heart of everything we do. They value our high-quality products and services, our reliability and our flexibility. We design our innovations in line with the needs and requirements of our customers.

## Shareholders/growers

Our shareholders are the farmers who supply our raw material – starch potatoes.

Our goal is to ensure that our contracted farmers receive a predictable and adequate income from growing our raw material.

## Employees

We appreciate our employees as people, not simply as workers. We focus on creating a work environment that meets the needs of our employees and thus lays the foundation for a working relationship based on mutual trust.

## Suppliers

Maintaining a close working partnership with our suppliers is essential if we are to meet the high quality requirements in all areas of our company.

Südstärke GmbH is a member of the following associations:



# Our worldwide sales.



122,000 tons of potato starch and derivatives.

We supply more than 300 customers in 60 countries around the world.

- Germany
- Europe
- North America
- South America
- Africa
- Russia
- Asia
- Australia

Südstärke GmbH is a reliable partner delivering starch products to numerous customers around the world, particularly in Germany, Europe and Asia.

Constructive partnerships create a solid foundation so we can meet the particular needs of every customer, wherever they are based. Our brand stands for quality, reliability and innovation worldwide.



# High-quality products on a global scale.

Potato starch can be used in many different applications. Starch and starch derivatives based on potato starch have numerous advantages compared with starch from other origins. Native potato starch is more swellable and viscous, for example, it is purer and more transparent, and it is definitely free of genetic engineering and allergens.

While the vast majority of our starch products is used in food production, other uses include the paper industry, the chemical industry and a wide range of other technical applications.

Native potato starch has many uses, including as a raw material for glass noodles, to produce snacks and dumpling dough, and as

a binding agent in the manufacture of wood pellets.

However, potato starch produced by Südstärke is also supplied to end customers in the form of special starches that have undergone further refinement.

Chemically or physically modified starches have different characteristics that are tailored to the end product and are used as additives in cream fillings for biscuits, in baby food, in the manufacture of high-quality decorative paper and in ready-made products such as packet soups, to name just a few examples.



## We can also do organic.

As more and more people require high-quality, locally produced, organic food, Südstärke also offers its customers products that are certified as organic.

Our **organic potato** flakes are a popular ingredient in vegan spreads and are ideal for the manufacture of potato snacks and soups.

Our quality criteria are significantly higher than those set out in the EU regulation on organic farming, as all farms that supply us with raw products operate exclusively in accordance with environmental guidelines.

Michaela Kaniber (the Bavarian State Minister of Food, Agriculture and Forestry) officially awarded Südstärke GmbH Schrobenhausen the Bavarian biolabel in 2021, saying „Using this label will give fresh impetus to organic farming, since producing organic potato

starch from home-grown potatoes enables us to close yet another gap in the organic value chain and support our organic potato farmers.“

