

Corporate, social & environmental report

UNGC Communication on Progress 2020

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UN Global Compact Report

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

As a global company serving 90 countries, Hillebrand fully understands how interconnected the world is. We're committed to making logistics easy for everyone and providing customers with services, solutions and tools that make their logistics more sustainable.

Based on global geo-political, environmental, ethical and health issues, our strategies are defined at global basis and activated by our local teams who apply them in a way that tackles the difficulties and challenges of each market. In a year which has been impacted at all levels by COVID-19, the health and safety of our employees have therefore immediately been our priority; we set up new procedures to ensure their well-being, while maintaining business continuity.

Since 1844, freight forwarding has been the foundation of Hillebrand's business, with a focus on the wine trade. This is an industry that relies on attention to international regulation, local legislation and a unique requirement for product care. Wine is probably one of the most delicate liquids to transport, and the knowledge Hillebrand has acquired through many years of handling this commodity has enabled us to expand our logistics solutions to other alcoholic beverages such as beer and spirits. Today we are leading the alcoholic beverage freight forwarding industry and we are expanding our expertise to other products requiring special care, such as edible oils, juices, dairy, raw materials for beverages and other non-hazardous liquids.

The last months have seen Hillebrand strengthen its capabilities, customer service and tailor-made logistics solutions with the acquisition of three different companies: 3W-Logistik (Germany),

Royal Logistics (USA) and most recently Braid, a key player in bulk liquids logistics. Our main challenge for the coming months is to smoothly integrate these companies and align values and culture by connecting the best aspects of each organization. We share a commitment to a safe and sustainable transportation of goods. Our goals, strategies and R&D investments will be aligned to continue creating innovative and environmentally-friendly solutions for our customers.

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 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

- We make the health and well-being of our employees our top priority.
- We ensure business continuity by providing our customers with efficient and environmentally-friendly solutions.
- 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.
- We work hard to minimize the environmental impact of our operations, undertaking initiatives that ensure both we, and our partners, minimize our carbon footprints.
- 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:

- Promoting a circular economy
- Partnering with organizations to protect the planet
- Raise awareness among customers about sustainable activities
- Encouraging employees to adopt sustainable attitudes

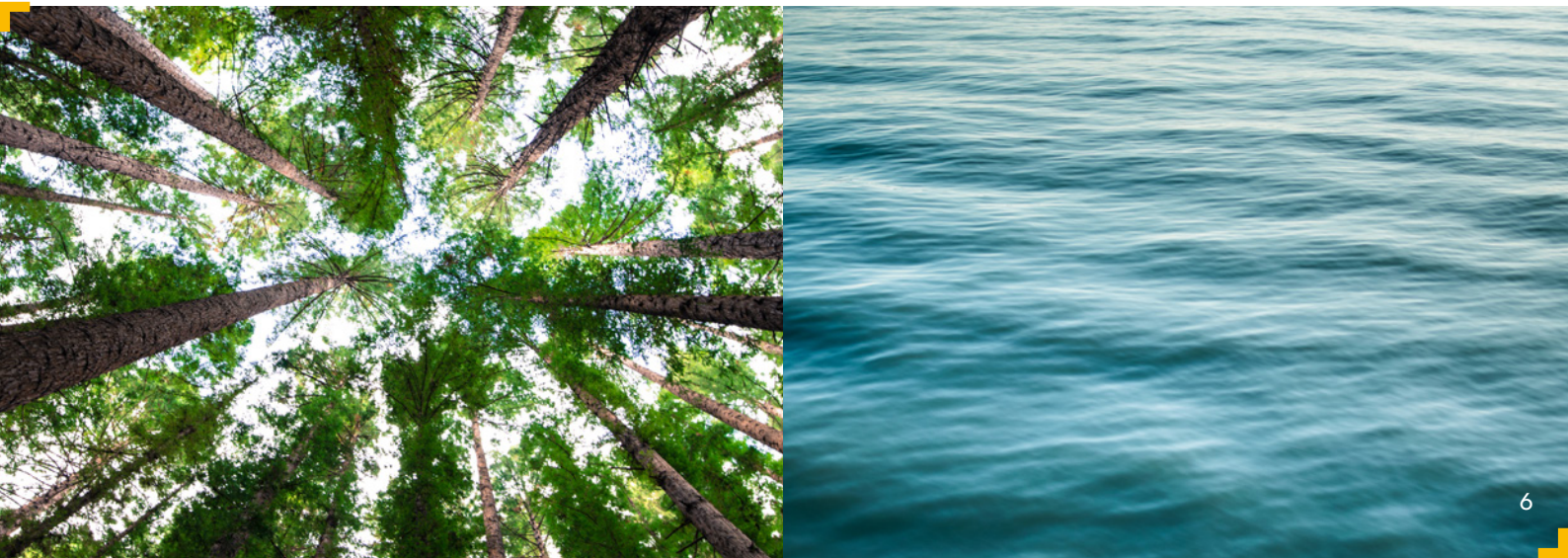
PRINCIPLE 7
Support a precautionary approach to environmental changes.

