

Business and biodiversity

Proactive commitment by companies

Over the past 50 years the global population has doubled and the global economy has grown sixfold. But this expansion demands more from nature than she can give without suffering herself. We are carving up and destroying natural habitats for the sake of our transport, industry and agriculture. The pollution we emit is soaring to levels far greater than nature is able to cope with. In addition, climate change is threatening many species and ecosystems unable to adapt to the new conditions, with the consequence that 40 per cent of all species are now threatened with extinction. This also represents a long-term threat to the economy!

The loss of biodiversity weakens our ecosystems, which are simply the interaction of animals and plants with their natural habitats – a process that is often not immediately detectable. Yet sooner or later, a system subjected to disruption on this scale is likely to collapse altogether.

Biodiversity – benefiting the economy

Biodiversity provides us with commodities that we can use directly, such as raw materials for food or wood for energy generation, and the genetic diversity of nature is also the cornerstone of many of our drugs – to name but one useful example. The 11 or so per cent of the earth's land masses where biodiversity is still relatively high supply us with around 4.4 to 5.2 billion dollars' worth of output alone, more than the total sales of every automotive, steel and IT company in the world. The diversity of ecosystems on land and water plays a part in stabilising the climate. Forests and moorland, for example, store water and carbon dioxide, while savannah grasslands prevent desertification and coral reefs mitigate the severity of flooding. Around 71 per cent of our planet is covered by oceans, which provide us with plentiful vital raw materials. Over one billion people rely on fish and seafood as their source of protein.

The economy needs intact ecosystems

On the one hand, the economy needs raw materials, drives ahead soil sealing and consumes natural resources. Production processes emit pollutants into the air, water and earth. And yet the economy is reliant on intact ecosystems. Without organic agriculture, there would be no HiPP products; without habitats for wild plants, there would be no natural cosmetics; clean water is essential for beverage manufacturers, and destruction of landscapes and countryside is damaging to tourism. It is hard to place a value on nature. The fact is that plant and animal death is still going on. The international community of states have so far failed to achieve their goal of mitigating biodiversity losses by 2010.

HiPP protects biodiversity

Agriculture accounts for around 50% of Germany's total area. HiPP relies on organic farming, which uses natural methods to protect the environment. Grasslands bind carbon in the soil, while crop rotation improves soil health and produce quality. As a baby food producer, HiPP depends on the availability of extra high-quality raw materials and on an intact ecosystem – one of the reasons why the company has declared protection of biodiversity to be a top priority. In recent years HiPP has undertaken numerous actions that contribute to preserving the diversity of species, focusing on Ehrensberger Hof as a biodiversity model farm.

HiPP has sought out allies to support it in this commitment, which necessarily extends far beyond the bounds of the company itself. The baby food manufacturer is a member of the international corporate initiative 'Biodiversity in Good Company', dedicated to preserving the diversity of species, and has worked with the Association of Ecological Food Producers (AoEL) to found a project developing indicators of biological diversity support in companies.

HiPP and the other companies participating in the 'Biodiversity in Good Company' initiative have pledged to continue assuming special responsibility for the protection and sustainable use of biodiversity in dialogue with politicians and society.

The extensive range of projects in this context and the substance of the work performed, frequently in the form of project partnerships with governmental and non-governmental organisations and scientists, are presented in progress reports. The following report by HiPP is based on the binding 7 Commitments listed in the 'Biodiversity in Good Company' Initiative Leadership Declaration.

The Leadership Declaration:

All signatory companies acknowledge and support the three objectives of the international "Convention on Biological Diversity":

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources

and commit themselves to:

1. Analysing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.

1. Analysis of corporate activities with regard to their impacts on biological diversity

HiPP's sustainability management system, which includes biodiversity as a separate corporate department, conducts ongoing analyses and evaluations of the impacts of HiPP's operations on biodiversity.

Given that there are still no standardised methods or binding indicators for evaluating biodiversity, HiPP's sustainability team tackled the challenge of developing and testing their own practice-based system and approach. HiPP based its analysis on the Biodiversity Management Manual, the GRI Standards and the impact factors developed in collaboration with NGOs (LBV/Nabu Bavaria, Bioland, University of Hanover, TU München) in practical projects.

HiPP's commitment to the protection and promotion of biodiversity is demonstrated in numerous activities by the company. One long-term goal is to develop key performance indicators which will recognise products from 'biodiversity-friendly' production operations.

The company bases its analyses and activities on the following eight action areas:

Agricultural production

HiPP has found that given its specific corporate organisation, its main sphere of influence lies in agricultural production.

