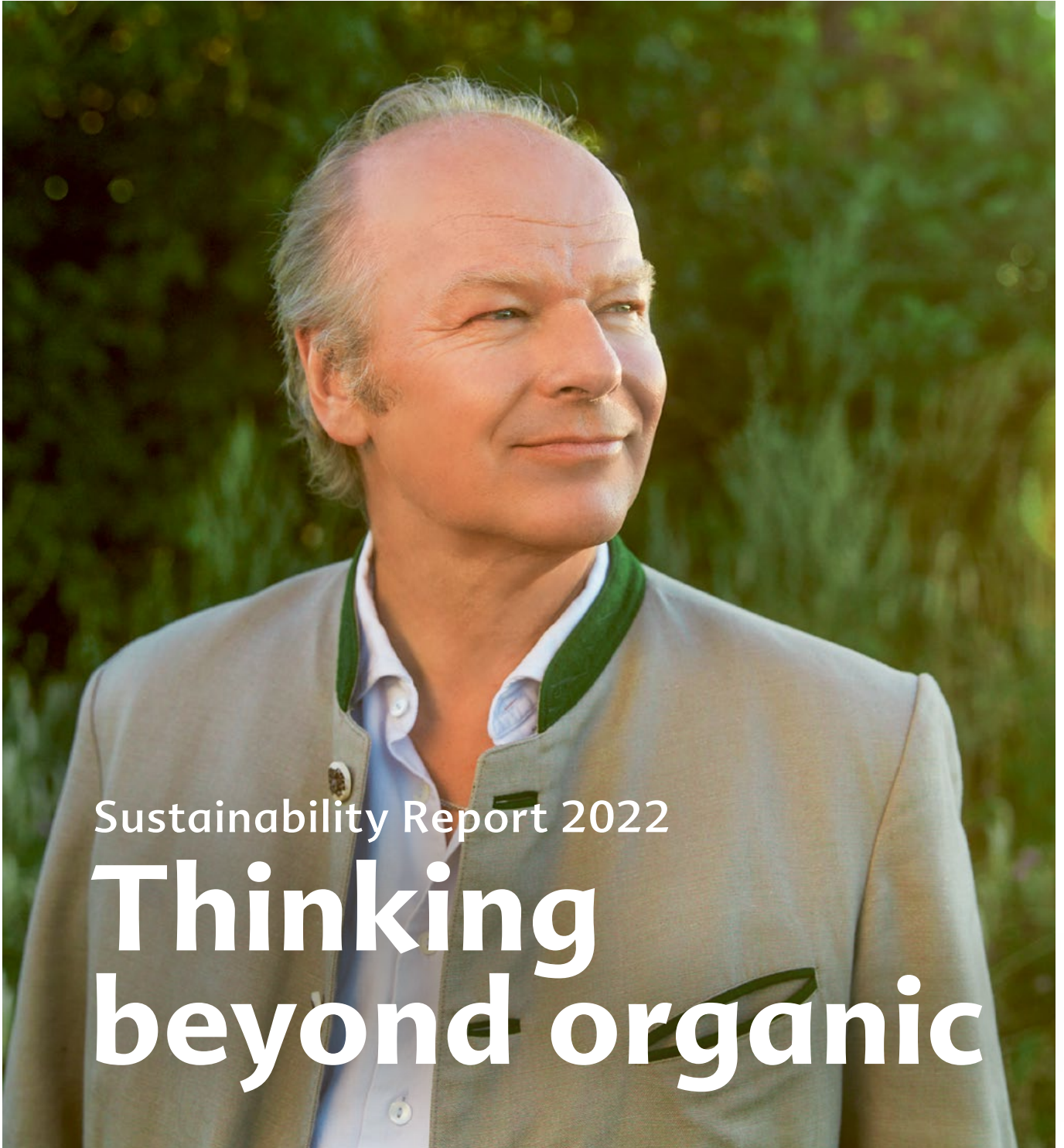




The best from nature. The best for nature.



Sustainability Report 2022

Thinking beyond organic



Dear Readers,

As a leading baby food manufacturer, the HiPP family business has a special responsibility for future generations. Therefore, acting sustainably has a long tradition, which is also reflected in the written documentation of all our sustainability activities. By 1994, HiPP had already published its first environmental report, which was followed in 1995 by its first environmental declaration as a precursor of the subsequent sustainability reports. Thus began an impressive series of reports that lasts even until today. The first HiPP product, though, dates back much longer. Next year, it will have been 125 years since this occurred in the company's history. For my great-grandfather, the high infant mortality rate at the end of the 19th century was not just dry statistics. He was rather shaped by the early death of three of his four siblings. This is why he wanted to avert this terrible fate from his own family, which he managed to do with his first product, J. Hipp's rusk flour for children.

Many procedures that my great-grandfather, my grandfather and my father initiated along with other family members can be seen and noticed to this day in our daily business routine and our product range. The high quality standards, which thoughtfully integrate our young consumers' well-being, have remained unchanged over generations: supreme quality for what is most valuable in life.

Just like our company and our products, the HiPP Sustainability Report is constantly developing. This version is the last in which HiPP reports the facts and figures from 2020 to 2022 at this level of detail voluntarily. That's because this beloved company priority has become a must-have for all baby food producers, due to the new regulation of the EU-wide reporting obligations. Like every new sustainability report, this version also provides an opportunity to look back on what has been achieved in the past months and years. We look at the objectives that we had set ourselves and reached and at those that showed us our limits. And we viewed what we can be proud of and what we want to do better or differently in the future.

Sustainability is not a milestone that we will reach and celebrate someday. Sustainability means to scrutinize and review continuously. Sustainability is a path that comes with challenges and surprises.

Sustainability is a task for generations.

A long while ago we set out for this path and are going even further. This is what I can assure you and vouch for with my name.

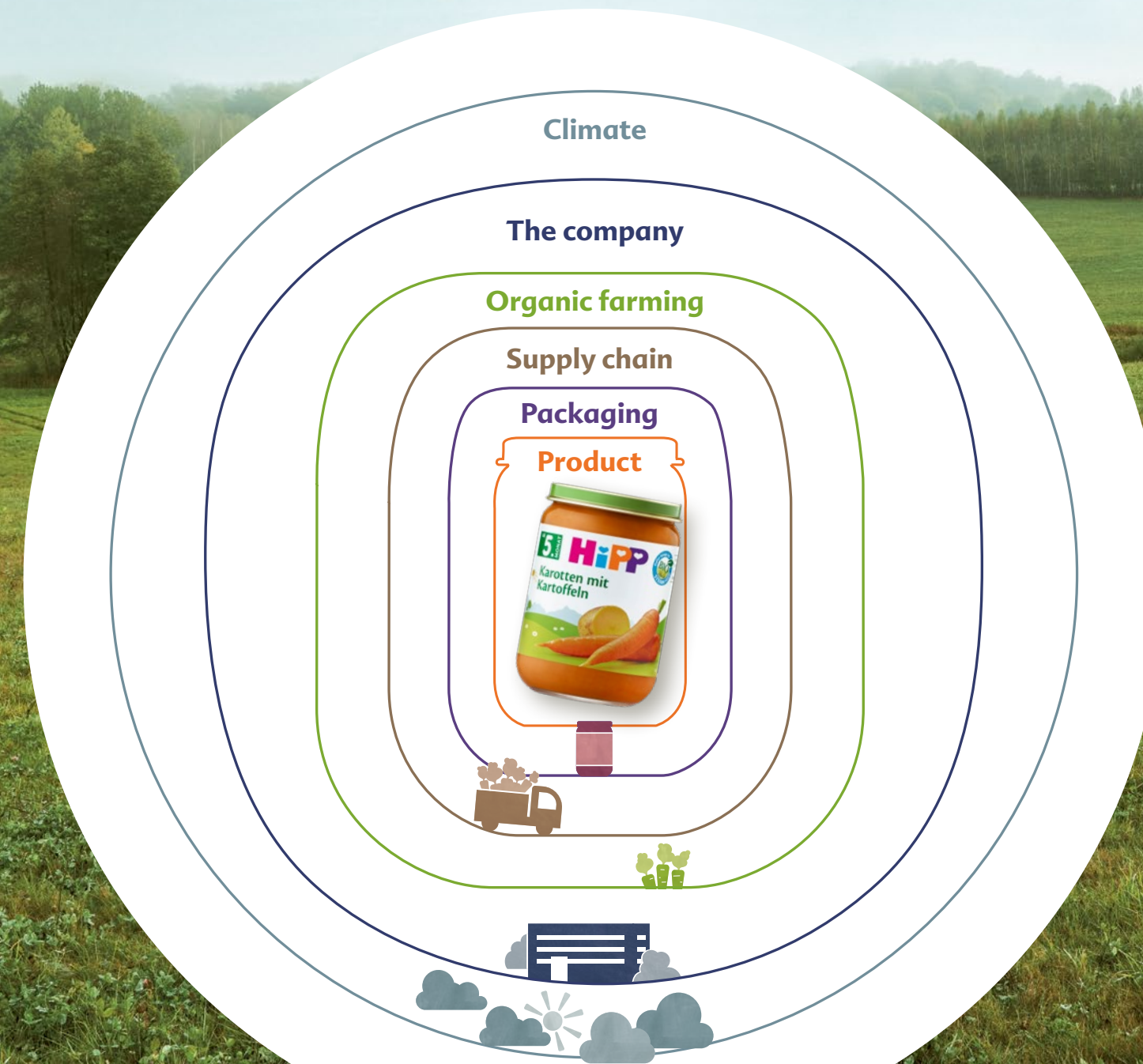
A handwritten signature in blue ink that reads "Stefan Hipp". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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Thinking beyond organic

As a leading baby food manufacturer, we are aware of our responsibility for people and nature, which is why we always view our products holistically: How are they packaged? How is the supply chain organised? How are the raw materials produced? What consequences arise from this for the climate? Like a stone that falls into the water, every product creates circles.



Fundamentals for the Sustainability Report 2022

Materiality matrix

HiPP has defined the contents of the sustainability report using a materiality matrix. The focus of reporting is made up by the aspects which have a very high priority for all stakeholders as well as HiPP.

The Sustainability Report 2022 is again based upon the reporting standard of the German Sustainability Code (DNK), pursuant to which HiPP has published a compulsory declaration for the fourth time already, which guarantees transparency and a better comparability with other market participants by means of 20 reportable criteria and their associated performance indicators. By using the DNK standard, HiPP voluntarily fulfils the requirements of the Corporate Sustainability Reporting Directive (CSRD) Implementation Act about reporting non-financial information.

Already since the beginning of 2023, the company has been intensively dealing with the requirements of the CSRD, pursuant to the specifications of which HiPP will be concerned by the reporting obligation governed Europe-wide as of 2025. This means that from 2026 on, the company will present a sustainability report in accordance with the European Sustainability Reporting Standards (ESRS) applicable then, which is to be integrated into the HiPP management report.

This matrix has been created according to the currently applicable standards of the German Sustainability Code, following the principle of simple materiality. HiPP's materiality matrix was developed in the form of a virtual workshop, thanks to the perfectly established digital cooperation possibilities with senior management of the different sites. The external stakeholders relevant for HiPP were included in the materiality analysis within the scope of personal interviews and by evaluating correspondence.

