



Dear Readers,

As a leading manufacturer of baby food, HiPP believes that it should shoulder its share of responsibility for the world of tomorrow, in which our children and grandchildren will grow up. Therefore, our long-standing vision is "to keep the world a place worth living in and worth loving for future generations". This vision also includes preserving the delicate balance between nature, society and the economy.

Since 1956, long before organic food was available in the supermarket, HiPP has believed in organic farming. We have pursued organic principles as we are convinced of their importance, and we have developed them into a business model that extends beyond the reach of organic produce. We value people and nature and this is demonstrated in our daily interactions with both. We view sustainability as a journey which we will take together with our team, customers and suppliers — and always in harmony with our environment.

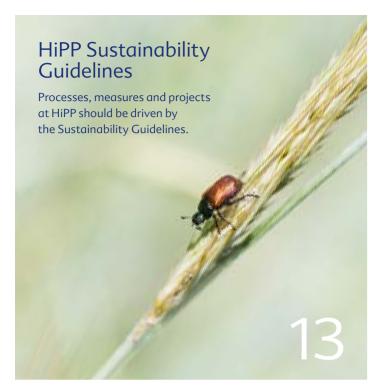
Each road we travel in our everyday business involves investigating the most sustainable solution and making decisions which will benefit our grandchildren. By as early as 1995, we were the first food processing company to commit to EMAS, one of the strictest environmental management systems in the world. All our production in Pfaffenhofen and Gmunden has been climate-neutral since 2011. And we can now boast the same for our other plants within the European Union. All this and much more was a logical consequence of what my family initiated decades ago, even without a formal sustainability agenda. And we won't stop here! Our Climate Strategy allows us to pursue the goal of transitioning from climateneutral to climate-positive production. We will achieve this by 2025!

As a local and global business, we face major roadblocks. HiPP believes it is part of the solution to many man-made problems. Full of courage and determination, we navigate these obstacles with our forward-thinking mindset. Our Sustainability Report 2020 pools the central issues together which illustrate our dedication to a liveable and loveable planet.

HiPP goes beyond organic. Yesterday, today and tomorrow.

That is my, and our, promise to our children and grandchildren.









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Pioneering our future for generations

Our company history

1899

A great idea is born

Joseph Hipp produces the first baby food from rusk flour in his confectionery in Pfaffenhofen/ Ilm, Germany.



1932

Founding of the company

Georg Hipp Sr founds the company HiPP in Pfaffenhofen/ Ilm, Germany — site of HiPP's headquarters to this day.



1959

The first baby food jars

The more hygienic and convenient glass packaging replaces the tins.



1964

The first HiPP formula

The ever-growing product range is topped off with Hippon — the company's first milk formula.



1969

The HiPP Logo

for the first time.

is used on a product

1991

"I vouch for this

with my name." Claus Hipp says the famous slogan for the first time.



EMAS Certification

HiPP becomes Germany's third company and first food manufacturer to introduce the Europe-wide Eco-Management and Audit Scheme (EMAS) at its site in Pfaffenhofen.





1995

HiPP site in Hungary

Production begins at the HiPP plant in Hanságliget, Hungary.

1901

Distribution of the first HiPP product

J. Hipp's children's rusk flour is HiPP's first product specifically tailored to children.





Launch of baby food tins and continuous switch to organic production

Start of industrial production of baby food in tins. Along with his wife Anny Hipp-Metzner, Georg Hipp Sr converts the family-owned Ehrensberger Hof farm to organic production.



1967

The next generation takes over

After the death of her husband, Anny Hipp-Metzner takes over the company and in 1968 she starts to incorporate her sons Claus and Georg. Their younger brother Paulus joined them a bit



1957

Expansion of the product range Four new varieties of HiPP's

tinned baby food are launched: two vegetable and two full meal varieties.





1990

The HiPP Organic Seal

HiPP starts using its very own organic seal, long before any national or EU seal was available.



HiPP site in Austria

The first HiPP jars leave the newly incorporated production site in Gmunden, Austria.



1994

Foundation of AöL

Along with drinks manufacturer Neumarkter Lammsbräu and bakery chain Ludwig Stocker Hofpfisterei, HiPP founds the Working Group of Organic Food Processors (AöL) — today the Association of Organic Food Processors, comprising more than 110 members.



1996

Launch of the banana

project in Costa Rica

An important flagship

project within the company's

sustainable development of its supply chain.



1999

HiPP Ethics Charter

The HiPP managing partners sign the HiPP Ethics Charter, thereby laying the foundation of HiPP's ethics management.



Hu-PP Kinder

2004

tube feeds.

A new product range HiPP launches sip and

2011

Climate protection at the various sites

Thanks to the use of renewable energy sources and the support of worldwide projects for climate protection, production at the HiPP sites in Pfaffenhofen (Germany) and Gmunden (Austria) is climate-neutral. Today, this also applies to all other HiPP sites in the EU.





2011

Representing the company together

Stefan Hipp begins to appear alongside his father in promotional campaigns. However, the promise to their customers remains unchanged: "I vouch for this with my name." 2017

Natur Kinderho

A daycare centre and matching products

The HiPP Nature Nursery ("Naturkinderhaus") opens to provide daycare for the young children of HiPP staff in Pfaffenhofen. In the same year, HiPP expands its assortment to include organic meals for children in daycare centres and nurseries.



2017

The torch is passed

Stefan Hipp takes over and is now the sole representative saying: "I vouch for this with my name." **Pioneering our future**Outlook to 2025

HiPP has set the goal of becoming a climate-positive company by 2025.



2020 -----

New spray towers for Herford

After several years of planning and construction, one of the most modern plants in Europe now supplies climate-neutral milk formula.

2020

The HiPP model farm is awarded the title UN Decade

on Biodiversity Project.



2001

HIPP

PHUCKOL

A new production site in Croatia

The plant in Glina, Croatia, manufactures cereals and other non-perishables.



2006

HiPP skincare products

The HiPP Babysanft skincare range is launched, adding to HiPP's assortment for babies.



HiPP model farm for biodiversity

Ehrensberger Hof farm — called "E-Hof" for short within the company — is turned into a "model farm for biodiversity" and plays an important role in research into measures to promote biodiversity.





2009

A new production site in Russia

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



2014

Switchover at the HiPP site in Gmunden

The production site in Gmunden, Austria, completes the switchover from jars to pouches, pots and trays.



2016

Integration of the production site in Herford

In Herford, Germany, HiPP produces preemie, infant and follow-on formulae as well as special formulae.



HiPP Nappies HiPP nappies,

2019

available since
April 2019, are awarded the "Blue Angel"
eco-label and complete the skincare range.

2015

Launch of an environmental campaign in Costa Rica

HiPP launches a rubbish collection campaign to protect the environment and the oceans.



2018

EMAS and EMASplus

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





The operational aspects of HiPP's sustainability management system are anchored by the critical elements: the HiPP Ethics Charter and HiPP Sustainability Guidelines.

he HiPP Ethics Charter has served as a guide for action within the company since 1999.

A sense of responsibility towards people and nature prompted managing partners and other members of the management team to establish a system of ethics management at the company. In the Ethics Charter, HiPP outlines its codes of conduct for the market, employees, workers' own conduct, state and society and the environment. Each rule is followed by its specific grounds for inclusion in the code. Furthermore, the Ethics Charter explains the positive effects of compliance and the negative consequences of breaching the rules.

The HiPP Sustainability Guidelines also give staff additional guidance in their daily work. They allow HiPP to take systematic action with sustainability in mind. We reviewed our Sustainability Guidelines in 2020 and changed them to suit the new challenges facing HiPP.

Integrating sustainability into everything we do

Reporting standard

The HiPP Sustainability Report 2020 fulfils the obligation for reporting applicable within the European Union. As we are not covered by this obligation, our decision to voluntarily apply a recognised reporting standard underlines our pioneering role with regard to sustainability. As in previous years, HiPP selected the German Sustainability Code (DNK) as its reporting standard. The organisation requires each business to declare that their report is in compliance with the DNK. This was the third year that HiPP issued this declaration. The HiPP DNK declarations are available at www.deutscher-nachhaltigkeitskodex.de.

Sustainability management

Sustainability management at HiPP is organised by Hubertus Doms (Plant Manager). He is our sustainability officer and coordinates sustainability activities for the entire HiPP Group. The managers at our other sites are responsible for their own divisions and support Mr Doms in his sustainability efforts. A sustainability officer has been appointed for each specialist division. Working closely with the members of the international sustainability team, they ensure that the main drivers for sustainable development at HiPP come from the core business, where their impact should be most significant.

Certificates

All the HiPP production sites in the European Union have used the EMAS^{plus} sustainability management system since 2018. This framework of rules was developed from the ISO 26000 standard, which cannot be audited or certified. It gives businesses with a valid EMAS environmental management system the opportunity to have their sustainability agenda audited and certified by an external verifier. HiPP was one of the first companies to satisfy the criteria set out in these standards.

HiPP Sustainability Guidelines

HiPP acts **with respect** for people and nature along the entire value chain.

1.

Across departments and production sites, we contribute to the Sustainable Development Goals established by the United Nations.

2.

We continuously monitor, document and evaluate sustainability aspects of existing and new activities, processes, products and procedures. This is the basis upon which we develop goals and measures that we regularly review and adjust if necessary.

3.

Environmentally friendly technologies and actions are of crucial importance to us.

4.

The conservation of resources is a top priority for us.

5.

We select all raw materials we use, consume or process in products and in the company with sustainability always in mind.

6

By avoiding, reducing and offsetting emissions along the entire value chain, we contribute to climate protection.

7.

We empower all employees through dialogue, information and various benefits so that they are fully committed to the sustainable development of the company.

8.

We also foster a dialogue with key stakeholders (consumers, producers, retailers and others) outside the company. We use this exchange to give impetus to sustainable development and also to our entrepreneurial activities.

9.

The "Guiding Principles on Business and Human Rights" published by the United Nations serve as our guide.

10.