- The selection of raw materials, which we source from organic farming operations to benefit nature and our young consumers, plays a central role in quality assurance and environmental protection. Today HiPP is one of the world's largest processors of organic produce and works with over 6,000 contracted farmers, who farm around 15,000 hectares of land free from artificial fertilisers and pesticides.
- At its model farm, HiPP tests environmental and conservation measures to improve biodiversity. The company works with scientists and conservation associations on trialling methods of integrating sustainability and preserving biodiversity in routine agricultural operations over the long term. Its goal is to develop a practice-based model that all HiPP farmers can incorporate into their own operations. <http://www.hipp.de/ueber-hipp/nachhaltigkeit/biologische-vielfalt/der-ehrensberger-hof-musterbetrieb-fuer-biologische-vielfalt/>
- HiPP began to offer tours of Ehrensberger Hof for kindergartens and school classes in 2011; these tours enable children to gain hands-on experience of the theme of biodiversity.
- HiPP imports organic bananas from a fair-trade project in Costa Rica. The fruit is farmed directly in the rainforest without the use of pesticides, which both enhances the quality of the bananas and benefits many species of flora and fauna – as well as the workers themselves.

Supply chain

HiPP is proceeding with targeted supplier management to identify opportunities and minimise risks, as a major contribution to protecting biodiversity.

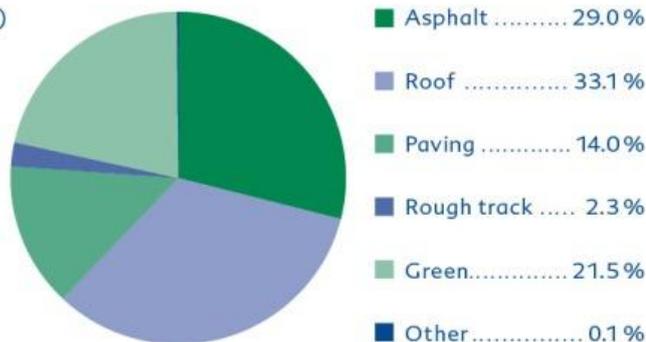
- A scientific study surveying biodiversity activities of HiPP suppliers and producers on is currently in progress with the University of Hanover and scheduled for completion by the end of 2013.
- HiPP has added questions on biodiversity to its supplier audits.
- These audits, which HiPP regularly conducts on site at its suppliers' premises, investigate the quality, ecological and social standards applied by the suppliers. Over the medium term the company plans to launch a special data acquisition program in which all relevant criteria concerning corporate parameters, raw materials, quality, sustainable and biodiversity-friendly farming and processing can be linked for each individual production batch. Life cycle assessment data also plays a key role; overall evaluation of this data identifies valuable approaches to continuing positive development for both HiPP and its contractual partners.
- Under the EMAS and ISO 14001 certified environmental management systems, HiPP has defined clear goals for implementing continuous improvement in its environmental performance. However, the company can only achieve these goals if its commitment is supported by suppliers and business partners. All corporate agreements and contracts therefore include an environmental, social and ethical code. For HiPP, continuous long-term and trust-based business relationships not only ensure the quality and availability of raw materials, but also foster protection of the environment and biodiversity.

Company premises

- Biodiversity in the company grounds is supported by planting native species of tree and wild-flower meadows, creating nesting habitats and regularly holding bird counts in the grounds, focusing on endangered Red List species.
- Plans provide for increasing the proportion of green areas in the HiPP company grounds and avoiding soil sealing wherever possible.
- All building projects are analysed for their potential resource savings.
- A cooling water basin at HiPP was stocked with fish as an environmentally friendly method of removing algae that eliminates the need for cleaning procedures several times per year.

Area of Pfaffenhofen premises and grounds

Total area (m²)
61,091



HiPP Sustainability Report, p. 22

Company / Production

- The proportion of MSC-certified fish used in HiPP's production operations and cafeterias has increased from 30% to 100% since 2009.
- To protect the climate, we use solar, hydro- and biomass power from regenerative sources and recycle 97% of our waste. In addition to saving resources continuously, this process has enabled us to slash our specific energy consumption by almost 50% over the past ten years. Our production operations in Germany, Austria and Hungary are now fully carbon-neutral, thanks to our involvement in activities including global climate protection projects. In 2011 HiPP was presented with the German Solar Prize for its extensive use of renewable energies.
- HiPP is committed to protesting against genetic modification as a technology involving unforeseeable consequences for nature and people which endangers biodiversity by focusing on monocultures. The company provided funding to provide the documentary 'Leben außer Kontrolle' (Life Running Out of Control) to schools, and supports a seed bank for the cultivation of heirloom plant varieties.

