

Corporate, social & environmental report

UNGC Communication in Progress 2019



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UN Global Compact Report

Letter from CEO and Chairman of the Executive Board, Cees van Gent

“As a global company that serves customers in 90 countries, we understand how interconnected the world is and the importance of global trade. We’re committed to making logistics easy for everyone and providing customers with services, solutions and tools to make the transport of their goods sustainable.”

Our strategies are informed by global geo-political, environmental and ethical issues and activated by our in-country office teams to specifically tackle the difficulties and challenges faced by their local market.

Since 1844, freight forwarding has been the foundation of the Hillebrand business with a focus on the wine trade; an industry that relies on attention to international regulation, local legislation and a unique requirement for product care.

We remain flexible to global changes in regulation such as the IMO 2020, geo-political legislation and how a shift in the planet’s environment can affect the quality of products in transit.

Hillebrand’s customers are at the core of our business and their requirements, along with industry led priorities, inform the company’s research, development and implementation of new services and protocols.

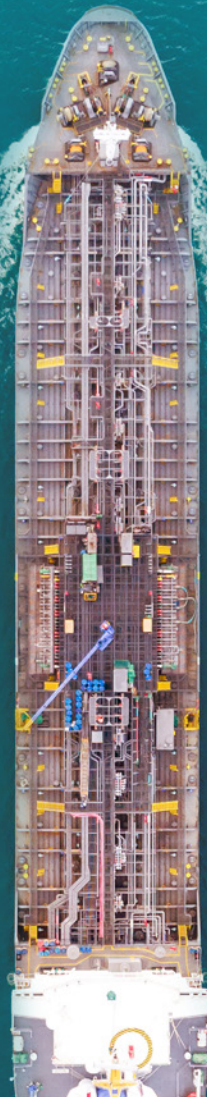
We are proud to be part of the UN Global Compact and are committed to inciting positive change within our global community.

Cees van Gent,
CEO and Chairman of the Executive Board



Who we are?

Hillebrand is the global leading service provider in the forwarding, transport and logistics of wine, spirits, beer and other products that require special care. Through our global carrier network, we manage the careful and thoughtful movement for any quantity from a single bottle to bulk, from all origins to all destinations, for all modalities.



€1,3bn
Revenue



2,400
Employees



90
Countries



600,000
TEUs shipped



25,000 companies
connected



Individualized solutions

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



Honest & transparent

Straightforward and reliable in our approach.



Innovative tools & services

Effective solutions that stay a step ahead of the market.



Care and sustainability

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



Collaboration & co-creation

Aligned with our customers' ambitions to build successful futures.

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 practise 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

- We never strive for a business result that comes at the expense of compliance with the law.
- We support and advocate for the International Labor 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.
- We work hard to minimize the environmental impact of our operations, undertaking initiatives to ensure both we, and our partners, minimize our carbon footprint.
- We compete vigorously, based on service, innovation, price and our people and we do not act with business partners to exclude rivals or competition.
- We have a zero-tolerance approach to bribery and corruption.



Planet

We're focused on:

- Improving air quality
- Improving marine life
- Promoting a circular economy

PRINCIPLE 7

Support a precautionary approach to environmental changes.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

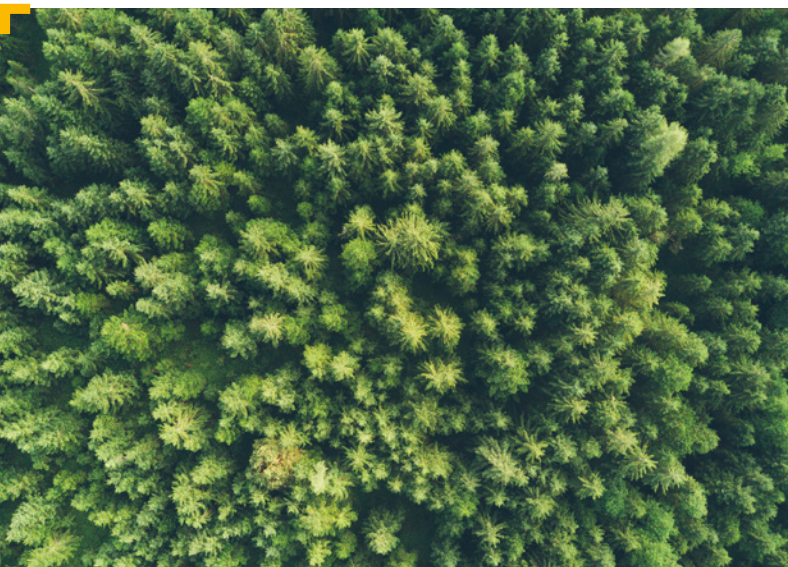
Encourage the development and diffusion of environmentally friendly technologies.