We comply with all current laws and regulations that are relevant to the company, as well as our own internal rules. In addition, we are constantly working on further improvement in the areas of environmental protection, occupational safety and health, where we will continue to exceed the legal requirements as far as possible.

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Pioneering our future: 17 goals.



NO POVERTY

HiPP pays its workers across all its production sites no less than the industry average salary, and often more. HiPP helps to ensure that producers can live off the proceeds of their products, for example through the Costa Rica banana project or by sourcing raw materials certified by the Rain Forest Alliance.



ZERO HUNGER

For more than 60 years, HiPP has promoted sustainable farming and had a major impact on tackling hunger. Our gentle cultivation of the soil helps to keep the fields fertile for future generations.



GOOD HEALTH AND WELL-BEING

At all its sites, HiPP makes a fundamental contribution to the health and wellbeing of its workforce with a comprehensive occupational safety programme, an emergency preparedness plan and a health management system. The HiPP factory in Glina, Croatia, was presented with a health-friendly business award by the Croatian Institute for Public Health.



AFFORDABLE AND CLEAN ENERGY

Peel waste and other organic waste from production is transported from the Pfaffenhofen site to operators of biogas plants, which generate electricity and heat for around 300 households. Photovoltaic systems installed on factory buildings generate 41,000 kWh of electricity per year on 432 m² of collector surface.



DECENT WORK AND ECONOMIC GROWTH

The external EMAS^{plus} auditor rates the working conditions at HiPP as very high. HiPP manages working hours and workloads so that all sites are at an appropriate capacity. Investments in the future generate sustainable economic growth at HiPP sites.



INDUSTRY, INNOVATION AND INFRASTRUCTURE

HiPP is a technology trailblazer in certain areas. We are currently building one of the most advanced milk plants in Europe in Herford, Germany, and a cuttingedge bottling system is also planned for Gmunden. HiPP is involved in international research projects in fields such as packaging, where it fosters sustainable innovations.



CLIMATE ACTION

In our Climate Strategy, HiPP set the goal of developing a climate-positive value chain by 2025. In addition to reduction and substitution plans, the measures include promoting our own climate action projects with a focus on humus formation.



LIFE BELOW WATER

In our Packaging Strategy, HiPP outlines how it will reduce plastic pollution in our oceans. HiPP does not use microplastics for its skincare range. To protect our oceans from overfishing, HiPP only uses fish from certified sources in its products and work canteens.



LIFE ON LAND

HiPP is committed to the conservation and promotion of biodiversity throughout the entire value chain. This also includes protecting endangered animal species and enabling the rearing of our native Brown Swiss cattle, for example. HiPP has incorporated the United Nations 17 SDGs in its **Sustainability Guidelines.** This double-page spread explains how we do everything we can to meet these global goals at all our production sites.





QUALITY EDUCATION

HiPP offers all its employees opportunities for lifelong learning through a rich education and development programme. Many of its production sites have won awards for their commitment in this area: the factory in Herford can now boast the BEST PLACE TO LEARN seal until October 2022, for instance, while the Pfaffenhofen site has received the "IHK Top Education Partner" award from the Munich/Upper Bavaria Chamber of Industry and Commerce.



GENDER EQUALITY

Vacancies at HiPP are always filled on the basis of suitability for the job. The childcare services we offer, especially at our factory in Pfaffenhofen, allow parents to return to work earlier following maternity and paternity leave. Additionally, flexible working models at HiPP help our staff balance work and family life.



CLEAN WATER AND SANITATION

HiPP has aimed to reduce water consumption at its production sites since 1971. The water required per product tonne in the manufacturing process has been reduced by around two thirds ever since. By sourcing organic raw materials, HiPP can practise and promote farming which consumes less groundwater.



REDUCED INEOUALITIES

All HiPP production sites in the European Union have been certified to the same EMAS and EMAS^{plus} levels since 2018. HiPP has worked in developing countries such as Costa Rica since 1996, ensuring a stable income for its smallholders.



SUSTAINABLE CITIES AND COMMUNITIES

All our production sites are involved in a variety of initiatives in their local communities and region. HiPP also participates in local boards of experts to bolster sustainable development efforts in the local area.



HiPP makes a major contribution to sustainable consumption through education and its Communication Strategy. This includes a mobile app for parents which gives them everything they need to know about babies and young children. Our product design takes the feedback of consumers into consideration.



PEACE, JUSTICE AND STRONG INSTITUTIONS

At HiPP, lawful and ethical conduct is set out in the Ethics Charter and in company regulations. Employees have the option to report violations of these rules anonymously to a trusted external lawyer.



PARTNERSHIPS FOR THE GOALS

HiPP is involved in national and international associations dealing with issues such as organic food and farming (OPTA, AöL), biodiversity (Biodiversity in Good Company) and sustainability (B.A.U.M. e.V.).





It all started with a moth

The three **aspects of sustainability** can be described as powerful, interconnected goals. The **environment, society and governance** are not separate pillars which stand apart at a distance; they are mutually interdependent and usually compete with each other.

iPP tries to cover these three dimensions such that they are integrated as equally as possible in everything we do, each and every day. The following sections of this Sustainability Report explain the extent to which HiPP is dedicated to the environment, society and sound governance, and how it contributes to sustainable development as defined by the United Nations Sustainable Development Goals. The colour codes for each chapter are based on the spectrum of the Rhodochlora claushippi moth. And just as the colours on the "Claushippi" combine to form a multifaceted insect, at HiPP we use the three dimensions to create a multi-layered and comprehensive picture of our sustainable development.

Environment

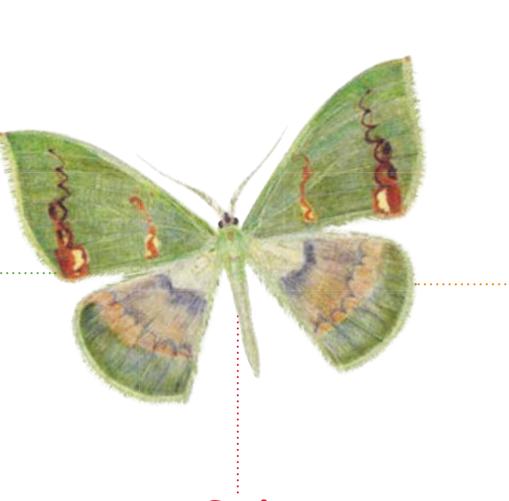
Under environment, HiPP considers aspects such as energy, water, emissions, biodiversity, waste and wastewater, materials, raw materials and packaging.

Our symbol of diversity

Decades of commitment to sustainability shown by Claus Hipp, his family and the entire company have been honoured in a special way by scientists at the Bavarian State Collection of Zoology (ZSM). With the support of HiPP, the ZSM had researched butterflies in the tropics and it ultimately named a newly discovered emerald moth (Rhodochlora claushippi) in honour of Claus Hipp. By giving it this name, the ZSM has paid tribute to the contribution that HiPP has made to sustainable food production and the conservation of biodiversity. Emerald moths symbolise diversity as they exist the world over, and their presence on all continents demonstrates that nature is in balance. The species Rhodochlora claushippi is a new scientific discovery. At HiPP, the emerald moth is displayed prominently as a symbol of sustainability and appears in this capacity in leaflets, reports and other internal and external communication materials in relation to the company's sustainability activities.

Governance

Under governance, HiPP considers issues such as transparent procurement, earning power and independence, market presence, product quality, compliance with the law, innovation power, fairness and consumer trust.



Society

Under society, HiPP focuses its attention on occupational health and safety, work-life balance, local communities, customer health and safety, supply chain management, good working conditions and fair pay.

Fair distribution across generations

Sustainable and fair conduct across generations should also be reflected in product pricing. At present, it is society that pays the price for damage caused by short-term business behaviour. Stefan Hipp explains why this problem can only be solved with a systematic approach.

or HiPP products, organic raw materials of the highest quality and in sufficient quantities are a must. So for our business, nature and everything she does for us must be protected. Our value chain from farmto-fork involves incredible efforts on our part to ensure all HiPP products meet our high quality standards. These efforts must be reflected in our crop yields, otherwise we will not survive on the market of the future. True Cost Accounting, i.e., the approach of accounting for all the positive and negative impacts of a product, is therefore the direction we wish to take. Society and some smaller companies are already paying the price for damage they did not cause, and dealing with the effects of today's economic system will cost our children and grandchildren hundreds of trillions of euros. That's all the more reason why we urgently need a system that helps quickly gather the true costs of consumption and consumer goods. HiPP is leading the way in this area too, as we systematically record and present true costs of what we do.

Systems offer new opportunities for management

At present, there is no such universally accepted, uniform system. On the one hand businesses cannot account for the positive effects they have on the environment and society, and on the other there is no obligation for them to calculate the damage they cause. That leads to distorted raw material prices and ultimately to shelf prices that hide

essential, forward-thinking elements of the cost calculation. Only when comparable businesses on the market are measured with the same yardstick will we achieve fairer pricing. The True Cost Accounting approach promotes and rewards sustainable business and investment: adopting it would allow corporate balance sheets that reflect both negative and positive impacts on nature and society.

Collective goals

HiPP has applied True Cost Accounting since 2018 with the support of consultants Soil & More Impacts, and it has already examined several core suppliers and raw materials using this method. HiPP has also joined forces with several other market leaders, accountants Ernst & Young and the Misereor organisation to launch an initiative to standardise True Cost Accounting. A company like HiPP that voluntarily imposes higher social and environmental standards on itself is currently still at a cost disadvantage compared with those that build up their profitability at the expense of nature and future generations. We believe that True Cost Accounting can correct this imbalance. By valuing society and the environment, we can reduce social costs and economic risks.