Staff

- Regular training courses are held at which HiPP staff explore the importance of biodiversity and learn more about its background. Environmental Days are held at which all members of staff, particularly trainees, plant trees, dig ponds for amphibious animals or create habitats for endangered species of birds.
- Staff are regularly informed about HiPP biodiversity projects on the Intranet and in other forms of media.

Product packaging

- To combat rainforest deforestation, HiPP uses only recycled or FSC paper and packaging. To further ease the burden on the environment, HiPP uses mineral-oil-free printing inks based on vegetable oil for the majority of its packaging.
- HiPP's clear glass jars contain up to 60% recycled glass, and its brown glass jars up to 75%.
- Paper and cardboard packaging can be recycled (based on the assumption that customers practise recycling!).

Logistics

- HiPP reduces carbon emissions by using vehicles which comply with the most recent EU standards.
- HiPP offers regular driving courses that teach fuel-saving driving methods to reduce mechanical wear and tear and avoid accidents.
- Use of rail transport reduces environmental impacts.
- Increased use of central warehouses and reusable pallets lowers the environmental impact of goods transport.
- Savings have been made in transport packaging
 - Use of biodegradable filler materials and recyclable cartons
 - Savings in materials such as stretch wrap film

Consumers

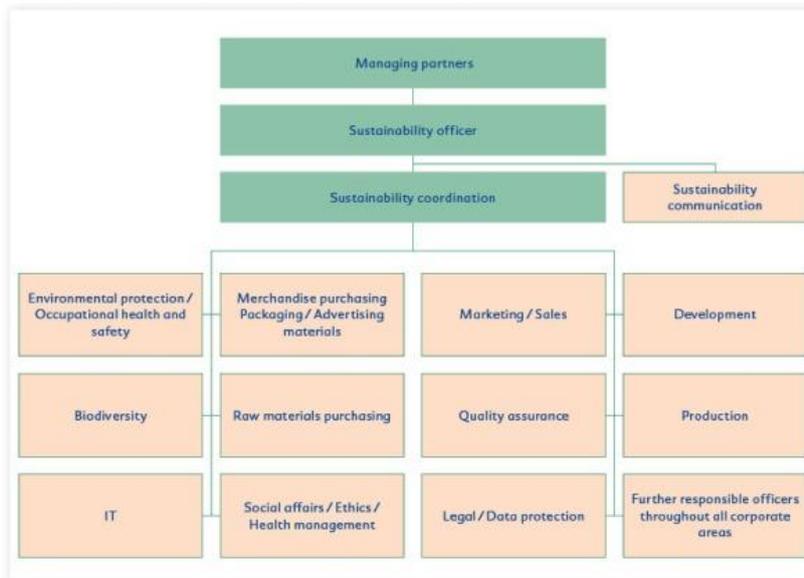
- HiPP informs customers and consumers about all its biodiversity projects on the Internet <http://www.hipp.de/ueber-hipp/nachhaltigkeit/biologische-vielfalt/>
- HiPP's plant-a-tree campaign, 'Ein Baum für Ihr Baby', is a partnership with the German forest protection association Schutzgemeinschaft Deutscher Wald e.V. It marks the company, already a pioneer in organic agriculture, as a growing player in the areas of climate protection and biodiversity. In this campaign, HiPP plants deciduous trees in Germany and Austria to transform regions of low biodiversity into species-rich mixed forests. This increases biodiversity and improves water storage characteristics while also protecting the climate. On average, mixed forests store 80 litres of water more per square metre and year than coniferous forests. In addition to boosting groundwater, this forest redevelopment is accompanied by a leap in biodiversity in these areas. While coniferous forests are home to around 120 species, mixed deciduous forests as ecosystems provide habitats for up to 7,000 species.

- HiPP's tree-planting campaign also supports the reforestation of storm-damaged areas with indigenous species.
- HiPP planted a deciduous tree for every baby whose parents took part in the campaign up to May 2013, a total of over 5,000 families. The families received a tree certificate from HiPP.

2. Integration of biodiversity protection into the environmental management system

At the forefront of HiPP, Prof. Dr. Claus Hipp is a visionary entrepreneur who has prioritised sustainability as a primary goal of the company. A designated department headed by a Sustainability Officer, who is also a member of the Board of Management, ensures sustainability activities are implemented and advanced with dedication and commitment. These activities are based on the action plans and targets of the individual corporate divisions, each of which has appointed a sustainability representative. The areas of environmental protection, occupational security and biodiversity have been categorised as specialist departments by the introduction of sustainability management.

