



The best from nature. The best for nature.

Sustainability Report



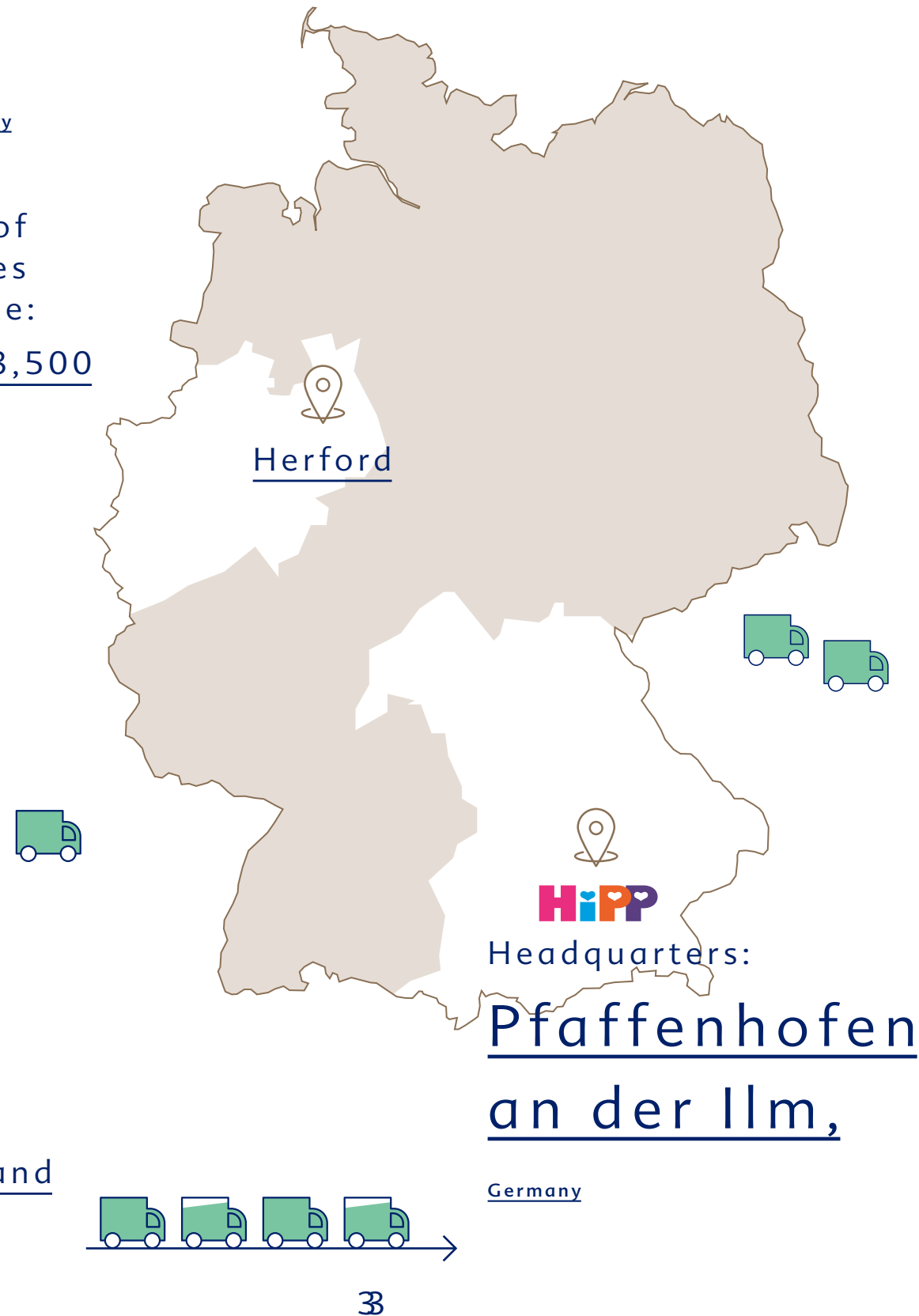
HiPP Germany
2018



Managing Partners
**Prof. Dr. Claus Hipp,
Paulus Hipp**

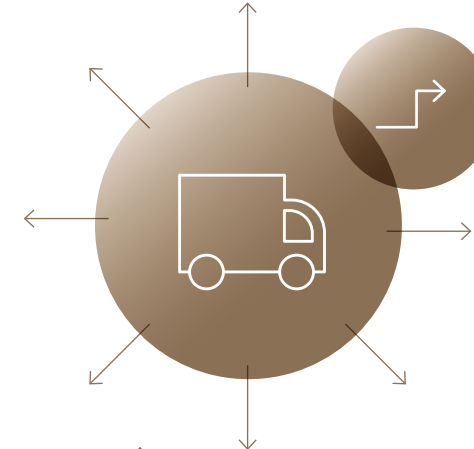
Partners
**Stefan Hipp,
Sebastian Hipp
and other family
members**

Number of employees worldwide:
approx. 3,500



Corporate philosophy

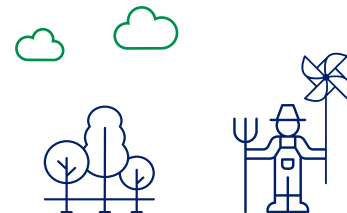
Manufacture of top quality products in harmony with nature



The logistics of the future

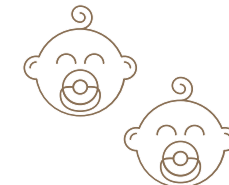
HiPP is currently collecting data on all its logistics processes, including data on goods movements and consumption. HiPP will then identify potential action areas and establish measures with the aim of significantly reducing the CO₂ emissions produced by storage and transportation.

CO₂ is one of the six main greenhouse gases which influence the earth's climate trends. At its site in Pfaffenhofen, HiPP uses renewable energy and buys CO₂ certificates to ensure that its production is CO₂ neutral.



Approximately 8,000

organic farmers supply products for HiPP



Product areas (Germany article)

- Infant milk formula / baby food / teas / muesli / snack bars – 79
- Food / drinks – 202
- Baby-soft baby care / Mummy-soft – 35
- Juices / teas for pregnant and breastfeeding women – 3
- Sip and tube feed products – 17
- overall 336

Selected markets
Germany, the Baltic states, Benelux, Bulgaria, France, Great Britain, Italy, Croatia, Austria, Poland, Russia, Switzerland, Scandinavia, South Africa, Turkey, Ukraine, Hungary, other East and South East European countries, as well as China, Vietnam and other Asian countries.



Customer structure

Traditional food retailers, health and beauty retailers, pharmacies and online shopping



Rhodochlora claushippi – The common emerald is the symbol for all the HiPP Group's sustainability activities

watercolour by Ruth Kühbandner



Editorial

As a leading manufacturer of baby food, HiPP feels a special sense of responsibility for future generations, and for this reason the company has a long tradition of environmental awareness and sustainability. For over sixty years, our family has sought to protect nature, use its valuable resources responsibly and preserve its biodiversity, and we also take responsibility for our employees, their families and our suppliers. In order to remain sustainable going into the future, we also consider the economic dimension of sustainability; our aim is to preserve the sensitive balance between nature, humans and the economy.

This Sustainability Report represents a proverbial new chapter in HiPP's story. For the first time, the report has been modelled on the criteria specified by the German Sustainability Code (DNK), ensuring that it complies with the applicable European standards. Since the beginning of 2018, hundreds of German businesses have been required to publish their sustainability activities in the form of a standardised report. Even though HiPP is not one of the companies required to produce a report, we have made a conscious decision to live up to our reputation as a sustainability pioneer by voluntarily meeting the DNK requirements.

This Sustainability Report describes HiPP's main sustainability activities at the German sites in Pfaffenhofen and Herford, the site where the company was founded and its newest site respectively, as these sites form the basis for everything the HiPP Group does to promote the sustainable development of the company as a whole.

The goals we set ourselves in this Sustainability Report serve as the motivation for the work we do every day and will hopefully also encourage every reader to contribute to sustainability as much as possible.

Only by working together can we ensure the world continues to be a place worth living in and worth loving for future generations.

Claus Hipp *Stefan Hipp*
Prof. Dr. Claus Hipp and Stefan Hipp

Company profile

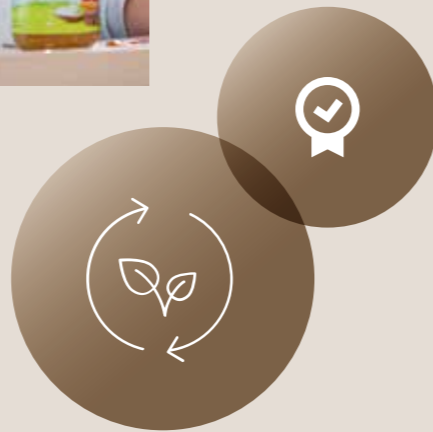
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© Bo Lelewel

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© Jean Schablin

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HiPP products

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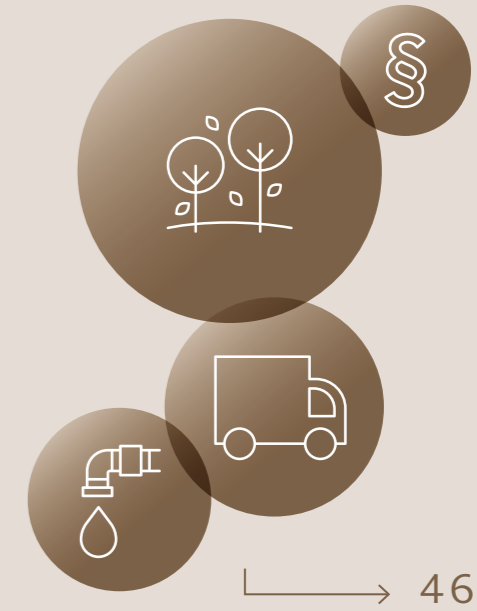
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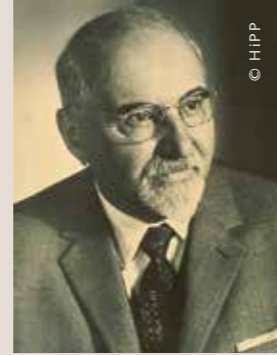
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Every effort has been made to use gender-neutral forms throughout this report.



© HiPP

Company founder
Georg Hipp Sr

The origins of the company: the HiPP confectionery shop in the main square in Pfaffenhofen.



© HiPP

1899

The origin of a great idea

Towards the end of the nineteenth century, Joseph Hipp (1867 – 1926), who came from Günzburg an der Donau, worked in a confectionery and wax-chandlers shop in Pfaffenhofen, which he later took over.

In 1897 Joseph married Maria Ostermayer from Pfaffenhofen, the first step towards the large family they would go on to have together. The arrival of a daughter in 1898 was followed by twins in 1899, who proved difficult to feed: Maria struggled to breast-feed, so her husband had to take responsibility for feeding them.

As a resourceful confectioner it didn't take him long to come up with the idea of baking rusks to make flour, which he used to enrich the milk to make it more filling. The twins survived and grew into happy young children, as did the five subsequent children.



Back in the early 20th century HiPP established its brand using rusk flour

The first product

It was only natural that Maria would sell her husband's rusk flour for children in their shop, and word soon spread of its success. At the start of the new century Joseph began to supply it to some of his confectioner colleagues. As a result, alongside the shop a small factory developed for the production of J. Hipp's rusk flour for children, which went on to be sold for decades in its famous yellow and black packaging.

One of his sons, Georg Hipp Sr (1905 – 1967), had particular responsibility for the rusk flour, and as a 16-year-old he went from door to door in Munich selling it. Before long his parents' business was struggling to keep up with the demand for their rusk flour.

A company is founded

In 1932 Georg Hipp Sr incorporated the rusk flour operation and founded his own company in Pfaffenhofen. HiPP's rusk flour for children would continue to be sold in Germany until the 1970s.

In the mid-20th century Georg Hipp Sr decided to begin manufacturing baby food in tins on an industrial scale in line with the American model. Four new products were launched in December 1957: two vegetable varieties and two meal varieties.



Ehrensberg farm

© Thilo Härdtlein

In 1959 HiPP produced the first jar, which remains a symbol of the HiPP brand today.

At first HiPP manufactured baby food in tins.



Claus and Stefan Hipp

© Stefan Pielow

1959

The first baby food in jars

By 1959 the company had switched from tins to the much more practical and hygienic glass packaging. HiPP's product range steadily grew, including juices, junior food, meat formulations, children's desserts and children's meals.