HiPP's important internal and external stakeholders include the following groups:

- consumers
- current and future staff
- stakeholders in the supply chain
- midwives and obstetricians
- the company family

Our sustainability dimensions

- Environment
- Governance
- Society



HiPP Sustainability Management

Sustainability management at HiPP is organised by Hubertus Doms (Services Manager). He is our sustainability officer for the entire HiPP Group. He is assisted by the site managers. 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.

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 in Europe to satisfy the criteria set out in these standards (see also p. 36 – EMAS).

The 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 at that time 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' personal 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 Ethics Charter and the associated ethics management will undergo a revision process in 2023.

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.



The site at the Croatian town of Glina is the most recent member in the group of the EMAS-certified HiPP plants. HiPP Croatia was the first Croatian company to successfully introduce the management system in 2018.

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.





Goals for sustainable development

At all European production sites of HiPP there are staff responsible for the issue of sustainability. Cross-site virtual meetings take place once a month to generate synergy effects beyond regional or national borders and thus increase the effectiveness of HiPP’s sustainability management.

The sustainability officers meet once a year at one of the HiPP production sites to promote personal exchange. The fate that overcame many physical events during the COVID situation also overcame the long-planned meeting of the sustainability officers of the international HiPP production sites: it had to be postponed again and again, and agreed upon alternative dates had to be cancelled, before it finally became possible to start specifically planning at the beginning of 2022. After the last meeting of the sustainability team, which took place in Pfaffenhofen in April 2019, the colleagues from Gmunden, Glina, Hanságliget, Herford and Pfaffenhofen got together at the Herford site from 27 to 29 June 2022.

On the agenda were the UN’s Sustainable Development Goals (SDGs) as an important part of HiPP’s sustainability strategy. External experts provided support and stimuli on this topic and triggered HiPP’s sustainability officers to intensely discuss the SDGs that have the highest relevance for the company. The international HiPP experts prioritised the selected goals and talked about further steps for the implementation of accompanying measures.

Lots of smaller and bigger steps shape the path of entrepreneurial sustainability, which runs more or less straight, depending on the respective topic – like here at the multi-storey car park.

The sustainability officers identified the goals 2, 8, 12, 13 and 15 to have priority for HiPP.

In addition, **goal 4** is a theme in the HiPP Sustainability Guidelines, among others, and is therefore integrated in the group of HiPP’s prioritised SDGs.

For our contribution to the SDGs, see the coloured information boxes in the Sustainability Report that are assigned to the individual subject areas.



Our symbol of sustainability

Decades of commitment to sustainability shown by Claus Hipp, his family and the entire company have been rewarded 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 of South America – and it ultimately named a newly discovered emerald moth (*Rhodochlora claushippi*) in honour of Claus Hipp. By naming this newly discovered emerald moth after Claus Hipp, the ZSM honours HiPP’s accomplishments in sustainable food production and in the protection 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.

01

PRODUCT

Guaranteeing quality

For us, the best quality is our highest priority — for the most valuable in life.



Supreme quality out of conviction

The HiPP premium organic quality is the result of numerous right decisions along the value chain.

Consumers have been able to rely on that for decades. This is why HiPP is the market leader on many international baby food shelves.



The HiPP Naturkinderhaus is located in the immediate vicinity of HiPP's Pfaffenhofen plant.



The 2022 materiality analysis showed that the topics of product quality and market presence are a priority for HiPP and its stakeholders. In 2021 and 2022, our market presence was impacted by the COVID pandemic and the consequences of the war in Ukraine, as was the case in many companies. Additional challenges for HiPP were the long-planned relocation of the storage rooms and the switch of the logistics software. What's more, in the autumn of 2022, we were extremely limited in our digital work processes due to a hacker attack on the company-wide IT systems.

Our quality concept also includes the optimisation of recipes and development of new products in order to satisfy the current needs of young families.

New products on the shelves

Endurance test for Ancient Grain Dinosaurs

The best product testers for items from the organic products for children range are the consumers of the actual target group, which can be found very close to the offices of the product developers in Pfaffenhofen, the in-house daycare centre. This means that we have the best market research conditions right on our doorstep, which we took advantage of when optimising an existing recipe. The children of the respective age group from the HiPP Naturkinderhaus were invited to try two varieties of the popular HiPP Ancient Grain Dinosaurs. The clear winner regarding taste was the Ancient Grain Dinosaurs variety "Cranberry and Blackcurrant with Ancient Grains", which is available in retail now.

Purely plant-based as part of a balanced mixed diet

The first purely plant-based meals have been offered in retail since April 2023. For example, HiPP Spaghetti with Pea Bolognese is a perfect occasional meatless alternative for a balanced diet of young children at weaning age. It is a nutritionally complete meal where animal protein has been replaced with a plant-based alternative. With our meal recipes we follow the recommendations of the German Nutrition Society (DGE) for a balanced mixed diet.

Inspired by nature – HiPP formulae

HiPP works with a large team of food technologists and nutritionists to develop its products and conducts extensive, elaborate studies on new formulae and other products.

It should also be possible for children who are not breastfed to receive the best possible nutrition and therefore develop healthily. HiPP does everything in its power to offer and continuously improve high-quality formulae based on the latest scientific research, and to model them as closely as possible on breast milk. This is why already in 2008 HiPP initiated a research group in which topics from the area of breast milk, breast milk composition and breastfeeding are picked up and discussed with experts. The Research Group on Human Milk derives relevant recommendations from these discussions that are then reflected in the HiPP product range.



The purely plant-based items make up a sustainable enrichment of the HiPP product portfolio.

A current example are the further developed recipes for HiPP ORGANIC COMBIOTIC®, HiPP HA COMBIOTIC® Infant and Special Formulae, as well as HiPP COMBIOTIC® Growing-up Milk with Metafolin®.

Metafolin® is a calcium salt of the naturally occurring folate in the body, and therefore the next step forward in development from conventional folic acid, which is used to this day in standard formulae. Metafolin® is a premium form of folate and a component of the natural folate found in breast milk. Similar to folate in breast milk, Metafolin® is immediately available to the body. The metabolism of folic acid, on the other hand, is much more complex as it must first be activated by the body before it can take effect – unlike the premium form of folate or Metafolin®, which can be used immediately by all babies. The special folate source Metafolin® guarantees easy absorption and use of this important vitamin for everyone.





HiPP also guarantees the high product quality during the production process thanks to continuous checks.

Premium laboratory for premium quality

With its own state-of-the-art laboratory, which is very large compared to the entire company, HiPP emphasises its high demands on product quality. In 2022 alone, the laboratory generated approximately four million test results. There are only a few food producers that place so much importance on in-house analyses of the raw materials, as well as the intermediate and finished products. For a company laboratory, the residues and contaminants area is something of a rarity, which has been officially accredited by the German Accreditation Body (DAkkS). This way, HiPP makes sure that the maximum values that are applicable for infants and young children and that are strictly regulated through the German Ordinance on Dietetic Foodstuffs are closely checked.



HiPP's accreditation pursuant to DIN EN ISO 17025:2018 can be publicly seen on the website of the German Accreditation Body.

As part of its current accreditation, the HiPP laboratory has optimised its methods from a sustainability perspective. For example, we have succeeded in shortening throughput times and significantly reducing the amount of solvent used. In addition, the use of glass dishes and the associated water consumption for washing up has been reduced. Overall, the sustainability measures have improved our environmental performance. The analytics department responsible for the HiPP laboratory sees itself as a service provider within the company that measures itself against external laboratories. The current sustainability project is looking at the use of water as a coolant in the laboratory.

Cross-border for safe baby food

High standards

Foods for infants and young children are among the most highly monitored foodstuffs in the world. International food inspection authorities and numerous consumer protection organisations strictly check the safety of these foods. A large number of experts at HiPP meticulously review the individual production steps and raw materials used, so that in the end Stefan Hipp can vouch for all HiPP products with his name with a clear conscience.

The analytical methods and product safety are already at the highest level, but they are developing further all the time. New analytical methods enable the detection of substances that have been unknown so far and are undesired in foods. HiPP not only watches these developments but actively participates in them to develop sensible methods in order to be able to guarantee the safety of our products in the future too.

Totally in keeping with this claim, HiPP participates in the international SAFFI project as an industrial partner. We provide our expertise for the safe production of foods for infants and young children, support the project partners with information and make sample materials available for the development of new analytical methods. Apart from HiPP, other companies from Europe and China collaborate in this project. The scientific part of the project work is provided by universities from the Netherlands, Italy, France, Spain, Germany and China. Small and medium-sized companies from Germany, the Netherlands and Ireland put their know-how in

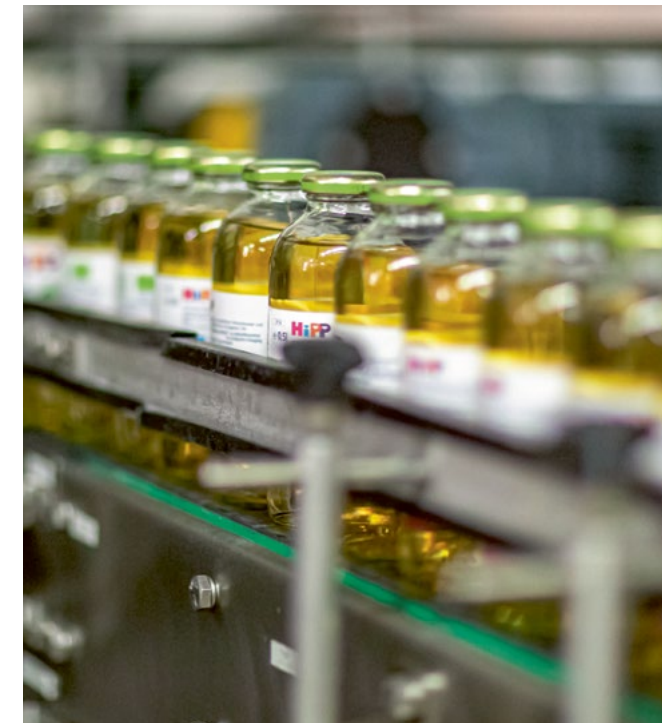
terms of special analytical technologies and data evaluation into the project. The “Safe Food for Infants in the EU and China (SAFFI)” project is financed by “Horizon 2020”, the EU’s research and innovation funding programme under grant agreement no. 861917.

Safe foods for infants and young children in Europe and China are the objective of the SAFFI project.



Objective of the project

The objective of SAFFI is to facilitate detection, evaluation and mitigation of microbial and chemical safety risks along the entire food chain for young children in the EU and in China. To achieve this, the most important safety risks are systematically evaluated in the project by means of a novel combination of all available data. The system arising out of this aims to support companies and public authorities in their own risk assessment (“Decision Support System, DSS”). In parallel, new procedures to detect risks that are unknown up to now are being developed. For example, by applying new analytical methods more information is to be gained about microorganisms potentially occurring in the food. This can help to create an early detection model, which experts call predictive microbiology. So far unknown chemical risks are first able to be detected by means of innovative biochemical procedures and then characterised by means of further chemical analyses. Spanning all this is the consolidation of all data obtained as a basis for the mentioned risk assessment system.