Organisation chart: Sustainability management at HiPP



3. A designated office is responsible for directing all biodiversity activities and reports to the management

Biodiversity activities and the establishment of a biodiversity management system are directed and coordinated by the Sustainability Officer, who liaises with the sustainability team. Regular meetings are held every 4 - 6 weeks at which the biodiversity representative and the sustainability team report to the management and partners of the company. Given the interdisciplinary nature of biodiversity and sustainability management, all members of staff and their department heads are involved in implementing measures as part of daily routine.

4. Measurable and realistic targets to improve the protection and sustainable use of biodiversity, reviewed and adjusted every two to three years

- **By 2015: Development of biodiversity indicators.**
As described, a variety of actions and projects to develop a biodiversity management system have been initiated to date, the majority also receiving support from scientists and NGOs. A project to develop biodiversity indicators is planned in collaboration with the Assoziation ökologischer Lebensmittelhersteller (Association of Organic Food Producers, AoEL) and other companies.
- **By 2015: Measures to improve biodiversity in agricultural production.**
The Repro (TU München) and MANUELA (University of Hanover) systems and the 'Kulturlandplan' agricultural consultancy project (Bioland) have already delivered measurable progress in increasing biodiversity and improving nature conservation in regional agriculture at Ehrensberger Hof. <http://www.hipp.de/ueber-hipp/nachhaltigkeit/biologische-vielfalt/der-ehrensberger-hof-musterbetrieb-fuer-biologische-vielfalt/>
- **By end 2013: Survey to document the status quo of nature conservation with respect to biodiversity achievements by farmers and suppliers.**
HiPP is currently working with the University of Hanover to conduct a survey of farmers and suppliers with the aim of documenting the current status of their biodiversity achievements.
- **Completed 2012**
Integration of nature conservation and environmental achievements by suppliers and farmers into Terms and Conditions of Business, contracts and agreements, and audit questionnaires.
- **Completed 2012**
100% move to recycled and FSC paper to protect forests, and to MSC fish in production operations and company cafeterias/restaurants, to protect ocean overfishing.
- **Ongoing since 2011**
Production at the Pfaffenhofen location has been carbon-neutral since 2011. HiPP is a member of the 'Wirtschaft pro Klima' climate protection initiative for companies.
- **Ongoing activities**
Staff training: Regular training courses are held at which HiPP staff explore the importance of biodiversity. Environmental Days are held where they plant trees, dig ponds for amphibious animals or create habitats for endangered bird species.

Company grounds: Company grounds are planted with native flora. Restricted mowing regimes for meadow areas. Data about endangered Red List bird species is collected in collaboration with the Landesbund für Vogelschutz Bayern (Bavarian Society for the Protection of Birds, LBV).

Packaging: Improvements for more ecological packaging designs.

5. Publication of all biodiversity activities and achievements in the Annual Report and environmental and sustainability reports

HiPP continuously publishes information on its biodiversity activities on the Intranet and Internet, in appropriate media sources and in its own advertising. The 2012 Sustainability Report covered the topic in detail on pages 48 - 53. <http://www.hipp.de/uploads/media/Nachhaltigkeitsbericht2012.pdf>

6. Information from suppliers on biodiversity targets and progress of integration

Farmers and suppliers are kept informed about HiPP's activities and requirements through agreements, Terms and Conditions and the HiPP Sustainability Report as well as through the baby food manufacturer's in-house agricultural service. Suppliers receive reliable regular support from HiPP's agricultural engineers, who communicate the topic clearly and comprehensibly, making direct personal contact and explaining the scientific background of the requirements. The topic is addressed in more detail in the survey currently being conducted on the status of biodiversity protection achievements by farmers and suppliers, and in audit questionnaires. A data acquisition system will be introduced in future to link biodiversity data to other data on specific batches and suppliers.

7. Collaborations with potential partners such as conservation organisations and scientific or state-run institutions, to establish dialogues which expand the scope of specialist expertise and further advance the management system

Organic farming, production of healthy foodstuffs, protection of biodiversity, conservation of the environment and natural habitats, achieving social equilibrium: these are all goals which HiPP is pursuing in working groups – such as in 2011 at the Sustainable Consumption Forum – and by membership or proactive participation in professional organisations, primarily the Assoziation ökologisch produzierender Lebensmittelhersteller (Association of Organic Food Producers, AoEL), the corporate initiative 'Biodiversity in Good Company', the Bundesdeutscher Arbeitskreis für Umweltbewusstes Management (German Working Group for Environmentally Conscious Management, B.A.U.M.), the 'Wirtschaft pro Klima' (Business Supports the Climate) initiative and the WWF. In addition, HiPP works on specific projects with scientists (including the University of Hanover and TU München) and non-governmental organisations (such as LBV/Nabu Bayern, Schutzgemeinschaft Deutscher Wald e.V. and Greenpeace).