At the same time HiPP was beginning to manufacture baby nutrition products on an industrial scale, in 1956 Georg Hipp Sr started growing fruit and vegetables in natural soils without added chemicals. With his wife, Anny Hipp-Metzner, playing a large role, and inspired by the ideas of organic farming pioneer Dr. Hans Müller from Switzerland, Georg's aim was to make healthy and great-tasting baby food using organic produce.

The next generation takes over the business

After the death of the company's founder, his sons Claus and Georg took over management of the business, joined later by their brother Paulus. Together they worked step by step to develop HiPP's environmentally friendly principles.

As a pioneer of organic farming, Claus Hipp himself travelled from farm to farm to persuade farmers of the benefits of HiPP's approach. Gradually they came round to his way of thinking, and Claus successfully established a network of organic contract farmers.

Today, HiPP is one of the world's largest processors of produce grown organically.

1967

1967

... HiPP begins production of **baby food** on the site of the former Theresienthaler worsted yarn spinning mill in Gmunden, Austria.



1969

... artist Frank A. Gianninoto designs the HiPP logo, using colours that appeal particularly to young mothers. HiPP uses the colourful logo, which at the time featured smaller hearts, on a meat formulation for the first time.

1990

... the first HiPP milk formula, **HIPPon**, is launched.

... HiPP uses its own **organic seal**

long before a national or EU-wide seal is available.

1991

Claus Hipp says the famous slogan

“I vouch for our quality with my name”



for the first time.

1994

... together with drinks manufacturer Neumarkter Lammsbräu and bakery chain Ludwig Stöcker Hopffisterei, HiPP founds the **Working Group of Organic Food Processors (AöL)** – today the Association of Organic Food Processors.

... the plant in **Glina, Croatia** – then known as **Vivera**, since **2 January 2017 HiPP Croatia** – becomes part of the **HiPP Group**, manufacturing cereals and non-perishables.



© Roland Erbacher

... HiPP launches its **banana project in Costa Rica**, which gives long-term contracts to small-scale farmers to guarantee them a secure, reliable income. At the same time, HiPP provides a natural space for plants and animals through organic farming in the region.

2001

1996

... HiPP becomes the **third company and first food manufacturer**

to introduce the Europe-wide Eco-Management and Audit Scheme (EMAS) at its site in Pfaffenhofen.



... production begins at the **HiPP plant in Hanságliget, Hungary**.

1995

2009

... HiPP opens its plant in **Mamonovo, Russia** (near Kaliningrad), producing solely for the Eastern European market.



2010

... the **Ehrensberg farm** – called **“E-Hof”** for short within the company – is now a **“Model Farm for Biological Diversity”**, playing an important role in research into measures to promote biodiversity.



© Thilo Hårdt,lein

2011

... **Stefan Hipp** begins to appear alongside his father in promotional campaigns.

2014

... in July the production site in Gmunden completes the **switchover to pouches** and trays as the staff gather to wave the last consignment of jars goodbye.



... the new **HiPP car park** opens in **Pfaffenhofen**, setting new standards in sustainable construction with its remarkable external design.

... all production sites in the EU are validated in accordance with EMAS and EMAS^{Plus} for the first time.

... the **HiPP Nature Nursery (“Naturkinderhaus”)** opens to provide daycare for the young children of HiPP staff in Pfaffenhofen.

... **Stefan Hipp** takes over responsibility

for saying the personal message **“That’s what the name HiPP stands for”** at the end of TV and radio adverts.

... HiPP expands its range to include **organic children’s food** for nurseries and crèches.

... in Costa Rica HiPP launches its **“Rubbish Collection Campaign to Protect the Environment and the Ocean”**.

Ever since then, two days a week employees on site have collected plastic waste which is then recycled.

2018

2017

2015

Sustainability management at HiPP

Binding principles underlying our day-to-day activities

Sustainable manufacturing and marketing of future-oriented products are a particular priority for HiPP as an international baby food manufacturer.

For this reason, HiPP relies on the use of organically farmed raw materials and on expanding its range of organic products. The company links ecological and economic activities with social responsibility to establish a binding system of ethical principles and to develop an international and cross-generational entrepreneurial strategy.

These HiPP Guidelines are the binding foundation upon which all our sustainability objectives are based. They apply to all employees throughout the Group. All processes, activities and projects must be designed along these principles.

HiPP and the environment

HiPP is committed to establishing an equilibrium between nature and humankind. The focus is on preserving the basics of human existence by carefully farming natural resources. HiPP goes beyond mere compliance with the relevant laws and regulations and undertakes to achieve more ambitious goals. Environmental management within the company is continuously being developed and improved thanks to the introduction of appropriate measures, while negative impacts of business activities on the environment are reduced. To do this, guidelines have been established throughout the Group and are continuously being developed. They include high ecological standards through compliance with international environmental management systems (ISO 14001 and EMAS). Within this context, HiPP is developing appropriate measures to combat climate change, dwindling natural resources and species loss. The aim is to reduce carbon emissions, avoid the use of fossil raw materials and minimise the consumption of other resources. HiPP takes a proactive stance against 'green genetic engineering' and pursues research into agricultural methods that work in harmony with nature, thereby fostering biodiversity.

HiPP and the value chain

Sustainable development can only be guaranteed by the interaction of an array of different players. For this reason, HiPP expects its partners to fulfil the same social and ecological requirements as HiPP itself does. In addition, suppliers undertake to comply with all environmental and social standards set out by HiPP. In the supply chain, these primarily comprise the automatic respect for human rights, the exclusion of child labour, and the provision of appropriate working conditions and social benefits. HiPP expects employees to be fairly rewarded for their work. They should be able to lead dignified lives with their families and play a part in society. With the aim of sustainable value creation, HiPP strives to achieve profit optimisation, not profit maximisation. The company rejects the policy of cheap prices at the expense of product quality – and generally also at the expense of the environment and the consumer. In business terms, this involves thinking beyond quarterly results and taking guidance from sustainable values.

HiPP and social responsibility

HiPP's business activities are shaped by its integrated and overarching social responsibility. The company seeks to achieve credibility in its actions and makes a pledge of consistent high quality to its customers. HiPP deals with its partners on the basis of trust and respect. Innovative and future-oriented products help to promote sustainable consumption. In addition, HiPP's commitment to society is demonstrated by a variety of non-profit activities. The company regularly documents its sustainability management activities and fosters public dialogue. HiPP is open to questions from employees, parents, consumers, politicians and other interest groups; transparency is an integral part of responsible action and responsible business. HiPP is committed to the cultural diversity of its employees, and is convinced that both society and entrepreneurial success benefit from living and breathing diversity and appreciating its richness.



HiPP as an employer

For HiPP, social responsibility is a fundamental basis of a successful business. This social interaction is founded on the Ethical Charter, which encourages all employees to participate in a corporate culture of openness, loyalty and humanity, and to apply these principles to their dealings with contractual partners, customers and consumers. HiPP pays fair wages and salaries, often above collective minimum levels. Maintenance of the company's high levels of occupational health and safety is a long-term objective.

The HiPP family business operates by Christian values:

We respect creation and human dignity

Our approach can be described as sustainable economics;

although economic factors
determine our success,
we regard the company's
ethical values as the true
measure by which we should
be judged.

This awareness of our responsibility towards human beings and the natural world resulted in the HiPP Ethical Charter in 1999. The Ethical Charter outlines codes of conduct for the market, for individual employees' dealings with other members of staff, towards state and society, and towards the environment. Reasons are given for each rule, as well as an explanation of the consequences of compliance or non-compliance with the code of conduct. As a result, HiPP's Ethical Charter is more than a mere set of rules; it is a guide which helps employees demonstrate the company's values every single day.

Stakeholders and Materiality

Who are HiPP's stakeholders?

A communication from the EU Commission on a "renewed EU strategy for Corporate Social Responsibility" (Document 52011DC0681) includes the following: "To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders."

In order to achieve this, it was first necessary to identify the company's relevant stakeholders. In early 2018, a working group consisting of the Sustainability Team, Sustainability Officers from the different departments and other decision makers was set up to establish who the company's internal and external stakeholders are. The working group identified relevant people, groups, institutions and organisations in relation to economic, environmental and social issues.

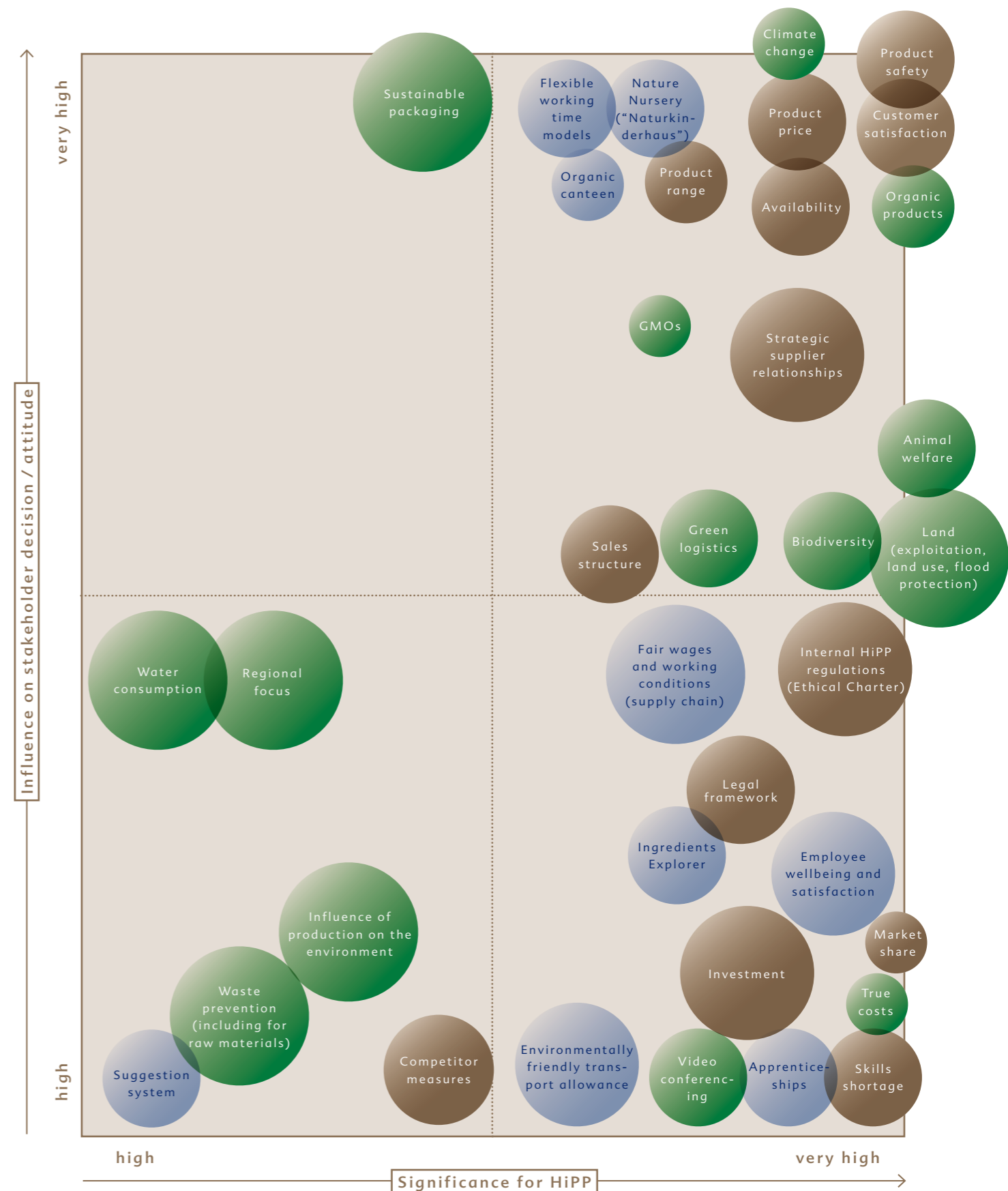
The following key stakeholders were identified:

- [The company family](#)
- [Current employees](#)
- [Parents \(consumers\)](#)
- [Farmers](#)
- [Customers and businesses](#)
- [Organic certification bodies](#)
- [Packaging manufacturers](#)
- [The German Federation for Food Law and Food Science and the Research Association of the German Food Industry](#)

In order to limit the report framework to a sensible scope and to prioritise the most important information for stakeholders, it was necessary to identify key environmental, economic and social sustainability issues for the company.

The Sustainability Team worked alongside the Sustainability Officers to establish the most important issues, **resulting in 36 which were classified as important for HiPP.**

The matrix on page 17 shows the results of the materiality analysis.



Investment in the Future

In late 2016 representatives of the HiPP Group and the DMK Group signed the share purchase agreement for MIG (Milchwirtschaftliche Industrie Gesellschaft Herford GmbH & Co. KG). This saw HiPP Group take over the MIG business, which had previously been a jointly controlled entity.