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.



Planet

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



Recover

Global 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



Reuse

Reuse of bulkheads



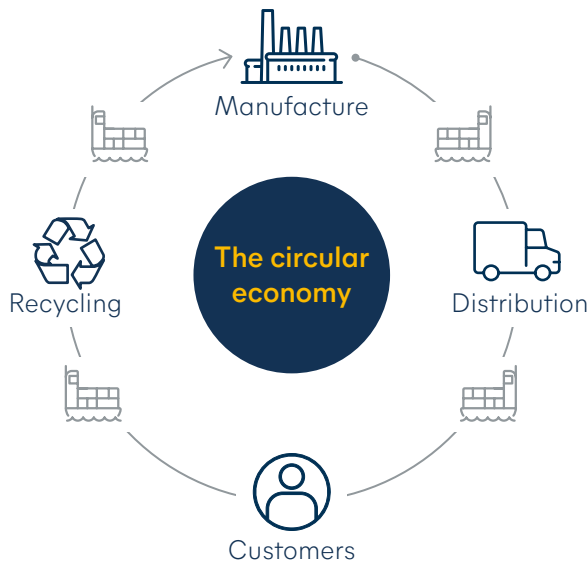
Recycle

Recycling of flexitanks



Planet

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.
- Using recyclable materials in the manufacture of our oxygen barrier layer.
- 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.
- 75% of bulkheads to be recovered and reused by end of 2021.
- 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 globally

65%

Bulkheads recovered
and reused globally

Planet

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 trans-shipment 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.



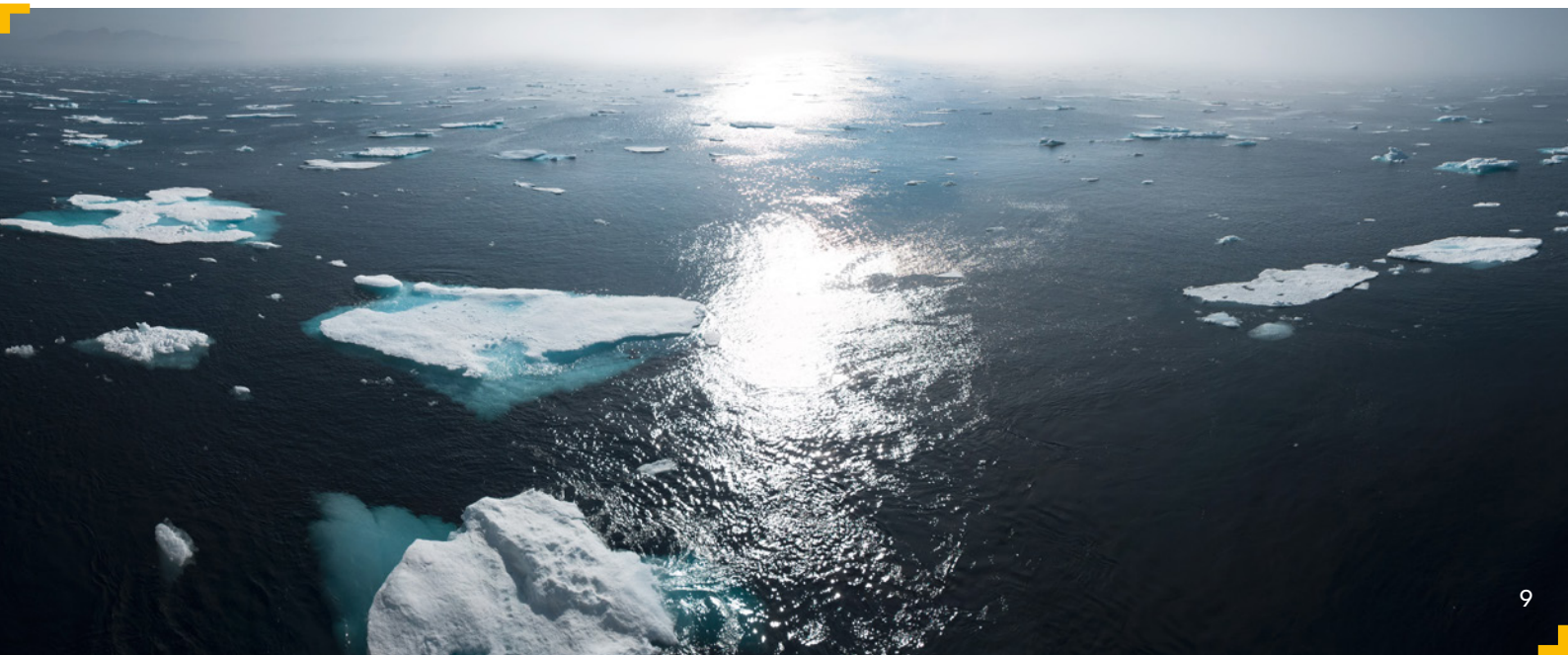
IMO 2020 objective to reduce sulphur emissions

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 2020 results are on course to meet this.