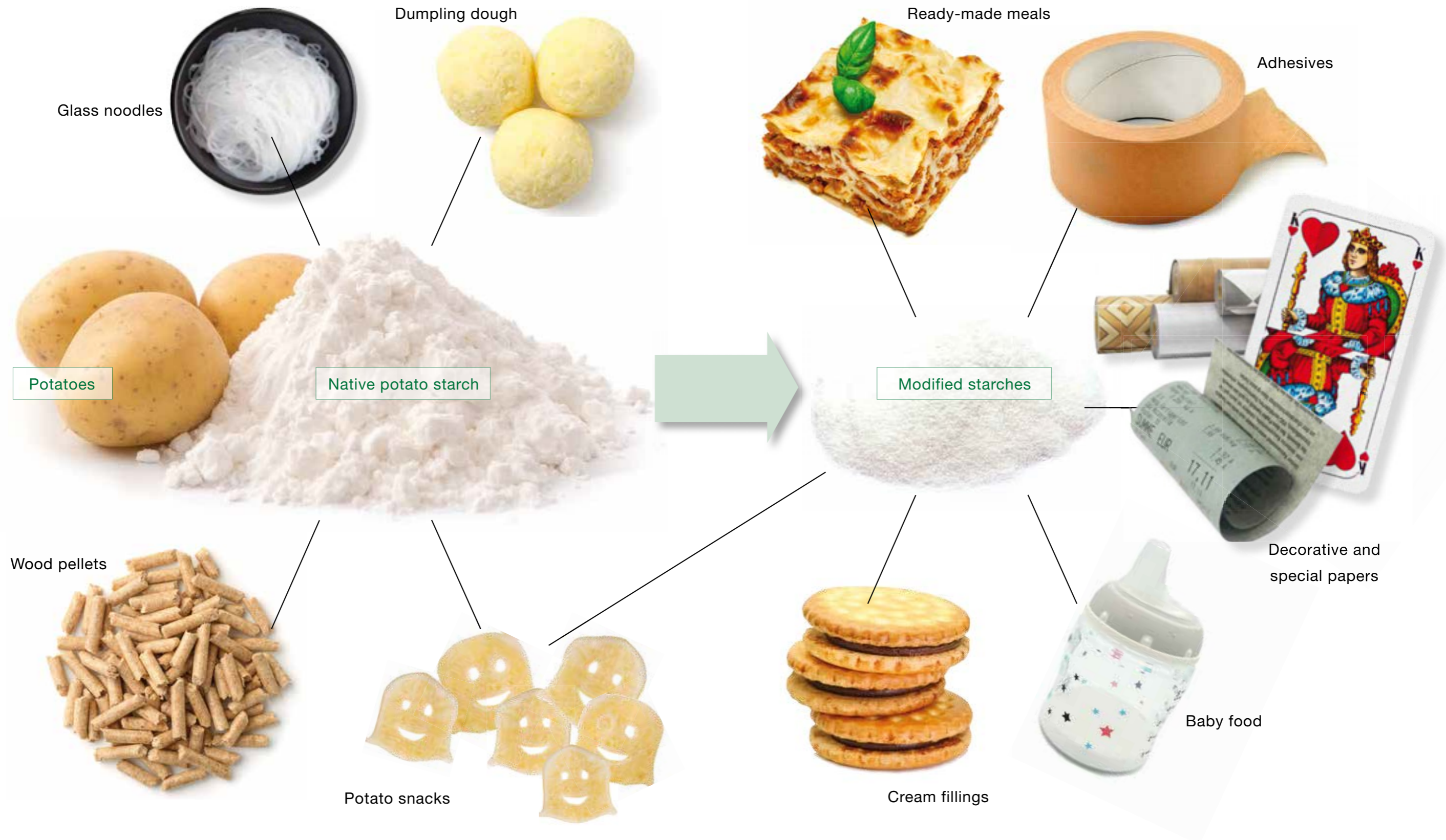
Potato starch with the Bavarian biolabel indicates a higher level of organic quality and emphasizes that only Bavarian-grown organic potatoes are used.

Many processing facilities of all sizes now have the opportunity to highlight their part in producing organic products with proof of quality and origin as organically grown in Bavaria.



# Uses.

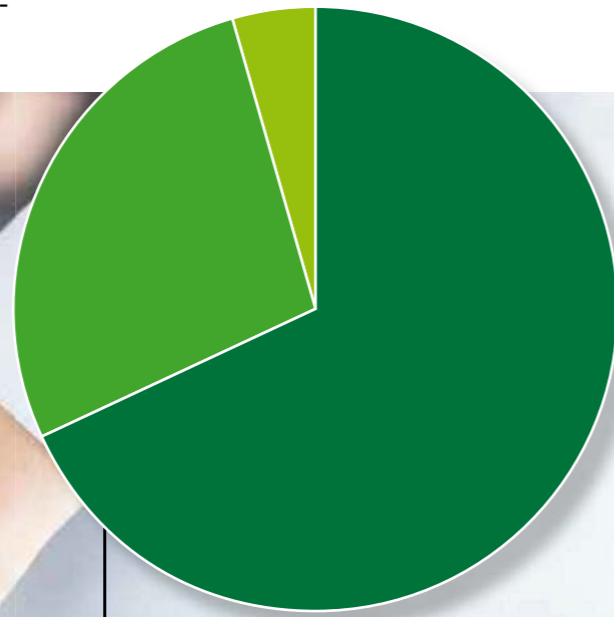
Starch is one of the most important renewable raw materials and has a wide range of potential uses in the food, paper and chemical industries.



