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## HiPP Progress Report 2017/2018

### With reference to the Leadership Commitment for the ‘Biodiversity in Good Company’ initiative

#### Leadership Commitment:

All signatory companies acknowledge and support the three objectives of the international “Convention on Biological Diversity” (CBD):

- conservation of biological diversity
- sustainable use of its components
- fair and equitable sharing of the benefits that arise out of the utilisation of genetic resources

and commit to:

1. Analyse impacts of corporate activities and current operational dependencies with regards to biological diversity;
2. Integrate the protection of biological diversity, the sustainable use of components and the equitable sharing of benefits derived from use (the three objectives of CBD) into sustainability management systems.
3. Appoint a responsible individual within the company to steer all activities in the biodiversity sector and report to the Managing Board.
4. Define realistic and measurable objectives to improve the protection of biological diversity and its sustainable utilisation, to be monitored and adjusted every two to three years, and identify challenges.
5. Publish activities and achievements related to biological diversity in the company’s annual, environmental or sustainability report.
6. Inform suppliers about the company’s biodiversity objectives and integrate suppliers accordingly and step by step.
7. Explore the potential for cooperation with scientific institutions, non-governmental organizations and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate biodiversity management system.

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



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## The best from nature. The best for nature.

As a baby food manufacturer, HiPP has a special responsibility towards future generations. Sustainable thinking and acting are key pillars of our corporate philosophy. The protection and promotion of biodiversity is an essential aspect of our sustainable development.

Going against the tide at the time, Anni Hipp-Metzner and Georg Hipp senior began growing organic vegetables as early as 1956 on the family farm – the Ehrensberger Hof – to provide healthy food for babies and to protect and preserve nature for future generations. What began with organically farming the family's land continued at HiPP.

One of the first milestones was the banana project, which HiPP launched in 1995. Fair, organic bananas are still cultivated directly in the jungle of Costa Rica in an agroforestry system. This means that the smallholders working for HiPP preserve the natural structures and biodiversity of the forest. Long-term contracts that guarantee fair prices secure the livelihood of the smallholders and their families.

HiPP is actively involved in the 'Biodiversity in Good Company' initiative and was one of its founding members back in 2008. This set the wheels in motion for activities to strengthen biodiversity and to make these an essential component of our sustainability management.

Since 2010, the Ehrensberger Hof farm has served as HiPP's model farm for biodiversity. This means that we, together with scientists and NGOs, test measures to promote biodiversity there.

HiPP is committed to the protection and promotion of biodiversity throughout the entire value chain, also in areas beyond organic farming: HiPP actively involves everyone, from producers to company locations and consumers. In this progress report, you can find out what HiPP is doing in this regard and how they do it.

## 1. Analysis of the impact of corporate activities on biodiversity

Biodiversity is significantly impacted during the cultivation of our agricultural raw materials, by the extraction and processing of raw materials into packaging materials, and by the various company locations. Product manufacturing, the transport of raw materials and packaging materials as well as the mobility of our employees, however, have a smaller impact. The use of land, changes in habitats as well as emissions and pollution can result in a loss of biodiversity. In general, it is quite hard to quantify the impact a company has on biodiversity. Even tools such as life cycle assessments or the set of indicators recommended by the GRI can only go so far when it comes to feasible solutions. HiPP therefore concentrates more on the implementation of measures to protect and promote biodiversity than on analysing its impact.

### Raw materials

Of all the materials used at HiPP, agricultural raw materials account for the highest proportion by weight (over 34,000 tonnes per year). To produce this amount, we need large areas of land, which has a direct impact on nature. This is why the production of agricultural raw materials has the greatest impact on biodiversity. At the same time, the large amount of producers and the vast area of land involved would make a detailed impact analysis a particularly time-consuming endeavour. Attempts to develop simple methods to make biodiversity measurable with less effort and thereby controllable have not yet achieved the desired results.

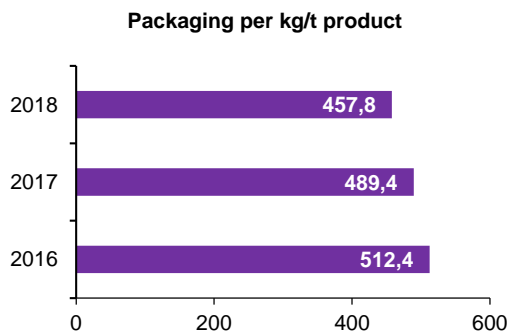
For us at HiPP, it is critical to investigate the impact of organic farming on biodiversity and to compare it to conventional farming. For this purpose, HiPP, in cooperation with the Bavarian State Collection of Zoology (ZSM) and with the support of the Technical University of Munich (Institute of Terrestrial Ecology), carried out an insect monitoring project in 2018. Insects were counted both on a meadow of the organically farmed Ehrensberger Hof and on a comparable meadow of a conventional farm. Initial evaluations show that the biomass of flying insects is three times higher on the organically farmed meadow and that there are twice as many butterflies and almost 40% more species. On the conventional meadow three species that appear on the Red List were found, whereas on the organic meadow it was 13 species. The detailed results will be published in a scientific paper by HiPP and the various experts involved in the monitoring project.