In June 2017, the family of partners personally welcomed the new HiPP employees to the company, and at this first employee meeting as part of the HiPP family the new staff from Herford learnt all about the family company, the brand and the individual departments. A lot has happened since then, and the new location in Herford is now firmly established as part of the Group. The number of employees has exceeded 600, making HiPP one of the largest employers in the region.

HiPP produces over 100,000 kilograms of baby food every day at the infant milk formula production site in Herford, where state-of-the-art methods, complex laboratory technology and comprehensive quality controls go hand in hand. Further expansion of the plant's capacity is planned as a result of its heavy workload, including two new spraying towers which are due to be complete by the end of 2019. A General Works Council for the sites in Germany was established in October 2017, and since March 2018 the employees at the site in Herford have been using HiPP's IT systems, meaning that they are fully integrated into the HiPP Group's IT infrastructure.



Current EMAS certificate for the Pfaffenhofen site



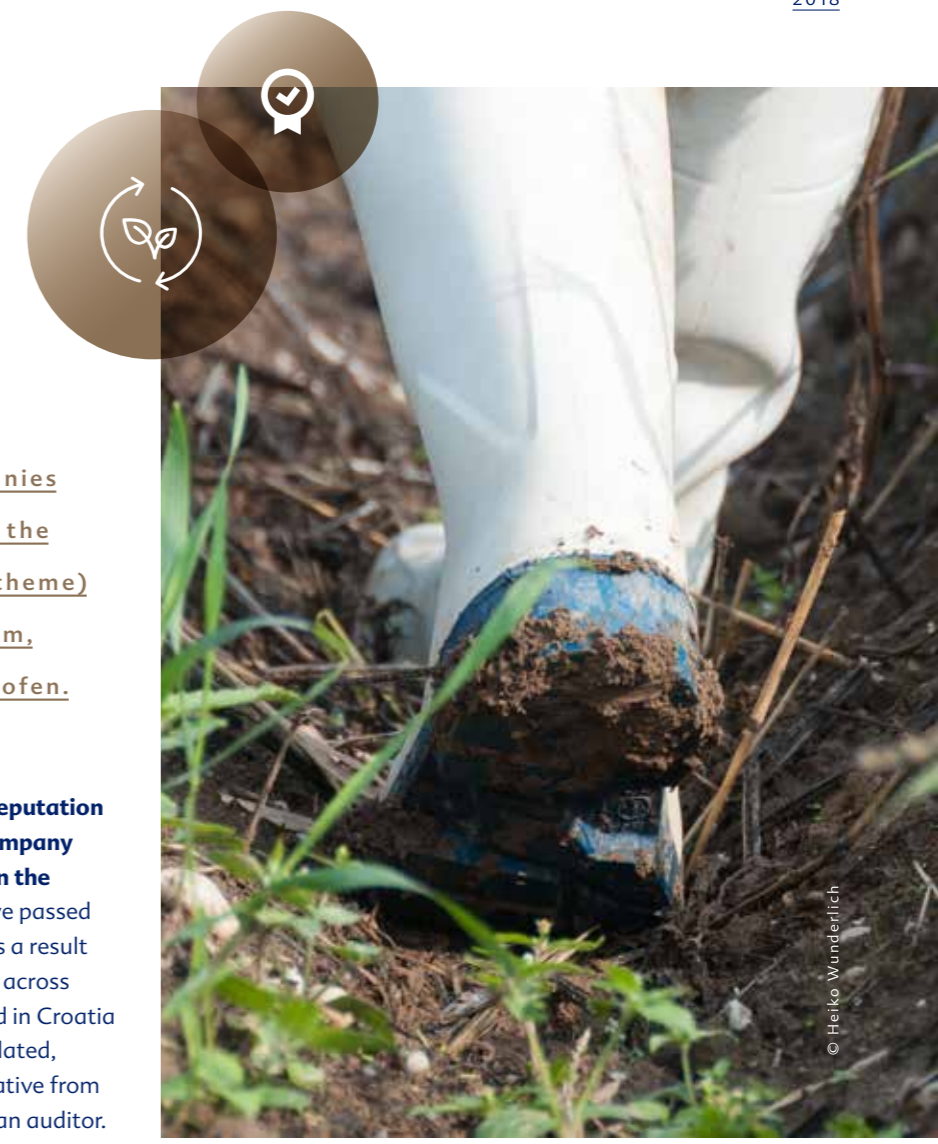
Current EMAS certificate for the Herford site

Consistent standards
for one brand

In
1995

HiPP became one of the first companies to be validated in accordance with the **EMAS (Eco-Management and Audit Scheme) environmental management system, beginning with the plant in Pfaffenhofen.**

Since July 2018 HiPP has once again lived up to its reputation as a pioneer, becoming the first food-processing company to implement EMAS across all its production sites in the European Union (EU). In addition, all EMAS sites have passed an audit to meet the EMAS^{plus} social standard, and as a result the entire HiPP brand now meets the same standards across the EU. The process was somewhat more complicated in Croatia as no company there had previously been EMAS validated, so a “witness” auditor from Slovenia and a representative from the Croatian accreditation body supported the German auditor. The site in Herford also successfully passed its first EMAS audit, and implementing the two standards is both the first major building block and the motivation for further development at the new HiPP Group plant.



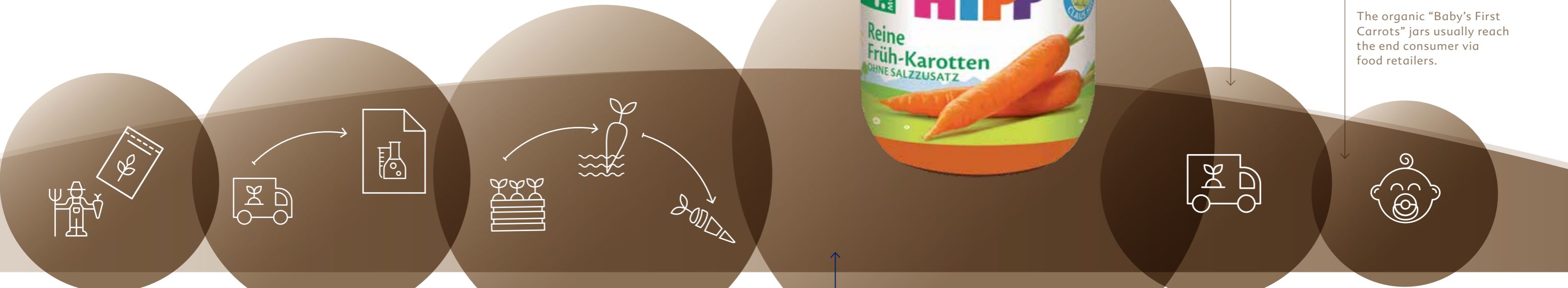
Since
2018

HiPP has implemented EMAS across all its production sites in the European Union (EU).



The HiPP value chain

As an example of the value chain for a HiPP organic quality product, let's take the jar of baby food called "Baby's First Carrot":



HiPP lays the foundations for high product quality at the start of the process by carrying out soil and seed inspections. If they meet the required standards, the farmer will grow organic "Baby's First Carrots" for HiPP.

Once harvested, the organic carrots are sent to the Pfaffenhofen plant, where a member of staff responsible for quality assurance takes samples to be investigated in the lab for unwanted residues. As part of the process to guarantee HiPP organic quality, the raw goods and products are thoroughly analysed using state-of-the-art methods in the accredited company laboratory, one of the most advanced in Europe, with the support of independent external laboratories.

If no problems are detected in the analysis of the organic "Baby's First Carrots", they can be sent to the production department. The first step is to clean and dice the organic carrots, and here too the diced carrots are inspected by HiPP scientists with the help of optoelectronic equipment to remove imperfections.

Once cooked, the organic vegetable mix is bottled. A machine examines the remaining empty jars for cracks or other damage, and damaged jars are automatically removed to be returned to the glass factory. The jars filled with organic "Baby's First Carrots" are preserved in a machine known as an autoclave. Each jar is then given a consecutive number, visible on the edge of the lid, which allows all ingredients to be traced back to the field of origin, and a label is attached which provides all the relevant product information. Further quality control measures are implemented at all stages of production.

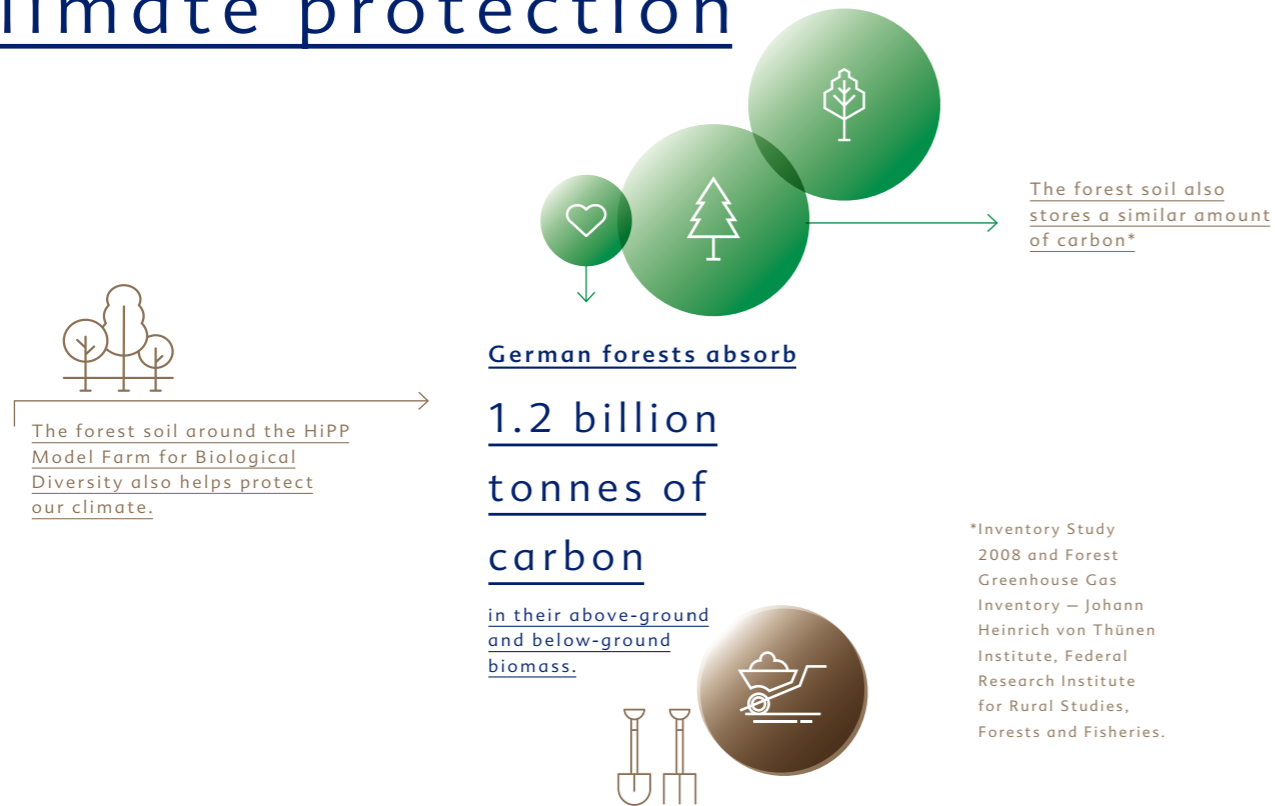
The finished "Baby's First Carrot" jars are packed by a machine in trays using shrink-wrap film, transported securely to the logistics centre, and sent out from there to their destination.

The organic "Baby's First Carrots" jars usually reach the end consumer via food retailers.

The vegetable waste from production is used in a biogas plant to generate energy.



Cleaning up for climate protection



HiPP would like to leave behind a world worth living in and worth loving for future generations, which makes minimising climate change vital. One important step is climate-neutral production at the Pfaffenhofen, Gmunden, Glina and Hanságliget plants, and HiPP makes use of renewable energies to make these sites climate-neutral. Remaining emissions, such as from HiPP vehicles, are offset through the company's support for international climate protection projects. The management's long-term aim is to offset the residual emissions through its own projects, and this was the spur for launching the CO₂ Offset Project.