Improving air quality and marine life

From 1st January 2020, The International Convention for the Prevention of Pollution from Ships (MARPOL) and the International Maritime Organization (IMO) will enforce vessel operators to use marine fuels with a maximum Sulphur content of 0.5% compared to the current limit of 3.5% (apart from ECA – Emission Control Areas).

Their objective is to decrease air pollution from Sulphur emissions by around 70% globally by 2025 with the ultimate goal to significantly improve public health. The projection is that the number of people effected by lung cancers, asthma and other pulmonary diseases will decrease. This regulation focuses on reducing Sulphur emissions, not reducing CO₂ emissions. So, whilst there is no direct benefit towards global warming, the IMO regulation aims to prevention of marine and atmospheric pollution.

Hillebrand supports the IMO 2020 regulation fully and believe it is a positive step for anyone connected to global shipping. To support customers through this transition, a bunker formula has been designed so that freight payers can anticipate how the evolution of fuel prices will affect transport costs.



Planet

Hillebrand have also made available for its customers a new report that quantifies not only Greenhouse Gas (GHG) emissions but also the emissions of air pollutants: Sulphur oxides (SOx), Nitrogen oxides (NOx), PM10 (Particulate Matter), NMHC (Non-methane hydrocarbon), equally damaging to public health and to the environment.

This is a versatile new report that includes transport mode, origin/destination country, (un) loading city, port of loading and port of discharge amongst other filters.

The new Hillebrand emission report quantifies emissions for any tradelane and shipments by any modality, ship, road or train. The tool enables import and export customers to quantify their impact on the environment and public health in terms of GHG and air pollutant emissions. It will also allow them to aggregate yearly emissions, set lower targets for the following year and inform the decision making for future shipments.

Proud to say

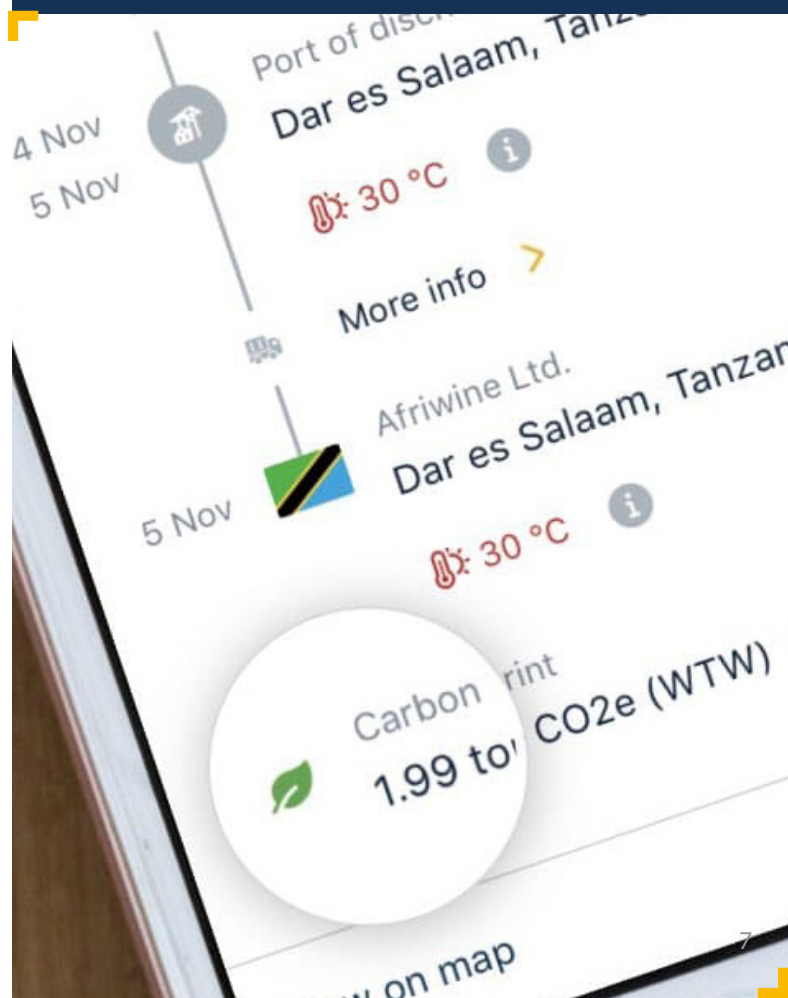
29%

Reduction in CO₂ emissions per container since 2008

Our goal by 2025

45%

Reduction in CO₂ emissions per container



Planet

Promoting a circular economy

We're fully committed to undertaking initiatives to reduce our impact on the planet. Together with our customers, we aim to achieve a circular economy for the flexitank equipment used in our bulk wine shipments.