Driving purchase decisions

A long time ago, scientists predicted the effects of the overexploitation of nature that mankind has been quilty of for decades in such chilling detail that it should have galvanised us all. But many companies seem to be waiting and hoping, with their heads in the sand, that despite these facts everyone can carry on as before. When will we finally understand that it can't wait until tomorrow? We need courageous business leaders who don't make fatal decisions just to turn a quick profit. We need people who carefully consider which pathway is more viable and which type of business management is more sustainable. True Cost methodology is a transparent instrument that can be used to control these decisions. The organic sector is experiencing a boom, and the "Greta effect" associated with the climate activist Greta Thunberg can be seen in the growing sales figures for climate-friendly organic products. Consumers are willing to spend a larger share of their cost of living on food than ever before. In order to do this, however, they must be able to recognise immediately from the price tag or the product whether they are causing harm or benefit. The obligation for nutrition labelling could be supplemented by information on the true value that a product actually has, including the positive or negative effects.

Pioneering our future: An honest future

If the true costs — in whatever form — were to be reflected by every food producer when determining their recommended retail price, we would take a huge step towards more transparency. Many of today's consumers the opposite is true, and this could be made widely known by considering the true costs. Conventional products are far too cheap. It is in everyone's interest to demand that the true costs of a product appear on the price tag as soon as possible. Otherwise, wasteful treatment of natural resources will cost us much more, sooner rather than later. If we act now, there is still a chance that together we can achieve the most important vision for HiPP: to keep the world a place worth living in and worth loving for future generations.

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Materiality matrix

Which **sustainability issues** are most important to HiPP? Which issues influence the decisions made by our stakeholders? We conducted a **materiality analysis** to find the answers to these questions.

iPP has based its sustainability reporting on the German Sustainability Code (DNK) for several years. Companies use the DNK to fulfil the requirements of the CSR Directive Implementation Act (CSR-RUG) regarding non-financial information. CSR stands for the concept of Corporate Social Responsibility and it involves corporate accountability for three aspects: environment, society and governance. HiPP is not required to produce a report as defined by the CSR Directive, but by using the Code it voluntarily enables transparency and enhanced comparability with other market players for all stakeholders. HiPP provides relevant information on 20 criteria in its declaration of compliance with the Sustainability Code. The DNK declarations submitted by HiPP can be accessed on the DNK database.

Leading reporting standards like the DNK require the reporting framework to be limited to issues that are relevant for a company and its stakeholders. This rule aims at garnering more streamlined, focused reports.

The meeting to develop the HiPP materiality matrix could not take place face-to-face due to COVID-19 restrictions. The sustainability team at Pfaffenhofen therefore organised a virtual workshop with more than 40 participants, the results of which HiPP subsequently verified with external stakeholders. For example, we asked external stakeholders to review the issues prioritised by HiPP, make additions and adjust their priority rating if necessary. The sustainability officers also compared the catalogue of issues with the

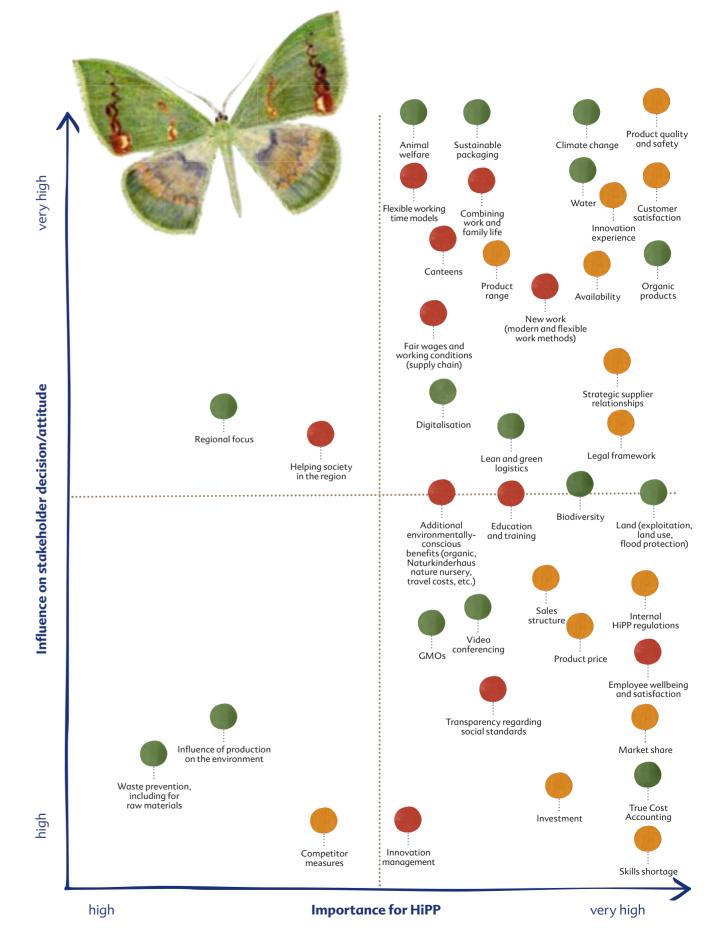
enquiries received in the Parents' and Customer Service. In order to assess who actually influences decisions at HiPP, it was necessary to identify HiPP's stakeholders before starting the materiality analysis.

The following groups are some of the key stakeholders in 2020 as identified by HiPP:

- Consumers
- · Current and future staff
- Stakeholders in the supply chain
- · Packaging manufacturers
- The company family

The results of the materiality analysis are shown in the diagram below.

Our sustainability dimensions Environment Governance Society





Value chain and circularity

Along the value chain, HiPP is careful to obtain as comprehensive a picture as possible of the relevant sustainability issues to continuously optimise its processes. As an example, let's follow a HiPP jar of "Baby's First Carrot with Potatoes" weaning food.

n 4 July 2018, the Circular Economy Package entered into force in the European Union. It contains amendments to the main waste legislation and introduces uniform definitions throughout Europe, with the aim of stimulating the circular economy so that natural resources are conserved as much as possible. The updated directives had to be implemented in national law by 5 July 2020. An amendment to the Closed Substance Cycle and Waste Management Act (KrWG) was passed by the government of the Federal Republic of Germany on 12 February 2020.



The German law can serve as a reference for all the HiPP Group's European production sites, which comply with the details of the applicable regulations in their respective location. The KrWG stipulates that production and consumption should be organised so that as little waste as possible is produced, waste that is produced is recycled properly and without harm to the environment, and waste that cannot be prevented or recycled is disposed of in an environmentally sound manner.

COVID-19 Info Box: Regular panic buying when COVID-19 restrictions were introduced presented HiPP with major challenges. Extra shifts at our production sites ensured that consumers were not faced with empty shelves. Within a very short time, it was possible to have the raw materials for this unscheduled rise in production delivered in the quality required for baby food.



HiPP lays the foundations for highquality products at the start of the production process by **inspecting the soil and seeds.** If they are in perfect condition, our farmers grow organic potatoes and baby carrots for HiPP produce.





The farmers deliver the potatoes to our production plants in recyclable wooden boxes. The baby carrots are transported without packaging directly to the plant on a tipping vehicle, where they are unloaded right at the production building. Here, our quality assurance team takes random samples of both raw materials. HiPP quality assurance experts test the vegetables for undesired residues in our own laboratory. The raw goods and products are thoroughly analysed using state-of-the-art methods for quality assurance purposes. The production site's own accredited laboratory is one of the best in Europe. Independent external laboratories also bolster the HiPP Organic Quality assurance process.



The jars usually reach the end consumer via food retailers. Each jar should be recycled in a bottle bank after use and the tinplate lid should be put in a recycling collection. In this way, 97% of our product packaging remains in the circular economy.

A used HiPP jar can be turned into a new jar again and again, just as the lid can end up back on retailers' shelves as new tinplate product packaging.



A machine packs the finished organic food jars securely for transport in trays made from recycled cardboard covered with 100% recyclable shrink wrap.

The shrink wrap has already been made using 50% recycled materials. The jars are transported on palettes to the logistics centre. From there, they are sent to their final destination.



If no problems are detected in the analysis of the fresh vegetables, these deliveries can be sent to the production department for processing. The first step is to clean and dice the organic vegetables. At this stage, the diced vegetables are also inspected by HiPP scientists using optoelectronic equipment. If necessary, HiPP removes any parts which could cause damage.



The operator of a biogas plant uses peel waste and sorted diced vegetables in order to generate energy from unusable raw materials.

Once cooked, the **organic vegetable purée is bottled**. Glass manufacturers use **up to 70% recycled glass** for our HiPP jars. First, a machine examines the empty jars for cracks or other damage. Damaged jars are automatically removed to be returned to the glass factory. The jars filled with our organic carrot and potato purée 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.** The label attached to the jar provides all the information relevant to the product. Further **quality control** measures are implemented at every stage of production.

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From rusk flour for children in 1899 to climate-positive products in 2021

122 years of product development at HiPP has resulted in an **extensive portfolio** including milk formulae, weaning foods and skincare products.

he majority of our products on the market are for feeding and caring **for young children.** HiPP also offers prescription-based sip and tube feeding nutrition based on natural foods. Our latest HiPP series includes a wide assortment for childcare facilities: children's meals that are specially tailored to the needs of each age group and taste delicious — in tried-and-trusted HiPP Organic Quality.



Weaning food



Milk formulae



Baby cereals



Organic food for children



Pregnancy range



Skincare



Meals for childcare facilities



Sip and tube feeding



Nappies



Investment in the future at our factory in Herford, Germany

After several years of planning and construction, one of the world's most advanced production facilities for spray-dried baby food is going into operation in Herford. In two fully automated, 17-metre-high spray towers, HiPP will begin climate-neutral, energy-efficient milk production. A feed system designed with redundancy will reduce setup times and increase production time, while atomisation and air distribution can be flexibly adjusted to suit a wide range of recipes. The perfect marriage of parameters and system geometry is ensured by special software from the outset during the planning phase, while the quality of the product is continuously monitored by an inline measurement system. HiPP will then transport the powder to the filling lines in mobile hanging silos which protect the product. To improve energy efficiency, HiPP uses a heat recovery system to preheat the supply air with the warm exhaust air from the spray tower chamber — and waste heat from power generation plants will also be used in the future.



