Corporate, social & environmental report

UNGC Communication on Progress 2021





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Hillebrand is a global company serving 90 countries. We understand how goods are traded internationally, and how geo-political, environmental and industry issues can influence our lives both professional and personally. We set our strategies in accordance to what is happening in the world around us. These are then adapted and activated at a local level, to make logistics and the trade of goods easier for everyone.

We're committed to providing customers with services, solutions and tools that make their logistics more efficient and more sustainable.

2021 presented more challenges than 2020 in relation to the global trading of goods. We've experienced unprecedented levels of congestion at ports around the world, record high levels in demand for containers, vessel capacity shortages and low trucking. All of which is a consequence of the pandemic and changes in consumer behaviour. Through these times our focus has remained on the safety of our employees, maintaining a good service level for customers and forming a strategic path for the years that are to come.

Hillebrand is regarded as the leading and go-to logistics provider for the wine sector, known for our extensive knowledge in international regulation, local legislation and global footprint.

Wine is arguably one of the most delicate liquids to transport. Hillebrand's care, attention and uninterrupted focus over nearly two centuries, has enabled us to expand our logistics solutions to other products requiring special care, such as beer, spirits, edible oils, juices, dairy, raw materials for beverages and other non-hazardous liquids.

We will continue to grow, to excel and to incite positive change within our global community.

We are proud to be part of the UN Global Compact.

Cees van Gent, CEO and Chairman of the Executive Board



Who we are?

Hillebrand was founded in 1844 in Mainz, Germany. The company is a world-leading forwarding, transport and logistics provider to the alcoholic beverage industry and for products that require special care. Through its global carrier network, Hillebrand manages logistics and transport for any quantity, from a single bottle to bulk, from all origins to all destinations, for all modalities. The group is known for its tailor-made solutions for improving efficiency in customers' supply chains.





€1,4bn Turnover



2,700 Employees



90 Countries



625,000 TEUs shipped



25,000 Companies connected



Individualized solutions

Always tailored to the specific needs of each of our customers.



Innovative tools & services

Effective solutions that stay a step ahead of the market.



Collaboration & co-creation

Aligned with our customers' ambitions to build successful futures.



Honest & transparent

Straightforward and reliable in our approach.



Care and sustainability

We make every effort to care for our customers' products, supply chain and the environment.

We care for our employees by encouraging a diverse and inclusive workspace.

Our approach

"We, the Board and Executive Committee, have a responsibility to guide our organization in best practices and ethical conduct, taking charge of our workspace and the environments in which we operate, both socially and corporately."

> Cees van Gent CEO and Chairman of the Executive Board

- \cdot We make the health and well-being of our employees our top priority.
- \cdot We ensure business continuity by providing our customers with efficient and environmentally-friendly solutions.
- \cdot We never strive for a business result that comes at the expense of compliance with the law.
- · We support and advocate for the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. We comply with all local employment acts and regulations and local Health and Safety regulations and strive for a diverse and inclusive workplace.
- · We comply with environmental laws and regulations and expect our partners to do the same.
- \cdot We work hard to minimize the environmental impact of our operations, undertaking initiatives that ensure both we, and our partners, minimize our carbon footprints.
- \cdot We compete vigorously, based on service, innovation, price and our people, and we do not act with business partners to exclude rivals or competition.
- \cdot We have a zero-tolerance approach to bribery and corruption.



We're focused on:

Promoting a circular economy

Restoring and protecting our aquatic ecosystems

Partnering with organizations to protect the planet

Raise awareness among customers about sustainable activities

Encouraging employees to adopt sustainable attitudes

PRINCIPLE 7

Support a precautionary approach to environmental changes.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies.

Hillebrand places a high priority on moving towards low-carbon business models which reduce or mitigate the adverse effects of climate change. Environmental protection is a core part of our current and future development as a company. Our overarching goal is to minimize our carbon footprint while taking our strategic concerns of energy consumption, emission control, and climate change into account. Achieving this is highly dependent on both regulatory compliance and how we plan for the future together with our customers and partners.

Sustainability is among the core components of Hillebrand's business plan. It's a key differentiator that we can offer our customers around the world. And we don't just say, we do. Our teams are 100% committed to proactively finding and sourcing customized sustainable solutions, in particular for the flexitanks we use around the globe, facilitated by our own extensive worldwide network of offices and depots.