Planet

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.

GHG and air pollutants report

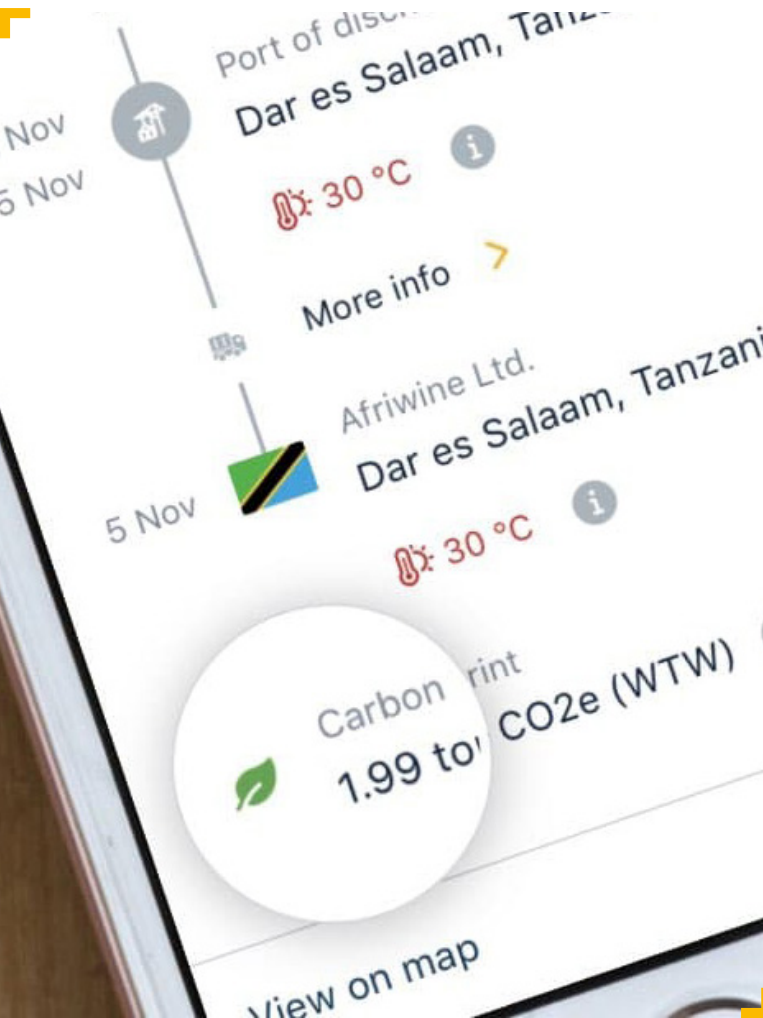
Hillebrand has introduced a new customer report that quantifies emissions of both Greenhouse Gases (GHG) and air pollutants Sulphur oxide (SOx), Nitrogen oxide (NOx), PM10 (Particulate Matter) and NMHC (Non-methane hydrocarbon), which are equally damaging to public health and to the environment. This 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 CO₂ 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 CO₂ emissions. The assessment is published on our [website](#).



Planet

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.



Planet

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

32%

Reduction in CO₂
emissions per container
since 2008

A decrease of

0,4%

in 2020 vs. previous year

Our goal by 2025

45%

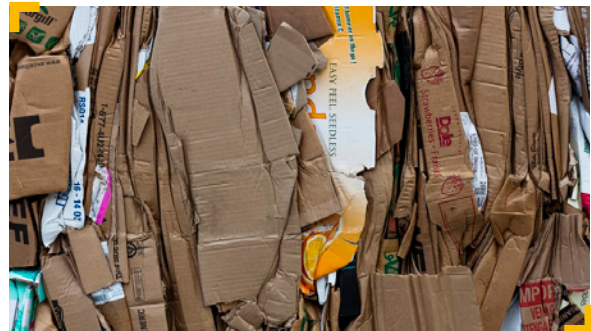
Reduction in CO₂
emissions per container



Planet

Key local initiatives

Hillebrand Argentina collects the cardboard packaging from its flexitanks, sells it to a recycling facility and donates the profits to the "Fundación CONIN" charity. Over 3,000kg of cardboard was recycled in the last year. Hillebrand employees also collect plastic screw caps from bottles and give them to NGOs who sell them on to companies that recycle plastic.