# Our employees.

Responsible employees are a valuable resource for our company. We take our social responsibility to our employees seriously, treating them with respect and making sure that they have appropriate and safe work-

ing conditions. Our employees are covered by the collective agreement on employment conditions for the potato processing industry in Bavaria.



**Our employees are based at one of our two sites – Schrobenhausen and Sünching – depending on the terms of their employment contract. (Basis: Ø 2020)**

	2018	2019	2020
Plant employees	183	182	<b>187</b>
Office employees	76	74	<b>74</b>
Trainees	13	13	<b>14</b>
<b>Total</b>	<b>272</b>	<b>269</b>	<b>275</b>

Average number of employees (full-time, part-time, seasonal and trainees)

## Equal opportunities

We oppose any form of discriminatory behavior in our company and give all employees equal and fair opportunities. The works council is committed to representing the interests and concerns of all Südstärke employees and is actively involved in shaping our company's future. We operate a suggestion scheme, which allows all employees to make a decisive contribution to ongoing improvements within our company.

## Family-friendly staff policy

We recognize the importance of maintaining a healthy balance between family and work. If we want to be an attractive employer, it goes without saying that we need to provide childcare support for families and enable our employees to have a good work-life balance. The pandemic saw the rapid introduction of extensive and wide-ranging arrangements for working from home, to protect staff against infection and to facilitate childcare during periods of homeschooling

## Company pension scheme

Our employees show great commitment and loyalty to our company, often over several decades. We want to give them something back in the form of a supplementary pension and take responsibility for them, even after they retire from active employment.

## Opportunities for further training and development

All our employees receive regular job-related training. We also give them the opportunity to participate in internal and external training and continuing professional development, so that they can either develop their professional skills and knowledge or specialize in a particular area.

## Health

We actively support our employees' health and personal wellbeing and we offer them the opportunity to attend free health days to find out about a wide range of health issues and to become active. We offer free flu vaccinations and provide our employees with free fruit.

## Training programs

We offer training programs in three different technical and commercial professional fields (depending on where employees are based). We fully integrate our trainees into daily production operations, as we believe it is important that they receive hands-on training. We support our trainees with buying training materials and books, in addition to providing free transport to trade school and to external training courses.

# Energy and the environment.

In order to monitor our energy consumption and environmental performance, we have implemented an integrated management system that complies with DIN EN ISO 50001:2018 and DIN EN ISO 14001:2015. We use the resulting key figures and parameters to initiate corrective and improvement measures so that we can reduce our consumption and potential environmental risks.