Climate-positive compost
Stefan Hipp's farm in Podągi, Poland, which he has run and consistently developed for 16 years to create a second HiPP Model Farm, turned out to be the perfect location to begin the project. The Angus cattle and sheep which graze on his farm spend two to three months of the year in a barn to avoid the worst of the cold weather, and the dung they produce was previously gathered into a conventional dung heap. Compost specialist Tobias Bandel from Soil & More, whose comprehensive expertise in soil makes him the ideal partner for HiPP, showed the staff in Podągi how they can process the dung more effectively to make humus. "The great thing about composting is that we can kill at least three birds with one stone: by producing humus we increase the value of the land, the crops get more nutrients at the right time, and, almost as a side effect, we absorb CO₂, which allows us to offset the emissions from other locations," he explains.



The forest surrounding the HiPP model farm

Minimum effort, maximum effect
A "compost turner", which carefully aerates the compost heap to produce humus, is a recent addition to the agricultural equipment in Podągi. After it was first used, Stefan Hipp said: "It's very impressive that something so simple can be such an environmental improvement." Humus-rich soils absorb more water and retain it, which provides natural flood protection, prevent rainwash and ensures yields in healthy soils even in years with poor weather. The improved soil quality reduces the effort

required on the part of the farmers to process it. HiPP knows that one company alone cannot protect the climate, so it has sent the findings from its CO₂ Offset Project to its raw material suppliers with the aim of convincing them all of the benefits of targeted composting.

Z to A: from the zwieback rusk to the apple slice

“Necessity is the mother of invention” perfectly describes the story behind the first HiPP product almost 120 years ago, as without Joseph Hipp’s rusk flour for children his twins would probably not have survived infancy in 1899.

We spoke to Reiner Tafferner, who as Marketing Director has played a decisive role in the HiPP brand for 27 years, about the journey from rusk flour to apple slices.



“Our new products do what parents want their children’s food to do.”

Mr Tafferner, the idea for the rusk flour was born of necessity. How are HiPP products developed now?

Tafferner: **HiPP immediately met the demands of the market with its very first products**, and today is no different: our new products do what parents want their children’s food to do. Though of course the context could not be more different compared with 1899, as today a new product is developed under completely different conditions in terms of legal regulations, availability of raw material, market competitors and so on. There are a huge number of external influences.

There are currently over 300 products in the HiPP range. Which are the most sustainable?

Tafferner: In general you can say that organic products are inherently more sustainable than conventional products. **I would highlight the vegetarian meals:** if we bear in mind the consequences of the high meat consumption in industrialised countries, these HiPP meals definitely have added value in terms of sustainability. I also think that these meals encourage parents to think a little bit more about their family’s eating habits.

In your opinion, what are the biggest market challenges for HiPP?

Tafferner: HiPP has manufactured top quality organic products for over 60 years, and for a long time that was a unique selling point. Today, consumers will find many companies on the shelves offering organic quality baby food, and being one of many means our branding and advertising has to change. **We have to explain in much more detail what the company is doing in terms of sustainability**, and it is also important that consumers know we have full control over the entire production chain, from the first soil samples and analysis of raw materials through to delivery.

The rusk from 1899 stands in stark contrast to the apple slice from 2018. What makes the new children’s range so special?

Tafferner: The new children’s range includes 18 organic quality products for in-between meals, all of which have the perfect composition of nutrients. For example, only pure, freeze-dried organic apple slices are used in our “Apfelschnitz sonst nix” product. **All the products are appealing to children, have original names and come in fun, colourful packaging. Children love them and parents can buy them with a clear conscience.**

HiPP: top quality for over 60 years

Safety begins in the field

HiPP lays the foundations for outstanding product quality and safety from the very beginning with the selection of suitable fields for HiPP's organic farming.

Looking after the company's organic suppliers is another key element of quality assurance. When HiPP partners know what they need to pay special attention to when rearing animals and growing, storing and supplying crops, they can ensure that no unwanted materials contaminate the raw materials used by HiPP.

The constructive and trusting relationship we have with our growers and suppliers also ensures that resources are managed as efficiently and effectively as possible by eliminating food waste at an early stage.

The numerous analyses, beginning with field selection for organic farming and ending with the finished product, serve the primary purpose of confirming that the HiPP experts, together with the raw material suppliers and producers, have done everything properly. **In principle, organic farming has an advantage over non-organic cultivation in terms of potential residues**, as robust organic seed does not require much to thrive in a humus-rich organic field.

Before a HiPP product can be sold to the customer, a wide range of tests (varying depending on the product) are conducted on it to ensure perfect quality. HiPP inspects the raw materials and products in its accredited in-house laboratory, **which with its analysis methods and state-of-the-art equipment** is one of the most advanced in Europe. Brand new technology and high-calibre laboratory equipment allow specialists to detect even the smallest residues and impurities.



Before processing, the organic raw materials are investigated for up to

1,200
substances



Experts also analyse HiPP's organic products during the production phase.

The final product is assigned a unique number, which ensures the traceability of all production stages.

HiPP places more stringent requirements on its products with regard to residues and contaminants than required by law

Organic on the inside, sustainable on the outside

From the historic box for J. Hipp's rusk flour for children through to today, HiPP has used an incredibly wide range of product packaging and developed lots of different packaging designs.

For many years HiPP has confronted the critical question of what to do with the ever-increasing amount of packaging waste, as the company attempts to find the balance between protecting the product and protecting the environment. We asked Thomas Sauerwein, Head of Packaging Technology, about the current situation at HiPP.

Mr Sauerwein, what do you consider the biggest sustainability milestone in terms of HiPP packaging over the last few years?

Sauerwein: **In 2016 the Packaging team improved the jar – which is almost the emblem of HiPP – by increasing the size of the opening by 42 per cent**, which makes feeding babies a lot easier. The innovations we have introduced over the years have made the jar lighter and lighter, with a weight saving of up to 20 per cent in some areas, and we have continued this development with our new jar design which reduces its environmental impact. **The new design features a narrower seal rim, which saves around 77 tonnes of tin a year. This is just one example of how we conserve resources, produce less waste and reduce our consumption of materials.**

What are HiPP's goals with regard to the increasing amounts of plastic packaging?

Sauerwein: Apart from glass, there is as yet no satisfactory alternative to plastic for safe and hygienic food packaging; its versatile properties mean that plastic is indispensable for the time being. **Ultimately it is our responsibility to ensure HiPP products are as safe as possible**, as only then can we be certain that the product on the consumer's table has the same high quality with which it left the HiPP plant.

What active steps is HiPP taking to reduce waste?

Sauerwein: When we talk about different packaging we mean raw materials, such as glass, pulp, metal and plastic. **We are definitely not talking about waste, as these materials can be recycled if you have a suitable collection and recycling system.** Beyond simply reviewing how we can improve our product packaging, we consider the entire value chain, including the amount of material used in the production and packaging of our raw products. The same applies to the packaging materials required to transport our HiPP products safely to the end consumer: where possible we try to use alternative forms of packaging such as paper or other renewable raw materials, or at least to reduce our use of plastic. **We are also heavily involved with European research and development projects investigating alternative forms of packaging and materials.**

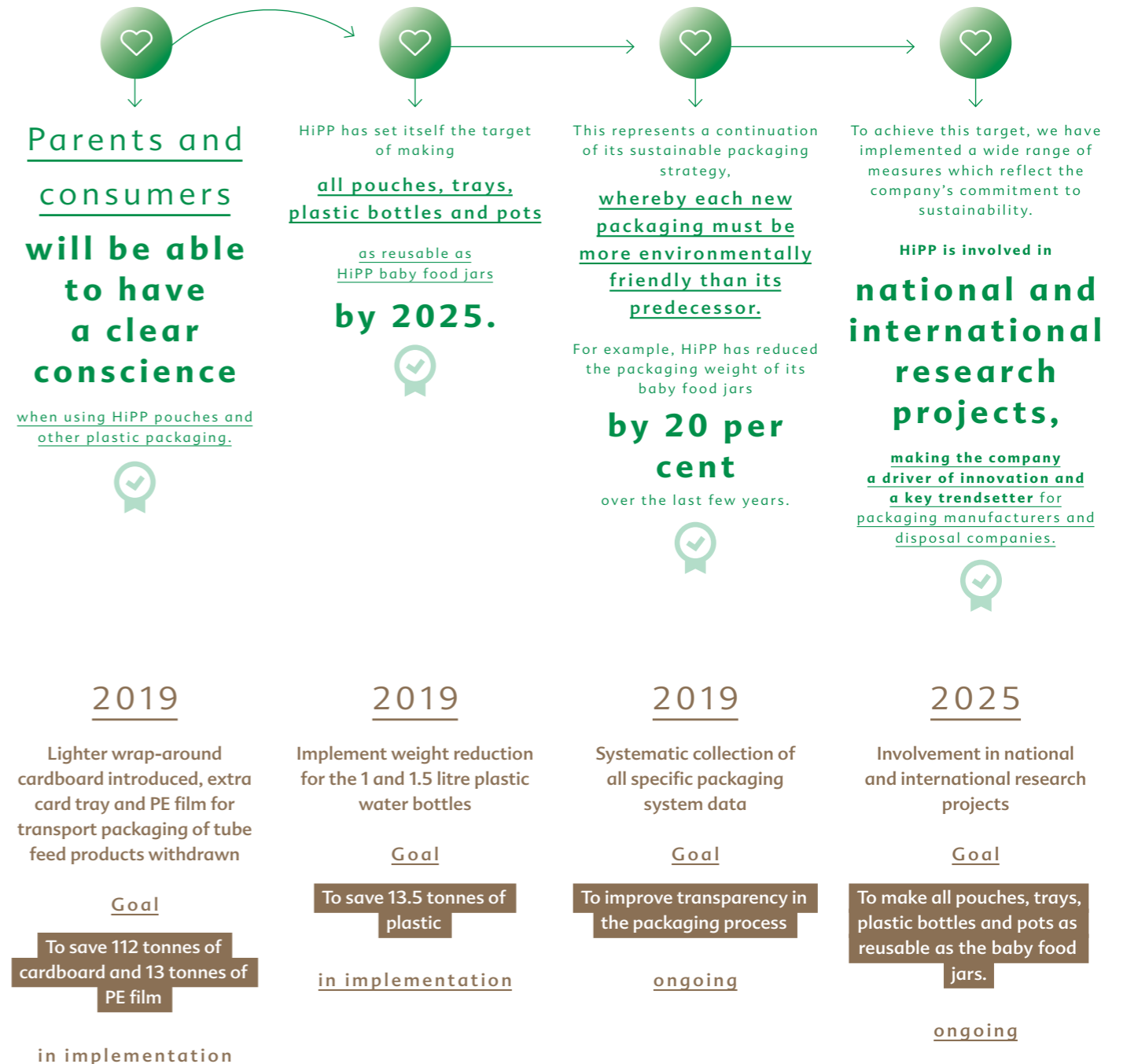
What do you think are the biggest challenges?

Sauerwein: At the forefront of all our goals and measures is both the safety and quality of the product – we put the consumer first. The wellbeing and healthy development of the children who consume our products requires an especially careful selection process for the packaging systems and materials we use. **We want no compromises in this relationship, and for me the biggest challenge is to balance our obligation to use sustainable, environmentally friendly packaging with the safety and quality requirements the packaging has to meet.**



HiPP has developed an environmentally friendly carton as packaging for milk formulas that uses water-soluble printing ink and FSC-certified card to create a functioning reusable material cycle.

HiPP takes the initiative





Implementing sustainability

The following pages explain how sustainability affects HiPP's everyday activities, focusing on the company's responsibility as an employer, its position as an organic producer, treatment of nature and regional community engagement. It is introduced by Stefan Hipp, who explains why the HiPP Group is committed to sustainability.



Group-wide sustainability obligations



HiPP was already focusing its efforts on finding the perfect balance between environmental, social and economic priorities long before sustainability became the buzzword that it is today. As a family company steeped in Christian values, HiPP feels a special sense of responsibility towards our natural world.

The first documented evidence of the term sustainability (Nachhaltigkeit) in German comes from 1713 in a treatise on forestry called "Sylvicultura oeconomica" written by Hans Carl von Carlowitz, a mine inspector from Saxony. He made the case for the importance of sustainable forestry: to ensure long-term preservation of the forest, the amount of wood that is chopped down should not exceed the amount that can grow back.

A lot of time has passed since Carlowitz was around, but today the term "sustainability" has become both more relevant and at the same time more overused than ever before. A Google search produces 461 million results in the blink of an eye, which goes to show how widespread the principle of sustainability has become.

For HiPP, however, sustainability has never been a mere fad or a bandwagon for us to jump on: the concept has deep roots in our company which go back decades. **The long-term orientation of our commercial operations across the HiPP Group is based on the dual commitments of treating nature and natural resources with respect, and acting in awareness of our social responsibility towards each other.**

Rather than simply looking to maximise our short-term profits, with our sustainable value creation and forward-looking approach our efforts are instead directed towards profit optimisation.

