



Sustainability Report 2012



ENVIRONMENTAL VERIFIER'S DECLARATION

The signatory, Dr. Ulrich Hommelsheim, EMAS Environmental Verifier registered under the number DE-V-0117 and qualified for NACE Code Section 15 "Manufacture of food products and beverages", declares to have verified whether the site

Georg Hipp OHG

at

7, Georg-Hipp-Straße, 85276 Pfaffenhofen, Germany,

registered under the number DE-155-00003 as declared in the Environmental Statement, complies with all requirements set forth in

Regulation (EC) No.1221/2009 (EMAS)

of the European Parliament and European Council of 25 November 2009 concerning voluntary participation of organisations in the European Community Eco-Management and Audit Scheme (EMAS).

By signing this declaration, the Environmental Verifier declares that:

- the verification and validation has been carried out in full compliance with the requirements of Regulation (EC) No 1221/2009,
- the outcome of the verification and validation confirms that there is no evidence of non-compliance with applicable legal requirements relating to the environment.
- the data and information of the environmental statement of the site reflect a reliable, credible and correct image of all activities by the organisation within the scope specified in the Environmental Statement.

This document is not equivalent to EMAS registration. EMAS registration can only be granted by a Competent Body under Regulation (EC) No 1221/2009. This document shall not be used as a stand-alone piece of public communication.

Aachen, 12 July 2012

Dr.Ulrich Hommelsheim Environmental Verifier

The contents of pages 2, 8, 9, 10, 17, 22-34, 36 and 37 have been validated under EMAS.

The next certifiable Sustainability Report for the Pfaffenhofen location will be published in July 2015. Summarised environmental statements are issued annually. The following reports have been published and can be ordered from HiPP:

Pfaffenhofen	publication
Environmental Statement and Sustainability Report 2009	. 07/2009
Environmental Statement and Sustainability Report 2006	. 08/2006
Environmental Report und Sustainability Report 2005	. 08/2005
Environmental Statement and Sustainability Report 2003	. 07/2003
Environmental Report 2001	. 08/2001
Environmental Statement 2000	. 08/2000
Environmental Report 1999	. 08/1999
Environmental Report 1998	. 09/1998
Environmental Report and Environmental Statement 1997	. 09/1997
Environmental Report 1996	. 10/1996
Environmental Report and Environmental Statement 1995	. 11/1995

Gmunden

Sustainability Report 2009	07/2009
Sustainability Report 2006	08/2006
Sustainability Report 2005	08/2005
Sustainability Report 2003	07/2003
Environmental Report 2001	
Environmental Statement 2000	08/2000
	08/1999
Environmental Statement 1998	
	07/1997

Hanságliget

Sustainability Report 2009	
	08/2006
Sustainability Report 2005	08/2005
	07/2003

Sustainability: A HiPP Tradition

Responsible treatment of nature and the valuable resources it provides has always been a vital topic, and given the increasing strain on these global resources, it will always continue to be so. The greatest challenges of our age include the need to protect the climate, the environment and biodiversity – not only for the sake of nature but for humanity, for people themselves. For HiPP, mastering these challenges is a central task. As a company, we have the obligation to conduct our operations under ecological, economic and social principles. In other words, with sustainability. HiPP has been actively engaged in the issue of sustainability for over 50 years. Our goal is to protect and preserve the sensitive balance between nature, humanity and economy in such a way that we leave no 'debts' behind for the generations that follow. This is documented by representative surveys from 2011 and 2012 rating HiPP as the most sustainable company in Germany. This trust on the part of consumers is our inspiration to continue on our course, critically examining our day-to-day actions, exploring new perspectives and driving ahead developments.

The golden thread running through our sustainability strategy is the future-proof, environmentally compatible production of high-quality foods. HiPP has concentrated and structured all its sustainability activities within the company since 2009, launching new projects and applying criteria, guidelines and voluntary obligations that are oriented to the international GRI (Global Reporting Initiative) Standard. Our aim is to achieve measurability, transparency and credibility in our actions, increasing the level of sustainability we contribute to value creation, and thus benefiting our customers, our staff, our partners and our environment.

A central role is played by the selection of raw materials, which we source from organic agriculture for the sake of nature and our young consumers. Today HiPP is one of the largest processors of organic ingredients in the world, working with over 6,000 contracted farmers who shield around 37,000 acres of land from artificial fertilisers and pesticides. 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. In Germany, Austria and Hungary we have already placed our production operations on a carbon-neutral footing thanks to our involvement in projects including global climate protection projects. In 2011 HiPP was presented with the "German Solar Prize" for its across-the-board use of renewable energies. A project we are particularly proud of is the HiPP Model Farm, a biodiversity protection project aimed at educating farmers about implementing sustainability, soil fertility and biodiversity in their day-to-day agricultural operations.

A further goal of our integrated sustainability management strategy addresses social considerations. HiPP places particular priority on ethical and fair treatment of our staff, suppliers, partners and customers and on proactively living out our values. Here too, we constantly strive for improvement. By taking social responsibility and acting with far-sightedness, we aim to make a contribution towards a future worth living for us all — and especially for the generations to follow.

Best regards

eaus 'mp

Prof. Dr. Claus Hipp



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HiPP company portrait – The best from nature. The best for nature.

First baby food produced by the original HIPP company 1899

Company founded 1932 by Georg Hipp

Managing Partners

Prof. Dr. Claus Hipp, Paulus Hipp, Sebastian Hipp, Stefan Hipp

Corporate philosophy

The manufacture of products in top quality and in harmony with nature

Number of employees approx. 2,000	
HiPP Group sales (2011)	
Of which international	

Production locations

Germany, Austria, Croatia, Hungary, Russia, Switzerland, Ukraine

Main markets

Germany, Austria, Benelux, Croatia, Czech Republic, France, Hungary, Italy, Poland, Russia, Scandinavia, Slovakia, Slovenia, South Africa, Spain, Switzerland, Turkey, UK, Ukraine and other Western European countries

Product ranges

Total number of products 265
Complementary feeding/Drinks
Baby milks/Cereals/Teas
Babysanft baby care/Mamasanft mother care 21
Sip and tube feeding products 11
Food supplements/Nursing juices/Nursing teas 5

HiPP total market share for Germany (2011)

Baby and children's foodsapprox. 51%

Retail customer structure

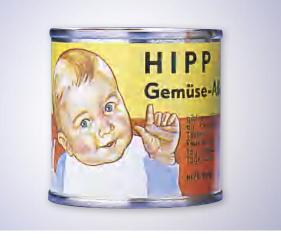
Classic food retailers, pharmacies and general chemists

Product innovations 2011

Baby milks	Bio-Combiotik
Toddlers' range	Age 1 – 3



The confectionery store where Joseph Hipp used hand-crushed rusks and milk to produce the first baby food at the end of the 19th century: the birth of the HiPP baby foods range.



Georg Hipp launched the industrial production of tinned baby food in 1956.



Prof. Dr. Claus Hipp transformed HiPP into a brand. HiPP jars celebrated their 50th birthday in 2010.

Sustainability as a corporate philosophy – Responsibility for the future

Today a central topic of discussion, sustainability features on the agenda of virtually every company. It is therefore all the more vital to bring life to the concept by introducing concrete ideas, and to ensure that sustainable entrepreneurial actions are understandable, traceable and transparent for both consumers and the public.

HiPP sets a good example

As a leading manufacturer of baby foods, HiPP has a special responsibility towards the coming generations.

Sustainability in our operations is therefore the heart of our corporate philosophy. It spans a long-term perspective for our entrepreneurial activities, careful conservation of our resources and our environment, and social coexistence. "We aim to keep the world worth living in and worth loving for the generations that come after us." Acting in harmony with nature and with respect for creation is a fundamental ethos of sustainable management at our company.



Sustainability requires a way of life and a way of doing business that neither squander nor destroy natural resources — the basis of all life.

The three pillars of HiPP's company policy

1. Sustainable protection of resources and the environment

The idea of sustainability is ingrained in all levels of the company — from procurement of raw materials to waste recycling. By producing organic foods using ecologically sound methods that conserve natural resources, HiPP contributes to long-term protection of the environment.

2. Sustainable assurance of food quality and growth

Consumers' desire for healthy food for babies and toddlers is growing — and with it, the demand for HiPP organic products. What began as a vision is today the company's hallmark: HiPP is synonymous with the finestquality organic produce, with reliable partnership in a solidly founded network of contract farmers, with stateof-the-art food technology, rigorous analysis of residues and increased use of renewable raw materials.

3. Sustainable shaping of social coexistence

Ethical actions are the foundation of sustainable success. Economic principles are as much a part of them as is the responsible treatment of staff and partners. As early as 1999, HiPP drew up an Ethical Charter governing its behaviour on the market, within the company and towards the state, society and the environment. When we shape our environment, our life within society and our economy along sustainable lines, we ensure that we ourselves are fit for the future while also securing the chance of a life worth living for future generations. Our actions are sustainable when we would be able to continue them in perpetuity, assuming unchanged framework conditions.

Sustainability is the equilibrium between the three dimensions of ecological, economic and social responsibility.

Ecological: Protecting nature, the environment and the climate

- · Conservation and careful use of resources
- · Reduction of carbon emissions
- · Avoidance of waste
- · Conservation of soil fertility
- · Protection and fostering of biodiversity
- Preservation of culture regions and landscapes in their original form

Economic: Placing business operations on a sound, stable footing

- · Fair and ethical behaviour towards competitors
- Establishment of sustainable long-term values over short-term profits

Social: Creating a long-lasting society that is fit for the future and worth living in

- · Establishment of trust and credibility
- $\cdot\,$ Bringing life to social and societal engagement
- $\cdot\,$ Fostering social equity and equal opportunities

Prizes and awards – Milestones on the road to sustainability

Commitment to sustainability is demonstrated not only by awards and accolades, but also by HiPP's success in building the trust of consumers. For HiPP, this trust represents high acclaim and recognition, and inspires the company to set new goals.

2011

The **"German Solar Prize 2011"** goes to HiPP. The award is presented annually by EUROSOLAR, the European Association for Renewable Energy, to companies and organisations who have contributed in significant and outstanding ways to the use of renewable energy.

Prof. Dr. Claus Hipp receives the award **"Der ehrbare Kaufmann 2011"** (Honorable Merchant), presented by the KKV-Bundesverband (German Association of Catholics in Commerce and Administration) to entrepreneurs showing outstanding ethical treatment of staff, customers and society. Other criteria include active citizenship, entrepreneurial spirit and fairness in management.

2010

On World Science Day, HiPP receives the Hungarian **"Pro Biokultura Award"** in Budapest for its outstanding contribution to promoting agriculture in Hungary.

Prof. Dr. Claus Hipp is chosen as **"Entrepreneur of the Year 2010"**, a prestigious business award presented by Ernst & Young. The award honours the development of economic strength, outstanding responsibility and social engagement and renders Prof. Dr. Claus Hipp eligible for the **"World Entrepreneur Award"**.

The **"Steiger Award"** of the City of Bochum commemorates personalities showing exceptional uprightness, openness, humanity and tolerance. Prof. Dr. Claus Hipp receives the award in the "Environment" category for his outstanding dedication in this field.

2009

The **"German Sustainability Award"** in the Purchasing category goes to HiPP in recognition of the company's excellence in sustainability management.

HiPP is presented with the **"Goldene Blume von Rheydt"** (Golden Flower of Rheydt), the longest-established environmental award in Germany. By choosing HiPP, the jury pays tribute to the company's pioneering work and highly successful achievements in environmental and climate protection.

The publishing company Deutsche Standards Editionen presents the **"Brands of the Century"** at the Frankfurt Book Fair. HiPP was chosen as a company emblematic for an entire product category and the performance of Germany's branded sector.

- **2008** 1st place as Germany's most eco-friendly office
- **2008** CSR Mobilitätspreis (Mobility Award)
- **2006** B.A.U.M. Environmental Award
- **2005** Deutscher Gründerpreis (German Entrepreneurs Award) for lifetime achievement
- 2005 N24 Good News Award
- **2003/04** Deutscher Umwelt-Reporting-Award (German Environmental Reporting Award)
- 2002 Energy Globe
- **2001** Initiative Award of the Federation of German Food and Drink Industries
- 2000 1st Millennium Environmental Award from UNEP and ICC

A full list of awards and distinctions can be found in earlier Sustainability Reports and on the Internet under: www.hipp.de/ueber-hipp/unternehmen/preise-anerkennungen.