Pioneering our future

HiPP works with a large team of food technologists and scientists to develop its products and conducts extensive, elaborate studies on new milk formulae and other products. To ensure that children who are not breastfed also receive the best possible nutrition, HiPP does everything in its power to offer and develop high-quality formulae based on the latest scientific research, and to model them as closely as possible on breast milk. With that in mind, HiPP launched a research group tasked with handling issues relating to breast milk, a breast milk diet and breastfeeding. It discusses these with experts to derive important recommendations, ensuring the findings are also reflected in the HiPP product range.

Learn more:

www.hipp-fachkreise.de/forschungstudien/hipp-milchnahrungs-forschung/

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Organic quality from the get-go

At HiPP, the sum of the right decisions from farm to retailer is the winning formula for a high-quality product.

iPP decided early on to use its own organic label to highlight the company's high standards in product quality. We explain how the business guarantees the quality for which Stefan Hipp can vouch.

Generating quality collectively

From the outset of the product life cycle at HiPP, we lay the foundations for a high-quality product. We work as carefully as our partners and join forces with them to select the fields where raw materials for HiPP are grown, for example. We continue to apply the same care in further processes, from selecting seeds to the final product. To ensure successful supply chain relationships, we accompany and advise our suppliers each step of the way. The agricultural management system at HiPP supports our producers by providing expert knowledge, and the team of agricultural managers and veterinarians raises awareness among suppliers of the strict requirements for raw materials and helps them to comply with HiPP's stringent producer guidelines.

Zero waste guaranteed

HiPP partners know what they need to observe during rearing, farming, storage and delivery to prevent undesirable



substances from entering foodstuff. In this way, HiPP works with producers at an early stage to rule out the possibility of any raw materials that cannot be used. This ensures no valuable resources are wasted from the beginning.

Woven into the fabric of our business

From the selection of seeds through to delivery, the quality assurance and analytics teams continuously check that raw materials and products meet the high quality standards set by HiPP — which often exceed legal requirements. Both HiPP's own laboratory and accredited independent laboratories play a central role in this process. Advanced equipment and outstanding analytical methodologies make the laboratory at HiPP one of Europe's leading laboratories for the food sector. Every HiPP product is given a unique identification number, which allows for tracing of each production stage.

HiPP quality is the sum of the right decisions at the right time.



Pioneering our future

As far back as 2004, HiPP launched a breeding project with organic seed specialist Sativa Rheinau with the aim of developing HiPP's own high-quality, moreish species of carrot. Sativa Rheinau had selected two types of carrot for HiPP by 2015, and in the end the experts selected one of these as the new HiPP carrot, which was named Dulcis. Promoting plant breeding like this shows the important role HiPP plays in conserving crop diversity.

earn more

https://www.hipp.com/about-hipp/ organic-quality/hipp-organic-quality/

All-round protection

Every HiPP packaging system ensures **optimum protection** of our product, so that our quality ingredients retain the same properties after transport and storage as they did when they left the HiPP factory. Here too, HiPP is committed to **conserving resources** as far as possible.

ost packaging systems are based on finite resources and their extraction, processing and disposal can have a negative impact on the environment. Excessive amounts of plastic waste on and below the surface of our waters present us with major challenges. Yet plastics, which now have a bad reputation in many quarters, have extremely useful properties and have come to dominate the shelves in recent decades for very good reasons: they're available in any size, thickness, colour and shape imaginable and are more versatile than any other packaging material.

Paving the way with HiPP jars

Our jars offer indispensable protection for our products, especially for baby and toddler food. The idea of simply dispensing with plastics altogether was unfathomable for food manufacturers until recently, and replacing unpopular plastic packaging with cardboard or glass only works for a

fraction of items in our supermarkets. And yet HiPP did not throw in the towel in this never-ending battle to free ourselves from plastic. After all, HiPP's baby jars have been in use for many decades as a groundbreaking packaging system with a recyclability rate of 97 per cent, as confirmed by the independent German institute cyclos-HTP.

HiPP Packaging Strategy

97 per cent: this is the high value we use as a benchmark for all our other packaging systems (trays, pots and pouches by 2025). Our Packaging Strategy rests on three pillars: reducing packaging, increasing recyclability, and using recyclate. Less is more. If there's nothing there, then there's nothing to throw out! We continue to work on reducing packaging materials and replacing plastic with other materials, as we have done for many years.

Our principles

For the development of HiPP packaging, we have one principle: every new type of packaging must be more environmentally-friendly than its predecessor. The safety of our products is always at the forefront of any changes to our packaging. HiPP views packaging as an essential component of its products, and packaging systems, just like the raw materials, must be in compliance with the holistic quality requirements set out by the company.

Changing times

From our first product in 1899 — J. Hipp's rusk flour for children — to the present day, the requirements for food packaging have changed in many ways. Processing technology is constantly evolving, but in particular the range of available materials has also grown enormously, and these are the factors which have determined developments over the past twelve decades. And not always to the benefit of the world we want to leave to future generations.

What are our goals?

The original goal which we shared in our Sustainability Report in 2018 continues to apply today. Back then, HiPP set the target of making all our plastic packaging as reusable as our HiPP baby food jars by 2025.

All the packaging developers work closely with HiPP suppliers to achieve this goal.

But why not 100%?
100% is not possible because paints, varnishes and adhesives cannot be recovered during the recycling process.

2025

97%

of our plastic packaging should be recyclable



Reducing the weight of our jars since 1964

HiPP has endeavoured to optimise its iconic jar since day one. The successful outcome means resource efficiency that serves as both an incentive and a challenge for all the other packaging systems at HiPP:





If we were still using the glass container from 1964 for the 190-gram jar, 3,000 tonnes more glass would be consumed annually in this gross weight alone. We have also changed the vacuum lid of our HiPP jars — we made the edge of the lid narrower and reduced its thickness. With approximately 300 million jars produced every year, this allows HiPP to save around 77 tonnes of tinplate and thus valuable resources.

Valuing a circular economy

For used packaging to be made into something new, its capacity for recycling must be as high as possible. To that end, a minimum of 97% of our packaging will be recyclable by 2025. Currently, HiPP already uses recycled materials for its product packaging and outer packaging, and HiPP jars contain up to 70% reused glass — the most common recyclate. HiPP uses cardboard made from recycled materials for packaging not in contact with foodstuffs. In other cases, the risk of product contamination from unwanted materials such as colour residues containing mineral oil would be too high. HiPP is currently investigating if it can use recyclates in its care bundles, where product and consumer safety is also the top priority.

Pioneering our future

HiPP is driving the development of future-proof packaging materials through its participation in several scientific research projects involving renowned institutes and universities.

Learn more: www.hippbeyondorganic.com

Digital accountability

igital accountability is a concept that has gained enormous importance for businesses due to advances in artificial intelligence and virtual reality, together with general technological progress. HiPP is equally conscious of its responsibilities in both online and offline environments. The following section deals with software, hardware, data and how HiPP has put the opportunities of the digital world to good use.

What online services does HiPP offer?

HiPP products activate our senses, which have yet to gain in importance in digital spaces: despite all the technical advances in recent years, digital media only appeal to our sense of taste, smell and touch by chance, if at all. This is in stark contrast to physical HiPP weaning food or skincare products, for example. What digital spaces do, however, is put our sight and hearing to work. And HiPP makes use

The "HiPP Organic" app transports offline jars into the online world. This allows users to gain background information on the raw materials we use.

of these two senses by providing background information via our online services in ways appropriate for our target groups. In our online Ingredients Explorer, visitors can find details of the organic raw materials we use. Various smartphone applications provide parents with helpful tips and guide them, for example, to the nearest place with changing or breastfeeding facilities. Those interested can take a 360° digital tour of the HiPP model farm for biodiversity and virtually explore the diversity of the site.

Data privacy

HiPP treats data relating to employees, suppliers, customers, consumers and other partners with the same care it applies to the manufacture of its products. The HiPP workforce regularly receives data privacy training. Additionally, digital security systems ensure that data stored by the company does not fall into the wrong hands. Our internal server landscape at HiPP means we are not reliant on third-party providers. The latest data centre has a special enclosure for equipment, which significantly reduces the area to be cooled and increases our energy efficiency.

Thinking green

HiPP is also committed to energy efficiency in its IT systems. HiPP leases all its work mobile phones from a service provider that regularly takes back these devices and restores them for further use. The same applies for laptops, printers and PCs used in the HiPP offices in Gmunden, Herford and Pfaffenhofen.

Digital value chain

Likewise, HiPP believes in the benefits of digital solutions in the value chain. Supply chain management software enables HiPP to gather supplier data according to its own needs. And HiPP also uses a system to forecast risks in the agricultural supply chain: the data gathered allows the HiPP agricultural management team to work with suppliers to forecast scenarios and act accordingly. Since these digital control systems were enhanced, HiPP plants have experienced more efficient production workflows.



Certified sustainability performance

Since 1995, HiPP has strived to **continually enhance** its environmental performance. Every year, our production sites publish an environmental statement in accordance with EMAS and they are all audited by an independent, external auditor.

iPP was the first major food manufacturer in Germany to introduce an environmental management system in accordance with EMAS (Eco-Management and Audit Scheme) as far back as 1995. This marked its commitment to continuously improving its environmental performance. Since then, all our production sites in the European Union have been certified according to this environmental management standard. They have also been applying EMAS^{plus}, the sustainability management standard which complements EMAS by taking social and economic criteria into account, since 2018. Our factory in Glina, Croatia, continues our pioneering role: it has become the first EMA-certified company in Croatia.

What have we achieved to date?

HiPP had plenty of reasons to celebrate in 2020. Our company has now been using EMAS, a strict environmental management system, for a quarter of a century. 25 years of EMAS is an impressive milestone, and it clearly demonstrates the high standards set by the people in charge at HiPP. The environmental performance indicators required for reporting by EMAS are a central aspect of the sustainability management system and act as important control variables. Each production site, whether in Germany or around the world, publishes its own specific data in its respective environmental statement. HiPP's Sustainability Report 2020 presented these data in consolidated form for



EMAS (Eco-Management and Audit Scheme)

The Eco-Management and Audit Scheme, shortened to EMAS, is the world's most sophisticated system for environmental management and performance. If organisations meet the high requirements of the European EMAS Regulation, they are awarded the EMAS logo and entered in its register. (Source: www.emas.de)

1995 -

EMAS certification

HiPP has become Germany's third company and first food manufacturer to introduce the Europe-wide Eco-Management and Audit Scheme (EMAS) at its site in Pfaffenhofen.