At HiPP we understand the social aspect of sustainability to mean helping to forge a society which will be viable in the future, and we do this by acting with integrity. We focus on the welfare of all our employees by providing a good working environment and in-house health management, and all our sites also play an active part in their local community, such as by engaging with disadvantaged people.

We cover the environmental aspect of sustainability by treating natural resources carefully, as written in the Bible. HiPP's priority is to achieve the perfect balance between human beings and nature, which means that we should minimise the environmental impact on the soil, water and climate. We also want to preserve and promote biodiversity as best we can, as it is the only way to maintain our natural resources for ourselves and for the generations to come. Sustainability is the only way we can guarantee the high quality of our products in the long run, and all our sites will only remain successful if we are sustainable.

We are currently experiencing what it means when a pillar of sustainability starts to shake, as we witness at first hand the devastating consequences of damage to our ecosystem caused by short-term thinking and behaviour. Reduced biodiversity is no longer just something that happens in a far-off tropical rainforest, but a real and irrevocable loss taking place in our own back gardens. Help us in our fight to preserve the foundation of each pillar of sustainability – environment, economy and society – in the face of the challenges of today!

HiPP as an employer

Digital transition in personnel management

To remain a future-oriented employer, HiPP will soon introduce software which simplifies the search for future staff and the work of executives and personnel managers.



↑ First-week HiPP trainees

The SAP SuccessFactors project at HiPP

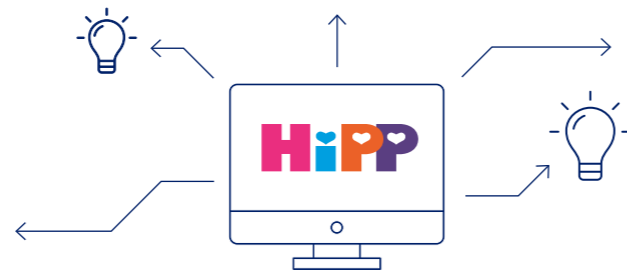
“How can we get the top talent to come to HiPP?”, “How can we offer our staff suitable and appealing training programmes?”, “How can we give our executives quick access to relevant employee information?” and “How many employees work at which site, and what qualifications do they have?”

These and other similar questions come up on a regular basis for the personnel departments at each HiPP site and various other HiPP staff. These pressing issues have become increasingly important over the last few years as a result of full employment, demographic changes, new expectations on the part of employees towards employers and many other factors. **In a modern working environment, particularly for younger target markets it is state-of-the-art, intuitive and user-friendly software solutions that make a business an attractive employer.** Moreover, HiPP’s size means that cross-site software solutions for personnel are vital for the Group as a whole.

The right solution for today’s needs

For these reasons, HiPP spent two years looking for personnel management software that would meet the company’s needs. One of the main challenges was to find a program which covers all the major aspects of personnel management, from when staff join the company to when they leave, and which is also broadly compatible with the system currently in use. **In late 2017 management eventually decided to use SAP SuccessFactors, the new personnel management solution from SAP.** Implementation of SAP SuccessFactors has begun at the Gmunden site in Austria, and it will subsequently be rolled out to the Pfaffenhofen and Herford sites in Germany, with the non-German-speaking sites to follow beginning in 2020.

This new software will ensure HiPP is ideally equipped to meet the personnel challenges of today and tomorrow.



From today, I am HiPP

HiPP retains its human heart despite all the company’s digitalisation measures: take for example a programme introduced in 2017 for welcoming new employees on their first day.

“From today, I am HiPP!” makes settling into the professional everyday at HiPP easy, with a short company presentation, a group tour of the company premises and a getting-to-know-you session with the management, helping to make that exciting yet nervous time of starting a new job a success.

This onboarding programme also helps new staff make contacts from their very first day, as the head of their respective new department, responsible for supporting staff in their own department, introduces related departments, colleagues and other important things and people to know. Lunch with everyone else in the canteen is then the ideal opportunity to digest these initial impressions.

Combining work and family life

Flexible working time models, flexi-time without core hours and HiPP’s children’s nursery at the Pfaffenhofen site allow HiPP staff to combine work life with family life in a way that suits them, and many departments also offer staff the option to work from home.

Wellbeing is our greatest asset

At HiPP, health management covers a range of measures to improve health and wellbeing in the workplace, such as targeted consultation, screenings and personalised healthcare. **Since 2018 HiPP has employed an ergonomics and company fitness specialist, offering (among other things) valuable tips for correct sitting posture and screen position,** and a wide range of activities including mobile massage, yoga, team sports and discounted bike hire are also available.

Top quality food

The company restaurant at the Pfaffenhofen site has won a number of awards, and its top quality food makes it popular with staff and visitors alike. The varied organic menu, including a high proportion of vegetarian and vegan dishes, helps HiPP make a key contribution to its employees’ healthy diets, and this richness of culinary ideas is also reflected in the organically certified restaurant’s sustainability activities: **“Too good to throw away”, for example, is a regular scheme involving active employee participation to avoid food waste.**



Organic farming and sustainability

HiPP has processed organic raw materials for over 60 years. Hubertus Doms, Managing Director of the Pfaffenhofen site and Sustainability Officer for the HiPP Group, explains why organic farming is the basis for a sustainable food producer.

Building on diversity

Organic farming involves doing many things differently from how they are done in non-organically cultivated fields. For organic farms, diversity begins with sowing: sensible crop rotation preserves the fertility of the soil and guarantees that the fields will be able to grow healthy crops for many years. The nutrients a crop takes from the soil should be returned by the resulting crop, as this helps the soil remain rich and robust, and humus-rich organic soil is also important for climate protection as it absorbs carbon dioxide rather than releasing it into the atmosphere. Plus, sensible crop rotation helps farmers eliminate the risk of pests such as European corn borer, which love to attack particular crops.

Letting beneficial organisms do their work

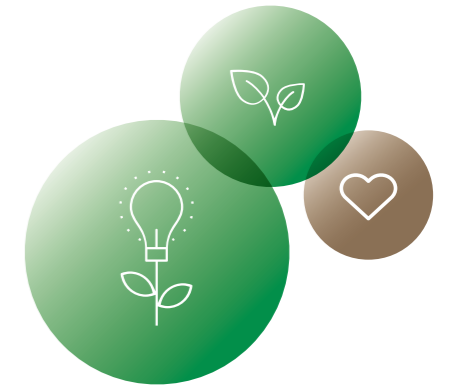
Organic farming involves attracting particular beneficial organisms, which helps avoid pest infestations and makes pesticides redundant. Unfortunately, many people forget that pesticides destroy both pests and beneficial organisms, and this can be particularly fatal for insectivores such as small birds and bats. For example, a titmouse eats around 8,000 aphids a day, so if we remove the insects from this natural environment we are removing key sources of food for many animals, which in turn creates ecosystems which are not in natural equilibrium.



Raising awareness of organic farming

Lack of transparency means that many consumers buying food pay little attention to the societal and environmental consequences of non-organic products, which would be significantly more expensive if, for example, the costs of purifying drinking water from the remains of fertiliser were added. The damage we are already seeing and will continue to see in terms of large-scale extinction of species (flying insects in particular) can scarcely be calculated, and this decline in biodiversity has already reached our food chain: the grey partridge for instance, a bird once commonly seen throughout central Europe, has now all but died out. This is reason enough to act before it is too late and encourage farmers to switch to organic farming. The obstacles for smaller farms are frequently too high, which means that it is the particular responsibility of processing companies to support farmers as much as they can. This would represent a crucial link in the overall chain in order to significantly increase the number of organic farmers in the long term. **Organic farming can of course still be improved in many ways, but even today this type of farming is in our opinion THE best method of growing crops owing to the numerous benefits it has for human beings and for animals.**

For this reason, HiPP organic quality cannot be separated from the company's commitment to sustainability. By using organic raw materials for over 60 years, the company has advanced the cause of organic farming both in Germany and around the world.

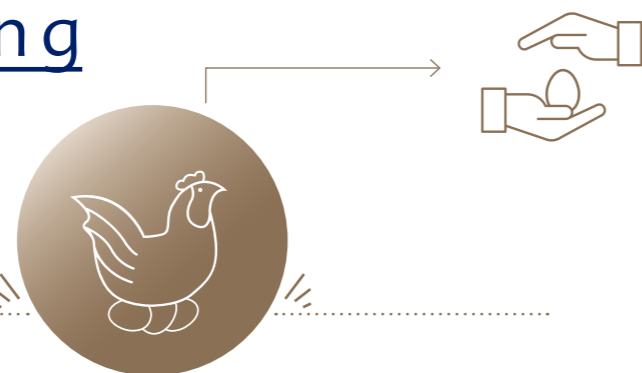


At HiPP's Model Farm for Biodiversity the company is currently carrying out an insect count and comparing the number with the results at a non-organic farm.



HiPP will publish the results of this count, which has been carried out with help from the Bavarian State Collection of Zoology in Munich among others, once the project is complete.

Animal wellbeing



The Egger family runs an organic farm in Salgen, Bavaria, and the idyllic life its chickens lead may well make visitors to the farm think “I wish I were a chicken”.

Whether in their spacious coop with an indoor “winter garden” or outside in the fresh air, the chickens can happily peck and cluck away. In the open they are protected by the fruit trees in the orchard from the real threat often posed by vicious birds of prey. These trees are also the perfect environment for other small animals and insects — at least until one of the chickens gets hungry and fancies a worm or a beetle.

Philipp Egger’s chickens are therefore happy on his farm, and the HiPP supplier explains why he enjoys working with the company: “We’re proud and delighted to be a HiPP supplier because together we have grown by facing the challenges of the past.

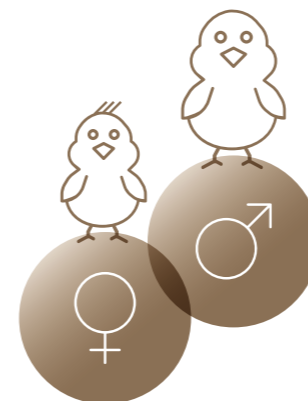
It feels like we are part of something great. HiPP is keen to embrace and encourage sustainability and biodiversity, which helps us preserve our natural world and ensure that future generations can continue to benefit from sensible, sustainable farming.”

Like all HiPP’s raw material suppliers, Philipp gets constructive support from the company’s farm management team, including supervision from specialists and financing to allow hundreds of trees to be planted in order to create orchards on suppliers’ land.

And he has a glowing reference for HiPP’s expert agricultural engineers, vets and quality assurance experts: “I’ve learnt so much since we began supplying HiPP, in particular about eggs.”

HiPP’s flexibility means that it can discuss how to produce the best raw materials with each supplier partner, a dialogue which creates added value for everyone involved.

Brothers and sisters



The Egger farm has both hens and roosters, but none of the animals are simply “disposed of” as is so often the case. In 2017 alone the German laying hen industry was responsible for the deaths of 45 million male chicks, which are considered useless for mass-producing farms as they do not lay eggs and offer no meat. HiPP farms keep Sandy breed chickens, whereby both females and males can be used productively. As HiPP considers this a matter of great importance, the company is very happy to bear the costs and put the time and effort into this “brother hen rearing”.



Organic farming and animal welfare

The EU-Eco-regulation imposes special requirements on organic farms, including specifying how animals must be kept by farmers in order to carry the “organic” label. The key concept is “species-appropriate”: producers should do all they can to ensure their animals are happy and healthy, and the regulation specifies (for example) how many animals are allowed in a particular space, what animal feed can be used and how much space the animals should have to move around in. HiPP’s producer guidelines specify the requirements of the EU-Eco-regulation, and the company also helps its suppliers improve their natural environment by issuing a guide describing the measures they can take to encourage biodiversity on their own farms.

HiPP also organises animal welfare events which offer suppliers practical advice for dealing with problems in everyday farming, because the company knows that, ultimately, what goes for humans goes for animals too: prevention is better than treatment. The plan is for these educational activities to be extended to all areas of raw material supply in future.



Stakeholder dialogue for parents

In the stakeholder relevance analysis carried out in preparation for this Sustainability Report, HiPP identified the parents of our young consumers as the most important external stakeholders. HiPP's parent and consumer service team, available 24/7, offers expert, nutritionally based advice and support for all questions parents may have relating to their children's diet and development.

Marion Weinhardt has led the parent and consumer service team since 2010, and she gives us an insight into the team's everyday activities.

Ms Weinhardt, you and your team are the voice and ear of HiPP as far as parents are concerned. What questions do they have when they contact you?