Course of the project

SAFFI is planned for four years and started in September 2020. At the beginning, four exemplary foods for infants and young children were selected: infant formula, baby cereal, mixed fruit puree in pouches and a meal jar with vegetables and fish. For these products, the main risks known so far were examined, e.g. Cronobacter sakazakii in formula and dioxins in fish. In parallel, the scientific partners compiled the associated standard analytical methods and, based on these, started developing new methods. The industrial partners sent out the first samples to support method development. Tangible results are only to be expected towards the end of the project.



At HiPP, we make a contribution to **SDG 12** regarding the topic of product by picking up in particular sub-goal SDG 12.8. This sub-goal aims to ensure by 2030 that people everywhere are provided with relevant information and awareness of sustainable development and a way of life in harmony with nature. It is about creating awareness and keeping people informed.

HiPP sends out regular information to its BabyClub members about current sustainability topics in the company and provides advice on how acting sustainably can be integrated in a family’s everyday life. By providing regular information, the responsible persons try to raise consciousness for sustainability, from pregnancy to toddlerhood. HiPP also informs about sustainability activities regularly in the midwives’ magazine “Rundherum”.

02

PACKAGING

Packaging sensibly

Closing cycles to save resources is just one of our approaches when it comes to sustainable packaging.



Well protected on the shelf

Optimum product protection with simultaneous resource protection is the big challenge in sustainable packaging solutions. In addition, the vulnerable target group of HiPP plays a decisive role in decisions in favour of or against a certain material.

2025 packaging mission

Sustainable packaging: HiPP's goal by 2025

HiPP has been involved in sustainably produced products for over 60 years. We look at the entire product: from the individual ingredients and processing methods all the way through to packaging. Our HiPP jars are already highly recyclable. By 2025, all packaging should be as recyclable as our jars, meaning at least 90% recyclable.



Forward-looking for decades

HiPP launched a paper refill bag for "Flour with Chalk and Malt for Children" already in 1937. With this, the company was making a contribution to resource conservation even then. The original product was sold in a tin with screw cap.

But what does that actually mean? Here, we would like to explain the key terms we use in connection with the topic "sustainable packaging".

Recyclability – What is that and why is recyclability important?

The higher the recyclability of a package, the more of it can be reused after disposal. High recyclability is a requirement for the production of recycled material, making it the basis for good recycling management. The cyclos-HTP Institute is a company that classifies, assesses and tests the recyclability of packaging materials based on the German Minimum Standards. cyclos-HTP assessed the recyclability of HiPP jars at 97%.

Recycled materials

Recycled material is what comes out of the recycling process. Properly disposed of packaging materials can be reprocessed through a recycling process and later reused to make new packaging materials. The best-known recycled material is probably recycled paper but plastic can also be recycled. However, these recycled plastics cannot be used to produce new packaging for sensitive products, such as formula or baby skincare products, as they would not meet the necessary "cleanliness" requirements. This is different for glass and aluminium: Recycled glass or aluminium can easily be used to produce new food packaging, because they are processed at a very high temperature during the recycling process, which eliminates any impurities. Even now, our jars are made with 70% recycled glass.



The most common recycled material is probably waste glass. Up to 70% of HiPP jars is made of waste glass.

Bioplastics

When it comes to bioplastics, you have to differentiate between those that are made from biological resources, those that are biodegradable and those that are both.

- 1. Bio-based** means that the material or product was produced from biomass, i.e. from renewable raw materials such as maize or sugar cane.
- 2. Biodegradable** describes a chemical process where microorganisms in nature convert the material into natural substances such as water, carbon dioxide and compost. The biodegradability of a material is influenced by environmental conditions. Temperature, type of microorganisms and humidity all play a role. If the conditions are not right, the material will biodegrade very slowly or not at all.

HiPP is open-minded towards the use of bioplastics, but checks the suitability, the type and cultivation of raw materials, sustainability aspects and disposal options, as well as long-term availability for every material. Bioplastics available so far do not yet fulfil all required criteria in order to be used in particular for packaging which is in direct contact with the product.

Plastic composites

Plastic composites consist of several layers and usually two or more types of plastic. Once combined, the layers can no longer be separated in sorting plants or only with lots of effort. That is why they cannot really be recycled. Plastic composites have been a staple for product packaging for many years because they ensure a high level of product protection and are easy to process. But times are changing! We at HiPP are working hard on making our packaging films recyclable.

Monomaterial

Monomaterial packaging consists of only one material or one type of plastic. They can therefore be sorted and recycled and are the beginning of a closed material cycle.

Improved packaging for HiPP skincare products



*Basis for calculation: Target figures for 2022



The patented Eco Comfort Pack® for HiPP formulae has proved itself.



Improved packaging

Skincare products

Recyclability in Germany: on average, 96% of the packaging of our HiPP Babysanft basic skincare range can already be recycled. With the new bottles, all lids and pump dispensers can be unscrewed, which makes recycling or refilling easier. All packaging has been changed to monomaterial packaging, where technically possible. This has increased the recyclability of refills from 0% up to 83%, and that of our 200ml bottles from 93% to 100%.

- Weight reduction: From 2019 to 2020, the amount of material used for our bottles and thereby the weight was decreased by 8% (= 18.43 tonnes). From 2020 to 2022, they were reduced by a further 7% (= 14.3 tonnes).
- Carbon savings: As a result of the changed packaging, HiPP saves about 22 tonnes of CO₂ per year, depending on sales figures.

Formula packs

By using Eco Comfort Packs® for our formulae, we are contributing to environmental and climate protection. This is why the majority of our formula packs now contain only one foil sachet. At the same time, handling has become considerably easier as well, thanks to the convenient wiping edge and flip-top lid.

- Lower carbon emissions as compared to the previous packs with two foil sachets
- 97% of our folding box can be recycled
- Lower carbon emissions than with metal cans
- Vegetable oil-based printing inks — free from mineral oils
- Responsibly sourced FSC®-certified cardboard
- Patented Eco Comfort Pack®

The connection between packaging and sustainability

HiPP’s packaging development experts can rely on new tools to integrate sustainability aspects even more transparently into their work. The sustainability team and the colleagues from the packaging development department worked out the new internal policy on “Sustainable packaging” together to create a theoretical foundation for future-proof, sustainable packaging for HiPP.

The policy complements an assessment tool, which has also been worked out by the packaging development and sustainability teams together and takes into account numerous further sustainability criteria besides life cycle assessment aspects. This creates an assessment of packaging alternatives, almost at the push of a button, following a point system which makes it easy to recognise the more sustainable alternative.

In addition to the policy and the assessment tool, the sustainability experts have the packaging calculator at their disposal, which determines the eco-balance of the different packaging systems and enables assessments and comparisons taking into account different aspects of life cycle assessment.



When it comes to packaging, HiPP makes a contribution to the SDGs by trying to close cycles and act in a resource-conserving manner. In particular, this concerns the **goals 8.4, 12.4 and 12.5**. The 2025 packaging goal for recyclable packaging described here also supports the following three SDG sub-goals.

SDG 8.4

Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10 Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead.

SDG 12.4

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.

SDG 12.5

By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.

Be HiPP & recycle!

Why is correct separation of recyclables so important?

Packaging materials can only be recycled if they are disposed of correctly. This means that once you’ve used up or eaten all the content, the empty packaging should be disposed of according to your local waste management guidelines (e.g. glass bottle and metal lid in two different containers). So packaging materials might have to be separated by type — e.g. glass, paper and plastic — so they can later be recycled and reused.



Video on the separation of packaging material



03

SUPPLY CHAIN

Creating sustainable value

We had been pleading for a fair and humane supply chain long before the Supply Chain Due Diligence Act came into force.





From voluntary to mandatory in the supply chain

From voluntary to mandatory in the supply chain is an essential sustainability topic both for HiPP and for the company’s stakeholders that different specialist divisions deal with intensively.

Current challenges

With the “Act on Corporate Due Diligence to Prevent Human Rights Violations in Supply Chains” or Supply Chain Due Diligence Act (short: “LkSG”), the German Federal Government has bindingly regulated for the first time the responsibility of companies to respect human rights in global supply chains. The Act will apply to HiPP as of 2024. The framework conditions have been correspondingly adapted for some time.

Fit for 2024

In view of the Supply Chain Due Diligence Act, HiPP is currently revising its Code of Conduct, which is valid for the company and its suppliers. A complaints mechanism, which has already been established in the company internally, will be

extended to the entire supply chain. In addition, HiPP’s supply chain experts are formulating the declaration on respecting human rights, which is based on the results of the risk analysis performed and is to be adopted by the end of 2023. It is also planned to have appointed a HiPP Human Rights Officer by the time the declaration is published.

Risk analysis

To identify potential risks, we use the CSR Risk Check from the Agency for Business & Economic Development (AWE). AWE is a project of the German Federal Ministry of Economic Cooperation and Development (BMZ) that is jointly executed by Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ) GmbH and DEG Impulse gGmbH. The AWE’s Helpdesk on Business & Human Rights is a support for companies that helps them implement due diligence processes in terms of human rights. In the base year 2022, HiPP analysed the potential risks for 855 raw materials and more than 4,000

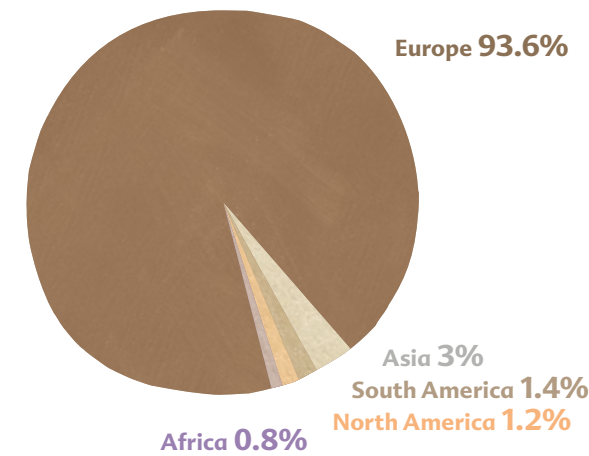
packaging components at direct suppliers using the CSR Risk Check. This means that potential risks are assigned to each item/supplier combination. In a further step, HiPP weighed the ascertained risks. The manual entry of the nearly 5,000 data sets on the helpdesk platform was done by HiPP trainees as a project in the HiPP junior company.

Global supply structure

93.6% of our direct suppliers are located in Europe, 3% in Asia, 1.4% in South America, 1.2% in North America and 0.8% in Africa. The raw materials come from the following areas: of direct HiPP suppliers, 95.1% of the raw materials come from Europe, 1.8% from North America, 1.7% from South America, 1.2% from Asia and 0.2% from Africa. According to the CSR Risk Check, 10.2% of our direct suppliers have production facilities in a country of risk. Related to the raw material quantity, 3.5% of the raw materials are classified in this group.

Potential risks in relation to human rights violations arise with regard to child labour on farms. Here HiPP strives to ensure that it is not necessary to secure the family income through the employment of minors by paying an appropriate compensation to raw material suppliers.