HiPP has received a host of awards for environmental protection and corporate sustainability management. In 2009 Prof. Dr. Claus Hipp was presented with the German Sustainability Award in the Purchasing category.





Environmental management and sustainability – Consistent advancement

As early as 1995, HiPP was one of the first European food manufacturers to gain EMAS (Eco-Management and Audit Scheme) certification. This European Union scheme is aimed at companies, service providers and organisations seeking to improve their environmental performance.

EMAS focuses on the individual responsibility which a company must accept in dealing with direct and indirect environmental impacts. Companies that pass the audit at a maximum of three-year intervals are authorised to bear the EMAS logo and must publish regular sustainability reports. This report has likewise been examined by an impartial state-monitored environmental verifier.

For HiPP, the greatest strength of EMAS is that it enables the environmental impacts of a company to be measured and published in the same way as their continuous improvement. This has a positive effect on the company's environmental protection policies while also enabling the company to improve its economic and ecological performance — for example, by embracing sustainable development to improve its ecological balance. Concrete implementation of the system involves the same difficulties as any other management system; it requires the company as a whole to demonstrate its willingness to learn and to organise. Success can only be achieved if responsibility is not confined to management level but is accepted by each and every member of staff.

In addition, in 1997 HiPP began to certify its environmental management system under the international standard ISO 14001. This environmental standard was also introduced as mandatory for the company's production facilities in Gmunden (Austria), Hanságliget (Hungary) and Glina (Croatia). Annual audits by external environmental verifiers are held at all certified facilities, based on internal inspections by HiPP auditors. This process enables HiPP to identify potential fields of improvement and key areas requiring action at an early stage.

Further aspects of environmental management are Sustainability Guidelines (see p. 9), preparation of life cycle assessments (see p. 22), environmental targets and key figures (see p. 23) and a concrete environmental programme (see p. 37). The introduction of systematic sustainability management was a major step forward for HiPP. Launched in 2009, this system serves to coordinate the numerous existing fields of activity and focus overall performance more strongly on our ecological, social and economic principles.

A Sustainability Officer ensures throughout all areas of the company that HiPP products are manufactured to the highest standards not only of quality, but also of sustainability.



All members of staff make an active contribution to environmental protection by participating in the company suggestions scheme, identifying potential areas of improvement and taking part in annual environmental training courses.

HiPP Sustainability Guidelines – Benchmark of our day-to-day activities

Sustainable management has long been an area of

focus for HiPP. The company has already achieved many goals, and documented them in a systematic sustainability management process.

These goals include the introduction of premium organic products, preparation of life cycle assessments, a comprehensive recycling scheme, reductions in energy and resource consumption, and measures fostering biodiversity and corporate social responsibility (CSR).



- **1.** HiPP uses environmentally friendly technologies to minimise harmful impacts.
- HiPP documents and evaluates the environmental impacts of the company's activities on an ongoing basis. We use the optimum technology to implement potential improvements on a commercially feasible scale.
- **3.** We strive to minimise the environmental impacts of new activities, products and processes. To do this, we always conduct advance evaluations of potential environmental impacts.
- 4. Our goal is to conserve resources. To achieve this, we choose renewable resources over finite resources.
- 5. As one of the world's largest processors of organically farmed raw materials, we undertake to increase the volume of organic raw materials we use on a continuous basis.
- 6. In our packaging planning specifications we undertake to minimise the amount of packaging materials, to use the maximum possible proportion of secondary and recyclable materials, and to support alternatives such as reusable systems.
- **7.** Company environmental protection can only be achieved when all members of staff work together. We therefore foster environmental awareness among our staff by providing regular information and training.
- 8. We provide ongoing information for our customers of the ways in which HiPP products can be used in eco-friendly ways.
- **9.** We place high priority on dialogue with the public. We provide regular information about environmental protection activities and strive to implement suggestions and requests from the public wherever possible.

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Prof. Dr. Claus Hipp

Paulus Hinn

Paulen Nip Sebastian Hep

Stefan Hipp

- We maintain constant contact with official institutions with aims including the avoidance or reduction of environmental impacts.
- **11.** We operate a comprehensive emergency management process that minimises the risk of accidents and harmful effects on people and the environment.
- **12.** Monitoring and control systems ensure that our environmental targets are fulfilled or benchmarked against the latest findings and aligned where necessary.
- **13.** At HiPP, observance of human rights is as much a matter of course as the prohibition of child and forced labour, discrimination, physical punishment, coercion and corruption.
- 14. Education and/or membership of a labour union is expressly permitted by HiPP. Wages and salaries, overtime and social benefits are in line with statutory or collective minimum standards to ensure that employees' basic needs are met and provide them with disposable income.
- **15.** We observe occupational health and safety and environmental protection in the workplace to nationally regulated standards at minimum and support continuous improvement of working conditions.
- **16.** As a company, HiPP supports the protection of biodiversity and the shaping of a sustainable future that is worth living.
- **17.** Our suppliers and service providers are also bound to observe these Guidelines, both in their direct sphere of influence and in their upstream and downstream supply chains (e.g. upstream suppliers, logistics and waste disposal providers).

Sustainability as our corporate goal – The thread running through all company activities

When HiPP established a systematic sustainability management process throughout all levels of the company, it ensured that the process was consistently and firmly rooted at top management level, as the only way of guaranteeing that significant impetus for sustainability will permeate day-to-day company activities.

The director of the company, Prof. Dr. Claus Hipp, is a farsighted entrepreneur who has designated the theme of sustainability as a corporate goal with the highest priority. A dedicated team is responsible for the implementation and advancement of sustainability, headed by a sustainability officer who is also a member of the Management Board. The actions of the team are based on the measures and goals of the individual corporate departments and divisions, each of which has appointed a sustainability officer.

The introduction of sustainability management has assigned the areas of environmental protection, occupational health and safety and biodiversity to the level of specialist departments.

In addition to the sustainability management organisation chart, in line with statutory requirements there are further officers with responsibility for specific areas such as water protection officers, occupational health and safety officers and safety experts. Officers for waste disposal, hazardous materials and emissions protection are supplied by HiPP as a voluntary measure. All receive regular training and report annually according to the terms of their agreement.

Managing partners Sustainability officer Sustainability Sustainability coordination communication Environmental protection / Purchasing of Occupational health and Development merchandise/packaging/ Marketing / Sales safety promotional items **Biodiversity** Raw materials purchasing Quality assurance Production Further responsible officers Social affairs / Ethics / IT Legal / Data protection throughout all corporate Health management areas

Organisation chart: Sustainability management at HiPP

HiPP focuses on the ecological and sustainable production of baby foods and on marketing products that are fit for the future.

A systematic sustainability strategy was set in place to focus existing measures and activities throughout all corporate areas. These measures and activities will be developed further over the next three years in alignment with corporate goals.

The measures and activities include:

- · Organic production
- Environmental management in compliance with EMAS and ISO 14001
- Annual environmental balance sheet and regular sustainability report
- Ethics management based on the HiPP Ethical Charter
- · Sustainability training for staff

- CSR measures such as family-friendly, flexible working models and company pensions
- · Staff activity days
- · Career advancement for junior staff
- · Sustainable quality and supply chain management
- · Environmentally friendly logistics
- Use of renewable energy sources in the form of biomass cogeneration plants, 'green' power and solar collectors
- · Climate protection by carbon-neutral production
- 97 % waste recycling and use of organic waste for power generation
- Reduction of water consumption by over 70 % in the past 30 years
- · Engagement against green gene technology
- Development of sustainability indicators and performance indicators
- Systematic observance of carbon footprints for all products
- · Development of upstream sustainability measures

- · Sustainability clauses in supplier agreements
- Innovative developments in the field of sustainable packaging
- · Biodiversity protection projects
- Animal welfare
- · Environmental excursions with trainees and other staff
- Fuel-saving and safe driving training courses
- · Reimbursement of travel costs according to ecological criteria
- Environmentally friendly offices and business travel policies
- · Organic cafeteria
- · Internal and external sustainability communication



HiPP staff engaged in filling control



Stefan Hipp explains the principles of organic farming



HiPP solar facade

Investing in the future – Sustainable growth and long-term perspectives

Responsibility in day-to-day operations

Environmental protection, sustainable production and preservation of biodiversity are part of our corporate philosophy and have a firm place in our mission statement. The values set forth there are lived and breathed in an active and responsible manner by all members of HiPP staff. Many investments which, when viewed from an economic perspective, are unlikely to deliver returns until later in the future are nevertheless anchored in HiPP's sustainability management process.

Conservation of resources

Consistent conservation of resources and avoidance of carbon emissions serve to protect the climate. By changing to 'green' power and using renewable energy sources, HiPP's production operations have been carbon-neutral in Germany and Austria since 2011 and in Hungary since 2012. The company is also involved in global climate protection projects. To conserve resources in corporate administrative departments, all business stationery and cardboard packaging was changed to recycling paper and FSC paper. Sustainable operations also require investments in science and research: HiPP first drew up a sample product-related carbon footprint in 2009 and has systematically extended this life-cycle assessment process ever since, incorporating increasing numbers of materials and products.

Climate-friendly, eco-friendly mobility

An ecologically based travel cost policy provides staff with the incentive of changing to eco-friendly methods of transport. Staff travelling to work by public transport receive refunds of their ticket costs, while staff who cycle to work receive a mileage payment. Car-sharing groups are also supported financially by HiPP, with a car-sharing forum on the Intranet to provide concrete and targeted assistance. To reduce carbon emissions, the company is increasing its promotion of train travel and of telephone and video conferences instead of business travel. HiPP also offers fuelsaving driving courses for staff in which participants learn the most rapid, yet relaxed way to reach their destinations while cutting fuel consumption by up to 20 %.



The origins of HiPP, a company with a long tradition, span over 100 years of history. Today HiPP has developed into a premium brand and is one of Europe's leading baby food manufacturers.



Protecting biodiversity

HiPP is a pioneer, initiating numerous projects aimed at protecting biodiversity. For example, since 2009 the proportion of MSC-certified fish used in its production operations and its cafeterias has increased from 30% to 84%, with plans to reach 100% by the end of 2012. Designed as a model for all HiPP farmers, the model farm at Ehrensberg is a centre where the company works with scientists and conservation associations, testing ways of integrating sustainability and biodiversity protection into day-to-day farming operations.

Fostering sustainable partnerships

To enable HiPP to achieve its targets in climate and environmental protection, the company's suppliers and partners must also work to principles of sustainability management. HiPP's suppliers agreements therefore contain binding rules regulating environmental and quality management as well as social and ethical codes. In addition, regular on-site audits are performed to check compliance with the required standards. HiPP sets particular store by long-term trustbased business relationships. In future HiPP plans to take further steps to strengthen its suppliers' and partners' responsibility for sustainability and agreement to its implementation – with respect not only to the manufacture of baby foods, but also to its own operations. To achieve this, HiPP conducts a detailed supplier survey.



HiPP staff make an enormous contribution to sustainability - for example, by making increasing use of video conferences, addressing the topic of eco-friendly mobility and volunteering for environmental projects.

The HiPP Ethical Charter – A strong foundation for our mission statement

The HiPP Ethical Charter is founded on our responsibility to humanity, nature and the environment. The company introduced this personally defined guide for fairness in competition and respect in dealings with business partners, suppliers, customers and staff in 1999 and has followed it closely ever since. The principles of the HiPP Ethical Charter are continuously updated to reflect the constant changes taking place in our markets and our society.

The Ethical Charter was created from HiPP's corporate culture of fair, loyal and trustful coexistence. By establishing the Charter HiPP aims to foster social responsibility and establish living and sustainable values in day-to-day company operations. As a company with a Christian tradition, HiPP introduced an ethical management programme which today, over a decade later, has more relevance than ever to the perspective of sustainability. The Charter helps the company and its staff, customers and suppliers to reflect on their joint entrepreneurial activities and shape them in line with ethical principles. By doing so, HiPP complies in the best possible way with maxims including that of our corporate mission statement, "Christian responsibility must guide our actions".

Instead of merely defining, or even imposing, values and standards, ethical management creates space for a wider scope of reflection. This assumes that the staff of the company have the awareness necessary to identify moral conflicts and deal with them appropriately. "Appropriately" means that situations of this kind must not be solved by exercising power, but by communicating and delivering more convincing arguments. Ethical management is thus linked to virtues such as tolerance, freedom of communication, veracity, empathy and mutual respect.