→ 2018

EMAS and EMASplus

All our production sites in the EU are validated in accordance with EMAS and EMAS^{plus} for the first time. Our factory in Glina continues our pioneering role: it has become the first EMA-certified company in Croatia.



the first time, providing a fair representation of the environmental performance indicators for all our in-house production.

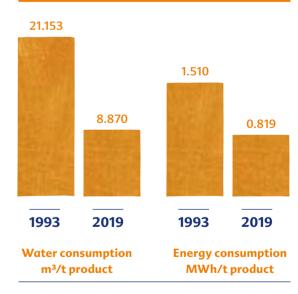
Since the introduction of EMAS, our employees in Pfaffenhofen have come up with innovative and creative solutions to successfully reduce the site's water consumption by 66% and energy consumption by more than 50%.

Where are we today?

All our sites in the European Union apply the EMAS and EMAS^{plus} environmental management systems with great success. All EMAS-certified HiPP plants and our Russian site in Mamonovo, Kaliningrad, boast climate-neutral production — even though production volumes have doubled overall since 1995 and the range has now grown to over 400 products.

Additionally, the sites in Glina, Gmunden, Hanságliget, Herford and Pfaffenhofen are certified organic according to the EC Organic Regulation 834/2007. With certification to the global standard of the British Retail Consortium (BRC) for food safety, all our European sites also demonstrate competence in HACCP (Hazard Analysis & Critical Control Points), hygiene, food safety and quality systems. Through its compliance with the BRC standard, HiPP regularly undergoes external scrutiny to highlight the importance of consumer safety and stakeholder involvement.

Water and energy consumption at our head office in Pfaffenhofen an der Ilm, Germany







All production at our HiPP factories in the European Union is climate-neutral thanks to the **renewable energy** we use and the **climate action projects** we support. The products from these plants have therefore earned their "climate-neutral" label. In the coming years, HiPP will continue to intensify its climate action efforts: under the motto of "HiPP goes beyond organic", the company wants to make not only production, but also our products themselves climate-neutral. We will even go as far as making the entire company **climate-positive** by 2025.

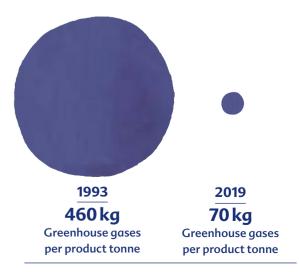
or climate-neutral products, in contrast to climate-neutral production, we also consider all the emissions that are generated before and after production. From the fields all the way through to the warehouses of our retailers, HiPP now considers all climate-relevant emissions. We start collecting data at the raw material stage and record all the intermediate steps leading to delivery at the supermarket. This includes, for example, emissions generated during the production of raw materials and packaging materials, their transportation and the delivery of HiPP products to retailers. HiPP offsets the emission of harmful gases produced in the value chain by implementing and supporting measures that absorb CO₂. This means the HiPP products we offer are climate-neutral.

HiPP to become climate-positive

Being climate-neutral is not enough if we want to have a positive impact on climate change. So, HiPP intends to take it a step further by becoming a climate-positive business by 2025. One way we will achieve this milestone in the sustainable development of our company is by increasingly focusing on projects in our own supply chain. In the future, we would also like to extend our successful compost project on Stefan Hipp's farm in Poland to our suppliers.

What have we achieved to date?

The first HiPP factories were certified by the environmental management standard EMAS in 1995. The emissions data collected for certification at that time dates back to 1993. At the Pfaffenhofen site, for example, greenhouse gas emissions per product tonne fell from 460 to just 70 kilogrammes between 1993 and 2019, due in part to the use of renewable energies.



Where are we today?

At present, all our HiPP factories in the European Union enjoy climate-neutral production. This was the case at our factories in Pfaffenhofen and Gmunden by as early as 2011, and even in Herford, by far our most energy-intensive plant, our production has been climate-neutral since 2019. HiPP offsets unavoidable CO2-eq emissions from its production sites. It does this through projects in its own supply chain, for example, or by supporting global climate action projects elsewhere. HiPP ensures that these climate action projects outside its supply chain help promote soil quality, by forming humus, for example, so that future generations are left with soil that is as intact as possible.

Why is climate action so important?

Man-made climate change has resulted in massive hurdles for food manufacturers to overcome. Each year the supply of raw materials fluctuates more and more: an extreme weather event like heavy rain or hail is enough to destroy an entire harvest, and long droughts in formerly resilient agricultural regions are leading to decreases in yield or complete crop failure. Agricultural enterprises face an existential threat. This makes conditions more challenging for HiPP as a buyer of agricultural products, and at the same time makes cost calculations more difficult. Without the proper raw materials, we — and other manufacturers — cannot produce food.



From climate-neutral to climate-positive production







Climate-neutral product



Climate-positive product





HiPP compensates unavoidable emissions by supporting worldwide projects for climate protection and by promoting projects within the supply chain



HiPP significantly overcompensates unavoidable emissions

Climate-positive from farm to warehouse

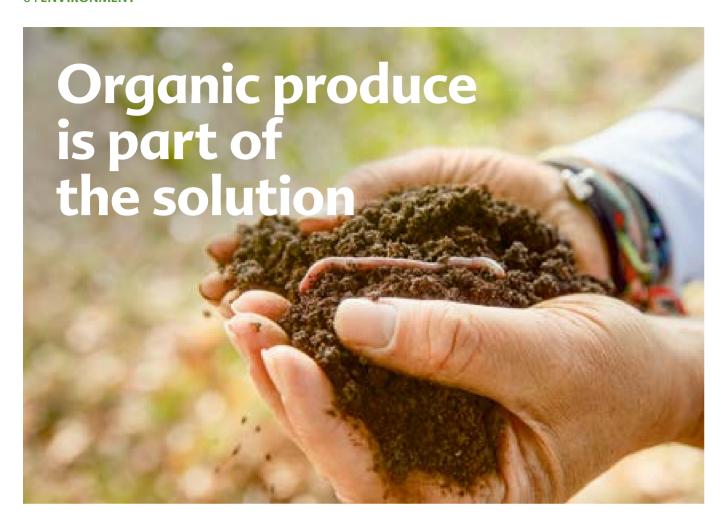
HiPP is once again paving the way with its goal of achieving climate-positive production from the farm to the retailer's warehouse by 2025. HiPP will achieve a huge milestone with its Climate Strategy 2025: the company is committed to capturing significantly more greenhouse gases by 2025 than are emitted in the entire manufacturing process and logistics chain. This will greatly mitigate the effects of climate change.

COVID-19 Info Box: The business trips often considered essential almost came to a standstill because of COVID-19. Yet this has shown us that travel is not always necessary. Fortunately, digital technology allows us to communicate face-to-face even over many hundreds or thousands of kilometres without accelerating climate change through the emission of greenhouse gases as a result of travel.

Pioneering our future

What are our goals? HiPP intends to uncover further methods to prevent emissions or to reduce them as far as possible. Here at HiPP, we base all our climate action activities on one rule: we only offset unavoidable emissions. That means we try to leverage further potential with a suitable reduction and avoidance strategy. After almost three decades of systematic environmental management which has led to huge reductions in emissions, this is a challenging goal. We hope to achieve it by using state-of-the-art technologies, for example, such as those found in our dairy plant in Herford.

Learn more: www.hipp-climatepositive.com



In light of increasingly negative impacts on our soil organisms, the future of mankind depends on preserving and caring for our soil. After all, without fertile soil we won't have any quality raw materials, which are **the basis** of HiPP products.

rganic farming may not be the only way to achieve healthy soil. But time is running out and we should use all our resources to transition to agricultural methods which are proven to increase soil quality.

What have we achieved to date?

Organic farming plays a key role in protecting our soil quality for generations to come. HiPP has been committed to this method of farming since 1956. It paved the way for retailers and consumers to see organic produce on every single baby food shelf today. The early days when Claus Hipp travelled from farmer to farmer (sometimes accompanied by the father of organic farming, Dr Hans Müller) and convinced them to convert to organic farming are almost a distant memory today. As early as the 1980s, HiPP employed its own agricultural engineers tasked with providing close support to farmers.

Soils are carbon sinks

Our soils contain around four times as much carbon as above-ground vegetation and more than twice as much as the atmosphere.





Using around 150,000 tonnes annually, HiPP is one of the world's largest processors of organic raw materials.

Where are we today?

Every minute, thousands of tonnes of fertile earth are lost forever because of soil pollution, compacting, sealing, and ultimately destruction, caused by us humans. To put a stop to this process, HiPP has published the "Short Guide to more Soil Life", a leaflet for suppliers and other interested parties. It sheds light on the complex interdependent processes happening beneath our feet and suggests how this valuable resource can be preserved for future generations. On the back of the success of our compost project on Stefan Hipp's organic farm, we have created a blueprint for our supply chain which is now being implemented. Initial discussions are proving to be promising at national and international level.

Pioneering our future by thinking beyond organic. Because everything is interconnected.

Alongside the protection of biodiversity and the gentle use of natural resources, climate action is a critical challenge that can only be considered in connection with every other environmental issue.

Soil is the world's largest terrestrial organic carbon sink. Our soils contain around four times as much carbon as above-ground vegetation and more than twice as much as the atmosphere. Therefore, even small changes to our underground carbon store for example through the type of land use or management — influence CO₂ levels in the atmosphere.