Even if a comprehensive analysis of the impact of HiPP's agricultural producers on biodiversity is not possible, the existing practical knowledge from previous projects and

from HiPP's agricultural management are used to advise the farmers and to implement improvement measures.

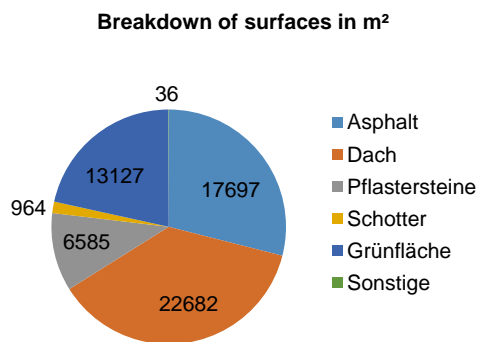
## Packaging

With about 28,500 tonnes per year, packaging materials account for the second largest material flow by weight after agricultural raw materials. The cultivation and extraction of raw materials for paper, glass, metal and plastics has an impact on biodiversity due to the use of land and due to the emissions and pollution resulting from production and disposal. This is why the focus should be on using as little packaging as possible, on incorporating recycled material as well as on creating packaging that can later be recycled. In recent years, we were able to reduce the amount of material used for packaging to 458 kg per tonne of product content. Where possible and permitted for foodstuffs, glass, metal and cardboard packaging partially consists of recycled material. There are not yet any key figures for this or for the recyclability, but they are planned. Packaging materials made of paper or cardboard are FSC certified and printed using mineral oil-free inks. In order to evaluate and compare the environmental impact of packaging, life cycle assessments are repeatedly carried out. However, as mentioned above, the impact on biodiversity can only be determined to a limited extent.



## Company location

The biodiversity on the company premises in Pfaffenhofen was examined in 2014 in the NATURWERT study by the Institute for Ecological Economy Research (IÖW). The results showed that the site has an excellent biodiversity management. Together with the Bavarian *Landesbund für Vogelschutz*, we count birds once a year to determine the number of species and to document changes. Within the framework of the EMAS validated environmental management system, land use in relation to biodiversity is documented and evaluated annually. Compared to previous years, the areas with paving stones and gravel have decreased. A multi-storey car park with a green roof area of approx. 2,000 m<sup>2</sup> was built to replace a parking lot.



## Production and transport

The impact of production on biodiversity is comparatively lower than that of raw materials, packaging and the company location. The main impacting factors in connection with production are material, energy and water consumption, emissions and hazardous substances. The efficient use of resources, low emissions to air, water and soil and the economical use of processing substances that have a low risk potential help to reduce the impact of production. For more detailed information on the development of key figures for production, please refer to our environmental statement and our sustainability report (<https://www.hipp.de/ueber-hipp/bio-qualitaet-nachhaltigkeit/nachhaltigkeit-im-unternehmen/nachhaltigkeitsberichte/>).

## Transport and mobility

Raw materials, packaging, products and waste are transported by various means of transport (lorry, train, ship, etc.). Cars, trains and aeroplanes are mainly used for commuting and business trips. HiPP offers its employees an ecological travel allowance to encourage them to come to work on foot, by bicycle or by public transport. In the case of mobility and transport, the impact on biodiversity is mainly caused by emissions and the

fragmentation of ecosystems by traffic routes. So far, the only factor measured for its impact is greenhouse gas emissions. The influence of HiPP on the fragmentation of ecosystems can be classified as low.

## **2. Integration of biodiversity protection into the environmental management system**

In 1995, HiPP was one of the first food manufacturers to be EMAS-certified (Pfaffenhofen site). In 2018, the production sites in Herford (Germany), Gmunden (Austria), Hanságliget (Hungary) and Glina (Croatia) upgraded from being ISO-certified (ISO 14001) to being EMAS-certified. All companies follow HiPP's sustainability policy, which makes the protection of biodiversity mandatory. It thereby became the basis for all measures targeted at continuous improvement within the framework of our environmental management system.

For years, HiPP has been committed to the protection and promotion of biodiversity. Successful measures from previous years will continue to be implemented. For example, the consistent use of MSC-certified and organic fish in our products as well as our company restaurants. Our goal here at HiPP has been and will continue to be the reduction of our impact on biodiversity and, wherever possible, to have a positive impact. The aim is to create awareness and to motivate participation along the entire value chain from producer to consumer. With this in mind, various objectives were implemented in 2017 and 2018.