Suppliers



Rules of conduct

Until the updated Code of Conduct enters into force, the rules of conduct defined in the HiPP Ethics Charter and the Code of Conduct of the HiPP Group will apply that commit people to respect human rights. HiPP suppliers agree to comply with this Code, which is included in the General Terms and Conditions. The Code forms the basis for long-term business relationships with our suppliers. It is based on international standards and guidelines such as the principles of the International Labour Organization (ILO), the United Nations Universal Declaration of Human Rights and the UN Convention on the Rights of the Child.



With activities along its own supply chain, HiPP makes a contribution to fulfil several Sustainable Development Goals. As expected, **goal 8**, decent work and economic growth, is in focus.

The **sub-goals 8.5, 8.7 and 8.8** pick up many elements of the Corporate Sustainability Due Diligence Directive (CSDDD). In addition, SDG 2, with its sub-goal 3 that is linked to agricultural productivity and income, involves issues that HiPP considers in the supply chain.

The company’s agricultural management team and the strategic purchasers sensitise people for and inform them about sustainability topics along the supply chain. This way, HiPP supports the attainment of SDG 12.6 and, at the same time, pays into SDG 4.7.

04

ORGANIC FARMING

Boosting nature

We rely on raw materials from organic farming, because it conserves biodiversity, provides for healthy soils and ensures animal welfare.



At the root

Sustainable food production would be unthinkable without farming. And this is where the levers lie: **for more biodiversity, healthy soils, animal welfare and others.**

The umbrella term farming subsumes all the topics that we prioritised in the materiality analysis – organic products, organic raw materials, biodiversity, healthy soils and animal welfare. HiPP helps shape resilient farming and, in doing so, tries to revive and boost sustainable cultivation and animal husbandry methods.

Flourishing networks: the bigger, the better

As a pioneer in organic farming, HiPP also advocates for the promotion of biodiversity and has been supporting the activities of the nature protection organisation Netzwerk Blühende Landschaft for years. In the joint project “Habitat networking for insects”, the responsible persons follow the path of a farming system that is suitable for our grandchildren and successfully show that nature protection and agricultural production can be combined in a sensible way. Not only wild animals and plants benefit from strategically-placed, habitat-networking elements and diverse ecological stepping stones: agricultural ecosystems become more stable thanks to the bigger diversity of species and thus generate a big advantage for agricultural production.

The experts of the Netzwerk Blühende Landschaft examined the framework conditions for biodiversity at the organic farm of Stefan Hipp in Poland in 2022 and compiled a package of measures whose implementation started upon receipt

of the final report. Besides the already existing ecologically valuable structures, the agricultural areas were planned with measures for habitat networking, aiming to sensibly connect habitats for insect pollinators and other animal species to each other across large areas. Strips of old grass that were left standing, hedges and landscape elements, wildflower strips and blooming water’s edges are to be established in the agricultural operations. Copses, the upgrading of small bodies of water, stone cairns and piles of deadwood, as well as nesting sites for wild bees are also part of the package of measures.

A HiPP study shows the advantage of organic grassland

HiPP’s insect study, which was carried out in cooperation with the Bavarian State Collection of Zoology (ZSM) and the Bavarian Natural History Collections (SNSB), renders new findings regarding pollinator variety on organically and conventionally managed agricultural areas. With 20 million examined DNA sequences, the Pfaffenhofen insect study extends the findings gained in the Krefeld study of 2017 both in terms of quality and quantity.

The quantitative number of flying insects has been decreasing drastically all over Europe for years.



“Within 30 years by more than 70%,” Dr Axel Hausmann from ZSM explains the situation with reference to the **Krefeld study about insect decline**. As small insects and pollinators react particularly sensitively to chemically synthesised pesticides, it is the conventional cultivation of agricultural areas above all that is a big driver of this alarming development. “We must not simply accept this loss of biodiversity, but must collect scientific facts for the reasons and must work out approaches to solving the problems together based on these findings to counteract the situation,” Stefan Hipp explains his personal motivation and the reason why the company HiPP took the initiative to carry out this new insect study. “It is because humans depend on the pollination performance of numerous insect species. This dependence is most obvious in food production.” Therefore, the study has been investigating the impact of organic and conventional farming on biodiversity since 2018.

As part of the Pfaffenhofen insect study, flies, hymenopterans, beetles, butterflies and many other insects are collected, identified and dissected. Dr Hausmann appreciates this initiative and underlines that “the collection of insects is not done as an end in itself,” but is essential for scientific evaluation. After all, insect species threatened by extinction would be documented in this way, and protective measures defined and realised, whereby the species can be preserved for the future.

“Why do we need pollinators?”
Most plants are dependent on insects, because their blossoms can’t pollinate themselves and the wind doesn’t pass on their pollen. Nutrition all around the globe would be less varied without insects. They carry the pollen from one blossom to the next and so ensure the exchange of the plants’ genetic material. In so doing, the fruit quality can be improved. Plants whose pollination depends on insects develop fewer seeds and fruits if pollen transfer takes place between fewer blossoms. Though the harvests of the most important staple foods, such as maize, rice and wheat, are not in danger, the harvests of fruits and vegetables would be poorer. These crops provide the human body with vitamins and nutrients. For cherries, a loss of 40% is to be feared; for almonds, over 90%. Some vegetables, such as cucumbers and pumpkins, would hardly exist. Experts estimate that about 6% of the total number of crops would cease to exist. For producers in Germany, this would mean a loss of approximately 1.3 billion euros a year (source: Heinrich-Böll-Stiftung).

Detailed information about the HiPP study

By means of DNA metabarcoding, the scientists were able to examine about 20 million DNA sequences and detect from these more than 500,000 genetic clusters, analysed from approximately three million data fields. This study extends and complements the scientific findings of the Krefeld study about insect decrease dating from 2017, by applying more modern methods and the qualitative analysis that became possible through this. It was the first time worldwide that researchers could examine the impact of different agricultural uses quantitatively and qualitatively by means of molecular methods. The results were remarkable. On HiPP's model farm for biodiversity near Pfaffenhofen an der Ilm in Bavaria, the collection in 2018 yielded 260% more biomass as compared to a conventional model farm.

Altogether, 21% more insect species and 60% more butterfly species live on the organically cultivated agricultural areas,

and twice as many animals of threatened species according to the Red List. About 7,500 insect species out of the approximately 25,000 insect species recorded in Bavaria so far could be detected there. To carry out the investigations, the researchers of the Bavarian Natural History Collections (SNSB) and the butterfly researcher Thomas Greifenstein relied on two malaise traps each on the organic farm and the conventional farm. 20 traps have been used since 2018. To support these, lamps with more UV light, so-called light traps, were used to catch nocturnal butterflies.

The results clearly show that the way agricultural land is managed is of enormous relevance for insect diversity and the entire ecosystem. Since in Bavaria alone about 45% of the total area is agricultural area (conventionally and organically farmed) and about one-third of it permanent grassland, rethinking in the field of conventional farming is extremely important and decisive for the positive effects on biodiversity.

Flower strips for more sustainability

Many measures for the promotion of biodiversity on farms also have positive effects on areas that were not even the focus. One example is the flower strip competition, which was started in May 2022. For each entry in the competition, HiPP sows one square metre of flower strip on the premises of an organic supplier. This ecologically upgraded area also benefits the animals living there. What's more, HiPP raffles ten sustainable prize packages among all participants every three months. So far, HiPP has sown more than 7,000 square metres of flower strip as part of the competition.



HiPP contributes to the attainment of the SDGs in particular through its commitment against further loss of biodiversity. In the field of farming we focus on the following sub-goals:

SDG 15.2
By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

SDG 15.3
By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world.

SDG 15.5
Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species.

60 percent more butterfly species*

21 percent more insect species*



*can be found on organically managed areas as compared to conventional ones.

05

THE COMPANY

Sharing responsibility

To ensure the viability of our company, it is important to develop our economic performance in an environmentally sound and socially compatible way.



Sustainable across the generations

Meanwhile, **the viability of companies** depends on how environmentally sound and socially compatible they are in rendering their services. After all, it's about the permit from society for their operations.

HiPP has been facing up to corporate sustainability requirements for many years. Sustainability is not a must that is demanded from outside, but it is our corporate attitude.

On a sustainability mission with EMAS for almost 30 years

Sustainability has been anchored in the history of our company for decades. By taking the decision to convert their family's farm to organic farming, Georg Hipp and his wife, Anny Hipp-Metzner, set the course for a sustainable company identity already in 1956. The logical consequence of this orientation was the decision at the beginning of the 1990s to introduce the EMAS (Eco-Management and Audit Scheme) environmental management system.

EMAS is a modern management and audit scheme that supports all participating companies, and therefore HiPP, in positioning itself in a future-oriented way. This works in particular by the fact that EMAS-certified companies reduce their environmental impact and their costs in the long term, for example by increasing their efficiency. Moreover, this management system sustains the innovation capacity by orientating corporate decisions sustainably and in the long run. With the help of EMAS, companies manage to focus on the impact of their actions and thereby identify room for improvement and eliminate weaknesses.



Hanságliget (Hungary)



Gmunden (Austria)

EMAS as a guarantee for systematic environmental protection at HiPP

Many people protect the environment in their private everyday lives. They try to save energy, produce little waste, reduce their water consumption or move by means of public means of transport, bicycle or on foot, if possible. Companies tackle the topic of environmental protection at a different scale to private households. However, on both the small and large scale, it is important for possibly all persons to be involved and recognise the necessity of environmentally conscious actions. Whereas in private households all members play a significant role, it is individual specialist divisions in a company's day-to-day business.

The EMAS management system is a suitable tool to integrate and establish environmental protection and resource conservation across all hierarchical levels.

Continuous further development

HiPP was the first food producer and third company in Germany that was clearly committed to continuous improvement of its environmental performance at the beginning of the 1990s. After all, it is the EMAS claim that participating companies commit to measure and optimise their environmental performance on a continuous basis.

Besides many other environmentally relevant data, HiPP has been recording its CO₂ emissions since 1993 as part of EMAS and has been deriving measures to consistently reduce emissions, among others, by means of improved energy supply concepts. At the Pfaffenhofen site, for example, HiPP was able to cut greenhouse gas emissions per product tonne by more than 80% between 1993 and 2020, due in part to the use of renewable energies. At our four long-established HiPP production sites (Pfaffenhofen, Gmunden, Hanságliget and Glina), we have reduced energy-related emissions by over 50% per production tonne in the last 20 years.

HiPP plans to lower emissions at its sites by a further 20% by 2025 by further optimising its energy supply, continuously raising the proportion of renewable energies used and increasing efficiency. All HiPP production sites in the European Union have been climate-neutral for years, Pfaffenhofen and Gmunden already since 2011.



Pfaffenhofen (Germany)



Glina (Croatia)



Herford (Germany)

EMAS as a seal of quality

EMAS-certified companies like HiPP prove to have a holistically implemented environmental management system that stands out for its transparency and verifiability. Internal and external stakeholders are enabled to follow the company’s commitment via its environmental reporting. We publish the environmental indicators every year as an update of our environmental statement that is released every three years.