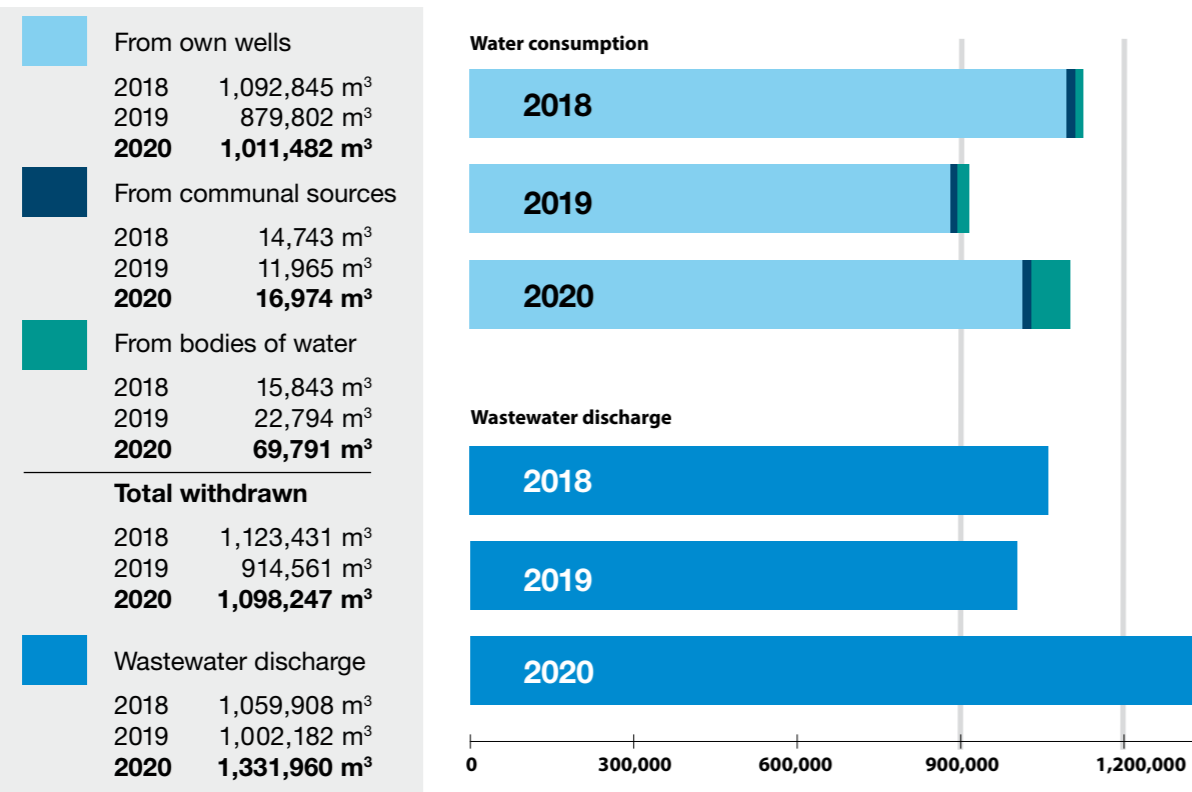
## Water consumption

Both of our production sites in Schrobenhausen and Sünching have their own wells, which provide the fresh water for the production

of potato starch and starch derivatives. The sites also take water from the local municipal water supplies. In Schrobenhausen, we also take water from the river Paar to operate the process water treatment plant. Where possible, this process water is recirculated within the production process.

The water consumption has tended to be at a similar level at both plants in recent years. Water consumption is subject to seasonal fluctuations, which can be caused by factors including concentration of soil or a lower starch content in the starch potatoes.

## Sources of water withdrawal and wastewater discharge



The Schrobenhausen site also takes process water from the river Paar, which is cleaned and treated after the production process is complete and then discharged back into the river.

## Wastewater

Both production sites have their own process water treatment plants that clean all the wastewater from production. Depending on the quality of the raw material supplied (starch potatoes), the quantity of wastewater can vary significantly, due to factors including the concentration of soil or starch content of the potatoes.

Process water at the Schrobenhausen site is treated in an anaerobic system that is operated by a service provider.

Regular checks are carried out to make sure that the required wastewater limit values are

being observed and the treated wastewater then passes through a channel back into the river.

Process water at the Sünching site is treated in a water treatment system operated by Südstärke and is then discharged straight into the Danube. Regular checks are carried out to make sure that the required wastewater limit values are being observed. The discharge quantity depends on factors including when it is pumped from the reservoir into the Danube as the receiving water body.





### Energy consumption trend

Thanks to continuous improvements in our production process and targeted technical measures in particular, we have reduced our specific electricity consumption in some production areas by up to 15%. This figure is adjusted for environmental factors such as the debris concentration and starch content of the starch potatoes that are supplied and the related daily processing capacity. These factors affect the total electricity consumption and cause variations in power load.

In 2020, our process water treatment plant in Schrobenhausen generated 365,494 kWh of electricity from sewage gas in a thermal power plant. All of this electricity was fed back into the grid.