HiPP has pursued this system of ethical management for over a decade with the aim of playing a proactive role in shaping our world as a place worth living in and worth loving. To ensure that we succeed, we call upon the commitment of all our stakeholders to working together on implementing the principles defined in the Ethical Charter. Our goal is to continue proactively to address the theme of nature, humanity and the environment with awareness and sensitivity, while unceasingly fostering the awareness that long-term corporate success can only be achieved with top-quality products, fair conditions and appropriate remuneration for staff and suppliers. The introduction of corporate ethical management by HiPP, a commercial company, also takes a stand against short-term profitdriven operations and lack of social responsibility.

Excerpt from the HiPP Ethical Charter, Section 5.2: "...Hipp's environmental orientation is not limited to a level defined at one point in time. If this were the case, there would be a risk of failure to adapt to the constantly changing external conditions. Yet this would contradict the ideal of preserving a healthy environment for tomorrow's generation, which we are feeding today, and drive us away from our long-term success orientation..."





Human resource management at HiPP – An integrated strategic concept

HiPP's mission statement focuses on social responsibility as the primary foundation of successful entrepreneurial operations. This is expressed not only in the company's human resource management, but also in its wide range of social programmes and solidarity with those in need. For example, HiPP helps young families caring for multiple births and regularly supports the food bank charity organisation "Tafel e.V." and Caritas aid convoys.

Within HiPP's sustainable human resource management, the company focuses on long-term goals instead of shortterm effects. HiPP regards human resource management as an investment in the future. Recruiting the right staff, appealing to all stakeholder groups, motivating them, supporting them and ensuring their employability until pensionable age — these are the challenges of today.

These principles are supported by an integrated strategic concept designed to enhance the company's value creation by ensuring the employability of its staff and fostering their sense of responsibility and motivation. With this in mind, HiPP is committed to generating staff loyalty, being an excellent employer and standing up for social values.

Annual staff appraisal meetings and target agreements and staff appraisals of executives are standard procedures at HiPP.

Optimum working climate

The welfare of the staff and a reliable, stable working environment play a key role in corporate culture at HiPP. The company's social standards are significantly higher than the requirements specified by the industry and by national law. Flexible working models, company pension schemes, high standards of occupational health and safety, special promotion days and fitness and sports activities all support the wellbeing of the staff. Confirmation that these measures are successful is delivered not only by the low sickness absenteeism rate of 4.3% (sickness days as percentage of scheduled working days), but also by the long average length of employment, at over 12 years.

Organic cafeterias

An important contribution is also made by HiPP's company cafeterias, serving low-cost food in virtually 100 per cent organic quality and focusing on seasonal regional ingredients and fish with organic or MSC certification. With the aim of maximising transparency, HiPP has set up an online database containing information on the origins of the individual ingredients and the precise composition of the dishes. This is part of an exemplary allergen management programme with which HiPP hopes to counteract the increasing number of food allergies.

Further training and education

Additional qualifications, targeted training courses and performance-oriented assessment and remuneration are core instruments of HiPP's human resources policy. Since environmental protection, sustainability and conservation of biodiversity have been incorporated in the mission statement, these themes have joined courses on occupational safety, hazardous materials and hygiene as mandatory in-house training subjects. The objective is to school staff in issues of ecological and social sustainability that they can apply in both their professional and personal lives. Other important information media are the in-house magazine "HiPP intern" and the Intranet.

Flexible working models

As a family-friendly company, HiPP enables staff to combine family and career. Almost every department, including production facilities and shift-based work, has introduced flexible working hours that improve opportunities for staff especially women — to develop further. Families with children, single parents and carers can arrange their working hours to suit their responsibilities. In Pfaffenhofen, for example, where 210 part-time staff are currently employed, almost 200 different individual working models and a flexitime model without core period are in operation. The percentage of women in management throughout the company is 26.7%.

This shows that while HiPP has potential for further improvement, the company is already on the right track. To improve conditions still further, in 2013 the company plans to convert a building for the care of crèche, pre-school and school-age children in the future.



Prof. Claus Hipp presents a qualification certificate



Experts from the Nutrition Department and the Parents' Advice Service

Number of staff: Pfaffenhofen

Gender	Part-time	Full-time	Total
Male	31	483	514
Female	179	328	507
Total	210	811	1,021

As at 31 December 2011

Targeting junior talent

In recent years HiPP has countered the prevailing trend and provided young people in particular with outstanding training and educational opportunities, including sandwich courses combining periods of study with periods of work. The quota of these trainees is set to provide all trainees with a potential opportunity of employment by the company. As the Pfaffenhofen-based company must compete with the regional automotive and pharmaceutical industries in recruiting qualified staff, its quota of trainees is slightly below the average for the industry, at 5 %. However, traineeships at HiPP are designed to provide a high level of intensive support and have an outstanding reputation.

Integrated training

Integrated training plays an important role in this focus on junior talent. Following recommendations by the Chamber of Industry and Commerce, in 2011 HiPP appointed a training and education officer in the Production department, half of whose working hours are designated for the support and care of junior staff. These trainees also receive scientific and academic support from external experts in sustainability training courses. HiPP's institution of a "junior company" also created a platform where each trainee takes over a specific area of responsibility within the marketing, sales, accounting or human resources departments. By working closely with all areas of the company, they hone their management and social skills such as team work and communication. At career information events and university job fairs, trade shows and exhibitions and many other events, these junior staff represent the company and draw young people's attention to the idea of a career at HiPP, specifically addressing potential future staff in their own age group who share HiPP's values and suit the company's character.



Every year highly qualified HiPP trainees complete their vocational courses with distinction. At present 88% of these graduates go on to work for the company.

Social performance indicators

Indicator	Basis of calculation	2009	2010	2011
Sickness absenteeism (%)	Sick days/Scheduled working days	3.8	3.7	4.3
Accidents (%)	Accident days/Scheduled working days	0.4	0.4	0.2
Fluctuation (%)	Notice by staff/Total no. staff	1.3	1.9	2.8
Paid overtime (%)	Paid overtime/Scheduled working hours	0.5	0.6	0.6
Length of employment (years)	Years of employment/No. staff	12.1	12.4	12.4
Women in management (%)	No. female/No. male	26.7	26.1	26.7
Ideas management — Suggestions (%)	Ideas submitted per year/No. of staff	6.2	12.5	12.1
Ideas management — Implementation (%)	Ideas rewarded per year/Ideas submitted per year	20.0	15.3	10.5

Causes of the increase in fluctuation include the fact that as a medium-sized company, HiPP cannot provide all members of staff with the development chances commensurate with their qualifications.



Finding the right staff is a challenge that is all the harder for medium-sized companies. In-house vocational training ensures a continued supply of qualified junior staff even in times of demographic change.



To promote the combination of family and job still further, HiPP is planning to set up its own child daycare centre including a professionally run kindergarten and homework supervision for employees' children.

The World Health Organization (WHO) forecasts that depression will soon become the leading cause of disability. As globalisation and changes in economic structures progress, people must deal with time pressure, the growing complexity of their tasks and responsibility. HiPP views its role as protecting its staff from the impacts of these developments.







Health management – Targeted prevention

The supreme asset of a company is the health and wellbeing of its staff. HiPP takes its duty of care extremely seriously and ensures the provision of optimum working conditions that go far beyond statutory requirements. People that are happy experience a higher quality of life, have higher satisfaction and are more committed. Investment in staff health is therefore both socially and economically sustainable.

Prevention is the focus of HiPP's health management scheme in Pfaffenhofen. The scheme is thus not limited to medical examinations based on the principles laid down by institutions for statutory accident insurance and prevention. In addition, staff can receive vaccination, comprehensive advice under the Infection Protection Act and individual care. Workplaces are inspected regularly for compliance with medical criteria, particularly with respect to work at computer monitors, ergonomics and noise protection.

Stress and burnout prevention

To maintain and promote mental health, HiPP also offers stress and burnout prevention courses spanning a wide range of activities. Autogenic training, progressive relaxation exercises (Jacobson relaxation), Feldenkrais exercises and breathing relaxation techniques all help to restore body/mind balance and prevent illness. The HiPP company doctor holds qualifications in psychotherapy and environmental medicine and focuses especially on psychological and mental stress at the workplace.

Proactive health promotion

The HiPP Activity Days are held every May, presenting a range of topics related to health, nutrition and sports. Staff receive valuable tips on taking care of their health. In 2010 the main theme was "Work-Life Balance", while the 2011 Activity Days examined "Sustainability". HiPP invites partners such as health insurance companies, gyms and institutions for statutory accident insurance and prevention to offer free health checks such as eyesight and hearing tests, checks of cholesterol levels and body fat, and fun tests of reaction and body control. Suggestions on healthy nutrition are always welcomed by HiPP staff, whose awareness of the topic has already been raised by their daily diet of organic food from the HiPP cafeteria.

Measures for shift workers

Night-shift workers receive particular attention with respect to healthcare. To compensate for the physical strain of their job they work a 4-day week at full pay. The "1000 Lux" project provides lighting that simulates natural daylight to reduce impact on biorhythms and impairment to health. A health survey of night-shift workers thus showed no significant deviations in health from the population average. However, HiPP strives to implement continuous improvements in this area.

Protection of non-smokers and addiction prevention

HiPP also plays an active role in addiction prevention. An educational programme tailored to the high-risk group of young trainees encourages responsible treatment of nicotine and alcohol as 'everyday' drugs. The topic of protecting non-smokers in the workplace is a general priority at HiPP. Medical consulting and stop-smoking courses contribute towards maintaining the health of all members of staff. The ultimate goal is to have a completely smoke-free workplace.

Sports and fitness activities

Regular exercise not only promotes health, body awareness and wellbeing among staff. It also acts as a stress-buster, boosts the immune system and increases performance. HiPP therefore offers a variety of year-round team activities including skiing, volleyball and football tournaments, mountain hiking and rafting. In winter, staff members who join regional gyms receive reimbursement of half their fees as well as personal support, a general health check and in-depth cardiac and circulatory system tests. This fitness promotion has received an enthusiastic response. HiPP's emphasis on encouraging healthcare and fitness is designed to motivate its staff to address the theme proactively and independently, while also strengthening their sense of community and team spirit.

Chart of Accounts – Life Cycle Assessment for Pfaffenhofen location

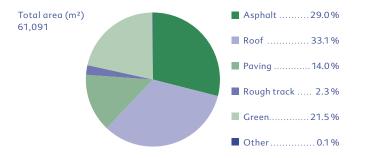
The Chart of Accounts presents the energy and material flow management for HiPP's Pfaffenhofen location. It is used in validation and in the ecological and economic optimisation of these processes, with the main objectives of maximising resource and material efficiency and establishing sustainable cycles.

Figures are given for 2009, 2010 and 2011, enabling an at-a-glance comparison to be made of percentage-based changes year by year. In addition, figures from 1999 are given as a long-term comparison that usefully maps the progress of the location. These are absolute figures which may vary depending on the product volumes manufactured.

The figures will be presented in detail in the following sections. The total figures for the individual material and energy flows are complemented by key figures and calculated in relation to one product tonne. This enables in-company changes to be tracked as well as comparisons to be made with key figures from other companies.

Chart of Accounts

Input	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Raw materials (t)	32,996	32,306	-2.1	33,368	3.3	35,628	6.8
Operating supplies (t)	197	101	-48.7	164	62.4	137	-16.5
Cleaning agents (t)	74	121	63.5	132	9.1	122	-7.6
Energy (MWh)	50,543	46,415	-8.2	45,570	-1.8	46,823	2.7
Water (m³)	512,597	472,799	-7.8	483,800	2.3	482,993	-0.2
Packaging (t)	31,231	35,567	13.9	30,579	-14.0	31,980	4.6
Output							
Products (t)	54,772	60,873	11.1	61,645	1.3	64,304	4.3
Waste water (m³)	444,270	387,337	-12.8	411,799	6.3	412,917	0.3
Waste (t)	13,936	12,606	-9.5	13,737	9.0	14,736	7.3
Emissions (t)	10,015	1,860	-81.4	5,463	193.7	2,046	- 62.5



Area of Pfaffenhofen premises and grounds

Environmental figures – Measurable success for people and nature

The figures for Pfaffenhofen were determined on the basis of the 2009 - 2011 Life Cycle Assessments and compared with 1999. In each case the actual figures from the prior year form the basis for forecasts for the coming year. Figures that show deterioration can be identified immediately and their causes explained. In 2011 this was only the case in the Waste and Packaging category; all other figures shows improvement.

The systematic environmental management programme in operation at HiPP for the past 20 years has largely exploited potential areas of savings in the Pfaffenhofen Life Cycle Assessment to the full. However, continuous improvement remains HiPP's goal – even if these improvements are small.