Our environmental statements and updates are available on the HiPP website for interested people.

The continuous improvement of HiPP’s environmental performance and compliance with all legal environmental provisions are evaluated by an independent, state-certified environmental auditor every year in accordance with the requirements of the EMAS Regulation. The EMAS inspection passes through all specialist divisions, processes and plants within three years. Participation in EMAS is voluntary and is financed by the companies themselves. EMAS is considered to be the most challenging and high quality of all currently available environmental management systems. So far, the European Parliament has not permitted use of the EMAS logo on products and product packaging. This is the reason why the environmental management system hardly appears in the perception of consumers.

Good reasons for EMAS

The high environmental standards that EMAS imposes on the participating companies are continuously further developed and fulfil the strictest EU criteria. As a result of the regular internal and external audits, resource-conserving, environmentally conscious behaviour is being established across all specialist divisions. Companies and other organisations that participate in EMAS commit to fulfil all relevant legal environmental provisions and to establish a process to continuously improve their environmental performance. An EMAS registration also means that the requirements of ISO 14001 are fulfilled.

What have we achieved to date?

HiPP has relied on the strict environmental management system EMAS for almost three decades. It clearly demonstrates the high standards set by the people in charge at HiPP. Meanwhile, all HiPP sites in the European Union have been applying EMAS and since 2018 have been complementing the



environmental standard with EMAS^{plus}, which is based on it, to become a complete sustainability standard. EMAS^{plus} integrates the dimensions of Society and Governance. 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 presents this data in consolidated form, providing a fair representation of the environmental performance indicators for all our production within the EU. HiPP has achieved a very high level for many performance indicators, particularly at the sites that have decades of experience with EMAS. Nevertheless it is worth it to deal with the environmentally relevant figures on a continuous basis. Besides the mentioned data on emissions, this concerns the handling of raw materials, packaging, water, wastewater, waste, consumables and energy. The recorded data serves as a control and steering parameter in the company that enables defining targets in the short and long term and measuring the achievement rate. Since the introduction of EMAS, at our headquarters in Pfaffenhofen an der Ilm, the site’s water consumption alone has decreased by two-thirds and energy consumption by more than half.

A glimpse into the future of EMAS

At HiPP we are excitedly following the current developments with regard to EMAS. Experts are working out an impact orientated, standardised and credibly certifiable sustainability management module mandated by the German Federal Ministry for the Environment, Nature Conservation, Nuclear Safety and Consumer Protection, which takes up EMAS and builds on EMAS^{plus}. The new module is to be converted into a system that is registered as a certification trademark in the forthcoming years. This trademark allows companies to guarantee certain properties of a product or a service in a neutral and transparent way. A well-known example of a certification trademark is the Green Button.

So it may be permitted shortly, unlike to date, to depict the services rendered by companies with regard to EMAS and EMAS^{plus} on products in the form of the new sustainability certification trademark. Then also consumers will find out what is the foundation of the system that has been successfully implemented at HiPP for years.

The HiPP site in Glina was the first company all over Croatia in 2018 that was validated in accordance with EMAS and EMAS^{plus}. Since then, the EMAS flag has been billowing at the entrance gates of the plant.

Work – but safely!

In 2022, HiPP created the basis for a new labour protection standard applicable at the Pfaffenhofen site from the second half of 2023. As of 2024, this standard will be successively evaluated at the other HiPP sites and applied there as well. In the HiPP Ethics Charter, the company assures its employees of an “absolutely safe place of work”. This includes that a sufficient number of fire protection officers, first-aiders and labour, health and safety officers are active at the sites and that, beyond that, an assessment of mental risks is carried out at the HiPP sites. In particular colleagues who are directly affected by the war in Ukraine or burdened by the consequences of the COVID pandemic will be in the focus of this risk assessment. By setting up an internal psychological service, HiPP surpasses the legally prescribed extent of a risk assessment. HiPP appoints more fire protection officers, company medics and first-aiders than required by law. The training offer for first-aiders is directed towards the entire staff, but the employees can decide themselves voluntarily if they want to be a first-aiders.

The labour, health and safety officers at HiPP are supported technically by new labour safety software, which maps the legal background alongside the internal standard. The software also contains the first-aid booklet that facilitates transparent documentation of incidents in the company. It also supports managers in taking on responsibility for the employees. The managing directors are responsible for the topic of labour safety. They can entrust the operational implementation within a delegation pyramid to suitable persons who have been trained legally. In accordance with legal requirements, HiPP trains and tests the persons mentioned in the delegation pyramid regularly. What’s more, the transfer of obligations is documented. The extent of labour safety issues in instructions goes beyond the legally required standard at HiPP.

True cost accounting as a handbook

Our value chain from farm-to-fork involves incredible efforts on our part to ensure our **premium quality** and **act as resource-conserving as possible** at the same time. These efforts must also be reflected in the revenues in the long term. True Cost Accounting is a method to show how this could work.

HiPP as part of the True Cost Initiative

The way we produce foodstuffs and agricultural goods has myriad effects on the environment and society — including negative and positive consequences for the climate, soil health or groundwater, depending on the way of management. At present, these consequences cannot be sufficiently depicted in monetary units. Neither the price recommendations of food producers for retail nor the shelf prices visible for consumers show this overall picture of true cost. Worldwide, experts estimate the market value of all consumed foodstuffs to be approximately 9 billion

euros. Independent organisations, on the other hand, estimate that the damage to the environment and society arising during production amounts to 19.3 billion euros — more than double. In most cases, the originators do not pay for the arisen, yet so far hidden cost. In fact, it is often passed on to others and in particular to future generations. A topical example that regretfully has become understandable for all of us meanwhile are the consequences of climate change. A company like HiPP that does not want to support these distortions and voluntarily imposes higher social and environmental standards on itself is currently still at a disadvantage compared with those that build up their profitability at the expense of others or at the cost of the environment.

Initiative as the opposite pole

In order to effectively counteract this development, HiPP joined forces with other market participants, non-governmental organisations and financial service providers to form the “True Cost — From Costs to Benefits in Food and Farming” initiative already in 2019. Its main goal is to enable transparent and holistic reporting about the environmental, social and health impacts of companies. For this purpose, the members of the initiative compiled a technical handbook to calculate the true cost of foodstuffs and agricultural



products. In the first step, experienced agronomists, nutritionists, accountants, food economists and effect consultants worked together to develop a methodology to measure, evaluate and report the impacts of foodstuffs and agricultural businesses. In the second step, the methodology was applied to real conditions and tested, among others, on sample raw materials of HiPP. The people involved summarised the results in the TCA AgriFood Handbook, which they presented to the general public on 10 March 2022 in the course of the National Dialogue “Together for Sustainable Nutrition”.

Handbook as a practice guideline

Besides agriculture and the food industry, for example, political decision-makers are the addressees of the TCA AgriFood Handbook, in particular the European Commission, accounting standards committees or financial services authorities. The application of the handbook in the companies enables a more comprehensive and more objective comparison of the performance and offers incentives for the introduction or the extension and continuation of sustainable business models. Based on the newly generated knowledge about the actual, true cost along the entire value chain, companies and political decision-makers can derive targeted measures to reduce the negative aftereffects of food production.

True Cost Accounting as a direction sign

“We would like to keep the world a place worth living in and worth loving for future generations.” This is HiPP’s sustainability statement that can be complemented by this point: We would like to keep the world a place that is also affordable for future generations. This is why the True Cost Accounting approach gives direction to HiPP. Therefore, the company has actively participated in this initiative with its comprehensive expertise that will hopefully resonate in other industries.

The handbook can be downloaded via this QR code.



Award-winning sustainability

HiPP has successfully participated in all important sustainability awards in the German-speaking regions. Meanwhile, its activities in awards are therefore basically limited to its Eastern European production sites, which impress the juries to a great extent with their sustainability measures. Besides the CSR Hungary Award, the site at the Hungarian Hanságliget added the CR Award for “Best Environmental Responsibility” to HiPP’s sustainability prizes. The Croatian production site in Glina received the Croatian National Environmental Award, which was awarded for the first time. In addition, the Croatian Business Council for Sustainable Development (HR PSOR) together with the Croatian Chamber of Commerce rewarded our colleagues’ sustainability commitment with an award as part of the Croatian Sustainability Index. The Croatian Sustainability Index evaluates sustainable corporate management, environmental management, work environment, corporate citizenship and the observance of human and children’s rights.



HiPP requires itself to develop its economic performance in an environmentally compatible and socially acceptable manner. This makes up the basis for an attractive employer brand and is at the same time a signpost with regard to **SDG 8**, which covers decent work and safe working environments in **sub-goals 8.5 and 8.8**. Employees are provided with qualifications for the promotion of sustainable development and relevant information for sustainable development as part of their work at HiPP. This also makes **goals 4 and 12** part of this thematic focus.

06

CLIMATE PROTECTION

Protecting the climate

In order to make our contribution to climate protection, we include the entire value chain in our strategy.





Pathfinders for world climate

HiPP has been making a contribution to climate protection for decades. It is therefore a logical consequence that the company has committed itself to the Paris Agreement on climate change. HiPP had right° calculate the target path to attain the 1.5° goal.

Right. based on science (short: right°) is a start-up company founded in 2016 that provides assistance in the complex topic of climate impact, with a strictly scientific approach and a clear goal: the software developed by right° and the metrics presented therein support companies in seeing the challenging guidelines from the Paris Agreement as a chance.

right°'s X-Degree Compatibility (XDC) Model calculates the climate impact and expresses it in a simple °C figure: By how many degrees would the climate warm up if the entire world did business with the climate impact of HiPP? The special feature of right° is the sector-specific approach.

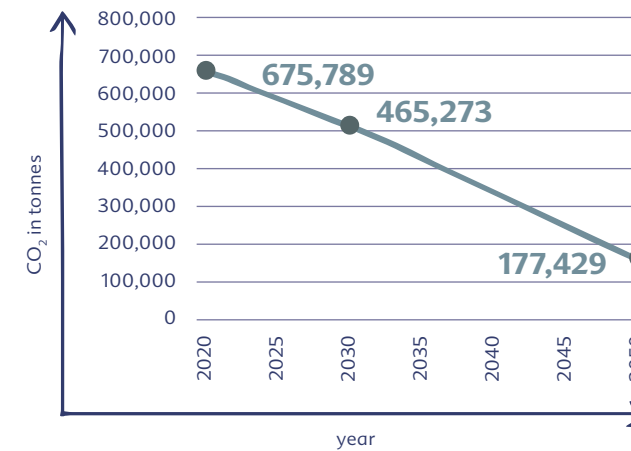
Calculation model

Greenhouse gases are set in relation to the gross value added in the same period as CO₂ equivalents in the period between the base year selected by the company and the year 2050. This clarifies what amount of emissions HiPP causes between the base year and 2050 in order to generate a gross value added of one million euros. The XDC Model scales up the company emissions along the global gross value added in the period from the base year to 2050. This scaling illustrates the amount of emissions that would arise if every company did business as emission-intensively as HiPP.