Proud to say

77% Bulk wine flexitanks recycled globally	26% Industrial bulk flexitanks recycled globally	60% Bulkheads recovered and reused globally
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Our goals

- Incorporating recycled polymers into the outer layers of our flexitanks.
- Reduce packaging by reducing thickness of film without compromising on integrity.
- Increase recycling of industrial bulk flexitanks to 50% by 2022.
- Manufacturing our oxygen barrier layer from a recyclable material.
- Using valves that are 100% recyclable.
- Increase bulkhead recoveries to 75% by 2021.



We participate in non-profit forums to promote environmental best practice.

These include:

- Clean Cargo (a B2B initiative managed by BSR/ Business for Social Responsibility)
- Fédération internationale des Vins et Spiritueux (FIVS)
- The Porto Protocol
- European Petrochemical Association
- Gulf Petrochemicals and Chemicals Association
- European Chemical Industry Council (CEFIC)
- Federation of Oils, Seeds and Fats Associations (FOSFA)

We promote solutions to minimize the impact of our operations:

- We move liquids in bulk that allows to reduce transport costs while decreasing the carbon emissions per litre by up to 50%.
- We developed an insulation liner as an environmental friendly alternative to shipping in refrigerated containers (which required approximately 30% more energy to refrigerate for the same tonnage).
- We offer a green solution for beverage disposal in the USA, EcoBev.
- We encourage brewers to use steel kegs instead of plastic kegs. Steel kegs are fully recyclable and have a expectancy life of 30 years. We developed Kegspediter, our solution to return empty kegs faster. This means using steel kegs might also be cheaper than single use plastic kegs.
- All our offices and employees got the "10 tips to save energy" document to promote energy savings.

Hillebrand USA received a certification with Smartway® Transport Partnership; a collaboration between United States Environmental Protection Agency (EPA) and industry that provides a framework to assess the environmental and energy efficiency of the movement of goods.

Hillebrand USA will contribute to the Partnership's savings of 215.4m barrels of oil, \$29.7b in fuel costs and 103m tons of air pollutants. This is equivalent to eliminating annual energy use in over 14 million homes.

70% of employees in Hillebrand Latvia now commute to the office by bicycle, public transport or electric scooter.

Our Malaysian office went greener. Thanks to an investment in thermal transparent film to cover the glass, the heat use was reduced by 30% and air conditioning had a reduction of 3°C. A new lightening system allowed a 67% reduction on consumption.

Hillebrand Argentina collects the cardboard packaging from its flexitanks, sells it to a recycling facility and donates the profits to the charity "Fundación CONIN". Over 3000kg of cardboard was recycled in the last year.

Hillebrand has obtained an EcoVadis silver recognition award for business sustainability, placing us among their top 30% of performers.



People

We're focused on:

- Inclusive workspace
- Employee engagement
- Compliance and conduct

Inclusive workspace

Connecting the world through international trade is at the heart of our business, and we believe that differences in culture, gender, ability and perspective makes 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.

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

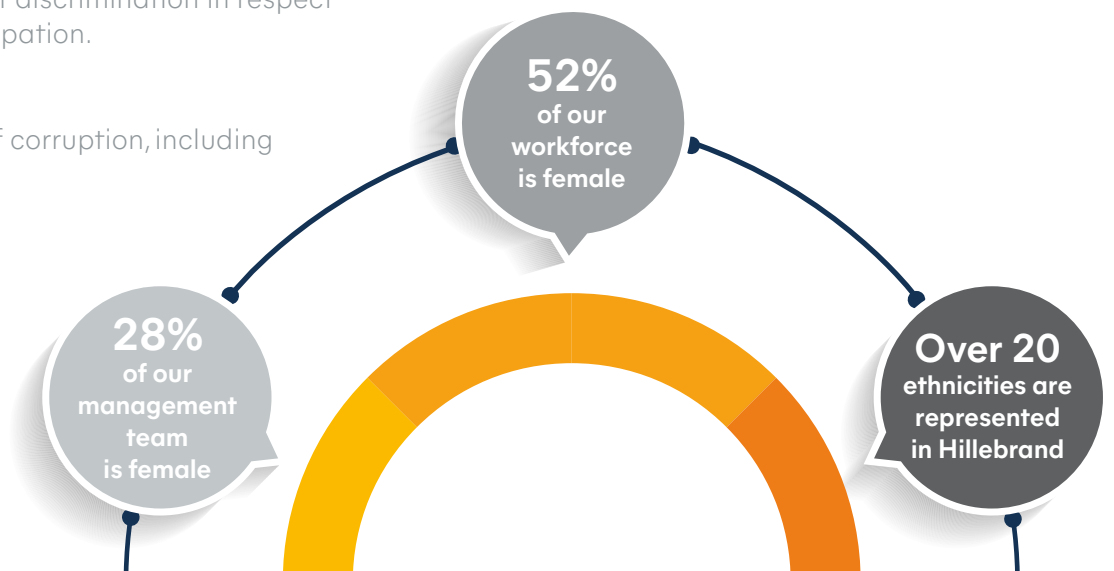
Uphold the effective abolition of child labour.