If we protect the soil and its immense diversity, it will help us by storing greenhouse gases safely under the earth. Conversely, a changing climate has a massive impact on biodiversity in and on our soil. Habitats are disappearing and changing climatic conditions are making it difficult for many species to survive. HiPP continues to try and encourage as many people as possible to protect our soil, because we know that everything and everyone on earth is inseparable and mutually dependent.





s a processor of huge quantities of agricultural raw materials, it is critical for HiPP that nature has enough pollinating insects. HiPP partners with Mellifera e.V. in regard to the various bee species found in nature. Natural, sustainable and green beekeeping is at the heart of the work carried out by this bee conservation association, which has developed a wealth of initiatives such as Bienen machen Schule and the Netzwerk blühende Landschaft (NBL). A collective action campaign aimed at parents and consumers, launched in 2016 by the HiPP commercial marketing team, was the first time the company benefited from the expertise of the NBL. The working relationship helped the NBL grow rapidly, as it gained numerous other companies as sponsors in a similar way to HiPP. The pioneering achievements of HiPP are repeatedly underlined by the association's managers: without the initial momentum provided by HiPP at the time, the NBL would not exist in its current size and there would be far fewer habitats for nature's pollinators as a result.

Connectivity to encourage species diversity

HiPP is now the driving force behind another NBL project. In 2019 HiPP helped introduce the NBL to a major supplier, with the aim of creating areas for flowering plants on the premises of this HiPP producer. But this time around, habitat connectivity was the goal. Why? Because large flowering plant areas located far apart are not sufficient to provide insects with food. One of the reasons for this is the flight distance of many insects. While honeybees can cover relatively long distances of about three kilometres, the migration distance of many of our native wild bees and other insects is much shorter — a few hundred metres, and in some cases only 50 metres.

What have we achieved to date?

At each production site, HiPP attaches great importance to leaving ample space for nature, and to designing and developing every site to be as biodiversity-friendly as possible. Green islands around the premises with trees, shrubs, nest boxes, bat boxes and insect hotels are a welcome retreat for flora and fauna. Bees, for example, call our Herford and Gmunden sites home, but for HiPP the promotion of biodiversity is not limited to its sites and supply chain. HiPP has been involved in the "Biodiversity in Good Company" initiative from the outset and has played an active role in shaping it. Like every other member company, HiPP has signed a Mission Statement and a Leadership Commitment and it has pledged to integrate biodiversity conservation into its own sustainability strategy and operational management.

Migration distance of honeybees

3 km

Migration distance of native wild bees and other insects

50 - 500m



Where are we today?

In 2018 HiPP launched a project to collect insects on Ehrensberger Hof farm and similar conventional farms. Now in its fourth year, this project aims to explore the relationship between types of farming and species diversity. A butterfly researcher and HiPP scientist uses light and malaise traps to catch moths, flying insects and other groups of insects. Experts from the Bavarian State Collection of Zoology and the Technical University of Munich analyse the results in terms of bio-mass, diversity and species composition using DNA sequencing and other methods. The results of the pilot study conducted in 2018 were published in the journal Ecology & Evolution in spring 2020, and even experienced insect and butterfly researchers were surprised by the results, which left no room for ambiguity. In terms of the quantity, the species diversity, and the frequency of highly endangered and endangered species, organic farmland clearly led the way in 2018. Continuing and expanding the scope of the project will reveal whether the results of those surveys can be confirmed when the experts conduct their analysis again in 2021.

Free-flying insects

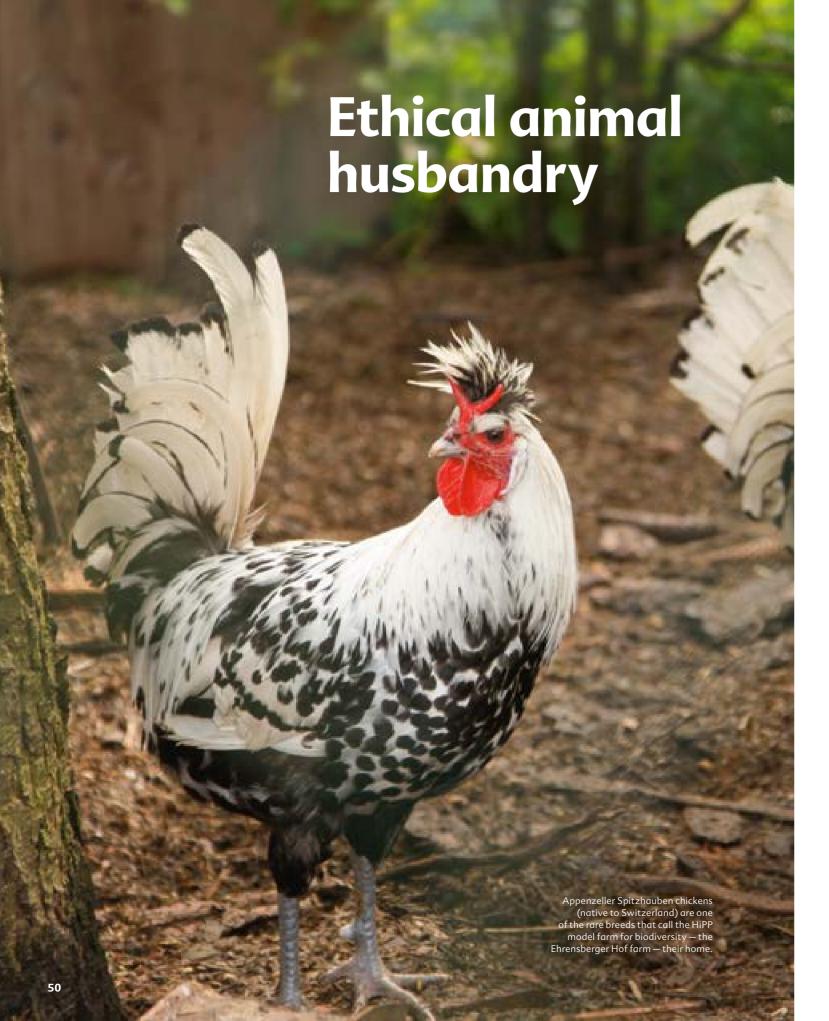
By connecting habitats via flower strips, the entire agricultural landscape in this area becomes more accessible to insects and other animal species found in meadows and fields. The partnership also focuses on pollinating insects, which with their key role in the food chain have a positive impact on the populations of songbirds, bats, small mammals and many other animals. HiPP has found an enthusiastic partner for the NBL in the Klockenhagen farm, in north-eastern Germany, which has already adapted large areas to the specifications of bee experts. HiPP has succeeded in smoothing the path from farm to fork: parents and consumers earn reward points when they buy HiPP products, which they can exchange to sponsor various flowers, for example.

The sponsors allow the NBL to create a habitat for insects on the land of the Klockenhagen farm, where the flower strips extend like a spider's web to form flight paths for insects across the entire area. If this project succeeds in getting more companies involved in habitat connectivity through HiPP's initiative, everyone involved would be delighted — and not least the bees!



Creating insect hotels, flower strips, orchards and dry and wet biotopes are examples of collective actions taken by HiPP and its suppliers. Nature can bounce back if we give it adequate space to recover.





Cattle are actually forest animals.
Brown Swiss cattle can access forest
pastures at the Ehrensberger Hof farm,
where the trees offer shade in summer
and provide protection from the snow
and ice in winter.



Husbandry and animal feed tailored to each species are central aspects of **organic farming**, which HiPP has practised and promoted for more than 60 years.

he rules set down in the EU Organic Regulation are strict when it comes to breeding for organic farming. Livestock fodder must come from organic farms and may not contain any antibiotics, performance enhancers or genetically modified raw materials. Choosing the most suitable breed, providing plentiful space for movement, large stables and adequate lighting also contribute to the welfare of farm animals.

Our own guidelines

HiPP refined and firmed up the requirements of the EU Organic Regulation in its own producer guidelines. In addition, HiPP organises information events on animal welfare where suppliers can pick up practical tips for resolving everyday agricultural issues. The agricultural management team at HiPP regularly checks compliance at the production facilities with all animal welfare requirements stipulated and laid down by HiPP in its producer guidelines. Through this comprehensive process monitoring system, we can guarantee our consumers gentle animal husbandry tailored to the particular species.

Rooster and hen together again

In 2019 alone, 45 million chicks were killed in Germany because it is not profitable to rear them in factory farms. The mass culling of male chicks is to be banned in Germany from 2022; a Europe-wide regulation is still pending. The practice, which is common worldwide, is not compatible with HiPP's ethical principles. HiPP farms keep Sandy chickens, where both females and males can be used productively. As HiPP considers this a matter of great importance, the company is delighted to bear the costs and put the time and effort into the "Raising Cockerels" initiative.

Organic free-range turkeys are also reared in accordance with HiPP's producer guidelines. We ensure that the animals can express their natural social behaviour to the fullest. HiPP turkeys spend at least a third of their lives outdoors, where our open spaces are designed to offer a wide variety of native plants and wooden elements so that these naturally curious animals have lots to discover. Our turkey rearing involves providing the birds with fresh clover grass containing important nutrients, and (as you would expect) our organic cereal-based feed is produced in HiPP-controlled feed mills.





Sense of belonging translates into success

Thanks to their **daily dedication**, our **employees** at every factory ensure that Stefan Hipp can say with conviction: "I vouch for our quality with my name."

rom their first day at the company, new workers should feel as though they are part of a big family. Since 2017 our "From now on, I am HiPP!" onboarding programme has made it easy to settle into daily life at HiPP. A short company presentation, group tour of the company premises and a getting-toknow-you session with mentors help to make that exciting yet nervous time of starting a new job a success. Every newcomer at HiPP is allocated a personal mentor from their own department who will support them in their work, introduce them to colleagues in other departments and bring them up to speed with other important matters. In addition to the occupational health and safety training required by current legislation, new staff at HiPP must also participate in a course on understanding sustainability.