Promoting a circular economy

In a linear economy, raw natural resources are taken, transformed into products and then disposed of. Contrary to this, a circular economy aims to close the gap between production and the natural ecosystem cycles upon which humans ultimately depend. This means eliminating waste by composting biodegradable waste and, in the case of non-biodegradable waste, ensuring materials are reused, remanufactured or recycled.

At Hillebrand, the circularity process starts with the in-house design and manufacture of our flexitanks, we constantly review our processes to reduce the amount of packaging, ensure the use of 100% recyclable materials and increase the percentage of recycled content within the materials we use to manufacture the flexitanks. The global end-to-end logistics services we offer enable us to provide customized and certificated recovery and recycling services at destination. Finally, full traceability of the flexitank material, from film manufacture to recovery and recycling, reassures our recyclers that they're receiving consistently high quality material which is ready for remanufacture into new products.

Flexitanks & circular economy



RecoverGlobal recovery of bulkheads



Reduce

Minimal residue upon discharge through proprietary elbow design and reduced packaging with multi-layer flexitank



Refurbish

Inspection and repair of bulkheads



leuse

Reuse of bulkheads



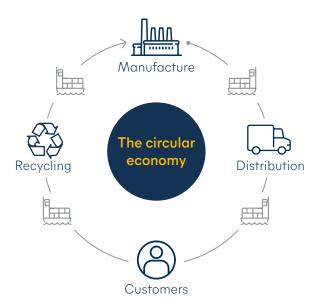
Recycle

Recycling of flexitanks & heater pads





Promoting a circular economy



Our goals

- · Incorporating recycled plastics into the outer layers of our multi-layer flexitanks.
- · Reducing the thickness of film without compromising integrity, to reduce packaging weight.
- · Collaboration to facilitate Advanced/ Chemical recycling of our flexitanks.
- \cdot Using recyclable materials in the manufacture of our oxygen barrier layer.
- \cdot Exploring the feasibility of recovery and reuse of valves.
- · Using valves that are 100% recyclable.
- · Zero flexitank to landfill by the end of 2021.
- · Recovery and recycling facilities for flexitanks in each geographic region by end of 2021.
- $\cdot\,75\%$ of bulkheads to be recovered and reused by end of 2021.
- \cdot 75% of flexitanks to be recycled or sustainably recovered by 2022.

Our achievements

18,6%
less plastic used in our new developed ML flexitanks

This means
-1,5%
less carbon emissions over its lifespan

72%

Bulk wine flexitanks recycled globally

52%
Bulk flexitanks
recycled or sustainably
recovered globally

66%

Bulkheads recovered and reused globally

Promoting a circular economy

New recyclable and reusable products

Hillebrand continues its pursuit of a circular economy for the equipment we manufacture. We have re-engineered the bulk flexitank heater pads we offer to make them more sustainable. Traditionally, they are made with metal parts, but our new heater pad is entirely manufactured from polymers. This makes it 100% recyclable. The new design uses steam as a heat source, and because it gives a greater surface contact area that other models, less energy is required to heat the product over a shorter period of time. Its polymeric material is lightweight too, which reduces overall container weight and therefore reduces the energy it takes to move it. Our heater pad is now completely recyclable and reusable.

Better control over raw materials

Hillebrand is now able to 'blow' our own flexitank film in our manufacturing facilities, giving us better control over the raw materials we source and use. This means we can use less energy in the overall manufacture of our flexitanks, since we can now eliminate the transport of the film to our factory (it's made on-site). It also enables us to use our waste more sustainably, with the potential option of adding a percentage of it in to the outer layer of selected industrial flexitank films we manufacture. Going forward, we're looking to source raw materials more local to our factories so we can further reduce the 'supply miles' and associated CO2e.

Mechanically recycled bulk wine imports:



Australia* 98%



UK 97%



Denmark 94%



Finland 90%



Germany 80%

Thermally recovered bulk liquids imports:



UK 96%



Japan 70%

Partnering with organizations to protect the planet

Arctic Shipping Corporate Pledge

Hillebrand has signed the Arctic Shipping Corporate Pledge to not offer services that ship via the Arctic. This pledge, launched by the NGO Ocean Conservancy, is a volunteer commitment by consumer goods and shipping logistics companies to not send vessels through the Arctic's globally significant, and rapidly melting, sea ice. In recognition of the negative impacts, we voluntarily agree to neither offer services nor partner with companies that use Arctic transshipment routes. Although a permanently ice-free Arctic would shorten transit times, increased shipping traffic poses additional threats to the Arctic environment. Our responsibility as a freight forwarder is to acknowledge the risks climate change poses for our planet and contribute to minimizing the impact by acting now. Hillebrand's signing of the Arctic Shipping Corporate Pledge is a step towards protecting and preserving the Arctic's unique ecosystem.