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.



People

Listening to our employees

During October 2019, 2,089 employees completed the Hillebrand employee engagement survey, which represents 93% of our organization. Independently administered by GLINT, this anonymous survey provided insight and feedback from employees into their beliefs and opinions on how the company is perceived and operates.

Results show that our people feel very safe at work and have strong manager - team relationships. They find the work they do meaningful, feel empowered to make decisions and they understand how what they do links to the company's success.

The results from the survey have been assessed and meaningful actions will be taken throughout 2020, both locally as well as globally.

In other areas of the business, a number of programs will be introduced to the organization to enhance learning and leadership, recruitment, international mobility, on-boarding and mentoring.



People

“We promote a compliant workplace giving tools to our employees to help them to do the right thing in the right way”

Cees van Gent
CEO and Chairman of the Executive Board

Compliance and conduct

Hillebrand is an organization with strong values of responsibility and integrity. Our Code of Conduct, launched 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, we launched a series of short interactive training modules to elaborate on the topics within the Code such as bribery, bullying in the workplace and raising concerns. The completion of the course by every employee ensures that our ethical standards are strongly embedded in our company DNA. This interactive training is part of our continuous ethics & compliance training programme and will be followed by other bespoke e-learning in the years ahead.

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

We want our people to feel comfortable in 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 to speak to these persons, we've introduced a new protocol for reporting concerns in confidence or anonymously.

We've implemented a space where people can feel safe in the reporting of any misconduct through an online form or a telephone hotline managed by a specialised third party expert.



Hillebrand China donated six PC's to Dan Ma Primary School in Dun Hua County, Qing Hai Province China. The school is located in an under-privileged area with little funding to support the education of the community's children. These PC's enable the school to provide the children with the basic skills they need to operate a computer in an ever-digital world.



The team in Hillebrand Argentina took part in an event called "Noche Buena en Mendoza" (Christmas Eve in Mendoza). Working with a local church, they provided boxes of full of food, drinks and even presents for family's and their children who were unable to provide for themselves during the festive period.



As members of the The Glasgow Freight Club committee and long-term supporters, Hillebrand Scotland hosted 6 tables at their annual dinner and dance, helping to raise over £120,000 for The Theatre Fund, a division of The Glasgow Children's Hospital Charity.



Former CEO of Hillebrand's keg division Kevin Brady donated \$25,000 USD to the Golden Valley Community Foundation Fund from his "Brady Charity Foundation" to help the families of Sierra Nevada Brewery who lost their homes and possessions in the devastating "Camp Fire" wildfire, northern California.

Team Hillebrand South Africa came together to create and donate supplies for new born babies that had been abandoned. Boxes filled with essential toiletries, clothes and other much needed items were delivered to the Phoenix Child & Family Welfare Society to help care for the infants.



In 2019, Hillebrand Germany continued their support of providing work placements to young adults in the local community by employing another 6 apprentices. This program has been so successful, that today around 30% of the Hillebrand Germany workforce is made up of former apprentices.

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.

We are member of:

- European Petrochemical Association
- Juice Products Association
- PIP programme by CBSA
- FENEX
- IIFA
- Helsinki Chamber of Commerce
- WSTA
- The Clean Cargo Working Group (CCWG, a B2B initiative managed by Business for Social Responsibility)
- The Federation of Oils, Seeds and Fats Associations (FOSFA)
- The European Chemical Industry Council (CEFIC)
- Gulf Petrochemical Association (GPCA)
- American Fats and Oils Association (AFOA)
- American Feed Ingredients Association (AFIA)
- Independent Lubricants Manufacturers Association (ILMA)
- The Marine Ingredients Organisation (IFFO)
- National Institute of Oilseed Products (NIOP)

Sources:

<https://www.wineindustryadvisor.com/2018/02/28/glass-collective-fundraising-fire-relief>
<https://www.epa.gov/smartway/smartway-logistics-company-partner-tools-and-resources>