Environmental figures

Key figures	1999	2009	2010	2011	Forecast for 2012
Operational supplies (kg / t product)	3.6	1.7	2.7	2.1	2.1
Cleaning agents (kg / t product)	1.3	2.0	2.1	1.9	1.9
Energy (kWh/t product)	922.8	762.5	739.2	728.2	728.2
Water (m³/t product)	9.4	7.8	7.8	7.5	7.5
Packaging (kg/t product)	570.2	584.3	496.0	497.3	492.0
Waste water (m³/t product)	8.1	6.4	6.7	6.4	6.4
· Cooling water Ilm	2.6	2.6	2.6	2.5	2.5
· Waste water, sewage plant	5.5	3.7	4.1	3.9	3.9
Waste, total (kg / t product)	254.4	207.1	222.8	229.2	220.0
Non-recyclable waste (kg / t product)	5.5	5.8	5.3	5.3	5.3
Carbon dioxide (kg / t product)	182.6	30.4	88.4	31.7	31.7
Sulphur dioxide (g / t produkt)	102.2	70.6	74.6	66.9	66.9
Nitrogen oxide (g⁄t produkt)	188.1	92.0	97.3	87.1	87.1





The headquarters and main production facility of the baby bod manufacturer HiPP is at Pfaffenhofen an der Ilm. eft: Entrance to HiPP administration building tight: Aerial view of the Pfaffenhofen location

Calculation of energy efficiency: power

1999: 6,196 MWh / 54,772 product tonnes = 0.11 MWh per product tonne

2011: 7,894 MWh / 64,304 product tonnes = 0.12 MWh per product tonne

Calculation of energy efficiency: steam and heat

1999: 37,298 MWh / 54,772 product tonnes = 0.68 MWh per product tonne

2011: 34,627 MWh / 64,304 product tonnes = 0.54 MWh per product tonne

Energy – Power and heat from renewable sources

At HiPP, sustainable actions and operations apply above all to the area of energy consumption. HiPP's Pfaffenhofen location has been fully connected to the local biomass heating plant since 2002. This plant burns natural untreated wood instead of fossil fuels, and enables HiPP to meet its entire heat, hot water and steam consumption with energy from renewable sources. Heating oil is used only for downtime maintenance of steam boilers. This changeover has saved over 90 % of the company's consumption of fossil fuels in the past ten years.

Solar and hydropower

HiPP makes the most of solar power, with a total of six solar plants for power generation and hot water. These plants focus on two large-scale solar power plants with 432 m² of collector area, together with solar facade and solar roof installations. A total of approximately 41,000 kWh of solar energy is generated every year — equal to the power consumed by ten three-person households. But HiPP also supports sustainability by relying on 'green' power, generated 100 % from hydropower, for its other energy requirements

Effective innovations

HiPP's power consumption has risen slightly over recent years, owing to the increase in production volume and the higher automation of the technical systems used by the company. In 2006 large areas of the production facility were equipped with stronger lighting under the "1000 Lux Programme". These brighter production areas have a positive impact on the health and wellbeing of night-shift workers, with effects including increased alertness.

The number of workplaces equipped with computer monitors was doubled to 585 and all lighting gradually replaced by energy-efficient LED tubes. The higher consumption of heating oil in 2010 was unavoidable; technical problems in the biomass heating plant required a heating test to be conducted in the company's boilerhouse.

1000_							_	
800_	922.8						_	Bioma
600_			762.5		739.2	728.2	_	Power
400_							_	Fuels
200_							_	Heatin
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							_	

Energy consumption [kWh / t product]

Energy							
in MWh	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Biomass heating plant	37,298*	34,188	-8.3	33,341	-2.5	34,627	3.9
Power (HiPP plant)	6,196	7,642	23.3	7,817	2.3	7,894	1.0
Fuels	4,646	4,487	-3.4	4,213	-6.1	4,210	-0.1
Heating oil (HiPP plant)	2,403	98	-95.9	199	103.1	92	-53.8
Total	50,543	46,415	-8.2	45,570	-1.8	46,823	2.7

* In 1999 natural gas was used to provide power

Emissions – Success in mobility and transport

Eco-friendly fleet - protecting the climate

HiPP has a total fleet of 135 vehicles in its in-house and external operations. Care is taken to use low-pollutant and economical methods and maximum efficiency, particularly for long-haul transport. For this reason, HiPP relies on dieselpowered vehicles.

The particulate filters installed in our vehicles since 2005 have enabled us to significantly reduce pollutant emissions. Modern technologies like automatic start-stop systems and regenerative braking have slashed fuel consumption to less than 5 litres per 100 km. The average carbon emissions of our company vehicles used in external operations is currently around 120 g per kilometre.

Eco-friendly logistics

For many years, HiPP's logistics division has focused on optimising flows of goods and bundling deliveries from the central warehouses of our trade operations. While individual deliveries were made to 20% of all retailers in 1999, today this figure has been slashed to almost 5%.

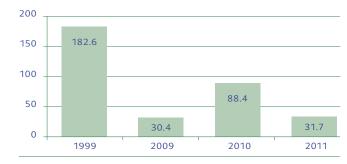
Parcel post was introduced for small-scale individual deliveries. HiPP rigorously monitors the use of transport methods and tries to reduce, or preferably avoid, truck transport. Finished products are therefore shipped by sea to the UK and transported by rail to Scandinavia, a procedure in place since 2010.

Notes to the "Emissions" chart

Total carbon emissions are calculated on the basis of figures including the life cycle assessment of the biomass heating plant. Owing to a long-term technical defect in the plant, the volume of wood used fell from 94 % in 2009 to just under 60 % in 2010 but rose again to 90 % in 2011.

Internal sulphur dioxide emissions were reduced from 5.6 tonnes to 0.6 tonne by changing the energy source to the biomass CHP and switching to more economical vehicles. The same applies to nitrogen oxide emissions.

CO₂ emissions [kg / t product]



Emissions

in t	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Carbon dioxide	9,999.0	1,850.0	-81.5	5,452.0	194.7	2,036.0	-62.7
Nitrogen oxide	10.3	5.6	-45.6	6.0	7.1	5.6	-6.7
Sulphur dioxide - biomass CHP		3.6	0.0	3.9	8.3	3.7	-5.1
Sulphur dioxide - HiPP plant	5.6	0.7	-87.5	0.7	0.0	0.6	-14.3
Total	10,014.9	1,859.9	-81.4	5,462.6	193.7	2,045.9	-62.5

Source: Calculations on the basis of GEMIS database in version 4.6

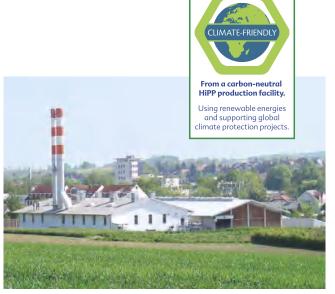
Climate protection – Carbon-neutral production

Our atmosphere is a miracle of nature. A protective layer of natural gases encloses the earth, preventing heat from escaping into space. But because the emission of greenhouse gases from industry, households and traffic is steadily increasing, our atmosphere is overheating. If this process is not slowed and global warming exceeds 2° C, experts warn of uncontrollable chain reactions which will place humanity in grave danger: the ice poles will melt, causing sea levels to rise, while permafrost layers will thaw and release yet more CO_2 . Climate protection is thus an urgent priority. HiPP continuously minimises its use of finite resources, implements ongoing improvements to its energy efficiency and consistently covers its power consumption from solar and hydropower. In 2011 HiPP received the "German Solar Prize" for its exemplary commitment to using renewable energy.

A comprehensive action plan has succeeded in significantly reducing plant emission levels; connection to the town's biomass combined heat and power plant (CHP), generation of energy using solar and biogas plants, use of 'green' energy from hydropower plants and introduction of ecofriendly technologies in the vehicle fleet have all enabled HiPP to slash the plant's 2011 carbon levels by almost 90% per product tonne in comparison with 2000 figures. The remaining emissions are partly accounted for by exhaust gases produced on business travel, and by energy generation on peak days requiring additional natural gas combustion in the biomass CHP. These emissions total roughly 2,000 tonnes per year and are balanced out with the support of global climate protection projects in collaboration with project partners, such as Sekem Farm in Egypt and its humus project designed to avoid carbon emissions.

Production at the Pfaffenhofen location has been carbonneutral since 2011.

HiPP is a member of Germany's "Wirtschaft pro Klima" (Business Supports the Climate) initiative.



Left: The biomass CHP at Pfaffenhofen, Right: CO_2 project in Egypt. Its visible results include not only 2,000 new jobs, but also a safe future for many hundreds of smallholdings transforming this former desert into fertile farmland.





HiPP Pfaffenhofen location – Minimising environmental impact by realising projects

Action	CO2 savings per year (t)
Biomass CHP	8,152
Change to green power	2,949
External thermal insulation	192
Photovoltaic system	22
Total	11,315

IT and eco-friendly offices – Optimisation at all levels

User-friendly workplaces

The IT department offers a comprehensive range of services to increase the satisfaction and productivity of users at HiPP. Staff surveys and training courses enable opportunities for improvement to be identified on an ongoing basis, knowledge gaps to be closed and user-friendly working conditions to be created. Workplace training is the primary focus. 2011 also saw the introduction of improved mobile devices, and an optimised video conferencing system was installed.

Energy efficiency is a particularly high priority in IT. HiPP scrutinises the energy consumption rating of all purchases and compares available models to make the best choice. In 2010 an overall concept was drawn up for the Pfaffenhofen and Gmunden locations and as a result all printers were replaced by environmentally compatible energy-efficient models. While there were 200 printers throughout HiPP's offices in 2008, today there are fewer than 100 printers and multifunctional devices. Similar optimisation results were achieved by replacing monitors; today's monitors are set to activate the screen saver after 15 minutes and switch off after 60 minutes. In addition, leasing agreements were extended from 36 months to run for 42 or 48 months. HiPP's IT department again took part in excellence benchmarking in 2011 and achieved the overall best ratings for satisfaction.

Environmentally friendly office and advertising materials

With sustainability in mind, all HiPP's office supplies purchases are now eco-friendly. Notepads and notebooks, envelopes and other paper goods are produced from 96 % FSC and recycled paper (with Germany's Blue Angel environmental certification). Since 2011, HiPP's writing implements such as pencils and marker pens have been made from 70 % renewable resources, and ball-point pens from 90 % renewable resources, with high-quality long-life refills from Switzerland ensure flawless writing quality. The use of raw materials sourced from Europe strengthens the economy, while the short transport routes benefit the eco-balance.

Recycling office materials

Recycling is part of daily routine at HiPP, and even smaller steps towards improvement are pursued. As part of the Terra Cycle scheme, in 2011 the company collected 40 kg of used pencils and writing implements for recycling, resulting in a donation of $150.56 \in$. Toner and ink cartridges for printers and copiers are collected for refilling.

Optimised power consumption, taking PCs and notebooks as an example

	Desktop new	Desktop old	Notebook new	Notebook old
CPU power (GHz)	10,130	3,583	7,510	3,254
Power consumption OFF (W)	0.8	1.3	0.2	2.0
Power consumption ON (W)	20.0	55.0	15.0	21.6
Power consumption FULL (W)	63.0	79.8	43.2	48.0

Paper consumption

in sheets	2009	2010	2011
Total	2,881,500	2,785,000	2,749,000
Of which recycled paper (Blue Angel)	2,244,000	2,243,500	2,223,000
Of which virgin fibre paper (FSC)	637,500	541,500	526,000
Percentage of recycled paper	77.9%	80.6%	80.9%

Although PCs have become more powerful, their power consumption has been significantly reduced.



The well water at the HiPP premises has its geological source in Tertiary strata. It has been officially verified as being of "natural purity" and outstandingly suitable for the production of baby foods. To ensure the sustainability of the water level, HiPP conducts regular measurements.

Water – Natural treasure and wellspring of life

The shortage of clean potable water is becoming an increasing concern, and the times when water was seen as an inexhaustible reserve are coming to an end. Water must therefore be conserved as carefully as all other finite resources. Both the industrial sector and private households are called upon to use water-saving technologies and avoid unnecessary waste.