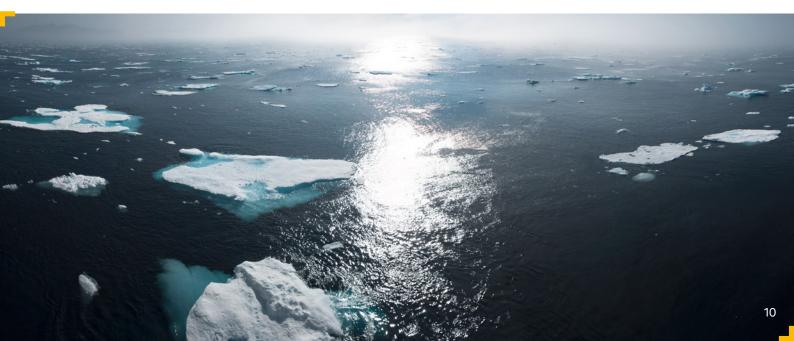
IMO 2020 objective to reduce sulphur emissions

Since 1st January 2020, the International Convention for the Prevention of Pollution from Ships (MARPOL), as adopted by the International Maritime Organization (IMO), has required vessel operators to use marine fuels with a maximum Sulphur content of 0.5%, rather than the 3.5% limit that applies outside Emission Control Areas (ECAs).

This requirement's objective is to decrease air pollution from Sulphur emissions by around 70% globally by 2025, in order to significantly improve public health. Hillebrand is on track with achieving this, and reducing sea shipping sulphur emissions even by up to 77%.

Carbon Pact with Maersk Line

The Carbon Pact, agreed between Hillebrand and Maersk Line in 2017, is a commitment to reducing carbon dioxide emissions by 20% per container between 2016 and 2025. The 2021 results are on course to meet this.



Partnering with organizations to protect the planet

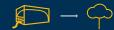
Restoring and protecting our aquatic ecosystems, Planting mangrove trees

We are active in our pursuit of a circular economy for the equipment we manufacture, and the mitigation or reduction in carbon emissions we generate. Our sustainable initiatives already include flexitanks recovery and recycling, bulkhead recovery and reuse. Now, we're taking our efforts further, through Eden Reforestation Projects and we're planting a tree for every flexitank we ship. By doing this, we'll be able to offset a portion of the emissions created during the stages of production and recycling. We'll be contributing to the planting of the 8.5 million mangrove trees planned for an area in Mozambique. By restoring this Mozambique mangrove forest, we can potentially increase wild fisheries and habitat protection, whilst safeguarding coral reefs.





1 flexitank shipped







Increasing wild fisheries



Protecting marine habitats



Safeguarding coral reefs Locally employed

— people —

Creating jobs and breaking the cycle of poverty

Informing customers about sustainable practices

Carbon emissions information made easier

Via myHillebrand, it is now much easier for customers to understand, and therefore lower, their shipments' carbon footprints. myHillebrand quantifies the greenhouse gas emissions associated with each shipment, to aid customers' analysis of their operation's global footprint and take the necessary steps for reducing emissions.

Dar es Salaam, Talle More info More info Afriwine Ltd. Dar es Salaam, Tanzani Dar es Salaam, Tanzani Carbon rint 1.99 to: 1.99 to: Tanzani Coze (WTW)

GHG and air pollutants report

Hillebrand has introduced a new customer report that quantifies emissions of both Greenhouse Gases (GHG) and air pollutants Sulphur oxide (SOx), Nitrogen oxide (NOx), PM10 (Particulate Matter) and NMHC (Non-methane hydrocarbon), which are equally damaging to public health and to the environment. This multi-faceted report, which includes mode of transport, origin/destination country, (un)loading city, port of loading, port of discharge and other filter options, helps customers make informed decisions for future shipments.

Flexitanks and ISO tanks assessed by Carbon Footprint Ltd

Hillebrand has partnered with Carbon Footprint Ltd to create carbon-related lifecycle assessments comparing its 24,000-liter flexitanks vs ISO tanks.

These assessments focus on the emissions produced throughout the flexitank and ISO tank complete lifecycles, from the embodied raw materials themselves to flexitank / ISO tank disposal and recovery. The end result is a calculation of average emissions taking eight different route scenarios into account. This research will help our R&D teams focus circular design to reduce CO₂ emissions.