### **Meadow orchards for our chickens**

The Egger family, an organic egg supplier for HiPP situated in Unterallgäu (Germany), converted 50 hectares of their chicken run into a meadow orchard. A total of 480 trees were planted, including many old fruit tree varieties. The meadow in this area is only mowed twice a year, allowing it to become very rich in various species and flowers. It is also a great food source for butterflies, bees, bumblebees and other insects. The fruit trees also offer the chickens protection from birds of prey and, at the same time, provide them with a variety of foods.

## **A world of ways to encourage biodiversity**

For years, measures for the conservation and promotion of biodiversity have been tested on the HiPP model farm in cooperation with NGOs and scientists. The brochure “A World of Ways to Encourage Biodiversity” summarises 12 of these successfully tested measures. HiPP experts describe not only why these measures are implemented but also how. All of HiPP’s agricultural producers received a copy and are expected to apply one or more of the easily implementable and inexpensive measures on their farms.

## **Impressing our visitors**

Every year, around 700 enthusiastic visitors get an authentic close-up experience of the biodiversity on our HiPP model farm. On entertaining and informative guided tours of the HiPP model farm for biodiversity, the farm manager not only provides background knowledge on organic farming but also explains the correlation and benefits of biodiversity for humankind. Practical examples illustrate what the visitors hear.

## **Certifying biodiversity**

In 2018, the HiPP model farm for biodiversity was successfully certified by the WWF according to the “Agriculture for Biodiversity” module. The aim of the nature protection module “Agriculture for Biodiversity” is to markedly increase biodiversity among plants and wildlife in agricultural habitats. To achieve this, the WWF evaluates existing measures and identifies further possibilities in consultations on nature protection.

## **Counting insects**

HiPP, in cooperation with the Bavarian State Collection of Zoology (ZSM) and with the support of the Technical University of Munich (Institute of Terrestrial Ecology), carried out an insect monitoring project in 2018. The aim of this project was to determine the impact organic farming has on insect biodiversity compared with intensive farming. Throughout 2018, insects were caught using different methods both on a meadow at the organically farmed Ehrensberger Hof and on a comparable meadow at a conventional farm and their prevalence was documented. Initial evaluations showed that the biomass of flying insects is three times higher on the organically farmed meadow and that there are almost 40% more species. Using light traps, the researchers were also able to catch nocturnal butterflies and determined that there were twice as many animals on the organically farmed land. On the conventional meadow, experts found three species that appear on the Red List, whereas they found 13 species on the organic meadow. The detailed results will be published in a scientific journal.

## HiPP site in Pfaffenhofen

The company location in Pfaffenhofen already exhibits a high level of biodiversity. We have planted native plants and created various biotopes throughout the company premises. By restricting mowing frequency, we give the plants enough time to blossom and to spread their seeds, while at the same time providing a permanent habitat for the animals. Every year, we plant the tree of the year on the company premises. Together with the Bavarian *Landesbund für Vogelschutz*, we regularly register all sightings of Red List species. In our cooling water basin, we keep carp that feed on the growing algae, thereby keeping the basin clean. In 2018, three peregrine falcon chicks were hatched on the roof of our office building. The peregrine falcons on our premises serve as natural defence against pigeons.

## A multi-storey car park as a biotope

A multi-storey car park that, besides serving its regular purpose, also serves as a place of biodiversity must be rather rare. Since 2018, the multi-storey car park with space for 400 vehicles lies nestled between the small River Ilm and the company premises. When designing this functional building, the aim was to ensure that it blends harmoniously into its surroundings. A special feature of the multi-storey car park is its external facade: It consists of 360 larch and pine trunks from the Pfaffenhofen Forest Owners' Association that come from sustainable forestry. At the bottom of the trunk facade, we planted various climbing plants such as wisteria, ivy, hops and Virginia creeper, which over the years will fully cover the building like a green coat with colourful flowers. The plants will create large-scale habitats for birds and insects. The roof of the building was covered with a combination of gravel and greenery, made up of five different sedum varieties. This provides both habitat and food for insects. A stork nest woven by HiPP employees is still waiting for residents.

## 2017 State Horticultural Show

In keeping with the motto "Mitten im Geschehen" ("In the Heart of the Action"), HiPP participated with a colourful array of 31 events in the State Horticultural Show in Pfaffenhofen. The main event was the ceremonial announcement that the newly discovered butterfly will be named after Prof. Dr. Claus Hipp. With the support of HiPP, scientists of the Bavarian State Collection of Zoology (ZSM) travelled to the tropics to research butterflies and discovered a new species: the emerald moth *Rhodochlora claushippi*.

The company exhibition "Living Diversity – Learning from Nature" revolved entirely around organic production and the protection of biodiversity. It also explained the meaning behind organic farming in harmony with nature, for example by illustrating the role butterflies and other beneficial organisms play for ecological balance.