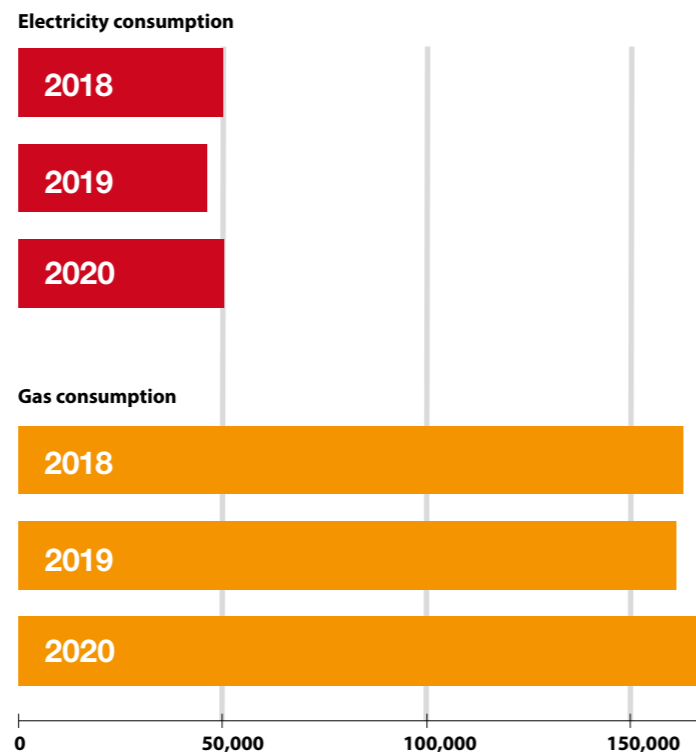
In 2020, the photovoltaic system on the roofs of the Sünching plant generated 721,702 kWh of green electricity to be used on the site.

### Electricity and gas consumption

Total electricity consumption	
2018	50,161 MWh
2019	46,294 MWh
2020	50,353 MWh

Total gas consumption	
2018	162,810 MWh
2019	161,209 MWh
2020	169,820 MWh



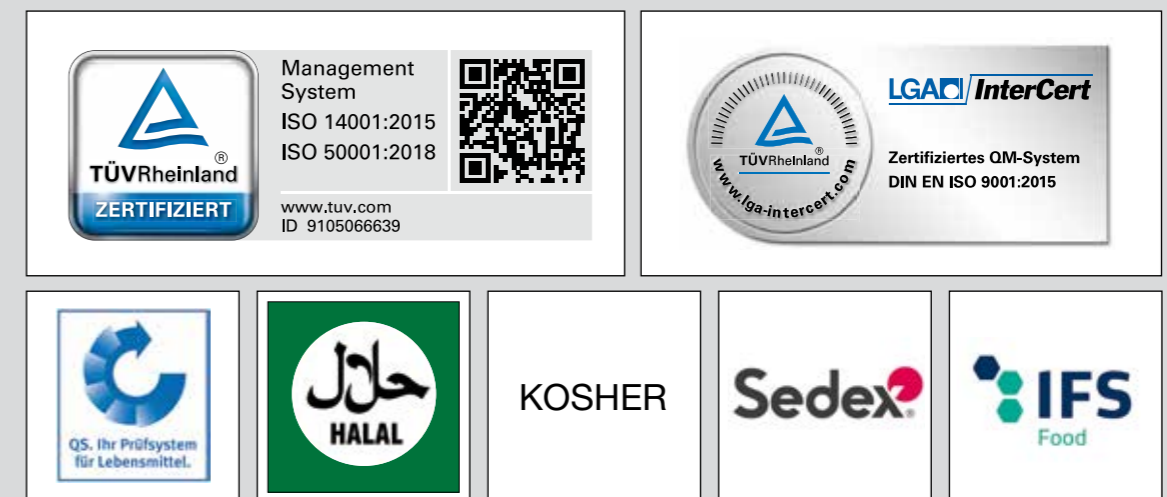
# Certifications.

Our certifications demonstrate that Südstärke GmbH has a strong focus on quality and reassure our customers and suppliers that we operate a stringent quality management system.

Südstärke is extremely customer-oriented and we carry out regular audits to monitor and optimize all of our processes.

We are certified in accordance with:

- Quality management DIN EN ISO 9001**
- Energy management DIN EN ISO 50001**
- Environmental management DIN EN ISO 14001**
- International Featured Standard Food, Version 6.1**
- QS quality and safety**
- Kosher certificate**
- Halal certificate**
- Social audit (SMETA)**



# Tables.

About Südstärke		2019	2020
Sales revenue	Mio. €	102	95
Total capital	Mio. €	179	176
Equity	Mio. €	134	134
Liabilities	Mio. €	45	42
Employees	Number Ø	269	275