Weinhardt: **There are three main areas: the first is milk, and specific questions tend to be "Which is the best milk to choose?", "How is each type different?" and "When should I start with milk?".** Secondly, we get lots of questions about baby food, such as "Which jar should I give my child?" or "Can I feed them milk at the same time?". Thirdly, lots of parents ask us about our HiPP Baby Club.

Is the HiPP parents and consumers service really available 24/7?

Weinhardt: **Yes, we are on hand 24 hours a day, seven days a week.** Outside regular service hours we have an emergency service for when the worst comes to the worst, **because we know that parents very often need help late in the evening or at night.**

Is calling the team on the phone the only way to contact them?

Weinhardt: **Not at all – as well as being contactable by phone, more and more parents get in touch with us online.** There has been a big shift in recent years: in the late 90s one part-time member of staff could respond to all the e-mails we received, which would be unthinkable today. We have built up our social media presence, and HiPP's growing product range has also increased the number of issues with which our consumers come to us.

Have the questions changed much in recent years?

Weinhardt: I wouldn't say they've changed much, **but what has happened is that we have a new generation of parents.** The new forms of media have played a big part in changing the way we obtain information, which is now very different from even ten years ago: **parents want to know more about where the ingredients in their children's food have come from, and HiPP has therefore recently introduced an online Organic Ingredients Explorer, which allows consumers to trace our products back to their farm of origin.** I think it's crucial that we give our consumers peace of mind when it comes to feeding their children.

2019

Extend Organic Ingredients Explorer to 30 raw materials

Goal

Increase transparency of raw material sourcing

in implementation



© Bo Leleweel

Dialogue at all levels

HiPP is committed to making contact and staying in touch with as many of its stakeholders as possible on a daily basis. The partners have regular consultation hours, giving employees the opportunity to discuss any issues, questions or suggestions they may have in person, and both internal and cross-site communication is supported through the employee newsletter and intranet, which keep staff up to date with important developments from across the HiPP Group, as well as international HiPP conferences.

HiPP's website is the main source for the latest news and updates, and the company can also be found on Facebook and Instagram. A journal is published regularly aimed at midwives, for whom a web portal is also available.

HiPP considers communication between all age groups crucial, and for this reason the company's Managing Directors and experts give talks and organise workshops in schools, universities and at specialist conferences and congresses.

A key part of this dialogue is active membership of relevant associations, such as the Association of Organic Food Processors (AöL).

Paediatricians, NGOs, members of the press, politicians and customers have the opportunity to meet staff in person and find out more about the company at visits to HiPP plants. For example, in 2018 representatives from the Bavarian Ministry of Food, Agriculture and Forestry had the chance to spend two weeks at the Pfaffenhofen site getting to know almost all areas of its operations as part of a Business Placement.

Organic Ingredients Explorer

Every day the HiPP raw materials experts add more and more ingredients to the Explorer list. www.hipp.de/ueber-hipp/zutaten-entdecker/





Biodiversity for everyone

The original home of HiPP's organic production is the former "Ehrensberg wasteland" near Pfaffenhofen, which company founder Georg Hipp Sr converted to organic farming as early as 1956. Today the farm is a hive of activity, with animals large and small as well as numerous insects living in a well-maintained natural environment. Since 2010 it has served as a "Model Farm for Biodiversity", where HiPP has teamed up with scientists, the Bioland organic-food association and the Bavarian Society for the Protection of Birds to research grassland farming methods which can improve soil fertility and biodiversity. The aim is to inspire HiPP's organic suppliers to implement measures proven to be successful in order to promote sustainable farming which promotes biodiversity nationwide.

Armin Günter, HiPP's Biodiversity Officer and Manager of the Ehrensberg organic farm, reveals how farming can be made more environmentally friendly.

Mr Günter, you have implemented measures to improve biodiversity by paying attention to detail. What's the best way for a farmer to start?

Günter: We've already made a lot of changes here at the farm. **Small changes are often enough to start with, such as hanging a few nesting boxes around the place or giving insects somewhere to live in some deadwood, for example.** The farms with the least diversity of species are those that have been thoroughly cleaned and have a concrete courtyard.

You keep a wide range of old breeds, such as "Appenzeller Spitzhauben" chickens and "Original Braunvieh" cattle. What's the thinking behind this?

Günter: **With endangered breeds such as the Braunvieh we are attempting to preserve an important genetic resource:** in the 19th century there were 35 different breeds of cattle in Bavaria, while today there are only five left. These cattle are life insurance for the future, as they are much more resilient, frugal and robust than modern high-yield breeds. **We need genetic diversity to ensure that today's livestock has particular useful characteristics.**

Is it really possible to achieve a sufficient yield without pesticides? Can we feed the world with organic farms?

Günter: We are paying the high price for the high yields in conventional farming – not at the supermarket checkout, but in terms of the consequences for the environment. **Non-organic farms damage the natural world that forms the basis for our life on earth,** and insecticides, pesticides and soil compaction make all life on earth and below the earth's surface more difficult. By contrast, organic farming protects biodiversity and improves the health of the soil. The question therefore has to be: how long

can we continue to feed the world without switching completely to organic farming?

It must be hard work to preserve the diversity of Ehrensberg farm. How do you inspire your colleagues to get on board with all these different measures?

Günter: I think the most important thing is that it works. Once the farmer sees that insects and birds are just as effective at removing pests as the expensive pesticide they used to use, they're sold.

As a Biodiversity Officer, do you also have an influence on biodiversity at the individual production sites?

Günter: We have implemented appropriate measures at our own sites and at our suppliers' locations, from artificial nests for bats and birds in company buildings to all-round sustainable designs for new buildings. **I am delighted to say that at every site our staff are taking our ideas on board and making them reality, meaning HiPP is encouraging biodiversity around the world.**



A functional building with a wooden exterior



HiPP has recently opened a new car park at its site in Pfaffenhofen. Situated between the current administration building and the small River Ilm, this unconventional design slots into its surroundings as if it had always been there. The architects were tasked with creating a design in harmony with its surroundings which reflects the HiPP's commitment to sustainability. The result is an idea which uses sustainable building materials in the building envelope and combines an attractive appearance with environmental added value.

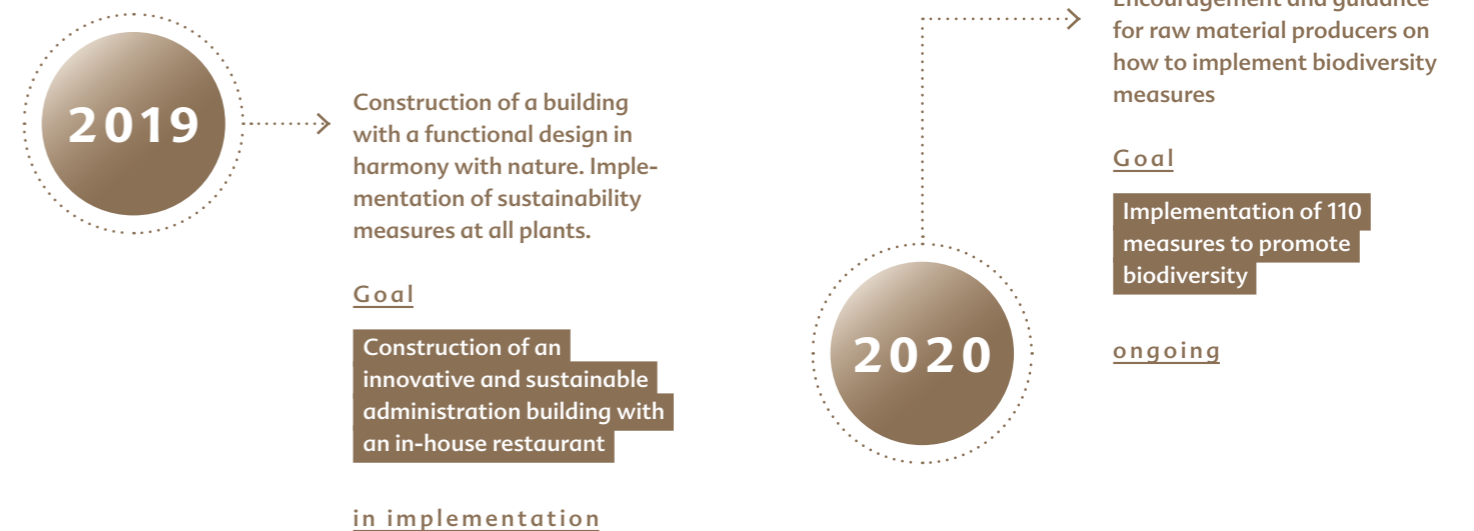
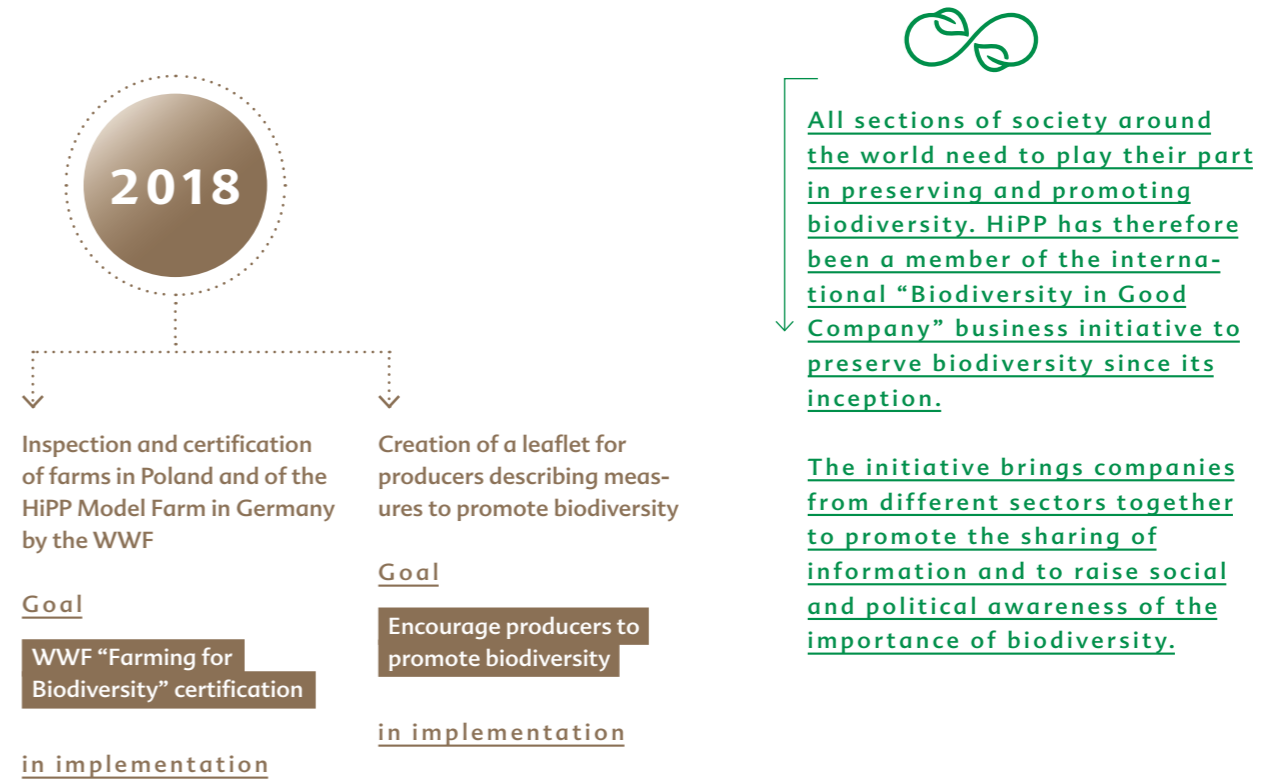
The façade is currently made up of 360 larch and pine trunks acquired from the Pfaffenhofen Wood Owners Association, **supplied in accordance with HiPP's requirements from sustainable forestry. Soon the trunks will also support hundreds of plants such as wisteria, ivy, hop and Virginia creeper**, and this growth will create plenty of space for birds and insects to thrive on this company building. **And as if that were not enough, the flat roof, which features a mix of gravel and greenery where it is hoped that many small animals will make their home, will also support and preserve biodiversity.**

HiPP staff have also built a nest which will be positioned on the roof to serve as the home for a family of storks, and more is to come: HiPP's goal for 2019 is to install at least 50 nesting boxes on the outside of the building and to establish whether the roof is suitable for beehives.

And once the car park is complete, the next building project in Pfaffenhofen will begin.

The ever-increasing workforce means a new administration building is required, and HiPP will ensure that this new building meets every one of its stringent requirements for sustainability.