The study concluded that, over a lifecycle, Hillebrand's flexitanks produce around 6,061kg of CO_2 emissions compared to 6,702kg from an ISO tank, on comparative routings. This shows that, when properly recycled, Hillebrand's flexitanks have a lower environmental impact than ISO tanks in terms of CO_2 emissions. The assessment is published on our <u>website</u>.



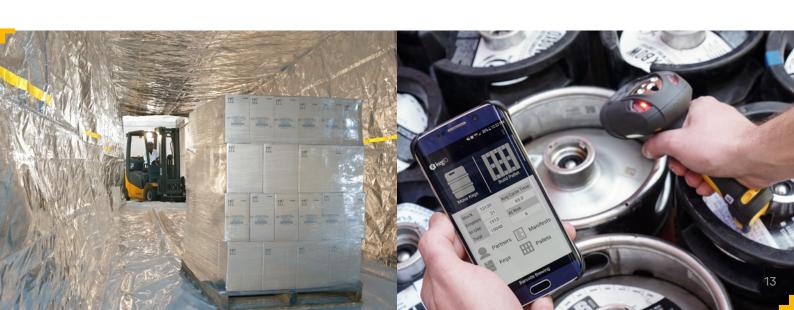
Raise awareness among customers about sustainable activities

We believe that education and information are key to helping customers understand the implications of shipping in sustainability. Hillebrand uses its own communication channels to inform customers about sustainable practices such as different recycling methods for flexitanks, as well as sharing documents such as the Carbon Footprint report for flexitanks vs ISO tanks, and more. Mitigating the impact of our operations will only be achieved via a transparent and collaborative approach.

Promoting solutions that minimize the impact of our operations

- · Moving liquids in bulk enables transport costs to be reduced while decreasing per-liter carbon emissions by up to 50%.
- · We developed an insulation liner as an environmentally friendly alternative to shipping in refrigerated containers.
- · Our EcoBev service, available in the USA, is a green solution for disposal of beverages by converting unwanted product into biofuels. In 2020, we added 8 facilities to our EcoBev network.

- · We encourage brewers to use steel kegs instead of plastic kegs, because steel kegs are fully recyclable and have a life expectancy of 30 years. To assist this, we developed Kegspediter as a faster way of returning empty kegs. This could also result in steel kegs being cheaper to use than single use plastic kegs.
- ECO-multistop is Hillebrand's groupage pick-up service in Argentina which reduces CO₂ transport emissions by stopping at several wineries and regions en-route to the port.
- · We are minimizing road miles, and the emissions generated from them, by implementing "short-sea" shipping to closest delivery ports and using inland waterways and barge services where possible. We are also using rail where possible, which is a good transport solution for routes such as from South Europe to The Netherlands, Germany, UK and Sweden.
- · Whenever possible, our Freight Procurement team prioritizes ocean carriers with the best environmental performance according to Clean Cargo scorecards.



Encouraging employees to adopt sustainable attitudes

All Hillebrand, offices implement the best practices for tackling climate change as published in the Porto Protocol.

We also encourage employees to follow the guidelines published in our own "Saving energy" and "Becoming green in the office" manuals, which are distributed to all of them and include guidelines for saving energy, switching to renewable energy sources, recycling and commuting via green transportation.

Our achievements

34%
Reduction in CO₂

emissions per container since 2008

A decrease of

2,5%

in CO₂ emissions per container in 2021 vs. previous year

Our goal by 2025

45%

Reduction in CO₂ emissions per container



Caring for our planet

In Asia, our manufacturing facility has incorporated solar panels and a new water cooling circulation system. Both of these draw less power than before and contribute to a more sustainable working environment.





In Latvia, they're using water-soluble, biodegradable, chlorine-free products to clean and sanitise the workspace and their hands and have even swapped paper towels for cotton washable ones.

In the US, our team has responsibly retrieved 55 million gallons of unsaleable liquid from the beverage supply chain and destroyed it in environmentally certified facilities, through their Eco Bev program. By doing this on behalf of customers, they have avoided 230 tons of CO2e greenhouse gases, generated 130 million KWh of renewable energy and recycled 4 tonnes of glass and 21.5K tonnes of aluminium.





In South Korea, 100% of Hillebrand employees commute to the office by public transport. In Latvia, 90% use public transport, bikes or electric vehicles. In China, 80% of our employees commute by energy-neutral vehicles or public transport.