Raw material used		2019	2020
Starch potatoes	kt	497	596

Environment		2019	2020
Total energy consumption: electricity	MWh	46.294	50.353
Total energy consumption: gas	MWh	161.209	169.820
Water withdrawal: total	m³	914.561	1.098.247
Water withdrawal: own well	m³	879.802	1.011.482
Water withdrawal: communal source	m³	11.965	16.974
Water withdrawal: bodies of water	m³	22.794	69.791
Wastewater discharge	m³	1.002.182	1.331.960

## Status of the company's sustainability goals

Goals	Action/status report	Status	Implementation
Optimizing management systems	Optimizing data recording in order to improve the evaluation options and effectiveness of management systems	■■■■■	ongoing
Preparing a sustainability report	Collecting data and preparing a sustainability report in accordance with the GRI Standards	■■■■■	ongoing
Improving the reporting system	Improving data quality and increasing the scope and detail of sustainability reporting	■■■■■	ongoing
Improving the document system in relation to approvals	Creating a digital index for approvals with an automatic monitoring and documentation system	■■■■■	2022

## Status of sustainability goals relating to energy

Goals	Action/status report	Status	Implementation
Reducing electricity consumption	Installing frequency inverters in the dry modification plant in Schrobenhausen	■■■■■	2020
Reducing electricity and gas consumption	Replacing compressors and the refrigeration dryer in the compressed air system in Sünching	■■■■■	2020
Reducing electricity consumption	Replacing the hydrocyclone motors in Schrobenhausen	■■■■■	2020
Reducing gas consumption	Replacing O <sub>2</sub> and CO regulators for small boilers in Sünching	■■■■■	2021
Reducing electricity consumption	Frequency inverter for the feeder fan in Schrobenhausen	■■■■■	2021
Reducing electricity consumption	Replacing the process water treatment plant in Sünching (overall design with basin and ventilation)	■■■■■	2022/2023
Reducing electricity consumption	Converting the lighting to LED	■■■■■	2025



## Status of sustainability goals relating to the environment

Goals	Action/status report	Status	Implementation
Minimizing environmental hazards caused by chemical leaks	Remodeling the phosphorus oxychloride dosing system at the Sünching plant	■■■■■■■	2020
Minimizing CO <sub>2</sub> emissions	Installing a cogeneration unit in the wet derivatives system and integrating it into the heating cycle	no implementation	
Minimizing CO <sub>2</sub> emissions	Switching to electric or hybrid vehicles when purchasing new company vehicles	■■■■■	2021
Improving workplace safety	Implementing hydrogen dioxide dosing for cleaning vacuum filters in Schrobenhausen	■	2022
Achieving CO <sub>2</sub> -neutral production	Creating an overall concept to switch to CO <sub>2</sub> -neutral production in Schrobenhausen	■■■■■■■	2021
Minimizing CO <sub>2</sub> emissions	Installing a photovoltaic system at the logistics center in Schrobenhausen	■	2022

## Status of sustainability goals relating to stakeholders

Goals	Action/status report	Status	Implementation
Collaborating with secondary schools (Realschule and Mittelschule in Germany)	Working with schools to make students aware of the training options in a range of professional fields and providing them with relevant information	■■■■■■■	ongoing
Collaborating with primary schools	Membership of TfK (Technik für Kinder, a charitable association running projects to introduce children to technology) and implementing programs with trainees in primary schools that aim to inspire children to pursue technical careers	■■■■■■■	ongoing
Offering placements and holiday jobs	Offering placements to pupils and students so that they can find out about Südstärke	■■■■■■■	ongoing
Encouraging and promoting diversity	Participating in the Girls' Day and Boys' Day projects to boost interest in non-gender-typical careers	■■■■■■■	ongoing
Offering hands-on training for technical college students	Collaborating with the technical college in Scheyern	■■■■■■■	ongoing
Supporting social facilities and clubs	Supporting work with young people in associations, donating to charitable organizations	■■■■■■■	ongoing

# About this report.

The first sustainability report from Südstärke GmbH covered the reporting year 2019. The aim of the sustainability report is to offer our customers, suppliers, colleagues, shareholders and site neighbors an insight into how we engage with nature and the environment. We will issue the sustainability report on an annual basis.

As manufacturers of potato starch, we also have a responsibility and attach great importance to sustainable production processes, from growing the raw material through to the finished product.