Wellbeing is our greatest asset

In every country where HiPP operates, health management covers a range of measures to improve health and wellbeing in the workplace, such as specialist consultations, screenings and personalised healthcare. During action days dedicated to health, the staff in Herford and Pfaffenhofen were able to obtain detailed information, test their own fitness and participate in a health check, for example. All our facilities have a rich and diverse health programme including mobile massage, yoga, group sports activities and opportunities for low-cost bike hire. A seminar on the dangers of alcohol and smoking was arranged by management at the Gmunden site to raise awareness among the trainees there, and the salad buffet at Gmunden is free throughout the summer months in order to encourage the on-site staff to eat healthily. In Glina, a health-friendly business certificate from the Croatian Institute of Public Health has recently been added to a wall already decorated with numerous accolades. Our Croatian factory proved its multi award-winning efforts during Men's Health Month in November 2019.

Award-winning

Our factory in Herford, Germany, proudly carries the Best Place to Learn seal until October 2022. The Pfaffenhofen site has also been awarded for its work in training and promoting young talent: the Chamber of Industry and Commerce for Munich and Upper Bavaria recognised HiPP as a top education partner.

Employee numbers*



Total employees

Employees (full-time equivalent)
Part-time employees

* Globally, excluding sales offices

Trainees at HiPP are enthusiastic ambassadors for the company's sustainable development, and our young colleagues are particularly keen to get involved with biodiversity research. Chiara Boser, Sandra Heidenkampf and Franziska Kraus mount a nest box to the multistorey car park at HiPP.

Stronger together

Our factories in Hanságliget and Glina, in Hungary and Croatia respectively, organise regular family days. Staff have the opportunity to meet their colleagues' families in a relaxed atmosphere, strengthening the bond between workers, while the visitors gain an insight into the company's wide range of products. A colourful fringe programme with cooking competitions, creative corners and much more ensures a fun time is had by all.

Tackling challenges with digital solutions

Including our sales offices, HiPP now has a global workforce of more than 3,500 people. The size of our company, achieved within a few short years, makes software solutions for the entire Group necessary. The SharePoint platform gives employees the opportunity to work together on documents independent of location and time. HR uses the SAP application SuccessFactors to support the flow of information to and dialogue with employees. HiPP regularly conducts online surveys of all company employees to gauge the mood regarding current changes in working conditions and restrictions. The findings are used to take appropriate measures and, if necessary, make improvements.

Side by side

The sense of belonging in the HiPP family was illustrated by the wave of employees willing to help after the earthquake near our plant in Croatia in December 2020. In a short space of time, donations poured into an account set up for the rebuilding of damaged houses. At the same time, staff from other factories travelled to Croatia to help with the reconstruction in person.





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System relevance

It's hard to imagine a 2020 report not containing the word COVID-19. An innocent-sounding yet insidious virus, Corona is still dominating events around the world as we issue this HiPP Sustainability Report 2020.

uddenly everything changed, and as we publish the HiPP Sustainability Report 2020 we are still living with a virus that came out of nowhere, shocking and paralysing the world. In the process, for the first time HiPP employees experienced something that they have in common with professionals in completely different industries: system relevance. System relevance means being accountable and living up to our responsibilities as best we can. Aware of our responsibility towards our employees and society alike, HiPP has therefore acted with prudence and foresight to provide security. It does this internally by clearly communicating rules and constructive dialogue, and externally through the greatest possible readiness to deliver and develop reliable partnerships.

Group photo taken during COVID-19: even before masks were compulsory throughout the factory premises, the new trainees at HiPP followed social distancing advice.

Ensuring protection through continuity

The COVID-19 crisis team took initial action in February 2020, which, like all the measures that followed, was aimed at preventing employees against contracting the virus, which was still new at the time. Since then, workers at HiPP have regularly received the crisis team newsletter containing detailed information about how COVID-19 affects our everyday professional and private life.

HiPP kept business trips, external visits and the work of its sales team to an absolute minimum. Almost all external and internal meetings took place digitally, and employees worked from home when their duties allowed. Those members of the workforce deployed at production sites to keep our core processes going worked in different rooms, shifts and teams wherever possible, using different entrances and exits and regulating handovers as with as little contact as possible. Everything came under the umbrella term "no contact" in order to prevent possible chains of infection from developing in the first place, and to break them if necessary.

Many of the rules adopted at that time remain in force as of the editorial deadline for the Sustainability Report 2020. HiPP was careful at an early stage to cover all eventualities as far as possible and to build in extensive safety buffers to avoid the need for constant adjustments. Thanks to this continuity and transparency, the unfamiliar has quickly become routine in our everyday lives at work, and we follow social distancing and other rules that apply on our factory premises automatically.

Strengthening our communities through networking

Our staff don't just get regular news updates from the crisis team. The IT department keeps colleagues up to date with the latest news in their field, giving employees the feeling of being somewhat connected to their workplace. The health management team encourages everyone — not just those working from home — to keep fit with exercises that are illustrated in detail with easy explanations. Managing partners and other management personnel encourage teams to keep the HiPP sense of belonging alive, even in the virtual world. For example, simply exchanging views on issues of personal interest from home via video conferencing was and remains a digital substitute for having lunch together or taking a short coffee break. Children or pets hurriedly scurrying past the screen and some unexpected background images provide for a laid-back atmosphere. Although this digital connectivity can't fully replace face-to-face contact with colleagues, it does allow them to gain a level of insight into each other's lives.

Digital employee surveys provide HiPP with important information on the various stress factors and needs of staff working at its sites or from home, enabling the company to respond promptly. The Naturkinderhaus nursery in Pfaffenhofen is running in emergency care mode, and even though canteens across Germany have been forced to close, our company catering teams are doing what they can to ensure that the core workforce don't miss out. Many of our colleagues in Pfaffenhofen and Gmunden miss the excellent food available in the organic canteens at these sites, but at least they have the small consolation of recipes provided by our chefs and trainee chefs, which when cooked lend a wistful, nostalgic touch of normality to life in lockdown.



HiPP as a regional partner

At all its production sites and sales offices, HiPP is helping to shape society for the **future through a wide range of projects.**

or many years, HiPP has taken responsibility for supporting people in need through no fault of their own, mothers with multiple births, and social and cultural institutions. It is particularly important to HiPP to help and promote the regions where its production sites are based, and one way in which HiPP contributes to sustainable development in these communities is by setting an example. Here, we present a small sample of HiPP's contribution to more sustainable cities and communities in line with the United Nations Sustainable Development Goals.

New organic HiPP farm

Near the HiPP plant in Majske Poljane, Croatia, managers are planning to develop an organic farm as a space for learning, especially for children and young people. The plan is to give local residents an insight into sustainable organic farming, and the educational concept focuses on fruit,

vegetable and grain cultivation as well as animal husbandry according to environmental principles. It will also promote awareness of recycling and the use of renewable sources of energy. A further aim is to revive the handicraft traditions typical of the Banovina region.

HiPP supports restoration

The Gmunden site, together with many other sponsors, will be supporting the renovation of St. Mary's Cathedral in Linz, the capital of Upper Austria, over the coming years. The house of worship is the largest church in Austria, devouring a six-digit sum annually for ongoing maintenance. The urgent renovation of St. Mary's Cathedral is estimated to cost between 12 and 14 million euros, which the Diocese of Linz cannot raise without external support. This current project

HiPP is also involved in a host of climate action and education projects in Pfaffenhofen. The preschool children from the HiPP Naturkinderhaus nursery were given the opportunity to design colourful nesting boxes for starlings and titmice in 2019, and one playground in Pfaffenhofen is now dotted with colourful birdhouses, replacing natural nesting places that have become rare.



Parts of the sustainability trail on the factory site in Pfaffenhofen extend into public areas, providing local residents with information on how the company implements sustainability in and around the HiPP plant.

VACHHALTIGKEITSPEAD

Begrüntes Parkhous



At company headquarters in Pfaffenhofen an der Ilm, HiPP got involved with sustainable urban development in 2020 in the form of its own Sustainability Council, helping to shape the city on the basis of the UN Sustainable Development Goals.

Learn more: pfaffenhofen.de/artikel/klimaschutz_und_nachhaltigkeit/

involving the Gmunden site is just one of the many local activities organised by regional associations and organisations, which are funded by HiPP.

Urban biodiversity

Various measures have been introduced to promote biodiversity at and around our factory in Herford. The plan is to create flower strips around the HiPP milk plant to provide insects with an enhanced habitat and to ensure a supply of nectar for the bees that live on the site. HiPP has encouraged natural means of deterring pigeons at its Herford site by installing a peregrine falcon box on one of the tower buildings, where it is hoped that a pair of falcons will soon raise their own offspring as was the case in Pfaffenhofen.

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Always willing to lend an ear

By **networking with stakeholders**, HiPP gains a great **sense of momentum** to accelerate the sustainable development of its business.

n 2020 HiPP identified its key stakeholders as current and future employees, consumers and supply-chain players. This double-page spread explains how HiPP communicates with these key stakeholder groups.

Internal communications

Employees receive information from our various countries and their own production sites in the quarterly digital and print version of the employee magazine HiPP intern, which celebrated its 25th anniversary in 2020. The regular discussions between management, production and administrative staff, which usually take place during company meetings, were cancelled in 2020 due to the COVID-19 pandemic. The HiPP family and the management give every employee the opportunity for a personal consultation. HiPP has maintained communication across its sites through international conferences, which began in March 2020 using digital conferencing technology.

HiPP Parents' and Customer Service

The HiPP Parents' and Customer Service (EVS) in Pfaffenhofen an der Ilm has engaged in conversation with consumers

since 1981. EVS has now developed into a centralised national and international point of contact for all enquiries from our customers. It has a dedicated Customer Service team, which supports the more than 50 HiPP countries with their own service for parents and consumers.

The number of enquiries has grown steadily since it began, and the method of getting in contact has changed as parents switch to new preferred forms of communication: written and telephone enquiries were the norm in the early days, but now HiPP mainly receives digital mail. And more often than not HiPP experts are increasingly answering questions about our products and our company via social media and live chat.