HiPP recognised this need at an early stage and took appropriate action. Over the years, water consumption has been reduced from an initial 22.8 m³ per product tonne in 1971 to 7.5 m³ per product tonne by 2011, primarily by optimising water cycles in production processes and introducing recirculation systems for CIP. HiPP generally aims for multiple recycling of water wherever possible. The HiPP plant at Pfaffenhofen has its own deep well. The Georg Hipp Spring is an exclusive source of pure, fresh water in premium quality, supplying spring water directly from the Alps from up to 154 metres below HiPP's premises. This natural mineral water supply is a true natural treasure of supreme quality and purity. HiPP ensures that its daily consumption of water never exceeds the supply. The remainder continues to join the River Danube.

Water consumption [m³ / t product]



Water

in m³	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Well water	490,994	443,238	-9.7	464,654	4.8	471,105	1.4
Artesian water (used)	20,011	23,605	18.0	15,842	-32.9	10,050	-36.6
Municipal water supply	1,592	5,956	274.1	3,304	-44.5	1,838	-44.4
Total	512,597	472,799	-7.8	483,800	2.3	482,993	-0.2

Waste water – Free from adverse effects on nature or environment

Around one-third of HiPP's waste water volume comprises water which has been used in industrial processes but is uncontaminated — for example, roof run-off water, cooling water from sterilisation cycles or recycled water for the water softening unit. This water can be directed into the nearby River Ilm without impacting on the natural environment.

To provide official documentation of water safety, HiPP keeps an operating log listing regular measurements of waste water volumes, population equivalents, pH values, sedimentation and temperature.

The waste water fed into the municipal sewage plant contains organic contamination only, and thus provides an excellent nutrient-rich basis for the vital bacteria in the clarifying tanks used for water treatment.

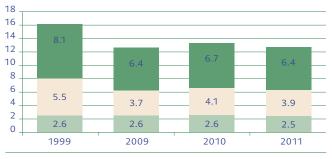
Waste water

in m³	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Fed into sewage plant	303,219	227,238	-25.1	250,494	10.2	252,928	1.0
Fed into River Ilm	141,051	160,099	13.5	161,305	0.8	159,989	-0.8
Total	444,270	387,337	-12.8	411,799	6.3	412,917	0.3



Rainwater or heated water from cooling systems, which is virtually uncontaminated, also counts as waste water.

Waste water [m³ / t product]



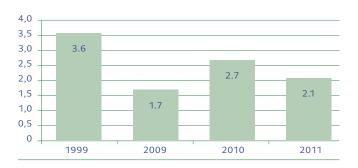
Cooling water, Ilm Waste water, sewage plant Waste water

Operating supplies – Positive development and further potential

By replacing some metal conveyor chains in production operations with plastic, HiPP was able to reduce the volume of chain lubricant required. In addition, benzene is now used only sporadically as a machinery cleaning agent. Lubrication intervals were extended by changing the product, reducing lubricant consumption by 60%.

In 2010 total consumption of operating supplies increased by 62.4 % in comparison with the previous year. Reasons for this increase included the introduction of PET bottles in that year, which required higher use of liquid nitrogen in the juice filling process to seal bottle caps. In addition, use of refrigerants rose in 2011; this was caused by sealing defects in the coolant circuit which have since been remedied.

Use of operating supplies [kg / t product]



Operating supplies

in kg	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Liquid nitrogen (PET bottles)	0*	0*	-	39,936	-	50,315	26.0
Water treatment agents	108,925	41,650	-61.8	41,500	-0.4	39,899	-3.9
Adhesives	44,300	22,135	-50.0	22,534	1.8	21,807	-3.2
Chain lubrication	9,800	6,750	-31.1	10,480	55.3	8,726	-16.7
Neutralisation (water treatment)	21,400	5,750	-73.1	5,220	-9.2	4,670	-10.5
De-icing salt (winter road maintenance)	6,070	14,600	140.5	36,000	146.6	4,500	-87.5
Solvents	**	4,000	-	3,873	-3.2	3,763	-2.8
Dyes	**	3,378	-	2,136	-36.8	1,832	-14.2
Gas (laboratory/metalworking)	3,486	1,376	-60.5	1,614	17.3	1,235	-23.5
Refrigerants (cooling)	69	240	247.8	111	-53.8	288	159.5
Lubricants and oils	2,022	801	-60.4	624	-22.1	255	-59.1
Ink (label and lid/cap printing)	997	522	-47.6	304	-41.8	108	-64.5
Benzene (machinery cleaning agent)	174	0	-100.0	20	-	5	-75.0
Total	197,243	101,202	-48.7	164,352	62.4	137,403	16.4

* PET bottles have been used since 2010 ** Volume not recorded in 1999 LCA

HiPP has succeeded in significantly reducing the consumption of operating supplies in many key areas. For example, the new encoding technology introduced for label printing in 2010 enabled ink consumption to be slashed by 64.5 %. A more economical spray adhesive method for affixing labels has also reduced material consumption in this area since 2008.

Cleaning agents – Optimisation helps the environment

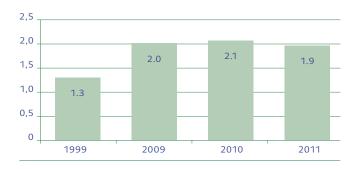
At HiPP the majority of cleaning agents are used in production processes for floor, CIP and manual machinery cleaning operations. Detergent consumption was significantly reduced by the introduction of automatic dosage in laundering work clothing, falling from 1.51 kg (2009) to 0.87 kg (2011) per wash cycle.

Use of sanitary cleaning agents rose following the introduction of intensified basic floor cleaning processes. HiPP aims to optimise consumption by using innovative technologies, while also continuously increasing the proportion of ecological cleaning agents. After an extensive test phase to determine the efficiency of the new agents, the percentage of ecological cleaning agents used is now currently 17.5 %.

Cleaning agents

in kg	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Cleaning agents, production	54,490	107,069	96.5	117,794	10.0	110,571	-6.1
Detergents (laundry)	3,110	5,295	70.3	4,890	-7.6	3,442	-29.6
Sanitary cleaning agents	2,206	2,398	8.7	3,195	33.2	2,917	-8.7
Disinfectants	12,970	3,335	-74.3	4,425	32.7	2,840	-35.8
Dishwashing agents	630	2,441	287.5	2,018	-17.3	1,909	-5.4
Other cleaning agents	174	101	-42.0	153	51.5	289	88.9
Total	73,580	120,639	64.0	132,475	9.8	121,968	-7.9

Total use of cleaning agents [kg / t product]





HiPP is careful to ensure economical dosage of detergents and cleaning agents and is increasing the proportion of ecological agents used. The company's primary consideration is to assure permanent compliance with the rigorous hygiene regulations.

Packaging – Eco-friendly solutions

HiPP does its utmost to reduce consumption of packaging materials to the absolute minimum and to conserve resources. Every new type of packaging introduced must have more ecological benefits than its predecessor. All secondary packaging is exclusively produced from recycled cardboard or ecological virgin fibre materials.

Disposable versus deposit and return

An analysis by the Freiburg Institute for Applied Ecology has shown the disposable jars used by HiPP to be a more environmentally friendly solution than a deposit-and-return system. The latter only offers advantages in sectors such as the beverage industry where standard glass containers are used, shortening transport routes. It is currently not possible to establish an ecologically viable deposit-and-return system solely for baby food jars. Given the results of this analysis, HiPP has striven to optimise the existing system of disposable containers, reducing the weight of glass used by around 15 % over the past eight years.

Plastic and glass - a comparison

HiPP likewise worked with the Freiburg Institute for Applied Ecology to evaluate the ecological aspects of glass and plastic as packaging materials. In early 2010 the company introduced plastic pots for some products, which offer certain advantages for consumers such as lower weight and breakage resistance. In 2010 the volume of glass packaging fell year-on-year by 18 %, while production of HiPP plastic pots rose disproportionately as a result of high demand.

FSC and recycled paper

HiPP uses FSC-certified packaging from virgin fibres for products which come into direct contact with foods, such as tea bags. This avoids contamination from any residues in recycled paper such as mineral-based dyes. HiPP uses mineral-free dyes in the majority of its packaging, such as vegetable dyes for premium milk cartons.

Packaging materials

in t	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Glass	28,693	31,930	11.3	26,122	-18.2	27,229	4.2
Cardboard trays	673	1,532	127.6	1,514	-1.2	1,605	6.0
Lids and caps	1,368	1,516	10.8	1,435	-5.4	1,532	6.8
PET*	0	0	-	935	-	1,011	8.1
Shrink film	263	311	18.3	300	-3.5	317	5.7
Labels	234	278	18.8	273	-1.8	286	4.8
Total	31,231	35,567	13.9	30,579	-14.0	31,980	4.6

* The company introduced PET bottles in 2010.

Use of packaging materials [kg / t product]

584.3

2009

496.0

2010

497.3

2011

570.2

1999

600 580 560

460 440

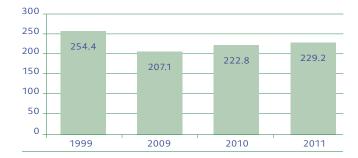
Waste – Recycling reduces environmental impact

HiPP makes extensive investments in recycling and effective recycling systems. In 2011 97.3 % of the company's 14,736 tonnes of waste were recycled or used in feedstuffs or in biogas plants to generate energy. Only 2.7 % ended up in waste or hazardous waste incineration plants or landfills. This enabled the company to achieve a further small improvement of 0.3 % despite its already high level of waste recycling.

Organic waste is reused in biogas plants, generating over 2 million kWh of climate-friendly power and heat every year. HiPP works exclusively with biogas plant operators that use food processing waste. Our prime consideration is to reduce competition over acreage between food crops and energy crops.

The unusually high figure for scrap metal in 2011 resulted from the relocation of the warehouse and metal-working shop to new premises and demolition of some buildings to make way for a new workshop centre, resulting in over 6,500 tonnes of construction waste. This material was not included in the life cycle assessment as it did not concern routine operations.

Total waste [kg / t product]



Waste

in t	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Non-hazardous waste							
Liquid organic waste (biogas)	10,168	9,461	-7.0	10,594	12.0	11,180	5.5
Solid vegetable waste (biogas)	978	958	-2.0	1,140	19.0	1,265	11.0
Waste containing meat (biogas)	817	546	-33.2	569	4.2	606	6.5
Scrap metal	212	225	6.1	245	8.9	488	99.2
Residual waste	303	351	15.8	325	-7.4	344	5.8
Waste paper	773	223	-71.2	272	22.0	309	13.6
Waste glass	188	251	33.5	172	-31.5	177	2.9
PE film	115	131	13.9	111	-15.3	131	18.0
Tin	164	60	-63.4	79	31.7	62	-21.5
Fat separator waste	36	47	30.6	48	2.1	57	18.8
Construction waste	113	321	184.1	79	-75.4	52	-34.2
Waste wood	48	14	-70.8	20	42.9	21	5.0
PET bottles*	-	-	-	34	-	20	-41.2
Hazardous waste							
Iron sludge	7	6	-14.3	10	66.7	9	-10.0
Construction material with asbestos	-	2	-	23	>100	6	-73.9
Condemned material	9	6	-33.3	10	66.7	5	-50.0
Other hazardous waste	5	4	-20.0	6	50.0	4	-33.3
Total	13,936	12,606	-9.5	13,737	9.0	14,736	7.3

* Optimisation of waste volumes was particularly successful in PET bottles, used for juices since 2010, where associated waste was reduced by 41.2 %.

Raw materials – From pioneer to one of the world's largest organic processors

Today HiPP is among Europe's leading producers of baby foods. Every day over one million jars of HiPP baby food leave the Pfaffenhofen location. HiPP produces a total of around 64,000 tonnes of baby food every year.

The traditional company began to rely on certified ingredients from organic farmers as early as the 1950s, even though the risks of harmful substances in foods were by no means as serious as they are today. Over 6,000 contracted farmers produce organic fruit and vegetables for HiPP on a total of around 15,000 hectares (37,000 acres) of land.

The secret of HiPP's success can be found in the company's rigorous standards of quality and safety. HiPP defines internal tolerance levels which are lower even than those required by law. These strictly prescribed in-house standards are monitored in regular audits. Precise specifications apply to farming and processing methods, and compliance

with these requirements is checked in meticulous inspections and analyses. In this respect an important role is played by quality management, analysis and an in-house laboratory with the most up-to-date equipment, regarded as one of Europe's leading laboratories, with the capability of identifying a pinch of salt in a swimming-pool. Before ingredients are approved for processing, they are tested for up to 1,200 different pollutants.