The sustainability report covers our two production sites in Schrobenhausen and Sünching.

### Period under review

This report covers the period of the financial year from January 1, 2020 to December 31, 2020. It may contain individual references to dates outside this period.

### The basis and boundaries of this report

The sustainability report for 2020 is based on a wide range of data from various production areas. Some of the data is retrieved during internal investigations of individual subareas within the company, while the rest is recorded centrally in a database.

The complexity of the individual production systems means that data cannot always be gathered in a standardized format.

Our aim is to improve the quality and quantity of the data on an ongoing basis, in order to make the key figures and parameters in this report more meaningful.

Although this report has been carefully checked, we cannot guarantee that every detail of the information that it contains is complete and accurate.

We have used the Global Reporting Initiative (GRI) in the version of the GRI Standards to guide us in compiling our sustainability report for 2020. GRI has designed a comprehensive reporting framework and a guide, which set out the principles and indicators for measuring economic, environmental and social performance. The guide is constantly being improved and expanded.

This report was prepared in accordance with the GRI Standards: „Foundation“ option.

For the sake of clarity, this report refers to employees throughout, without making any specific reference to their orientation (male/female/non-binary).

# Indicator and description.

## GRI 102: General Disclosures

Reference/comment (page)

Organizational profile		
102-1	Name of the organization	8
102-2	Activities, brands, products and services	15-19
102-3	Location of headquarters	8
102-4	Location of operations	8-9
102-5	Ownership and legal form	9-11
102-6	Markets served	15-19
102-7	Scale of the organization	8, 26
102-8	Information on employees and other workers	20, 21
102-9	Supply chain	9
102-10	Significant changes to the organization and its supply chain	7, 9
102-11	Precautionary principle or approach	12
102-12	External initiatives	12, 14, 28
102-13	Membership of associations	14
Strategy		
102-14	Statement from senior decision-maker	4, 6
Ethics and integrity		
102-16	Values, principles, standards and norms of behavior	12-13, 21
Governance		
102-18	Governance structure	8-11
Stakeholder engagement		
102-40	List of stakeholder groups	14
102-41	Collective bargaining agreements	20
102-42	Identifying and selecting stakeholders	14
102-43	Approach to stakeholder engagement	14
102-44	Key topics and concerns raised	14, 28
Reporting practice		
102-45	Entities included in the consolidated financial statements	Not relevant
102-46	Defining report content and topic boundaries	6-7
102-47	List of material topics	12-15, 22-24, 26-28
102-48	Restatements of information	Not relevant

102-49	Changes in reporting	Not relevant
102-50	Reporting period	29
102-51	Date of most recent report	29
102-52	Reporting cycle	29
102-53	Contact point for questions regarding the report	32
102-54	Claims of reporting in accordance with the GRI Standards	29
102-55	GRI content index	30-31
102-56	External assurance	Not relevant

## GRI Standards: Environmental themes

Reference/comment (page)

Energy		
103-1	Explanation of the material topics and their boundaries	24
103-2	The management approach and its components	12-13
103-3	Evaluation of the management approach	12-13
302-1	Energy consumption within the organization	24, 26
302-4	Reduction of energy consumption	24, 27-28
Water and wastewater		
103-1	Explanation of the material topics and their boundaries	22
103-2	The management approach and its components	12-13
103-3	Evaluation of the management approach	12-13
303-1	Interactions with water as a shared resource	22
303-2	Management of water discharge-related impacts	23
303-3	Water withdrawal	22, 26, 28
Wastewater and waste		
103-1	Explanation of the material topics and their boundaries	22
103-2	The management approach and its components	12-13
103-3	Evaluation of the management approach	12-13
306-1	Wastewater discharge by quality and discharge location	22-23, 26, 28



# Potato starch, naturally.

## **Südstärke GmbH**

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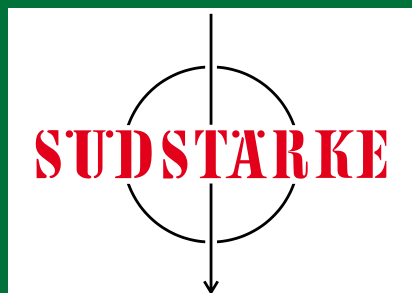
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