During the panel discussion “Beautiful Dung! Sustainable Agriculture – Romantic Fantasy or Feasible Reality?” controversial possibilities for a holistic, sustainable agriculture were discussed. Seven renowned experts discussed ways to implement this idea.

“Children of Nature”, the programme for the young visitors to the horticulture show, offered over 20 wonderful and diverse activities. The key theme was “Nursery Schools and Upcycling”. The children built simple insect hotels and cute earwig shelters from natural materials. A story book showed them the wonderful transformation of a caterpillar into a butterfly.

### **Loyalty campaign for flowering meadows**

For each participant in a HiPP loyalty campaign, we planted one square metre of flowering meadow as part of the “Become a Flower Sponsor!” campaign. The bee and flower sponsors were given a personalised partner certificate for their child. The corresponding campaign flyer provided the participants with further information on insects as well as tips for what they themselves could do to attract and protect them. This campaign was launched in cooperation with *Mellifera e.V.* and *Netzwerk Blühende Landschaft*. The campaign allowed us to plant 15 hectares of flowering meadows, creating a habitat and food source for honeybees, wild bees, butterflies and other insects. The cooperation with HiPP set all the wheels in motion and served as a good example for other companies that also offered their customers flower sponsorships. Over 200 hectares of flowering meadow have since been created.

### **3. One team responsible for managing all activities in the field of biodiversity and for reporting to the managing partners**

Activities in the field of biodiversity are managed and coordinated by the Biodiversity Officer in cooperation with the Sustainability Team. During the monthly sustainability meetings with management, they report on topics and results and improvement measures are agreed upon.

### **4. Measurable and realistic objectives to improve the protection of biodiversity and ensure the sustainable use of nature, with reviews and adaptations every two to three years**

Planned measures

**110 measures for biodiversity until 2020**

In the future, we want to motivate our HiPP raw material producers even more and support them in implementing biodiversity measures. The plan is to implement 110 biodiversity measures by 2020.

### **Connecting the land**

A new loyalty programme is to be launched as we continue our cooperation with *Mellifera e.V.* and *Netzwerk Blühende Landschaft*. Given that the flower sponsorship campaign was so successful, we are now taking the next step. The aim of the cooperation is to lay stepping stones connecting the fields on the various farms of our agricultural producers.

### **Counting insects 2.0**

HiPP will follow up on our insect monitoring project in cooperation with the Bavarian State Collection of Zoology (ZSM) to determine once more the impact organic farming has on insect biodiversity as compared to intensive farming. In order to gain more experience and to obtain more reliable results, the project is scheduled to run for five years and will be extended to other areas.

### **New administrative building**

The promotion of biodiversity will also be taken into account in the construction of the new administrative building. In addition to the variety of plants planned in the outdoor area, the building will also have a green roof and a number of nesting boxes for birds.

## **5. Publication of all biodiversity activities and achievements in the annual, environmental or sustainability report**

In the sustainability report and the environmental statement, we report on the activities and achievements in the field of biodiversity. The sustainability report and the environmental statement are available to download by clicking on the following link:

Deutschland: <https://www.hipp.de/ueber-hipp/bio-qualitaet-nachhaltigkeit/nachhaltigkeit-im-unternehmen/nachhaltigkeitsberichte/>

## **6. Informing suppliers about biodiversity goals and gradual integration**

Producers and suppliers are informed about HiPP's activities and requirements in the context of sustainability through contracts, general terms and conditions and the HiPP sustainability report as well as by HiPP's Department of Agricultural Management. They can get in direct contact with our HiPP's agricultural engineers, who provide regular and reliable support and professional background information, making the topic more



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comprehensible. The brochure “A World of Ways to Encourage Biodiversity” provides farmers with tried-and-tested measures ready to be implemented on their own farms. Biodiversity is specifically promoted in joint projects with our agricultural producers, such as the creation of a meadow orchard with an organic egg supplier or the laying of stepping stones to connect fields. These projects also serve as models for other HiPP producers.

#### **7. Cooperation with potential partners such as nature protection organisations, scientific institutions or government bodies in order to enhance the expertise and further develop the management system through dialogue**

HiPP holds lectures, releases publications and plays an active role in working groups and associations as well as in political and social debates. This includes active participation in the Association of Organic Food Processors (AöL), the corporate initiative “Biodiversity in Good Company”, the German Environmental Management Association (B.A.U.M.) and the initiative “Business for Climate”. In addition, HiPP works on a project basis with scientists (e.g. from the Bavarian State Collection of Zoology) as well as with non-governmental organisations and nature protection organisations (such as the Bavarian *Landesbund für Vogelschutz*, *Mellifera e.V.*, *Netzwerk Blühende Landschaft* or the WWF).