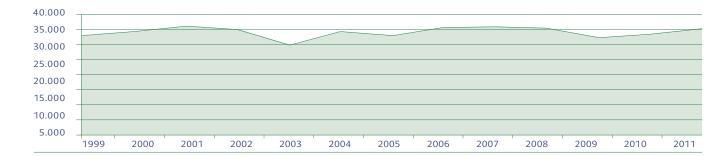
In addition, the end-product undergoes several hundred checks and inspections to guarantee that our baby and toddler foods meet the most stringent ecological standards. This is also the reason for the appreciation expressed by consumers for our brand: as representative surveys of over 2,000 consumers showed in both 2011 and 2012, they view HiPP as the most sustainable company in Germany.

Sustainability - taking fish as an example

In 2009 HiPP switched to exclusively MSC-certified fish in its production and company cafeterias. Consumption of MSC fish rose from 30 % to 84 % in 2011 and is planned to reach 100 % in 2012.

By using only MSC-certified fish, HiPP makes a significant contribution towards maintaining the ecological balance of our oceans. MSC guarantees that the fisheries it certifies comply with its environmental standards, protect fish stocks and apply the principles of effective management.

Raw materials processed [in t]



Raw materials: Fish

in kg	2009	2010	2011
MSC fish	34,742	103,025	166,926
Non-MSC fish	81,846	41,102	30,846
Total	116,588	144,127	197,772
MSC in %	30	71	84

By promoting a high-quality, varied diet and encouraging children's enjoyment and pleasure in food from an early age, we can establish an excellent basis for healthy eating habits during development and into adulthood.

Organically produced raw materials have a positive carbon balance and therefore represent a sustainable basis for food production.

Environmental costs – Sustainable operations despite rising energy prices

At HiPP's Pfaffenhofen location, environmental costs have risen year-on-year by 17 %. This increase is primarily due to energy expenditure, which makes up 78 % of the company's total environmental costs. Convinced of the environmental benefits, HiPP is nevertheless continuing its commitment to using renewable energy while also embarking on innovative paths. For example, plans for the construction of a new workshop centre in 2011 implemented an eco-friendly concept with ultra-low energy consumption. The entire premises are heated using waste heat from the production processes.

HiPP's investments in additional insulation and triple glazing also exceeded the already ambitious requirements set forth in the German Energy Savings Regulation (EnEV), enabling the company to obtain a low-interest loan from the German development and sustainability funding organisation KfW. Further savings were also made in the waste sector by optimising waste disposal routes and concentrating transport schedules, resulting in a total reduction of EUR 50,000 in waste disposal costs.

Environmental costs

in EUR	1999	2009	Change in % from 1999	2010	Change in % year-on-year	2011	Change in % year-on-year
Energy	913,814		139.9	2,198,448	0.3	2,755,244	25.3
Waste water	327,083	395,800	21.0	433,353	9.5	437,565	1.0
Water	195,886	198,768	1.5	205,294	3.3	206,482	0.6
Waste	174,882	165,171	-5.6	163,229	-1.2	115,521	-29.2
Total	1,611,665	2,952,417	83.2	3,000,324	1.6	3,514,812	17.1
Environmental costs in / t product	29	49	64.9	49	0.0	55	12.2





The new HiPP workshop centre, designed to sustainable plans, helps to save energy costs and offers improved working conditions for its staff.

At HiPP, the majority of overall environmental costs are accounted for by energy consumption. To make a further contribution to climate protection, in 2002 HiPP decided to switch to a TÜV-certified ecological utility company supplying electricity generated by hydropower – producing no carbon emissions or radioactive waste whatsoever.

Environmental Programme for Pfaffenhofen – Many roads lead to the goal

The current Environmental Programme spans the period from 2011 to 2013 and comprises sustainability management activities developed in collaboration with the individual sectors of the company. The most important plans have been successfully implemented during the reporting period.

Actions	Period	Status
Foils and films replaced by shredded cardboard as package filler	Apr 11	Completed
Forklift trucks battery-operated for indoor use, powered by biodiesel for outdoor use	May 11	Completed
Organisation of an Activity Day on the theme of sustainability and biodiversity (with own sustainability exhibition)	May 11	Completed
Reduction of energy required for pasteurisation and introduction of benchmark for the future	May 11	Completed
Professional disposal of waste at the Technical Centre	Jun 11	Completed
Encouragement of planting native tree species in the company grounds and green facades wherever possible	Nov 11	Completed
Environmental and sustainability website topics to be combined on Intranet and Internet	Dec 11	Completed
Replacement of disposable pallets by reusable systems	Dec 11	Completed
Overall reduction in raw material losses as annual objective	Dec 11	Completed
Provision of Intranet information for staff about energy consumption, carbon emission figures, key performance indicators etc.	Mar 12	Completed

Actions	Period	Status
Collection of life cycle assessment data to evaluate HiPP packaging	Apr 12	Completed
Eco-friendly rules for business travel	Apr 12	Completed
Green company vehicle policy	May 12	Completed
Collaboration with LBV (regional bird protection assn.): installation of nesting boxes in company grounds at safe distance from production	Jul 12	Completed
Collaboration with LBV: installation of insect hotels in grounds	Sep 12	Open
Carbon balance information on salad bar	Sep 12	Open
Calculation of carbon footprint for HiPP pot packages	Sep 12	Open
Life cycle assessment of pots versus disposable jars	Dec 12	Open
Production of a sustainability checklist for IT	Dec 12	Open
Inspection of insulation on Buildings 1—4	Dec 12	Open
Reduction of raw material losses in fruit preparation	Jun 13	Open
Production of a checklist for sustainable building	Dec 13	Open

Actions	Period	Status
Organisation of lid collection campaign for customers (recycling percentages: HiPP 100%, households 69%	Dec 13	Open
Further optimisation of logistics chain by more use of rail transport and combining orders/ deliveries	Dec 13	Open
Continued promotion of use of traditional vegetable, fruit and grain varieties and animal species	Dec 13	Open
Organisation of biotope care and planting sessions with trainees, approx. 3x/year	Ongoing	
Purchase of EURO 5/6 trucks for HiPP fleet	Ongoing	
Biodiversity projects (model farm for producers, biodiversity indicators, planting and biotope campaigns)	Ongoing	
Staff training courses on sustainability and biodiversity	Ongoing	

The Gmunden location – Top quality from Salzkammergut

The premises formerly occupied by "Theresienthal Yarn Spinning Works" have been a production site for baby foods since 1967. The restored and extended heritage-protected premises are located in the countryside near the town of Gmunden in Salzkammergut, Austria. Around 180 members of staff primarily produce specialities and tray meals.

HiPP tray meals, in their signature heart-shaped trays, have been successful for many years. Gmunden has also produced HiPP's double pots since 2010. By changing to 'green power' and participating in climate change projects, production at the Gmunden location has been carbon-neutral since 2011.

HiPP's location at Gmunden in Austria, with Traunstein mountain in the background.

Life cycle assessment – Background

Consumption of raw materials has risen in Gmunden as production volumes have increased. The company also succeeded in reducing raw material losses by optimising its processing methods.

Operating supplies consumption also rose by 30.7 % yearon-year as a result of the more complex production processes involved in the new product range. Liquid nitrogen, used in sealing plastic packaging, accounts for a high proportion of this figure. Consumption of cleaning agents also rose as smaller batches were produced, requiring more frequent intermediate cleaning. Sterilisation processes caused a rise in water consumption and waste water generation.

When plastic packaging is used the maximum number of products which can be treated in each sterilisation pass is low, necessitating more cleaning cycles. However, improvements in waste separation succeeded in reducing overall waste volumes and savings were made in packaging weight by replacing glass packaging with plastic.

Input	2009	Change in % year-on-year	2010	Change in % year-on-year	2011	Change in % year-on-year
Raw materials (t)	9,079	-29.5	9,970	9.8	10,365	4.0
Operating supplies (t)	127	119.0	137	7.9	179	30.7
Cleaning agents (t)	82	41.4	91	11.0	121	33.0
Energy (MWh)	18,999	-8.1	21,321	12.2	20,444	-4.1
Water (m³)	388,699	-11.2	427,974	10.1	477,900	11.7
Packaging (t)	7,521	-35.9	8,093	7.6	7,830	-3.2
Output						
Products (t)	15,110	-24.5	16,593	9.8	17,229	3.8
Waste water (m³)	359,522	-10.2	405,452	12.8	449,224	10.8
Waste (t)	1,283	-3.0	1,367	6.5	1,327	-2.9
Emissions (t)	4,125	13.4	4,625	12.1	4,362	-5.7

Chart of Accounts

Gmunden – Improvements benefiting people and nature

A certified environmental management system was introduced at Gmunden in 1996. The system undergoes a continuous improvement process, with regular contact between the environmental officers of the individual HiPP locations, an annual life cycle assessment, internal and external audits and cross-location meetings.

A key element of the environmental management system is the environmental programme listing all improvement measures and documenting their current status. The programme is drawn up for a three-year period and agreed by the company as a whole.

The most recent measures include the purchase of a commercial vehicle for courier services. Various options were considered before the final choice of a gas-powered vehicle was made. The physical well-being of the staff was also a top priority; for this reason, in 2011 a new cafeteria was built, serving a high proportion of regional and organic foods at extremely low prices thanks to pricing subsidies from the company. The pleasant atmosphere in the new cafeteria significantly enhances the well-being of the staff.



Environmental key figures

Key figures		2010	2011	Forecast 2012
Operating supplies (kg/t Produkt)	8.4	8.3	10.4	9.0
Cleaning agents (kg/t Produkt)	5.4	5.5	7.0	6.0
Energy (kWh/t Produkt)	1,257.4	1,284.9	1,186.6	1,150.0
Water (m³/t Produkt)	25.7	25.8	27.7	25.0
Packaging (kg/t Produkt)	497.8	487.7	454.5	454.0
Waste water (m³/t Produkt)	23.8	24.5	26.1	24.0
Cooling water, River Traun (m³/t Produkt)	19.9	20.3	20.3	20.0
Operating waste water (m³/t Produkt)	3.9	4.3	4.4	4.0
Total waste (kg/t Produkt)	84.9	82.4	77.0	75.0
Residual waste (kg / t Produkt)	13.7	8.8	6.0	6.0
Carbon dioxide (kg / t Produkt)	272.9	278.7	253.1	250.0
Sulphur dioxide (g / t Produkt)	1.3	1.8	0.6	0.6
Nitrogen oxide (g⁄t Produkt)	109.2	99.4	95.8	95.0

Environmental Programme

Actions	Period	Status
Lye recycling	Dec 11	Completed
Noise insulation in production	Dec 11	Completed
Staff information on environmental and social topics	Dec 11	Completed
Optimisation of office waste separation	Dec 12	Open
Joint environmental projects for trainees from Gmunden and Pfaffenhofen	Dec 12	Open
Choice of dishes in new cafeteria (organic, seasonal) as Pfaffenhofen	Dec 12	Open
 3-year energy efficiency check Utilisation of waste heat from cooling tower, flue, compressor Cogeneration Vehicles Alternative energy sources (biomass) 	Dec 13	Open
Reduction of raw materials losses	Dec 13	Open
Annual environmental excursion with trainees	Annual	Ongoing

Left: Since early 2010 a low-emission gas-powered vehicle has been used for all courier services in Gmunden. Right: Staff enjoy a choice of seasonal and organic dishes in their breaks.

The Hanságliget location – A key employer in the region

HiPP launched production operations in the Hungarian town of Hanságliget in 1995. The location is now among the region's main employers, manufacturing products for export to 38 primarily Eastern European countries. In line with HiPP's corporate philosophy, an environmental management system certified under ISO 14001 was introduced in 2002.

Life Cycle Assessment - Background

All electricity at the Hanságliget location has been generated by hydropower since 2012. Despite increased production volumes, energy consumption has risen by only 3.8 % as a result of actions including replacement of 600 luminaires with new energy-saving models. Emissions were reduced by lowering energy consumption and installing a new steam boiler control system.

Water consumption rose by 4.9% and waste water volume by 6.3%, primarily owing to the installation of new sterilisation systems. However, adjusted for the 13.1% increase in production volume, the specific water and waste water volumes have actually been reduced. The increased production volumes also resulted in an increase in raw materials processed and packaging in 2011.



The HiPP location at Hanságliget

The introduction of a flocculant in the company sewage plant caused a slight increase in operational supplies consumption, as initial testing of the correct dosage of flocculant was required when new technology was installed.

However, consumption of cleaning agents fell as production was changed to larger batches, reducing the number of intermediate cleaning cycles necessary.