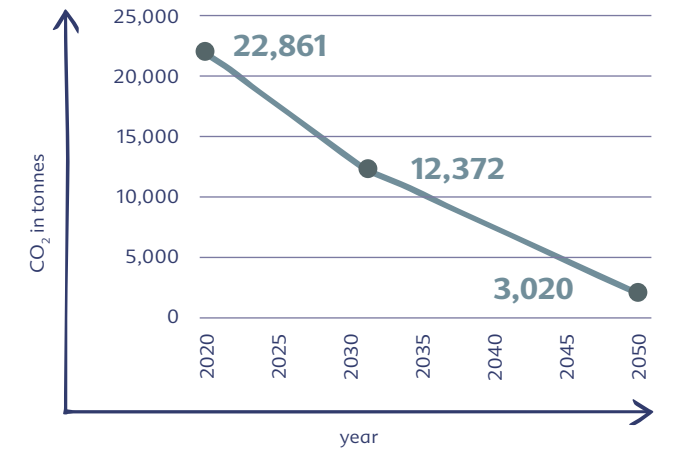
The reduction paths are an emission budget. If the amount is exceeded in a year, a minus arises that is allocated to the following years. If it goes below, there is a bonus.

The following emission paths presented in Scopes 1 to 3 result for HiPP:

Reduction path Scopes 1 to 3



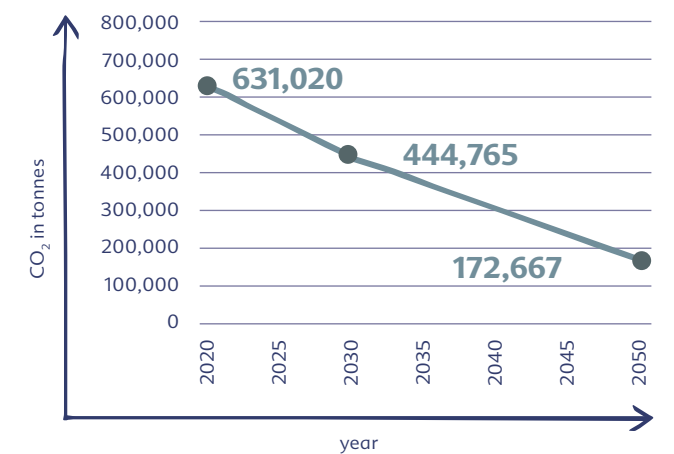
Reduction path Scope 1



Reduction path Scope 2



Reduction path Scope 3



In the corporate context, emissions are divided into three areas known as scopes:

Scope 1: Emissions from sources that the company owns directly or controls (e.g. operation of its own boiler or vehicle fleet).

Scope 2: Emissions from the use of energy that the company purchases (e.g. its own electricity consumption, heating, cooling, etc.). If the company generates its own electrical energy, this electricity is not accounted for as Scope 2, and the fuel used is accounted for under Scope 1 emissions.

Scope 3: Emissions resulting from activities that are not directly related to the company (e.g. from business travel or waste management).

Scope 1 and 2 emissions must be accounted for when reporting (e.g. according to the GHG Protocol). Accounting for Scope 3 emissions is optional.

Source: Based on allianz-entwicklung-klima.de/toolbox/was-sind-scopes-gealtungsbereiche-bei-der-berechnung-der-unternehmensbezogenen-treibhausgasemissionen/

Important information:

The mentioned values (Scopes 1, 2 and in particular 3) are based on secondary data from external data sources basically. The emission factors stored there can change. In addition, the share of primary data can grow. A retrospective adaptation of the underlying data in the base year is therefore necessary at regular intervals. From this, it follows that over the course of time, the climate footprint of companies changes time and again and thus also the reduction paths and targets. Moreover, the standards and methods of calculating the climate footprint continuously develop further. This can also entail a certain inconsistency of values.

“ Sustainable farming practices conserve the health of our soils and therefore guarantee that our children and grandchildren can use this unique resource too. ”



Climate protection throughout the supply chain

Supply chain resilience – a challenge and necessity

Resilience is a term that has emerged as a new buzzword in different disciplines recently and that often appears in the best company of the even more strained term, “sustainability”. Suddenly, resilience, or rather a lack of it, is becoming a topic at different levels. The term is derived from Latin: *resilire* means to bounce back or rebound. This also explains the use of the term in physics for highly elastic materials that get back into their original form again after deformation. The German Federal Ministry for Economic Cooperation and Development classifies the term as follows: “Related to people, resilience describes the ability of persons or communities to endure difficult life situations, such as crises or disasters, without permanent impairment. Related to climate change, resilience means, for example, that humans learn to live with the risks and consequences of global warming, adapt their behaviour correspondingly and prevent future crises.”

This brings us to the gist of the topic. This is exactly what supply chain resilience is about, even if the focus on global warming is only one element out of several influencing factors, such as loss of biodiversity or worsening soil health, which inevitably pose the question of whether our supply chains are resilient (enough).

After all, there are lots of other scenarios besides climate change that have considerable impacts on this sector and are mostly related to each other, for example, water scarcity, loss of biodiversity or degraded soil. In addition, many industries were and are affected by the war in Ukraine, the COVID pandemic and the disruption of global trade by incidents such as the “Ever Given” accident in the Suez Canal. But in contrast to these (hopefully) time constraints, those involved in the food sector supply chains are already faced with challenges today, the effects of which are permanent and whose burden increases. Therefore, it is not possible to just jump back into the original state of agricultural supply chains in the sense of the origin of the word resilience.

As a leading baby food manufacturer in Germany, HiPP has a special responsibility towards future generations and for this reason has been dealing with the sustainable cultivation of agricultural raw materials out of conviction for many decades. The HIPP family’s Ehrensberger Hof farm has been an organic farm since 1956, as is Stefan HIPP’s farm in Poland. On these model farms, HiPP clearly shows that organic farming is convincing because of resilience advantages.

Variety counts

Many things are different in organic farming to non-eco-friendly farming. Organic farms already rely on variety when sowing. By sensible crop rotation, intercropping or green manuring they preserve soil fertility and thus guarantee that healthy foods can be permanently grown on their fields. The nutrients that a plant extracts from the soil should be returned, thereby the soil remains vital and resilient in a natural way. Healthy, organic soil is important for climate protection because it can bind carbon dioxide in the long run. Beyond that, soil quality is a decisive factor for adapting to the changing climate. This is because soils rich in humus absorb more water and store it. The fluctuations in yield are therefore lower both in extreme wetness and in dry periods. Healthy soils are thus more stable in yield and less endangered by erosion even in years with unfavourable weather conditions.

To raise the awareness of political actors regarding the importance of healthy soils and to underline the necessity of a law that aims to achieve this, HiPP signed an open letter directed to the European Commission advocating for a more ambitious EU soil health law. What’s more, we continuously support our partners in the supply chain to recognise risks and deduce suitable measures. Because the resilience of agricultural supply chains begins in the field.

Distribution of emissions in 2022



Supply chain – the key factor to reduce emissions

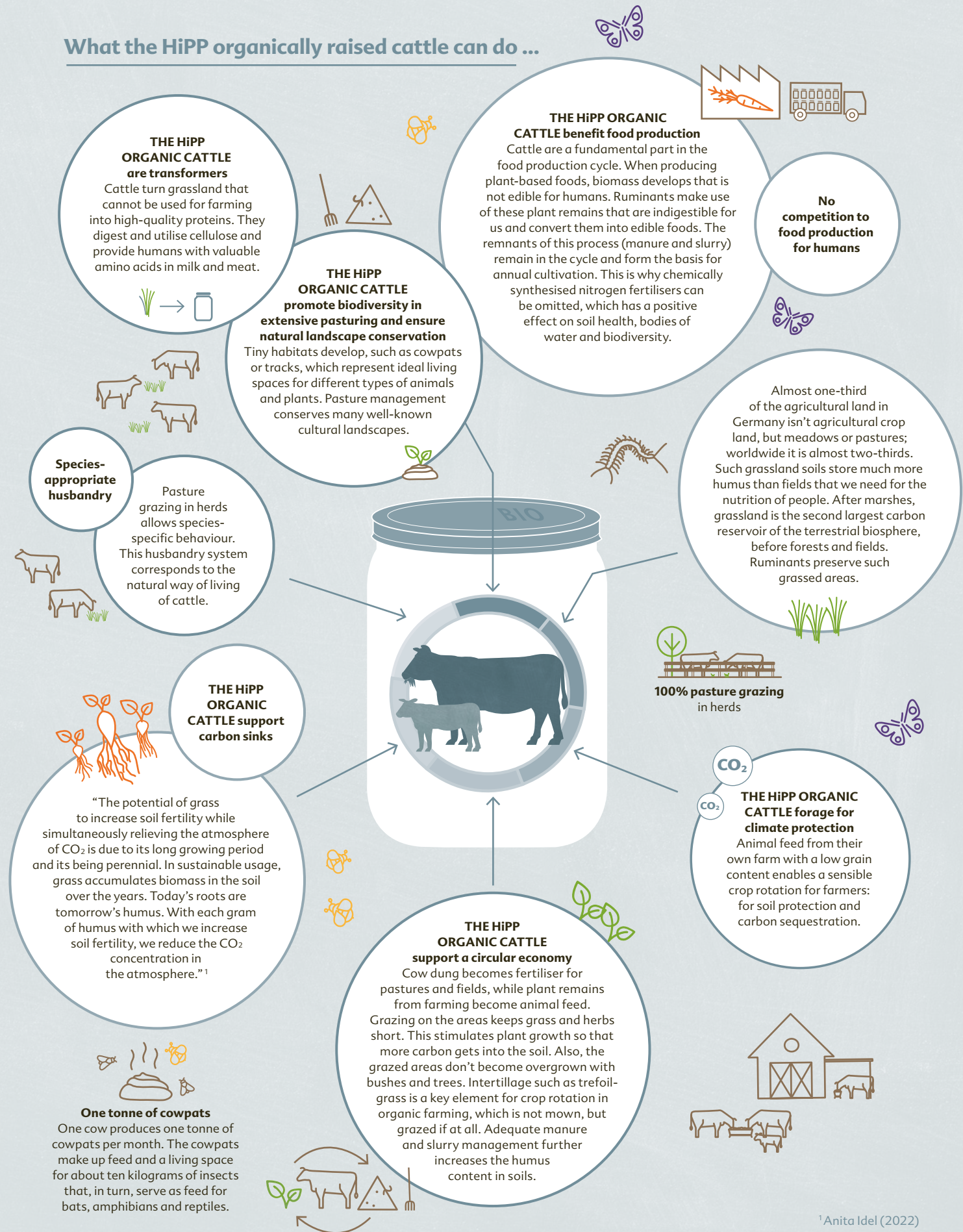
HiPP has set itself the target to positively influence progressing climate change in the course of its sustainability strategy. The two main agricultural resilience factors, water scarcity and loss of biodiversity, are highly dependent on climatic conditions. The climate footprint of the entire supply chain created by HiPP experts illustrates that the major part (about 50%) of total emissions of HiPP products arises during the production of agricultural raw materials. This is why we actively involve our suppliers in our reduction and decarbonisation strategy. A software tool by the start-up company THE CLIMATE CHOICE (TCC) provides the data basis required for that in the form of detailed and comparable information about the individual suppliers' climate maturity. The cooperation with TCC enables HiPP to come closer to the target of a supply chain that is low in emissions.