We participate in non-profit forums to promote environmental best practices

- · Clean Cargo (a B2B initiative managed by Smart Freight Center from January 2022)
- · Fédération internationale des Vins et Spiritueux (FIVS)
- · The Porto Protocol
- · European Petrochemical Association
- · Gulf Petrochemicals and Chemicals Association
- · Federation of Oils, Seeds and Fats Associations (FOSFA)
- \cdot Association for Supply Chain Management (ASCM) in US

See memberships in the Appendix

Recognitions

- · Hillebrand was awarded in 2019 with silver status by ECOVADIS for its sustainability and CSR initiatives, being in the top 30% of operators evaluated.
- · Hillebrand Supplier Engagement was awarded in 2020 with B rating by CDP, formerly called Carbon Disclosure Project. CDP is a not-for-profit organization, which supports companies and cities in disclosing major corporations' environmental impacts.





We're focused on:

Inclusive workspace

Employee engagement

Gender equality

Compliance and conduct

Safer workplace

PRINCIPLE 1

Support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2

Non-complicit in human rights abuses.

PRINCIPLE 3

Uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4

Uphold the elimination of all forms of forced and compulsory labour.

PRINCIPLE 5

Uphold the effective abolition of child labour.

42%

of our

PRINCIPLE 6

Uphold the elimination of discrimination in respect of employment and occupation.

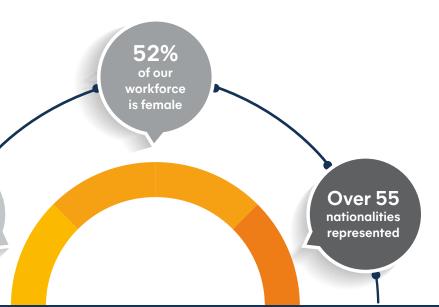
PRINCIPLE 10

Work against all forms of corruption, including extortion and bribery.



Connecting the world through international trade is at the heart of our business, and we believe that differences in culture, gender, ability and perspective make us stronger as a company and as a global community. We strive to attract and retain talented people whilst broadening the diversity of our company at all levels.

Diversity within Hillebrand is visible in our gender equality and multiculturalism. This diversity helps us better understand each other, our customers and their expectations. Our deeper awareness of customers' needs and pain points enables us to provide excellent customer service.



Gender equality

In business, gender equality refers to the equal treatment of male and female employees and their access to opportunities and company resources. This includes employers providing equal opportunities and consideration for promotions and jobs that are desirable and preferred for advancement, pay raises and inclusion in decision-making processes.

Gender equality in the workplace is important because a fair working environment results in the highest possible overall business productivity. In turn, the avoidance of unfair barriers that restrict progress ensures natural growth in the national economy. Hillebrand closed the gender gap in 2021 with 52% of its workforce being female.



"It is our priority that our employees don't just do the right things, but also do them in the right way."

> Cees van Gent CEO and Chairman of the Executive Board

Compliance and conduct

Hillebrand is an organization with strong values around responsibility and integrity. Our Code of Conduct, introduced in 2019, contains general guidelines for conducting business with the highest standards of ethics.

To raise the knowledge and awareness of the principles outlined in our Code of Conduct, every new joiner completes our series of Code of Conduct training modules. The course covers topics that are relevant to our staff, such as IT security, workplace safety and how to recognize a conflict of interest. We are continually assessing the need for additional ethics & compliance training and in 2021 introduced cyber security awareness training.

At Hillebrand, we are committed to having an environment where open, honest communication is a principle, not an exception.

We want our people to feel comfortable about approaching their supervisor or management team in instances where they believe violations of our policies or ethical standards have occurred. In situations where our employees may not feel comfortable about speaking to these persons, they can turn to our whistleblowing platform which is managed by an independent third-party expert. The platform facilitates confidential and anonymous reporting of concerns via an online form or telephone hotline, both of which are available in multiple local languages.



A safer workplace

The COVID-19 pandemic made 2020 an unprecedented year for Hillebrand, with many of the countries we serve and the offices we work from affected. Hillebrand responded quickly to the situation, via our strong network of offices and appointed local team members who prepared and acted upon contingency plans to ensure both business continuity and our employees' health and safety.

Shortly after COVID-19 was recognized as a problem, but before the World Health Organization (WHO) declared it a pandemic, Hillebrand set up a Committee who met regularly to centrally monitor the global situation and ensure prompt decision-making. With the health and safety of our employees as our key priority, Hillebrand launched several initiatives including the suspension of international business travel, flexible working arrangements and safety measures in our offices. We continue to monitor the situation and adjust our initiatives locally.