Chart of Accounts

2009 Change in % 2011 Change in % Input Change in % 2010 year-on-year year-on-year year-on-year Raw materials (t) 7,117 7,455 17.4 13.5 6,350 -10.8 Operating supplies (t) 31 12.2 34 9.6 38 11.8 Cleaning agents (t) 40 44.7 48 20.5 46 -4.2 Energy (MWh) 13.191 -25.4 13.590 3.0 14.110 3.8 -3.5 Water (m³) 141,204 -35.2 136,200 142,858 4.9 Packaging (t) 6,960 3.6 7,092 1.9 8,047 13,5 Output Products (t) 10,874 2.3 11.547 6.2 13.058 13.1 Waste water (m³) 128,031 131,906 -37.5 124,063 -3.1 6.3 Waste (t) 1.197 -15 674 -437 598 -11.3 Emissions (t) 5,043 -9.8 5.133 1.8 4.676 -8.9

All office paper has been 100 % recycled since 2009. Waste volumes have been reduced by stricter separation and lower raw materials losses, and waste disposal has been optimised. To increase biodiversity, nesting boxes have been installed in the company grounds.

Environmental Programme for Hanságliget – Committed to helping the environment

In Hungary too, sustainable actions have become an important aspect of social and business life. The Hanságliget location of HiPP Kft operates a thorough environmental monitoring scheme. Milestones on the road to sustainability are documented in the Environmental Programme.

Environmental figures

Key figures	2009	2010	2011	Forecast 2012
Operating supplies (kg/t product)	2.9	3.0	2.9	2.7
Cleaning agents (kg / t product)	3.6	4.1	3.5	3.3
Energy (kWh/t product)	1,213.1	1,176.9	1,080.5	1,050.0
Water in (m³/t product)	13.0	11.8	10.9	10.5
Packaging (kg / t product)	640.1	614.2	616.2	610.0
Waste water (m³ / t product)	5.8	5.1	4.8	4.5
Cooling water (m ³ /t product)	5.9	5.6	5.3	5.0
Waste (kg/t product)	110.0	58.3	45.8	43.0
Residual waste (kg/t product)	9.3	2.7	1.5	1.2
Carbon dioxide (kg/t product)	462.4	443.3	357.3	321.5
Sulphur dioxide (g/t product)	759.6	706.7	437.3	419.8
Nitrogen oxide (g/t product)	584.0	557.7	425.0	416.5

Environmental Programme

Actions	Period	Status
Inspection of radiator thermostats, optimisation of heating in offices	Jan 11	Completed
% of green power at minimum 50%	Jan 11	Completed
Nesting boxes in trees	Jan 11	Completed
Waste separation and waste disposal optimisation	May 11	Completed
Lighting control system in new hall	Jun 11	Completed
Lighting modernisation in old building (luminaires: 2 x 49 W replaced 2 x 58 W)	Aug 11	Completed
Environmental and OHS training (2 per year)	Aug 11	Completed
Steam boiler modernisation	Aug 11	Completed
Sewage plant modernisation	Dec 11	Completed
Reduction of cleaning agent consumption	Dec 11	Completed
Green power used 100 %	Dec 12	Completed
Further reduction in raw materials losses	Dec 12	Open

Actions	Period	Status
Continued afforestation, reforestation where necessary	Dec 12	Open
Frequency converter for feed water pump	Dec 12	Open
Review of sewage sludge reuse	Dec 12	Open
Use of biological cleaning agents	Dec 12	Open
Use of waste heat to preheat steam boiler feed water (Economizer)	Dec 12	Open
Review of compressed air reduction	Dec 12	Open
Inspection of sewage plant decanter	Dec 12	Open
Establishment of a photovoltaic plant	Dec 13	Open
Introduction of 'green' vehicle policy	Dec 13	Open
Optimisation of truck transport	Dec 13	Open
Modernisation of external lighting	Dec 13	Open
Installation of overhead lighting in warehouse	Dec 13	Open



White storks are welcome visitors at the Hungarian location. Storks need our help as their natural habitat of shallow wetlands and water-meadows is continuously eroded. In addition, they suffer heavy losses during migration, only compensated for by their healthy populations in Eastern Europe.

The Glina location – Vivera produces to HiPP standards

Vivera produces cereals for baby food. Compliance with HiPP's high standards is guaranteed: the plant uses only high-quality raw materials, guarantees that all process phases are consistently monitored and continuously improves its overall quality assurance system.

When HiPP decided to invest in Vivera in 2001, the company had 43 employees. Since that time the company in Glina, Croatia, has made major strides in its production, development and market position and today is a successful modern enterprise employing 170 staff.

To achieve its goals Vivera increased its production capacity and allocated investments, primarily to improving production conditions, quality control and environmental protection. The company's greatest asset is its people. With their skills and knowledge and their sense of responsibility, they make a key contribution to the successful fulfilment of management goals and targets; the company therefore focuses its policies on targeted staff training.



Chart of Accounts

Input	2009	Change in % year-on-year	2010	Change in % year-on-year	2011	Change in % year-on-year
Raw materials (t)	3,983	73.5	4,555	14.4	4,695	3.1
Operating supplies (t)	10	11.1	11	10.0	11	0.0
Cleaning agents (t)	3	50.0	2	-33.3	2	0.0
Energy (MWh)	8,620	13.9	7,931	-8.0	8,714	9.9
Water (m³)	27,684	-5.3	29,738	7.4	20,325	-31.7
Packaging (t)	979	-11.9	1,137	16.1	1,200	5.5
Output						
Products (t)	3,607	1.1	4,077	13.0	4,271	4.8
Waste water (m³)	23,000	-8.0	25,000	8.7	16,000	-36.0
Waste (t)	161	73.1	197	22.4	204	3.6
Emissions (t)	3,015	65.4	2,797	-7.2	3,052	9.1

Vivera markets its products on the Croatian market and in Europe, Russia, Asia and Africa.

Environmental Programme for Glina -

Commitment to environmental education and protection of biodiversity

Vivera is committed to environmental education and protecting biodiversity, organising regular training courses to communicate these themes to its staff. The boiler system of the plant was converted from fuel oil to lower-emission natural gas. However, given the infrastructure in Croatia, the use of renewable energy sources still involves some difficulties.

Environmental figures

Key figures	2009	2010	2011	Forecast 2012
Operating supplies (kg/t product)	2.7	2.6	2.3	2.5
Cleaning agents (kg / t product)	0.8	0.5	0.5	0.5
Energy (kWh/t product)	2,389.9	1,945.2	2,040.3	2,040.3
Water (m³/t product)	7.7	7.3	4.8	4.8
Packaging (kg/t product)	271.4	278.9	281.0	281.0
Waste water (m³/t product)	6.4	6.1	3.7	3.7
Total waste (kg / t product)	44.6	48.3	47.7	47.7
Carbon dioxide (kg/t product)	833.4	684.1	712.7	712.7
Sulphur dioxide (g/t product)	1,250.3	976.2	1,056.0	1,056.0
Nitrogen oxide (g / t product)	1,097.9	780.0	969.3	969.3

Environmental Programme

Actions	Period	Status
Rebuilding of the waste storage centre	Dec 11	Completed
Renovation of the microbiology laboratory	Dec 11	Completed
Lighting control in laboratories	Dec 11	Completed
Environmental protection and sustainability training (2 courses per year)	Dec 11	Completed
Occupational safety training (1 per year)	Dec 11	Completed
Replacement of drum drying system (from painted metal to stainless steel)	Dec 11	Completed
Purchase of containers for various types of hazardous waste	Dec 11	Completed
Organisation of sustainability activities	Dec 11	Completed
Purchase of new waste containers	Dec 12	Open
Purchase of waste compression containers	Dec 12	Open
Test procedures for biological cleaning agents	Dec 12	Open
Installation of a photovoltaic plant	Dec 13	Open
Biodiversity protection measures	Ongoing	Ongoing





HiPP is focusing its hopes on Croatia's membership of the EU with respect to future environmental protection measures. This important step will bring about extensive positive changes to the preconditions for ecological improvements and higher conservation of resources in business operations.

HiPP products – Quality in harmony with nature

Parents are virtually powerless to identify the quality and characteristics of ingredients and products. Taste and smell alone are not enough to reveal the composition and individual ingredients of a product and whether or not it contains pollutants.



The law prescribes stricter tolerance levels for baby foods than for fresh foods sold by supermarkets. As a baby food manufacturer deeply convinced of the benefits of organic quality, HiPP goes one step further: all HiPP products undergo rigorous preselection of raw materials and strict laboratory controls to result in quality that outperforms the requirements of the law.

At HiPP, parents of children at all complementary feeding stages can rely on a range of products carefully designed to offer nutritional balance, age-appropriate ingredients and strictly controlled quality. Special attention is therefore paid to selecting raw materials and varieties of produce. As well as guaranteeing the safety and guality of the farming processes, HiPP must use mild vegetables and fruits that are appropriate for babies. A particularly important aspect of organic baby food is natural sweetness from fruit, as babies are used to the mild, slightly sweet taste of their mother's milk or formula. To provide this, HiPP has devised methods including cultivation of an old variety of banana, "Gros Michel", in Costa Rica. This variety is exceptionally sweet and flavoursome and is farmed especially for the company in the rainforest, far away from plantations and without the use of chemical pesticides or herbicides. The carrot and apple varieties used by HiPP are also selected for their high natural sweetness.

The HiPP concept: Consistently organic

The high level of trust which consumers accord to HiPP has been built on the company's long-standing consistently organic concept. HiPP was already a trend-setting "organic pioneer" in the 1960s, when organic farming was largely ignored and extensive use of chemicals was an intrinsic part of agriculture.

In those days HiPP swam against the tide, driven by these firm beliefs to develop and advance organic farming and setting new standards for baby food. Today, "organic" is a standard feature of baby food.

HiPP's success is rooted in the company's high standards of quality and safety. Its guiding principle, "Producing healthy, top-quality foods in harmony with nature", has been the hallmark of HiPP products for decades and its products have thus borne the HiPP Organic Seal of Quality for more than two decades. This standard was devised by HiPP as a guarantee of farming methods employing the utmost care and environmental compatibility, and ingredients of the maximum purity.



Food safety – Supreme quality and flawless traceability

HiPP's consistent organic and quality concept extends beyond conservation of natural resources and the production of healthy foods that are free from toxic pesticides and comply with animal welfare principles.

Organic farming is also a question of belief; it is a form of agriculture in harmony with the laws of nature, governed not by the need to meet statutory regulations, but by the desire to achieve the maximum quality and safety in its products. Statutory requirements merely represent minimum standards. HiPP's watchword is that ecological production must always aim to achieve the very highest standards possible.

Controls give certainty

For this reason, HiPP's corporate philosophy focuses on providing products of top quality, excellently suitable for baby and child nutrition and manufactured using methods that conserve nutrients and resources. Comprehensive controls are in place to monitor product quality and safety. The contents of a single jar undergo up to 260 laboratory controls in our quality assurance system, from analysis of soil and raw materials to their final inspection. This process begins at the outset of the supply chain with tests including soil and seed analysis, and continuously documents the progress of the raw materials, from the farming methods used to the flows of goods delivered by the farmers to HiPP. Before processing, raw materials are initially analysed for a wide range of parameters and their sensory quality is examined. The final controls are performed on the finished product, investigating selected ingredients as well as flavour, consistency and shelf life.







Babies and toddlers are particularly sensitive with respect to the quality of their diet. Strict controls and flawless traceability of all ingredients processed during manufacture are therefore essential elements of HiPP's quality philosophy.

State-of-the-art methods are used throughout the entire process of analysing raw materials and products under the quality control system. HiPP's globally accredited laboratory is among the best in Europe and has the capability of identifying over 1,200 parameters. All these measures enable HiPP to guarantee the unique quality of its products.

Supply chain management – Sustainability from field to jar

HiPP has consistently directed its corporate goals and targets towards sustainable value creation. With this in mind, the company also takes responsibility for its suppliers and contractual partners. The Ethical Charter, founded on the corporate culture of fair and trust-based coexistence, is the benchmark for HiPP's behaviour on the market and to its staff and business partners. The company's sustainability management oversees the entire supply chain. All company units and divisions draw up definitions of their sustainability goals and implement them — with particular success in the case of the Purchasing Department, which won the 2009 "German Sustainability Award" for the outstanding sustainability of its purchasing processes. Under the EMAS and ISO 14001 certified environmental management systems, HiPP has defined clear objectives for ensuring continuous improvement of its eco-balance. However, the company can only achieve them if its suppliers and partners also support this commitment and set up sustainability management processes in their own operations. For this reason, all HiPP's business agreements include codes of environmental, social and ethical practice. A fundamental issue for the baby food manufacturer is the establishment of continuous, long-term and trust-based partnerships to safeguard the quality and availability of raw materials, fair and reliable prices and confirmed order volumes. The regular in-house audits conducted by HiPP examine standards of quality, ecology and, increasingly, social practices. The company's medium-term plans envisage the establishment of a database collecting and linking up information on all relevant criteria concerning the company, its raw materials and the quality, sustainability and biodiversity of its farming methods and processing for each individual product batch. Life cycle assessment data play a key role in this plan; overall evaluation of this data provides HiPP and its contractual partners with useful pointers to guide their further development along positive lines.