“Challenges to the resilience and robustness of supply chains are present at every link in the chain, including the food production, storage, transport and final distribution stages,” reads a statement by the European Parliament’s Committee on Agriculture and Rural Development of 26 October 2022 summarising the complexity of the topic.

Organic beef as a guarantee for resilience

On the example of beef, the alleged climate killer, it can be shown how grassland-based ruminant husbandry can succeed in making a contribution to resilient structures based on the principles of organic farming. With sustainable pasture management, cattle are included in a natural cycle that is elementary for profitable farming without artificial, climate-damaging fertilisers. Of course, there’s still a lot we can improve in organic farming. However, from our point of view, even today this type of farming is the right form of cultivation to promote resilience and regeneration and guarantee them in the long run, thanks to its numerous positive effects for humans, animals and nature. We are absolutely aware, though, that a conflict of goals can arise in the near future. New cultivation methods and agricultural technologies have the potential to be more future-oriented, sustainable and definitely more resilient aside organic production in the sense of the EU Organic Farming Regulation.

What the HiPP organically raised cattle can do ...

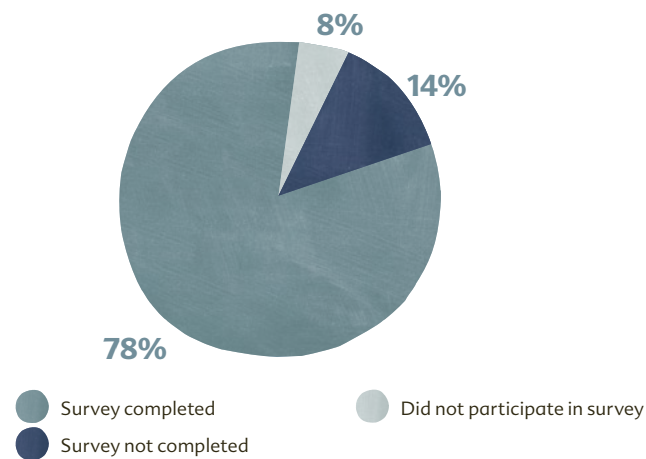


Data as a control basis

HiPP began to record emissions data in 1993. By means of the Climate Readiness Check made available by The Climate Choice (TCC), HiPP had its current climate performance determined and the upstream supply chain examined following this system. The available data is essential for the further design of HiPP's climate protection strategy. Such primary data is an important basis for well-founded calculations. Together with the TCC, HiPP examined the packaging and raw material suppliers with the largest supply volumes. The current compilation of HiPP's ambitious reduction strategy, covering Scopes 1 to 3, is based upon this data.

1. Participation of our suppliers

Percentage of food raw material and packaging suppliers that participated in the survey. Representation in emissions:



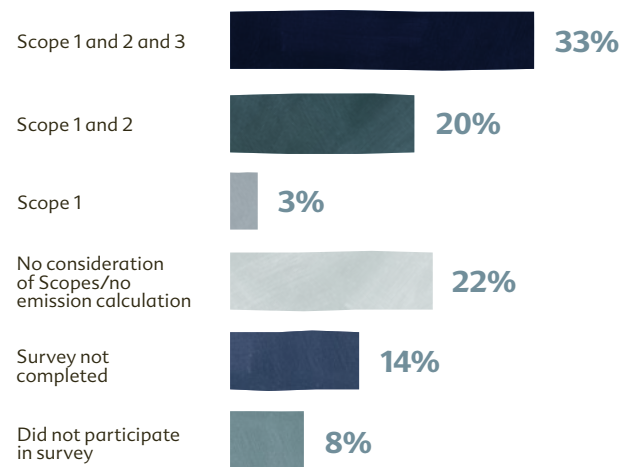
2. A promising start

Already 25% of our raw material and packaging emissions are covered by a goal.



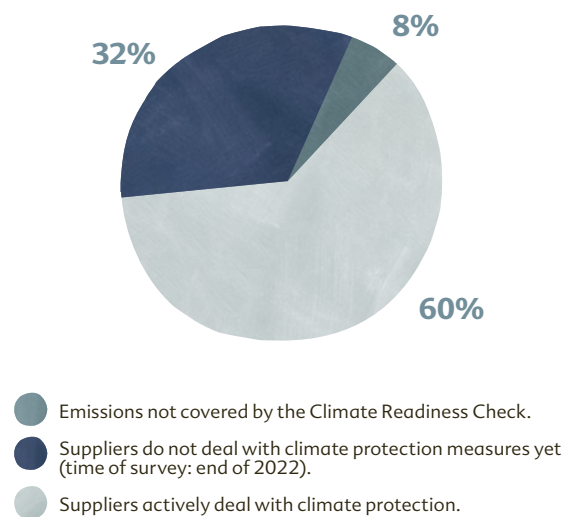
3. Extent and quality of data collection

Extent and quality of the carbon footprint determination in accordance with the Greenhouse Gas Protocol by our food raw material and packaging suppliers. Figures in % of total emissions.



4. Climate protection measures in the suppliers' own sphere of influence

(Figures in % of total raw material and packaging emissions)



Climate protection at the production sites

Since 2014, 100% of the electricity used at HiPP Hungary comes from renewable water or wind power sources. The Mosonmagyaróvár wind power plant, from which the Hanságliget production site has been sourcing its electricity since 2020, lies a mere 25 kilometres away.

The KÖVET association for sustainable business (KÖVET Egyesület a Fenntartható Gazdaságért) celebrated its 25 years of existence with a competition and a symposium for companies and organisations that are active in the field of environmental protection and corporate social responsibility. As part of the programme of KÖVET 25, the best practices, companies and organisations were awarded and presented with regard to environmental protection and society. In the field of the environment, the project submitted by HiPP Hungary entitled "Complex energy efficiency (Komplex energiahatékonyság)" won the special award for carbon saving for measures with the biggest saving of CO₂ equivalents.



SDG 13 combines climate protection measures. As a result of its commitment along the supply chain, HiPP pays in particular into **sub-goal 13.1**. This is because, together with our suppliers, we try to foster resilience and adaptability to climate-related risks. HiPP's climate strategy also shows effect in the **SDGs 2, 12 and 15**, since goal attainment of these three issues is closely connected to climate impact.

07

FACTS, FIGURES AND DATA

Documenting corporate sustainability

HiPP has been collecting proof of its sustainable corporate management for decades. This is impressively shown by the history of the past and the current figures.



Thinking beyond organic for generations



1899

A great idea is born
Joseph Hipp produces the first baby food from rusk flour in his confectionery in Pfaffenhofen/Ilm, Germany, and sells it in his shop.

1932

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



1937

Resource-friendly pouch
HiPP launches the first refill bag for "Flour with Chalk and Malt for Children" already in 1937.

1939

First export
In January 1939, the first HiPP products leave the port of Hamburg towards Lisbon, Portugal.



1959

The first HiPP jars
The more hygienic and convenient glass packaging replaces the tins.



1956

Switch to organic farming
Along with his wife Anny Hipp-Metzner, Georg Hipp Sr converts the family-owned Ehrensberger Hof farm to organic production.



1902

First cardboard packaging
The folding box, designed by Joseph Hipp himself, remains unchanged until 1928.

1935

Relocation of administration
Georg Hipp Sr relocates the administrative centre to Munich because of the increasingly difficult political situation in the small town of Pfaffenhofen, which is characterised by National Socialism at the time.

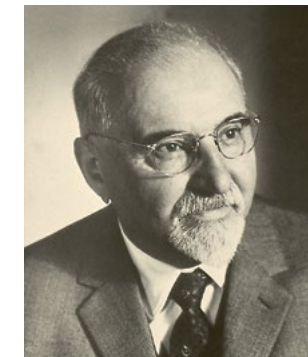
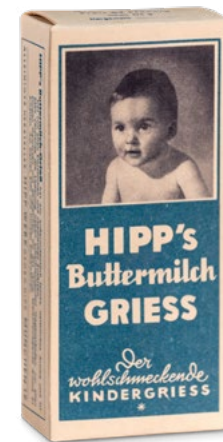


1936

Setting the course for the family business
Georg Hipp Sr marries Anny Metzner from Switzerland. Their family makes up the next generation in the company.

1945

First product with milk
HiPP gathers expert knowledge about the raw material milk from the time of introduction of buttermilk semolina.



1949

Important order
HiPP is entrusted with the order to produce mixed powders for feeding children in schools by the American occupying forces in Pfaffenhofen. The two recipes consist of semolina, milk powder and sugars, as well as cocoa powder, milk powder and sugars.

1957

Milestone in product development
HiPP starts the industrial production of baby food with four varieties of weaning food in tins. Two vegetable and two full meal varieties are launched.



1964

The first formula

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



1969

The new, colourful HiPP Logo

is used on a product for the first time.



1991

"I vouch for our quality with my name."

Claus Hipp says the famous slogan for the first time.

1995

EMAS certification

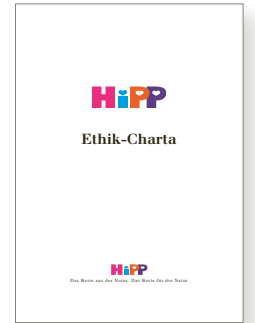
HiPP becomes Germany's third company and first food manufacturer to introduce the Europe-wide Eco-Management and Audit Scheme (EMAS) at its site in Pfaffenhofen.



1995

HiPP site in Hungary

Production begins at the HiPP plant in Hanságliget, Hungary.



1999

HiPP Ethics Charter

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

1967

HiPP site in Austria

Another production site for HiPP jars starts production in Gmunden by Lake Traun, Austria.



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 joins them a bit later.



1990

The HiPP Organic Seal

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

1994

Foundation of AÖL

Along with drinks manufacturer Neumarcker Lammsbräu and bakery chain Ludwig Stocker Hopfsterei, HiPP founds the Working Group of Organic Food Processors (AÖL) — today the Association of Organic Food Processors, comprising almost 130 members.



1996

Launch of the banana project in Costa Rica

An important flagship project within the company's sustainable development of its supply chain.



2004

A new product range
HiPP launches sip and tube feeds.



2010

HiPP's 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.



2014

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

2017

The torch is passed
Stefan Hipp takes over and is now the sole representative saying: “I vouch for this with my name.”



2017

Foundation of the Organic Processing and Trade Association (OPTA)
OPTA is an association of organic trading and processing companies with premises in Europe and internationally active.



2001

A new production site in Croatia
The plant in Glina, Croatia, manufactures cereals and other non-perishables.



2011

Climate protection at the various sites
Thanks to the use of renewable energy sources and the support of global climate protection projects, 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 our quality with my name.”

2016

Integration of the production site in Herford
In Herford, Germany, HiPP produces infant and follow-on formulae as well as special formulae.



2018

HiPP insect study
Together with renowned experts and scientists HiPP analyses the consequences of conventional and organic farming on insect diversity.



2018

EMAS and EMASplus
All our production sites in the EU are validated in accordance with EMAS and EMASplus for the first time.