Stricter measures were applied in our warehouses and in our China and South Africa factories, where we implemented educational programs, took extra special precautions and arranged alternative transportation.



Caring for our communities

Colleagues in South Africa donated a building for Bellevue Early Childhood Development Centre to use as a crèche through the Pebbles Foundation. They also collected food which was donated to Heartlands Baby Sanctuary. A locally registered Child and Youth Care Centre and Community Mental Health Facility. Based in the Western Cape, this is a temporary residential safe care facility for children from birth to 6 years.

In Argentina, we sell our flexitank cartons to a recycling company and donate the money to a children's protection institution called Conin.





Hillebrand Italy participated in a meal packing event to prepare meal kits, to provide up to three weeks of nutrition for fifty people in need. Forty of these meal packs were then donated to the Italian Red Cross to distribute to struggling families throughout Florence, one of the areas suffering most in Tuscany, and 10 to Emporio Solidale II Sole, Casalecchio di Reno (BO), also known as 'The Emporium'. The Emporium works as a charitable 'minimarket', where products are donated, staff are volunteers, and customers are local families under difficult economic conditions.

In France, 25 people and their children took part in an event organized by the association Rose Espoir during 'Pink October'; the month of awareness for female cancer. They raised money for breast cancer research and patient support. This year they have also donated IT equipment such as PCs, projectors and printers to schools and educational centres.



Caring for our industry

The Hillebrand team in Germany have become the transport sponsor for a new wine named Imvini Wethu. The project was set up with the purpose to donate a large portion of its sales revenue to heritage programs in the Cape wine lands. The support being much needed by the South African wine trade, one of the hardest hit wine economies by the global pandemic.





In France, our logistics training team has been rewarded and recognised by Qualiopi for continuously improving upon the services and training that they offer producers and shippers.

On average, Hillebrand is asked to share their insights on the trade and logistics every month, through panel discussions or seminars. We undertake these all across the world and we conduct them at zero cost to those who ask us to share our knowledge and expertise. We are dedicated to the industries we serve and believe sharing information can only make the global trade of goods easier and better for everyone.

Certifications / Accreditations

AEO
ISO 9001
OHSAS 18001
ISO 14001 *
FSSC 22000 **
Kosher Certification
IDCP Halal Certified
GMP - Good Manufacturing Practices
SQAS

- * subsidiary offices in UK, Scotland and Sweden received ISO 14001 accreditation for environmental initiatives.
- ** flexitank manufacturing facilities in China and South Africa received ISO 14001 and FSSC 22000 accreditations for their systematic approach to reducing physical, chemical, and biological /risks in production processes

Members of:

- · European Petrochemical Association
- Juice Products Association
- · FENEX
- · IIFA
- · Helsinki Chamber of Commerce
- · WSTA
- · Clean Cargo (a B2B initiative managed by Smart Freight Center from January 2022)
- · Fédération internationale des Vins et Spiritueux (FIVS)
- The Federation of Oils, Seeds and Fats Associations (FOSFA)
- · Gulf Petrochemical Association (GPCA)
- · American Fats and Oils Association (AFOA)

- · American Feed Ingredients Association (AFIA)
- · Independent Lubricants Manufactures Association (ILMA)
- The Marine Ingredients Organisation (IFFO)
- · National Institute of Oilseed Products (NIOP
- · Argentina Bulk Wine Chamber
- · Bundesverband der Deutschen Spirituosen Industrie und –Importeure (BSI)
- · Deutsches Weininstitut GmbH, Bodenheim (DWI)
- · Grofor Deutscher Verband des Großhandels mit Ölen, Fetten und Ölrohstoffen e.V., Rheinhessenwein e.V., Alzey
- · VDP Verband Deutscher Prädikatsweingüter e.V., (VDP)
- · VDW Verband Deutscher Weinexporteure e.V., (VDW)
- · SLV Speditions- und Logistikverband Hessen SLV)
- DSLV Deutscher Speditions- und Logistikverband e.V (DSLV)
- · IHK Industrie- und Handelskammer für Rheinhessen, (IHK)
- · Vietnam Logistics Business Association
- · National Beer & Wholesalers Association
- · Brewers Association
- · Master Brewers Association of Americas
- · American Cider Makers Association
- · Canadian Craft Brewers Association
- · 16 (USA) State / Regional Brewers Guilds
- · Warehousing Education and Research Council
- · PCEP (Polymer Circular Economies Platform)
- · COA (Container Owners Association)