HiPP applies an integrated management approach in implementing sustainable purchasing strategies and linking them to quality and supply chain management processes.

HiPP has been a member of the corporate initiative "Biodiversity in Good Company" since its foundation in 2008.



'BIODIVERSITY IN GOOD COMPANY' INITIATIVE e. V.

LEADERSHIP DECLARATION

All signatory companies acknowledge and support the three objectives of the 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 utilisation of genetic resources.

Signatory companies furthermore commit themselves to:

- Analysing corporate activities with regard to their impacts on biological diversity.
- 2. Including the protection of biological diversity within their environmental management system, and developing biodiversity indicators.
- 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 2 to 3 years.
- Publish 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 them accordingly.
- 7. Exploring the potential for cooperation with scientific institutions, non-governmental organisations (NGOs) and/or governmental institutions, with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

A biennial progress report is submitted to the Initiative to document continued commitment.

Biodiversity – Commitment to fauna and flora

The very existence of our world depends on biodiversity – but human activity is causing serious damage to fauna, flora and habitats. However, biodiversity must also not be underestimated from an economic perspective – for example, with respect to the procurement of raw materials. This can be seen most clearly in agriculture and forestry, fisheries and food production, where healthy ecosystems are a direct driver of added value.

Around 50% of Germany's entire area is taken up by agriculture. HiPP relies on ecologically sound 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 highquality raw materials and on an intact eco-system — one of the reasons why the company has declared protection of biodiversity to be a top priority. In recent years numerous actions have been taken to contribute to preserving the diversity of species; they focus 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.





Together with climate change, preservation of biological diversity is one of the greatest challenges facing humanity today. The global loss of species is reaching an alarming scale, with 60% of all ecosystems classified as damaged and 20% of mammals alone in danger of extinction.

Selected outstanding HiPP projects:

- At its model farm, HiPP tests environmental and conservation measures to improve biological diversity, with the goal of developing a practical model for all HiPP growers to implement in their own operations. (See project example 1, page 51)
- **2.** 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.

(See project example 2, page 52)

3. Regular training courses are held at which HiPP staff explore the importance of biodiversity. At Environmental Days they plant trees, dig ponds for amphibious animals or create habitats for endangered species of bird. (See project example 3, page 53)

- **4.** To protect the rainforests from deforestation, all the paper and packaging material used at HiPP is now recycled or FSC-certified.
- **5.** To protect the oceans, HiPP uses fish with organic or MSC certification in its production operations and company cafeterias.
- 6. HiPP is committed to protesting against genetic modification because it involves unforeseeable consequences for nature and people and endangers biodiversity by its focus on monocultures. The company provided funding to supply the documentary "Leben außer Kontrolle" (Life Running Out of Control) to schools and supports a seedbank for the cultivation of heirloom plant varieties.
- 7. Biodiversity in the company grounds is supported by planting native species of tree and wild-flower meadows, creating nesting habitats and collecting data about endangered Red List species.



9. A cooling water basin at HiPP was stocked with fish, which remove algae in an eco-friendly way, eliminating the need for cleaning procedures several times per year.



HiPP's commitment to the protection and promotion of biodiversity is demonstrated in numerous activities. A long-term goal is to establish key performance indicators enabling products from "biodiversity-friendly" production operations to be highlighted.







The 90-hectare farm is also home to endangered historical animal species.



Project example 1 HiPP model farm for biodiversity – Ehrensberger Hof

Nature is sending out an SOS, and increasingly irreparable holes are gaping in the network of life. Together with climate change, the destruction of ecosystems and the extinction of fauna and flora are among the most crucial challenges facing humanity today. By working to protect biodiversity, HiPP aims to help to protect the foundations of life for the coming generations.

At Ehrensberger Hof farm in Pfaffenhofen, HiPP has been developing a model for its contracted produce suppliers since 2009. The baby food manufacturer is working with scientists from TU München university, the University of Hanover, the farmers' association Bioland and the Landesbund für Vogelschutz (Bavarian Bird Protection Association, LBV) on researching methods of increasing soil fertility and biological diversity in farming routine. As part of this research the fauna, flora and soil quality at the farm were recorded, maps drawn up of the various areas and a cultivation plan developed. Data will now be recorded and evaluated at regular intervals over a five-year period. HiPP staff and trainees have also planted avenues, single trees and copses as a contribution to climate and landscape protection. These plantings prevent landscape fragmentation and serve as 'corridors' allowing animals to travel safely from area to area. 'Hotels' for sand lizards and insects compensate for the lack of natural habitats, as do the nesting-boxes which provide shelter

for owls, swallows, falcons and bats as alternatives to hollow trees. To increase biodiversity a number of historical species were brought into the farm, including original Braunvieh cattle, Skudde sheep and a traditional species of chicken, the "Appenzeller Spitzhaube". In addition, six swarms of bees were introduced at Ehrensberg in response to the dramatic rise in bee mortality. New ecosystems were encouraged by planting rows of trees and hedgerows to provide shelter for animals, establishing dead hedges, leaving tree stumps in place and creating wild flower strips as field margins; these actions allow habitats for reptiles, birds, small mammals and insects to develop, and planting provides essential protection against wind and erosion while also serving as shelter and sources of food for the fauna.

HiPP has offered tours of Ehrensberger Hof for school classes since 2011 to enable children to experience the theme of biodiversity for themselves at first hand.



At Ehrensberger Hof, HiPP set up nesting-boxes for tawny owls – rare birds that today are scarcely able to find natural hollow trees to build their nests. Tawny owls have extremely consistent habits, staying in their established breeding and hunting territory for life.

Project example 2 Bananas from the Costa Rica jungle – Organic and fair

The outstanding historical banana variety "Gros Michel" is cultivated under ideal conditions in the heart of the Costa Rica rainforest. These bananas have an intense flavour and the optimum sugar content for baby food, yet are ignored by the large-scale plantations. However, the indigenous population cultivates them using their original methods, thus retaining the unique diversity of species in the upland jungle.

HiPP has signed long-term agreements with the farmers in Costa Rica, enabling around 1,000 smallholders to rely on secure sales and fair prices. A member of HiPP works on site to oversee the outstanding quality of the raw materials which is so essential for HiPP's premium baby food. In the two decades since the project was launched, a solid relationship of mutual trust has grown between the company representative and the farming families. By doing this, the German baby food company has accepted great social responsibility for people who have often had no access to regular income in the past. Women are the main driving force behind the banana project, which directly and indirectly benefits over 10,000 people in the region. Social benefits are accompanied by ecological benefits. Unlike plantations, the banana plants stand singly and widely spaced, enabling any spread of disease or fungal infection to be quickly contained by simply removing any plants affected. In contrast to conventional plantation farming, no pesticides or herbicides are used, thus conserving the natural habitat of people, flora and fauna and protecting biodiversity.





In addition to smallholders who earn a secure income from banana cultivation, the project provides a livelihood for numerous other groups such as harvest workers, horse owners, vehicle drivers, boat owners and cargo hands.

HiPP has sourced organic bananas from the south of Costa Rica for the past twenty years. The company has a fair trade agreement with two indigenous tribes living in a nature reserve in the 32,000-hectare province of Talamanca.

Environmental training courses – A key aspect for trainees at HiPP

As a pioneer of organic farming methods and a member of the corporate initiative "Biodiversity in Good Company", HiPP is a standard-bearer in the field. The baby food producer systematically introduces its trainees to habits of sensitive treatment of the environment, the climate and biodiversity.

As part of HiPP's sustainability management programme, the company regularly holds training courses and environmental activities with its young staff. The goal of creating new habitats for flora and fauna, and thus increasing biodiversity, is pursued by HiPP with scientific support from the Bavarian Bird Protection Association (LBV) and other conservationist organisations.

The scope of these activities, held at least three times a year, ranges from biotope care and tree planting to returning endangered species to the wild. The activities are part of the sustainability courses which are an integral element of training at HiPP. Young trainees become familiar with the complex interrelationships in nature and discover how they can make a personal contribution to preserving biodiversity.

Selected biotope activities carried out by HiPP trainees:

2010	2011
In May, ponds for amphibians and water insects were made in Reichertshausen on a loop of the River IIm.	In Marc biotope
HiPP trainees built nesting places for kingfishers in a bank of the Ilm.	In May
Small ponds for the rare yellow-bellied toad were dug in a gravel pit near Jetzendorf.	Further Septer
In August meadows at the biodiversity show farm were planted with willow trees to create animal corridors.	In Dece Pfaffen
In September HiPP held a second tree-planting action day with its	

In September HiPP held a second tree-planting action day with its trainees.

2011	
In March, frog po biotope project.	onds were created near Jetzendorf as part of a
In May numerou	s trees and bushes were planted at Ehrensberger Hof
Further planting September.	in the meadows at Ehrensberger Hof took place in
In December nes Pfaffenhofen loc	ting boxes were set up in the grounds of the ation.







HiPP in dialogue – Living communication

Dialogue with the public is a priority at HiPP because transparency is an integral part of responsible action and business management. The baby food producer is always open to questions from consumers, staff, the world of politics and other interest groups. Our in-house suggestion system and impetus from the public have often provided us with useful ideas to advance our positive development.

Working with opinion-shapers

Ecological farming methods, production of healthy foodstuffs, protecting biological diversity, conserving the environment and natural habitats, achieving social equilibrium: these are all goals which HiPP is pursuing in working groups such as the 2011 "Forum Nachhaltiger Konsum" (Sustainable Consumption Forum). The primary organisations to which the company belongs are the Association of Ecological Food Producers (AoeL), the corporate initiative "Biodiversity in Good Company", the German Working Group for Environmentally Conscious Management (B.A.U.M.), the initiative "Business Supports the Climate" and the WWF. In addition, HiPP works on specific projects with non-governmental organisations such as Greenpeace.

The Internet as a dialogue forum

Parents for whom their baby's health is a priority and who seek more information on HiPP products and services can take advantage of our comprehensive information portal on the Internet. In addition to news of the latest additions to our baby food range and an online shop, the portal contains a forum answering questions on age-appropriate feeding and care and providing tips on children's health and development.



Communication with parents

HiPP's Parents' Advice Service has set high standards in the industry. The service can answer all kinds of questions on baby nutrition and development and is available around the clock by e-mail, Internet, telephone or fax. The advice given is based on nutritional science expertise and extends far beyond mere product information. As a result, the service has become a close and vital partner for parents in baby care matters.

Transparent information policy

HiPP regularly issues public announcements of all its actions. The Environmental Declaration and, since 2006, the Sustainability Report contain all relevant corporate figures and targets aimed at continuous improvement of the company's sustainability management processes. The report is published in a print run of 5,000 and presented to staff, customers, suppliers, associations, other companies and representatives of the media and the world of politics.

Internal and external communication

Staff at HiPP are informed of all corporate activities on the Intranet and in the in-house magazine "HiPPintern". A sustainability exhibition was organised to mark the 2011 HiPP Activity Day and has also been repeated at other locations outside the company.

HiPP's managing partners and executives demonstrate their commitment to environmental issues by their contributions and publications on the themes of sustainability, environmental protection, biodiversity and genetic engineering. Prof. Dr. Claus Hipp also takes an active stance on current issues of corporate policy in his capacity as the Chairman of the Environmental Committee of the Association of German Chambers of Industry and Commerce (DIHK), President of the Association of German Business in the Russian Federation (VDWRF), Honorary President of the Munich and Upper Bavaria Chamber of Industry and Commerce, and founder member of the Alliance For Nature (Naturallianz).

HiPP also actively supported the documentary film "Leben außer Kontrolle" (Life Running Out of Control) used by Bavarian Conservation Association (BN) and Friends of the Earth Germany (BUND) to inform schools about genetic engineering.

The baby food manufacturer thus contributes towards preventing the consequences of genetic engineering in the form of severe depletion of biological species and varieties and its impact on biodiversity.











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