2020

Presidency
Stefan Hipp is elected the first president of OPTA on 11 February 2020.



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.



2022

Sustainable innovation
The new, plant-based product range is introduced.



2022

The next generation takes over
The brothers Stefan and Sebastian Hipp take over the sole company management in the fourth generation.



2023

Virtual support for families
HiPP extends its portfolio with the HiPP Family platform, where young families are supported and get advice from the time they decide to have children and into their everyday lives as a family.

Facts, figures and data

Our production sites in the EU



Facts and figures

Family-run company in the fourth generation

Corporate philosophy
Manufacture of premium quality products in harmony with nature

Number of employees worldwide approx. 3,200

Revenue of the HiPP Group approx. € 1bn



Organic raw materials

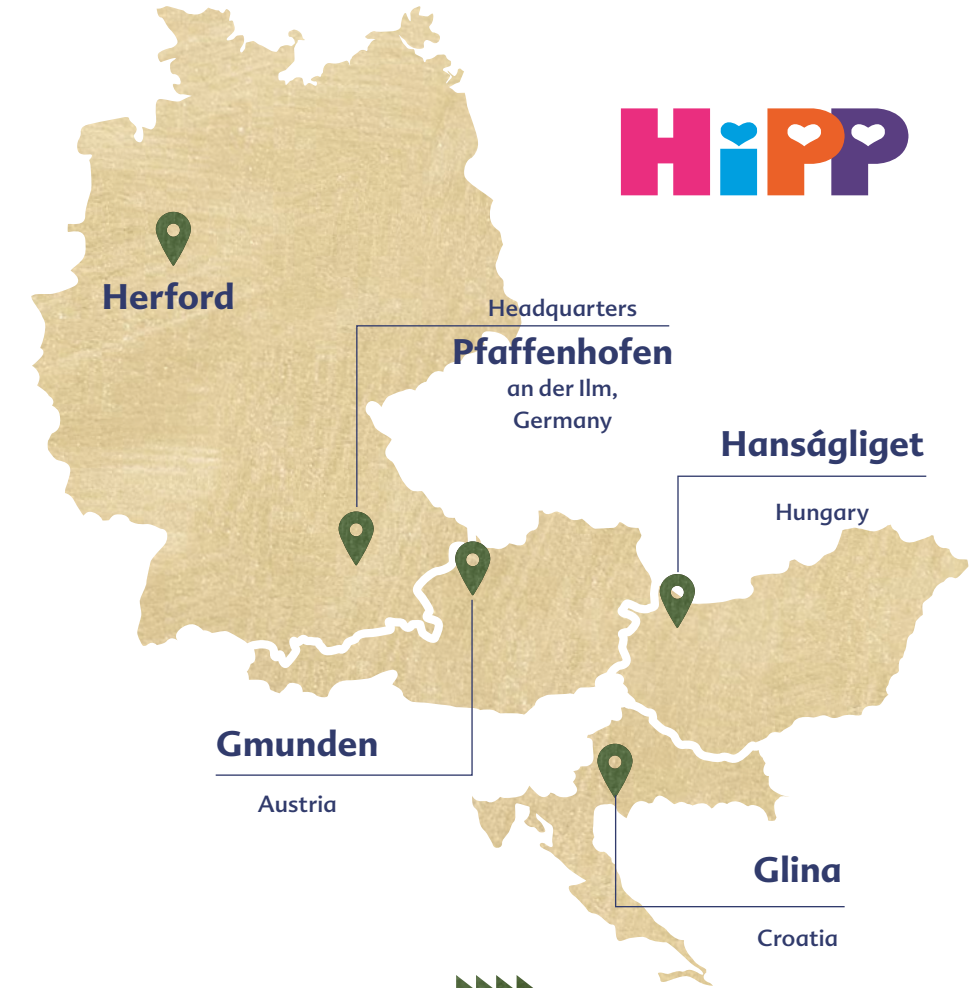
approx. 8,000 farmers

approx. 80,000 ha cultivated area



Customer structure

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



Other production sites

Russia, Ukraine



Selected markets

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

Control units

HiPP's production sites make an **important contribution to the sustainable development of the HiPP group as a whole**. Social and environmental performance indicators, collected from the five European sites, depict our overall performance in the last three years.



The environmental statements and their supplements, created in accordance with EMAS (Eco-Management and Audit Scheme), contain comments about above-average positive or negative developments of the key performance indicators. Moreover, these documents include site-related goals.



Croatia



Austria



Germany



Hungary

Society

Key performance indicators

	2020	2021	2022	Changes compared to 2021 in %
Number of employees	2,609	2,700	2,660.0	-1.5
% of female employees	44.2	45.5	46.0	1.1
Health rate (%) (hours missed through illness/planned hours)	5.4	5.3	7.1	33.1
Accident rate (%)	0.2	0.2	0.1	-30.5
Turnover rate – resignation/employee (%)	1.4	0.9	0.9	-2.6
Turnover rate – dismissal/employer (%)	2.2	3.0	4.1	38.3
Paid overtime (%)	1.4	0.9	0.9	-2.6
Length of employment (years)	10.8	11.1	12.2	10.2
Ratio of executives (m/f) overall	2.2	2.3	1.9	-16.6
Ideas management – suggestion rate (%)	11.2	8.8	5.9	-33.0
Ideas management – implementation rate (%)	18.1	13.9	31.8	129.7
Training costs (€/employee) (external seminar fees per employee)	161.1	214.2	234.2	9.3
Scope of training (hrs/employee)	9.2	6.8	9.7	42.7
Training hours (training/employees)	6.3	5.4	4.8	-11.5
Employees with disabilities (%)	3.3	3.5	3.4	-1.7
Ratio of standard starting salaries to regional minimum wage	2.7	1.7	1.6	-6.3
Return rate after maternity/paternity leave	0.5	0.6	0.9	57.0
Retention rate after maternity/paternity leave	0.9	1.6	1.0	-41.4

Environment

Key performance indicators

	2020	2021	2022	Changes compared to 2021 in %
% of organic raw materials	72.5	83.6	81.9	-2.0
Packaging/product content (kg/t)	398.8	428.0	432.1	1.0
Energy/product content (kWh/t)	1,827.4	1,955.7	1,883.2	-3.7
% of renewable energy	24.1	29.0	26.7	-7.9
% of renewable electricity (input)	87.8	100.0	100.0	0.0
Water/product content (m ³ /t)	12.7	13.4	13.0	-3.4
Wastewater/product content (m ³ /t)	12.2	12.8	12.1	-5.0
Waste/product content (kg/t)	101.4	109.6	96.5	-11.9
% recycling rate	91.7	91.8	91.9	0.1
Emissions/product content (kg/t)	444.4	439.4	489.4	11.4

¹The reduction can be explained by the lower electricity consumption of the sites in Pfaffenhofen, Herford and Glina, which source 100% electricity from renewable sources (see energy – input).

²The increase in this indicator results from a considerably higher production volume at the energy-intensive Herford site.

Raw materials and products

	2020	2021	2022	Changes compared to 2021 in %
Raw materials (t)	135,598	165,379	185,000	11.9
Organic raw materials	98,256	138,179	151,429	9.6
Conventional raw materials	37,342	27,199	33,571	23.4
Product content (t)	117,830	109,364	115,815	5.9
By-products (t)	1,428	2,049	2,218	8.2

Packaging

	2020	2021	2022	Changes compared to 2021 in %
Packaging (t)	46,995	46,811	50,045	6.9
Jars	28,973	31,103	33,303	7.1
Plastic	2,622	2,401	2,433	1.3
Metal	3,208	3,162	3,484	10.2
Paper/cardboard	10,151	8,491	9,071	6.8
Composite material	2,041	1,653	1,754	6.1

Energy – Input

	2020	2021	2022	Changes compared to 2021 in %
Energy (MWh)	215,318	213,887	218,104	2.0
Renewable energy	51,946	62,106	58,325	-6.1
Electricity	19,697	30,745	27,377	-11.0
Steam	27,964	26,199	26,486	1.1
Biogas	134	502	419	-16.5
District heating	4,043	4,538	3,938	-13.2
Pellets	107	123	105	-14.4
Non-renewable energy	163,372	151,780	159,779	5.3
Electricity	2,730	0	0	0.0
Steam	51,387	30,708	51,557	67.9
Natural gas	94,847	105,322	84,996	-19.3
Propane	7,145	7,729	8,651	11.9
Heating oil	2,462	2,868	9,075	216.4
Fuel	4,802	5,153	5,500	6.7

Energy – Output

	2020	2021	2022	Changes compared to 2021 in %
Electricity	98	404	787	94.7
renewable	35	24	18	-23.6
non-renewable	63	381	769	102.0

Water und wastewater

	2020	2021	2022	Changes compared to 2021 in %
Water (m³)	1,498,699	1,468,283	1,502,643	2.3
Well water	854,963	839,415	831,191	-1.0
Public water supply	643,736	628,868	671,452	6.8
Wastewater (m³)	1,431,896	1,396,377	1,404,222	0.6
Direct discharge	499,680	487,406	562,639	15.4
Discharge into the treatment plant	932,216	908,971	841,583	-7.4

Waste

	2020	2021	2022	Changes compared to 2021 in %
Waste (t)	11,946	11,983	11,179	-6.7
non-hazardous	11,916	11,945	11,164	-6.5
Reuse	80	97	71	-26.6
Composting	896	770	844	9.6
Recycling	2,536	2,350	1,998	-15.0
Recovery	7,435	7,776	7,358	-5.4
Incineration	925	907	848	-6.5
Landfill	44	44	44	0.1
hazardous	30	39	16	-59.0
Recycling	1	4	5	41.7
Recovery	3	6	0	-93.2
Incineration	18	18	4	-78.6
Landfill	7	12	6	-49.8

Emissions

	2020	2021	2022	Changes compared to 2021 in %
Emissions (t)	52,360	47,833	54,468	13.9
CO ₂	52,203	47,688	54,317	13.9
Energy	46,338	39,747	45,772	15.2
Scope 1	19,520	21,623	19,552	-9.6
Scope 2	20,431	11,843	19,211	62.2
Scope 3	6,387	6,281	7,009	11.6
Materials and waste	1,641	3,528	2,943	-16.6
Scope 1	224	639	523	-18.1
Scope 3	1,417	2,890	2,420	-16.3
Personal travel and company vehicles	4,224	4,413	5,602	26.9
Scope 1	1,202	1,306	1,430	9.5
Scope 2	0	10	13	28.2
Scope 3	3,022	3,097	4,159	34.3
NO _x	80	74	76	3.2
SO _{2e}	77	71	74	4.8

Please consider the important note on p. 45 about emission factors.

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Editing and coordination

Evi Weichenrieder

Cooperation

Clemens Preysing, Maike Heleine and the sustainability managers of the production sites, Andrea Bach, Peter Bauersfeld, Holger Biller, Sebastian Bugla, Saskia Buschmann, Stefanie Dillon, Volker Furchbrich, Armin Günter, Tímea Kiss-Molnár, Sanja Kiš, Ladislava Klasić-Stanković, Dr. Johannes Knubben, Michael Kremling, Andreas Polzinger and numerous other HiPP colleagues.

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