We promote diversity



Active in our local community



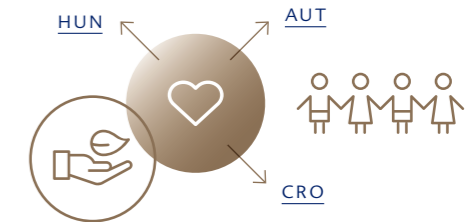
For three months between May and August 2017 the “Garden show you can touch” visited Pfaffenhofen an der Ilm, offering the chance to experience nature as it should be. **As the largest company in the town, HiPP played its part in the event with a wide range of activities.**

The company put on numerous events for the whole family, including regular hands-on activities for kids, a sporting world record and a podium discussion featuring high-profile participants, as well as a series of cultural events. **The events were supported by cooperation partners including the Cultural Department of Pfaffenhofen Town Council, Natur in Pfaffenhofen a. d. Ilm 2017 GmbH, the NaturVision Film Festival, the Bavarian Society for the Protection of Birds (LBV) and the Bavarian State Collection of Zoology (ZSM).** HiPP is also currently involved with Pfaffenhofen Town Council campaigns to establish the UN Sustainable Development goals more firmly in the town. This includes plans for children and young people to plant an organic hedge in a car park on company premises, which will allow these young people to actively shape their environment and experience what protecting nature means at first hand.

HiPP has supported the “Münchner Tafel” food bank for many years. In addition, HiPP arranges school visits to allow children and teachers from schools in the region to see for themselves what we do and how the HiPP Model Farm works, which helps raise awareness of the high importance of sustainable farming in order to create a future worth living in.

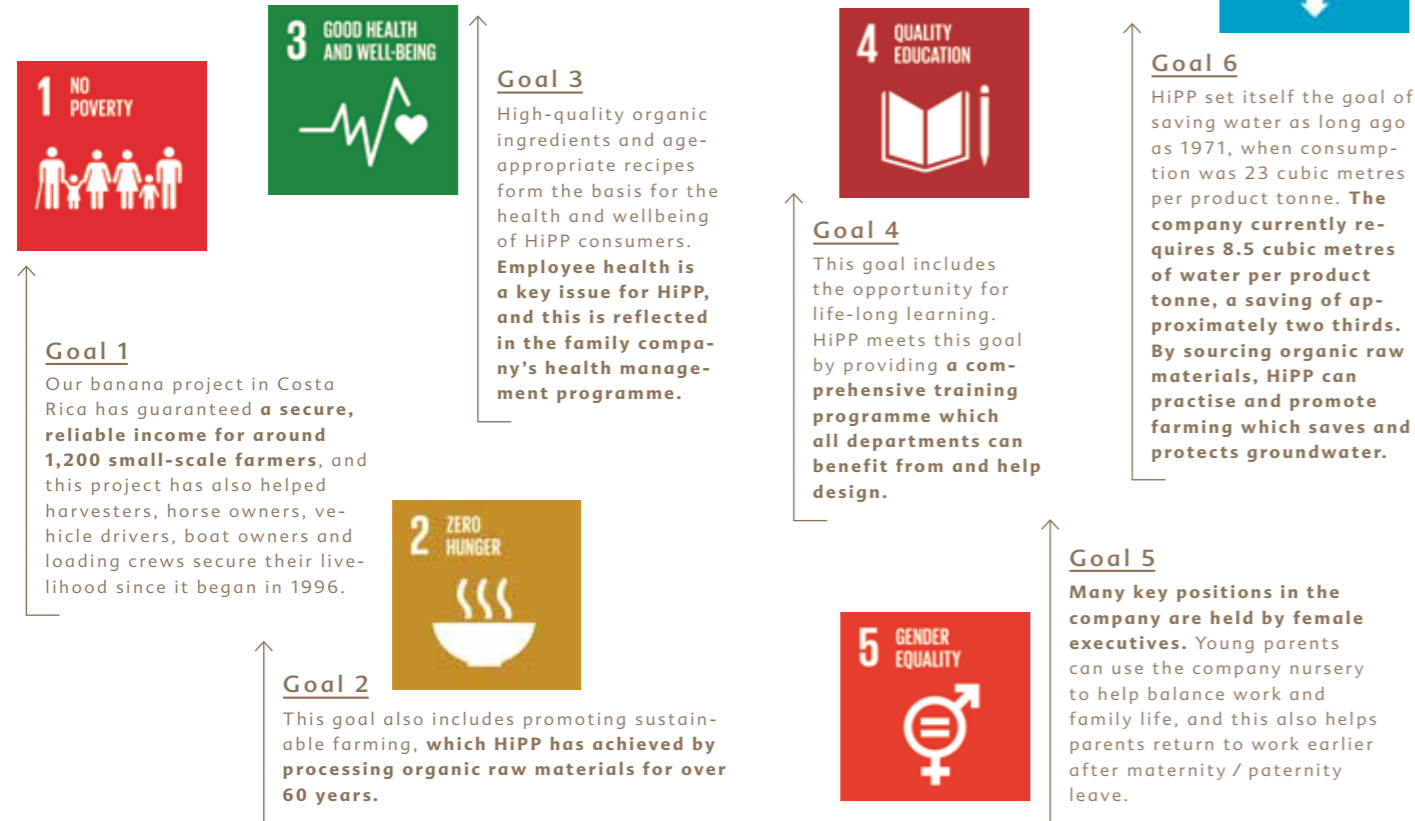
Managers at HiPP’s newest site in Herford are currently considering how and to what extent the company can play a positive and pioneering role in its local community.

The HiPP sites in Austria, Hungary and Croatia also support social organisations and local charities.



Global perspective and outlook

Sustainable development goals at HiPP

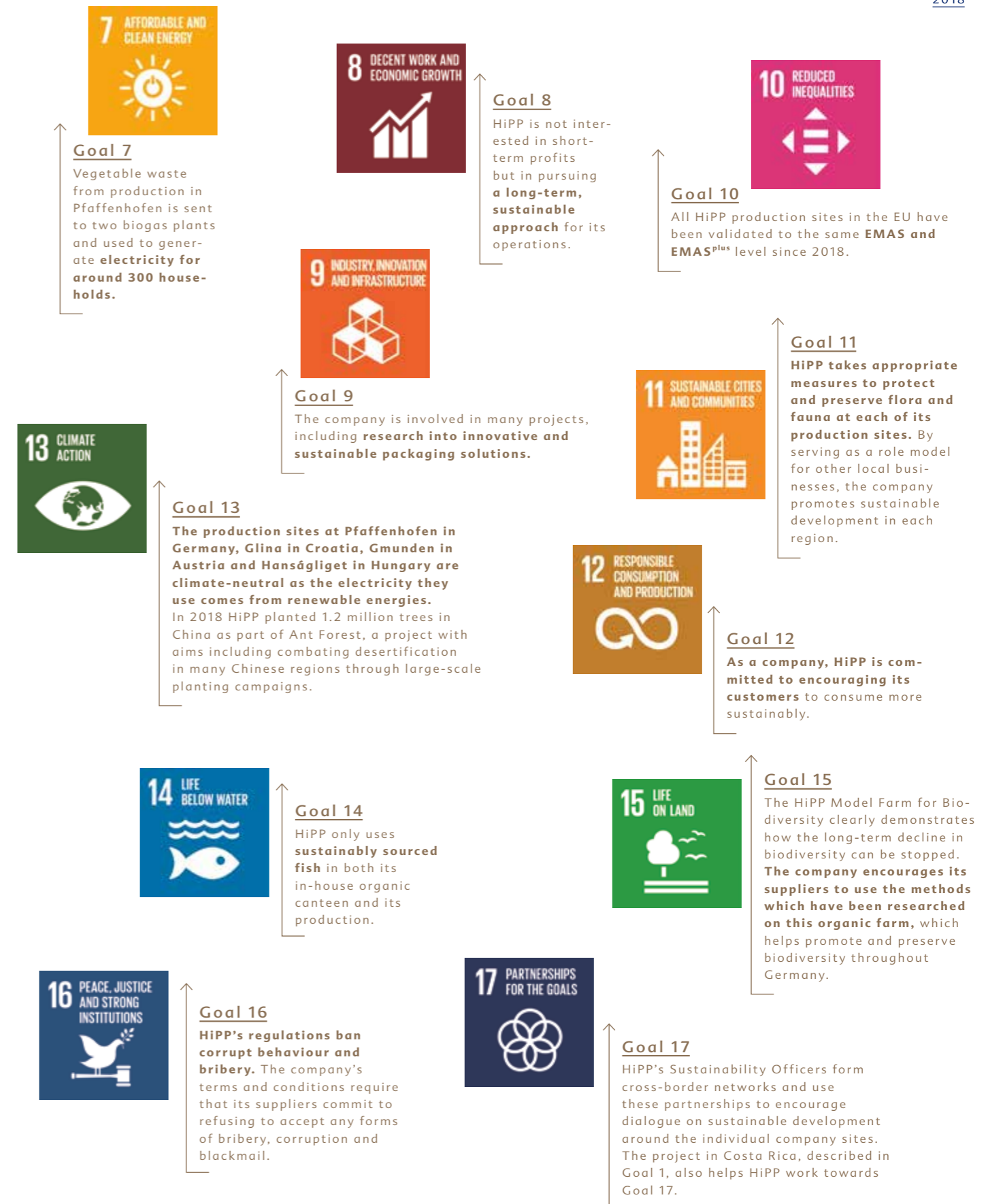


On 25 September 2015 the General Assembly of the United Nations approved the "Sustainable Development Goals" at the Sustainable Development Summit, held at its headquarters in New York.

As the corresponding agenda runs for 15 years, the official title is "Transforming our world: the 2030 Agenda for Sustainable Development". The Member States will achieve the 17 goals by implementing country-specific national regulations, and in order to do so the German government established the German Sustainability Strategy in January 2017. Earlier this year, the junior HiPP company at Pfaffenhofen helped trainees bring these UN goals to life at a Sustainability Marketplace in the town of Pfaffenhofen,

where the young HiPP staff gave a presentation on Goal Number Eight ("Decent Work and Economic Growth"), and following this event HiPP considered which of the 17 goals the company can make further contributions towards achieving. For this Sustainability Report we can only present a brief survey of previous activities.

At the same time, this serves as motivation to develop a concept by the time the next Report is due so that the UN goals can become the pillars on which HiPP's sustainable development is built.



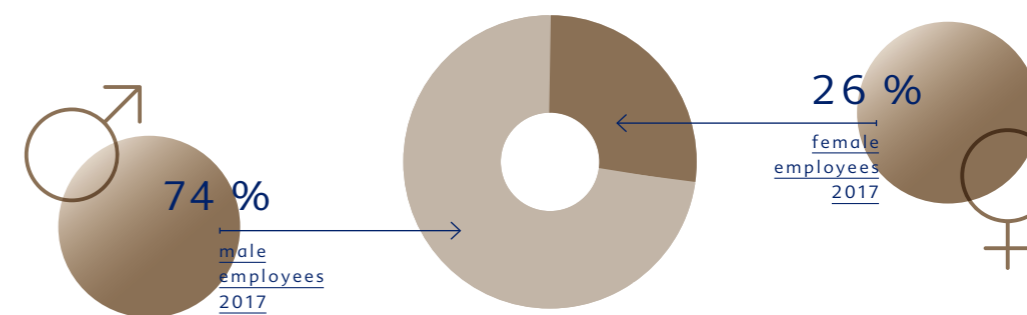
Personnel facts and figures / Pfaffenhofen	2015	2016	2017
Health rate (hours missed through illness / planned hours)	5.09%	5.33%	5.00%
Accident rate	0.24%	0.24%	0.20%
Turnover – termination / employee	1.66%	2.51%	2.65%
Turnover – termination / employee / plant	1.88%	1.68%	0.89%
Turnover – termination / employer	0.52%	0.59%	0.89%
Paid overtime	0.69%	0.68%	0.75%
Length of employment	11.64 years	11.53 years	11.03 years
Ratio of executives (m / f) overall	3.65	3.72	2.85
Ratio of executives (m / f) by management level	Level 1: M 04 – W 00 Level 2: M 25 – W 07 Level 3: M 26 – W 10 Level 4: M 07 – W 00	Level 1: M 04 – W 00 Level 2: M 27 – W 05 Level 3: M 26 – W 13 Level 4: M 11 – W 00	Level 1: M 03 – W 00 Level 2: M 32 – W 07 Level 3: M 23 – W 16 Level 4: M 14 – W 03
Ideas management – suggestion rate	22.71%	12.99%	10.56%
Ideas management – implementation rate	23.46%	19.35%	11.28%
Training and education costs (external seminar fees per employee)	445.00€ / employees	584.00€ / employees	535.81€ / employees
Training and education scope (as per GRI* standard)	24.31 h / employee	25.74 h / employee	19.65 h / employee
Training hours	7.23 trainings / employee	8.14 trainings / employee	7.46 trainings / employee
Employees with disabilities	4.37%	4.69%	4.59%
Number of nationalities	26	29	28
Ratio of standard starting salaries to regional minimum wage	not yet determined	not yet determined	2.32
Return rate after maternity / paternity leave	not yet determined	not yet determined	0.83
Retention rate after maternity / paternity leave	not yet determined	not yet determined	1.00