Partner networking

For many years, HiPP has taken the opportunity to exchange ideas with supply chain stakeholders at BIOFACH, the world's leading organic trade fair in Nuremberg. HiPP welcomes raw material and packaging suppliers, customers, service providers



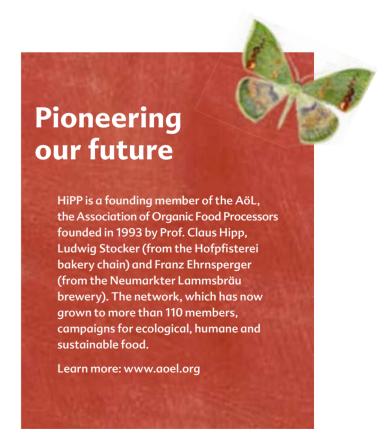
Our support team: The HiPP Parents' and Customer Service answers questions of both German and international consumers.



and other partners to its trade fair stand, which was redesigned in 2020. Due to travel restrictions, visits to HiPP partners were limited in 2020. Onsite appointments only took place when absolutely necessary, such as for external audits. Otherwise, we all made use of the various new ways to exchange information virtually via video-conferencing software.

Expert knowledge in high demand

At HiPP we believe communication between all age groups is crucial. So, the company's managing directors and experts give talks and organise workshops in schools, at universities and at specialist conferences and congresses. HiPP actively shapes the work of important associations as part of its commitment to sustainability. Stefan Hipp became president of OPTA (Organic Processing and Trade Association Europe) in 2020, and HiPP plays an active role in several working groups of the Association of Organic Food Processors (AöL). Many HiPP employees are also involved in regional and national expert committees.





In earlier sustainability reports, HiPP reported its key sustainability performance indicators separately for each production site. To shed **more light on our overall performance**, we are reporting consolidated figures for the first time in our Sustainability Report 2020. **Each factory makes a unique contribution to the sustainable development** of the HiPP group as a whole.

We explain above-average positive and negative development. In the environmental statements in accordance with EMAS (Eco-Management and Audit Scheme), which are updated annually, you will find detailed figures and comments from our sites.







ia:



Germany



Hungai

Environment

Raw materials and products	2018	2019	2020	Changes compared to 2019 in %
Raw materials (t)	211,977	203,377	174,702	-14.10 ¹
Organic raw materials	113,617	107,159	115,358	7.65
Conventional raw materials	98,360	96,218	59,345	-38.32
Product content (t)	142,370	127,063	118,030	-7.11
By-products (t)	1,811	1,789	1,428	-20.17

¹Lower production volume overall, increase in organics.

Packaging	2018	2019	2020	Changes compared to 2019 in %
Packaging (t)	51,006	48,247	46,995	-2.60
Jars	32,180	29,508	28,973	-1.81
Plastic	3,017	2,714	2,622	-3.37
Metal	3,737	3,330	3,208	-3.69
Paper/cardboard	9,876	10,429	10,151	-2.67
Composite material	2,197	2,266	2,041	-9.942

²Herford, Germany: Decline in production volume for folding boxes

06 KEY PERFORMANCE INDICATORS

Environment

Energy — Input	2018	2019	2020	Changes compared to 2019 in %
Energy (MWh)	219,185	210,477	215,257	2.27
Renewable energy	50,107	49,795	51,946	4.32
Electricity	18,152	18,823	19,697	4.64
Steam	28,508	27,154	27,964	2.98
Biogas	0	136	134	-1.17 ¹
District heating	3,342	3,573	4,043	13.16²
Pellets	105	109	107	-1.86
Non-renewable energy	169,078	160,681	163,312	1.64
Electricity	1,435	1,703	2,730	60.30
Steam	63,210	59,848	51,387	-14.14
Natural gas	88,729	84,744	94,847	11.92
Propane	8,570	7,201	7,145	-0.78
Heating oil	1,601	1,589	2,460	54.834
Fuel	5,533	5,596	4,744	-15.24 ^s

¹Pfaffenhofen has purchased biogas on a pro rata basis since 2019

²Pfaffenhofen, Germany: new office building is also heated

³Herford, Germany: commissioning phase for new plants

(spray tower, refrigeration plant); from 2021, grid electricity is 100% renewable

⁴Glina, Croatia: higher demand for heating oil as a backup solution to gas supply due to a malfunction

Pfaffenhofen, Germany: the boiler was in operation for measuring the flue gas values

(legislation stipulates measurement every five years)

⁵Coronavirus has reduced fuel consumption for the fleet of company vehicles

A CONTRACTOR OF THE PARTY OF TH		1. 10 基 1/ 63		Changes compared
Energy — Output	2018	2019	2020	to 2019 in %
Electricity	74	299	98	-67.43
renewable	32	31	35	12.59
non-renewable	41	269	63	-76.57

				Changes compared
Water and wastewater	2018	2019	2020	to 2019 in %
Water (m³)	1,570,805	1,501,229	1,498,699	-0.17
Well water	956,776	885,122	854,963	-3.41
Public water supply	614,029	616,107	643,736	4.48
Wastewater (m³)	1,486,771	1,425,713	1,431,896	0.43
Direct discharge	496,689	495,555	499,680	0.83
Discharge into the treatment plant	990,082	930,158	932,216	0.22

Environment

Waste	2018	2019	2020	Changes compared to 2019 in %
Waste (t)	13,434.5	12,703.5	11,933.9	-6.1
non-hazardous	13,415.5	12,683.2	11,916.1	-6.0
Reuse	84.0	91.3	80.2	-12.1
Composting	1,121.7	945.8	895.9	-5.3
Recycling	2,816.0	2,799.4	2,535.6	-9.4
Recovery	8,492.3	7,876.3	7,435.1	-5.6
Incineration	865.6	931.1	925.3	-0.6
Landfill	35.9	39.4	44.1	11.9
hazardous	19.0	20.3	17.8	-12.2
Recycling	2.0	4.3	1.1	-75.1
Recovery	5.2	3.1	3.1	0.8
Incineration	4.9	4.5	6.1	34.1
Landfill	6.3	7.6	7.2	-5.7

Emissions	2018	2019	2020	Changes compared to 2019 in %
Emissions (t)	57,186	55,221	52,245	-5.4
CO ₂	57,024	55,066	52,088	-5.4
Energy	49,043	46,539	46,223	-0.7
Scope 1	18,558	17,402	19,421	11.6
Scope 2	1,181	1,342	2,090	55.8
Scope 3	29,304	27,795	24,711	-11.1
Materials and waste	1,901	1,816	1,641	-9.6
Scope 1	529	339	224	-34.0
Scope 3	1,373	1,477	1,417	-4.0
Personal travel and company vehicles	6,079	6,711	4,224	-37.1
Scope 1	1,401	1,414	1,202	-15.0
Scope 3	4,679	5,297	3,022	-43.0
NO _x	82	78	80	2.4
SO ₂	80	77	77	0.4

Energy Scope 2: Herford: greater quantities purchased from the grid, as less electricity was generated in-house Material Scope 1: less refrigerant leakage through improved maintenance programmes Material Scope 3: less paper advertising Personal travel and company vehicles: there is significantly less business travel due to COVID-19 and also less employee mobility as workers perform their duties from home.

Facts, figures and data



approx. 3,500 employees worldwide



Product areas

(items in the German market)

89

Infant milk/baby cereals/ teas/muesli/snack bars

205

Weaning food/drinks (including organic food for children)

42

Babysanft/Mamasanft skincare

3

Juices/teas for pregnant and breastfeeding women

17

Sip and tube feeding

126

Meals for childcare facilities

482

Total



Customer structure

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

Our production sites in the EU



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.

Environment

Key performance indicators	2018	2019	2020	Changes compared to 2019 in %
% of organic raw materials	53.6	52.7	66.0	25.3
Packaging/product content (kg/t)	358.3	379.7	398.2	4.9
Energy/product content (kWh/t)	1,539.5	1,656.5	1,823.8	10.1
% of renewable energy	22.9	23.7	24.1	2.0
% of renewable electricity (input)	92.7	91.7	87.8	-4.2
Water/product content (m³/t)	11.0	11.8	12.7	7.5
Waste water/product content (m³/t)	10.4	11.2	12.1	8.1
Waste/product content (kg/t)	94.4	100.0	101.1	1.1
% recycling rate	93.2	92.3	91.8	-0.51
Emissions/product content (kg/t)	401.7	434.6	442.6	1.9

¹Only material recycling here (without incineration)

Since 2018, the production volume has successively decreased. In many cases, this has a negative impact on the KPIs, as indicators and product content are not directly proportional to each other.

Society

2000年度世界—27万mm 1955—1955	VALUE OF BUILDING		
Key social performance indicators	2018	2019	2020
Number of employees	2,528	2,612	2,609
% of female employees	43.5	44.2	44.2
Health rate (%) (hours missed through illness/planned hours)	5.6	5.6	5.4
Accident rate (%)	0.4	0.2	0.2
Turnover rate — resignation/employee (%)	1.7	2.2	2.2
Turnover rate — dismissal/employer (%)	1.0	1.3	1.4
Paid overtime (%)	0.91	0.81	1.4
Length of employment (years)	10.3	10.3	10.8
Ratio of executives (m/f) overall	2.4	2.3	2.2
Ideas management — suggestion rate (%)	8.9	12.3	11.2
Ideas management — implementation rate (%)	37.8	26.2	18.1
Training costs (€/employee) (external seminar fees per employee)	453.4	481.1	161.1
Scope of training (hrs/employee) (according to the GRI standard)	18.0 ¹	17.2 ¹	9.21
Training hours (training/employees)	7.6 ¹	6.4 ¹	6.3 ¹
Employees with disabilities (%)	3.6	3.4	3.3
Ratio of standard starting salaries to regional minimum wage	1.92	1.9 ²	1.72
Return rate after maternity/paternity leave	1.03	1.03	0.63
Retention rate after maternity/paternity leave	0.82	1.12	0.92
	¹without Herford ²without Herford	Cmunden and Clina 3w	ithout Herford and Cmunde

 1 without Herford 2 without Herford, Gmunden and Glina 3 without Herford and Gmunden

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