*GRI = Global Reporting Initiative

Training and education costs



Personnel facts and figures / Herford	2016	2017
Health rate (hours missed through illness / planned hours)	7.5%	7.7%
Accident rate (absences caused by accidents / planned working days)	0.3%	0.5%
Employee turnover (termination by employee / number of employees)	1.8%	0.6%
Employer turnover (termination by management / number of employees)	0.8%	0.2%
Turnover through mutual agreement / end of contract (termination / number of employees)	0.6%	2.1%
Natural turnover (death + retirement / number of employees)	0.6%	0.4%
Paid overtime (amount of paid overtime / overall working time)	not specified	not specified
Length of employment (average)	12.5 years	12.3 years
Ideas management – suggestion rate (suggestions made / number of employees)	22%	16%
Ideas management – implementation rate (suggestions implemented / suggestions made)	24.7%	29.3%
Employees with disabilities	5.6%	5.4%
Gender balance in management (% of female employees)	18%	18%
Gender balance among executives (% of female employees)	26%	26%
Gender balance (% of female employees)	26.2%	25.5%
Training and education costs (external costs per employee)	390.00€	708.60€

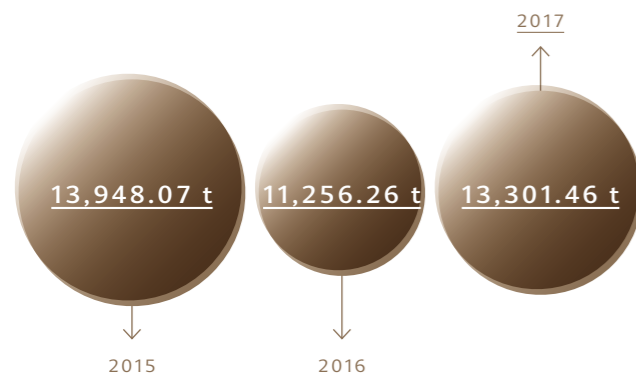


Herford

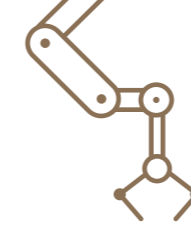
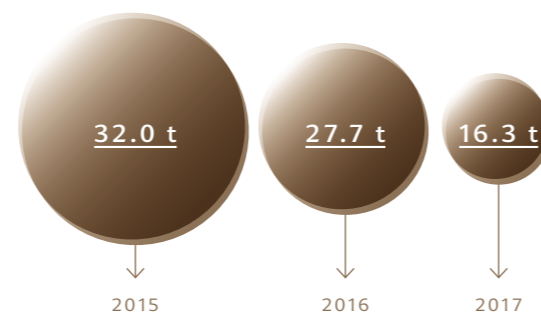
Recyclable material in Herford and Pfaffenhofen

Recyclable material in t	2015	2016	2017	% comparison to previous year	Trend
Non-hazardous materials	13,948.1	11,256.3	13,301.5	18.2	↗
Reuse	20.7	44.7	39.7	-11.3	↘
Recycling	2,319.4	2,214.1	2,252.0	1.7	↗
Composting	1,100.8	828.9	979.1	18.1	↗
Recovery (incl. energy)	9,936.5	7,638.1	9,495.8	24.3	↗
Burning or use as fuel	570.6	530.5	534.9	0.8	↗
Hazardous materials	32.0	27.7	16.3	-41.2	↘
Recycling	0.0	0.3	0.0	-100.0	↘
Recovery (incl. energy)	4.8	5.9	5.8	-1.7	↘
Burning or use as fuel	11.4	16.4	5.4	-67.3	↘
Landfill	15.9	5.0	5.1	1.2	↗
Total	13,980.1	11,283.9	13,317.7	18.0	↗

non-hazardous materials



hazardous materials



What's left over at the end

Sustainability applies to our waste too

Planet earth is groaning under the enormous burden caused by human waste, whether it's plastic contamination of the oceans with all its disastrous consequences, the global throw-away mentality of the past few decades or overproduction of goods. **As a sustainable company, HiPP sets great store by environmentally friendly production methods and careful management of resources**, so what happens to the waste produced by the different sites?

The recycling centre at the Pfaffenhofen site

Staff at the Pfaffenhofen recycling centre never have to worry about lack of work: "Waste comes in all the time", says Walter Müller, head of the five-person team. In conversation he emphasises the importance of professional and reliable waste disposal, **as it is clear that a production site making around a million jars a day will produce a large amount of waste.**

Systematic material separation

It is immediately obvious there that HiPP carefully separates its waste, which enables the materials left over from the company's production to be managed sustainably. Although domestic consumers are used to separating non-recyclable waste, organic waste, plastic, glass and cardboard, at HiPP there are considerably more categories, as Florian Schmidt, Waste Officer and consultant for the Environmental Audit, explains: **"We separate waste into many different categories – for instance we have three different types of film alone. This allows us to reuse these materials in a way that benefits the environment, and HiPP can also generate revenue from them rather than spending money on disposal companies."** Walter Müller adds: **"One new development is that we can press empty cardboard boxes into bales on site, which is a big ergonomic improvement for our staff. It also now allows us to sell the bales directly to the paper mill, reduce transport costs and charge a higher price."**

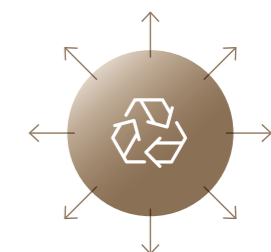
Film waste is also pressed into bales and then collected by an external disposal company. Walter Müller and his team keep a close eye on the separation process to ensure everything runs smoothly, making sure no stray rubber glove or anything else ends up among the film, and this care and attention is appreciated by the external disposal companies.

Excellent recycling and reuse rate

The Pfaffenhofen site produces more than 12,000 tonnes of waste every year, **but only 3 per cent of it is non-recyclable; all of the remaining 97 per cent is reused.** Liquid vegetable waste, which is produced during the "transition" stages (whenever a product is processed to form another product, resulting in short-lived mixes), makes up by far the largest amount of waste. HiPP stores the liquid and two biogas plant operators come to collect it, meaning that all liquid vegetable waste is converted into useful energy. The same applies to liquid animal waste, **which is used to generate electricity for around 300 four-person households.**

From waste to reusable material

As far as HiPP is concerned, the best waste is waste that never existed in the first place. The company is constantly seeking to work together with suppliers to find suitable ways to minimise waste when raw materials are delivered, with product safety always a high priority. HiPP's outstanding recycling rate is almost enough for the word "waste" to be removed from the company's vocabulary – as it reuses almost everything, perhaps it is wrong to attach such negative connotations to the term. After all, in the end it is worth something!



Sustainability management

Responsible for sustainability management at HiPP is **Hubertus Doms, Managing Director of the Pfaffenhofen site** and Sustainability Officer for the entire HiPP Group. He is supported by the Managing Directors of each site, and each specialist department also has its own Sustainability Officer.

This ensures that key driving forces for sustainability activities can come from HiPP's everyday operations. Three staff members make up the Sustainability Team in Pfaffenhofen, which regularly reports to the company's Managing Directors and partners.

Sustainability programme

The sustainability programme serves as a guideline for sustainable development at the Herford and Pfaffenhofen sites. Some of these cross-site goals and measures have already been mentioned in this report, so we will not repeat them here.



Packaging in t ¹	2015	2016	2017	% comparison to previous year	Trend
Glass	29,460	28,484	26,222	-7.9	↘
Metal	1,720	1,685	1,535	-8.9	↘
Paper / cardboard	2,021	1,926	1,755	-8.9	↘
Plastic	1,136	1,182	1,342	13.5	↗
Composite material	0	0	1		↗
Total	34,338	33,278	30,856	-7	↘

¹ Pfaffenhofen only

Energy consumption within the organisation in MWh	2015	2016	2017	% comparison to previous year	Trend
Total renewable energy	41,685	44,115	42,835	-2.9	↘
Electricity	7,757	8,003	8,361	4.5	↗
Steam	30,783	32,666	30,915	-5.4	↘
District heating	3,144	3,446	3,559	3.3	↗
Total non-renewable energy	114,227	126,086	121,540	-3.6	↘
Natural gas	14,259	57,592	55,362	-3.9	↘
Heating oil	82	161	91	-43.7	↘
Fuel ¹	3,852	4,031	4,264	5.8	↗
Electricity ²	21,235	579	642	10.9	↗
Steam	74,799	63,723	61,181	-4.0	↘
Total	155,912	170,201	164,375	-3.4	↘

¹ Pfaffenhofen only

² 2015 and 2016 contain renewable proportion of electricity mix for Herford electricity purchase / As per G4-EN3

2017:

58,200 t of greenhouses gas emissions

avoided by using renewable energy, steam and district heating from biomass



Pfaffenhofen

At its site in Pfaffenhofen, HiPP uses renewable energy to ensure that its production is CO₂ neutral. The remaining emissions in Pfaffenhofen come from company vehicles and other sources. For a number of years HiPP has offset these emissions by purchasing and cancelling CO₂ certificates, for example from a composting project at Sekem Farm in Egypt. The use of renewable energy, steam and district heating allowed 58,200 t of greenhouses gas emissions to be avoided at the Pfaffenhofen site in 2017.

Water in m ³	2015	2016	2017	% comparison to previous year	Trend
Well water	523,888	547,136	528,906	-3.3	↘
Public water supply	484,839	474,633	476,444	0.4	↗
Total	1,008,727	1,021,769	1,005,350	-1.6	↘

As per G4-EN8

Waste water in m ³	2015	2016	2017	% comparison to previous year	Trend
Discharge into the treatment plant	833,634	901,509	721,769	-19.9	↘
Direct discharge into the River Ilm	173,701	167,468	172,051	2.7	↗
Total	1,007,335	1,068,977	893,820	-16.4	↘

As per G4-EN22

Energy sold in MWh	2015	2016	2017	% comparison to previous year	Trend
Renewable electricity	44	31	33	6.0	↗
Non-renewable electricity	0	1,437	1,375	-4.3	↘
Natural gas	0	3,862	2,990	-22.6	↘
Steam	0	64	7	-88.3	↘
District heating	2	2	2	0.0	○
Total	46	5,396	4,408	-18.3	↘

Emissions in t ¹	2015	2016	2017	% comparison to previous year	Trend
direct greenhouse gas emissions	1,209.38	1,282.23	15,396.01	1,100.7	↗
indirect greenhouse gas emissions	400.09	445.45	23,119.40	5,090.2	↗
SO _x emissions	4.18	4.44	19.93	349.3	↗
NO _x emissions	5.56	5.94	41.11	591.7	↗
Total	1,619.20	1,738.06	38,576.45	2,119.51	↗

¹ Data for Herford included from 2017

HiPP has followed the German Sustainability Code (DNK) for the 2018 report. The company supplies information relating to the 20 required criteria in the declaration of compliance, which can be found on the DNK website. Individual indicators to be reported to the DNK are covered with those of the Global Reporting Initiative (GRI) in its current G4 version.

The following is an excerpt of the data from Pfaffenhofen and Herford.

Key figures	2015	2016	2017	% comparison to previous year	Trend
% of organic raw materials	46.5	37.8	45.2	19.5	↗
Packaging in kg/t ¹	525.6	512.4	489.4	-4.5	↘
Energy in kWh/t	1,410.7	1,647.0	1,570.2	-4.7	↘
Water in m ³ /t	9.1	9.9	9.6	-2.9	↘
Waste water in m ³ /t	9.1	10.3	10.4	0.2	↗
Recyclable materials in kg/t	134.9	118.2	139.5	18.1	↗
Emissions in kg/t ²	18.2	19.1	335.0	1,650.0	↗

¹ Pfaffenhofen only
² Data for Herford included from 2017

Raw materials in t	2015	2016	2017	% comparison to previous year	Trend
Total	145,207	154,724	131,869	-14.8	↘
of which organic	67,452	58,489	59,546	1.8	↗
% organic	46.5	37.8	45.2	19.5	↗

Please note

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