Hillebrand USA is a certified SmartWay Carrier Partner (approved 7th consecutive year). Approximately 85% of our total land miles run last year were with SmartWay partners, most notably 100% compliant on domestic rail/intermodal.

Hillebrand South Africa put a Local Sustainability Committee in place to track sustainable achievements on a monthly basis.

Hillebrand USA expanded our EcoBev beverage destruction network with sustainable solutions by 800% this year.

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.



Planet

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

- 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
- Federation of Oils, Seeds and Fats Associations (FOSFA)
- Association for Supply Chain Management (ASCM) in US

See memberships in the Appendix

Recognitions

- Hillebrand was awarded silver status by ECOVADIS for its sustainability and CSR initiatives, being in the top 30% of operators evaluated.
- Hillebrand Supplier Engagement was awarded 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.



People

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.

PRINCIPLE 6

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

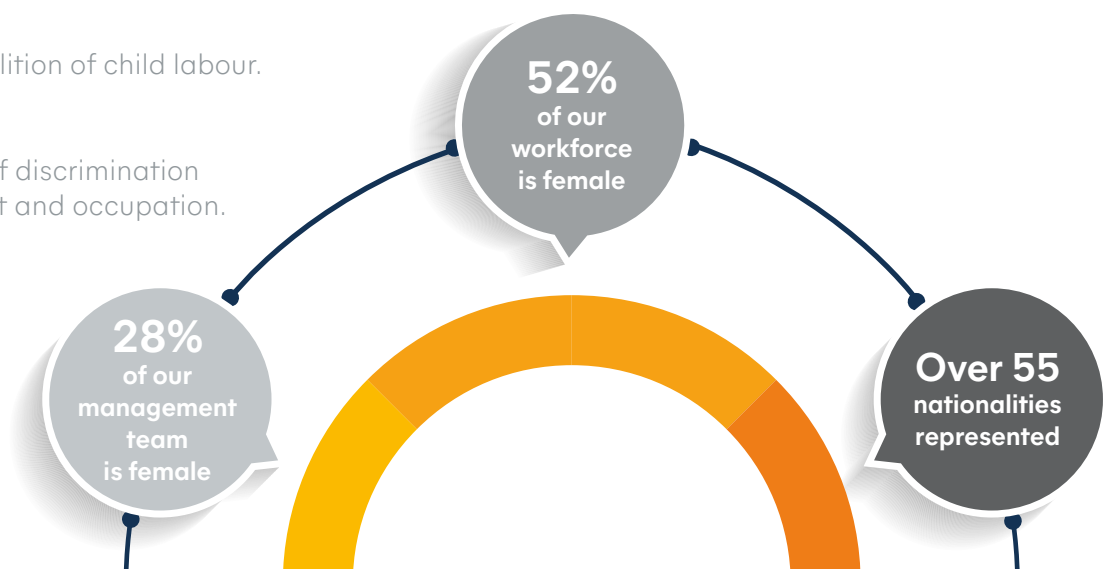
PRINCIPLE 10

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

Inclusive and diverse 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 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.



People

Employee engagement

The engagement survey anonymously completed by our employees in October 2019, independently administered by GLINT, provided insight and feedback on employee beliefs and opinions about how the company is perceived and operates.

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

The findings are being used to drive further improvements in culture, working conditions and the work environment. We will repeat this exercise in 2021, in order to track our progress and make continuous improvements within our goal of being a highly desirable company to work for.

Throughout the company, a number of programs will be introduced to enhance learning and leadership, recruitment, international mobility, onboarding and mentoring.



People

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 is committed to closing the gender gap and with 52% female employees as of the end of 2020, we are on the right track.



People

"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, we are continuing our series of interactive online training modules. The course covered topics that are relevant to our staff, such as IT security, workplace safety and how to recognize a conflict of interest. The completion of the course by every employee is tracked and in 2020, we have empowered a growing number of our factory workers to complete the online training as well, with a special effort in our South African factory. We are continually assessing the need for additional ethics & compliance training

in times of COVID-19 while many of our staff are working from home.

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.



People

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.



People

Key local initiatives

Hillebrand China donated 12 PCs to Dan Ma Primary School in Dun Hua County, Qing Hai Province. The school is located in an underprivileged area with little funding to support the education of the community's children. These PCs enable the school to provide the children with the basic skills they need to operate computers in an increasingly digital world.



Hillebrand UK also donated IT equipment to Computer Aid. The equipment is being used by St Giles Trust to enrich student's education by enabling access to technology.

In Vietnam, our Ho Chi Minh City office made a donation for local people in Central Vietnam whose lives have been impacted by floods and landslides.

Hillebrand Argentina took part in an event called "Nochebuena en Mendoza" (Christmas Eve in Mendoza), in which they worked with a local church to provide boxes of food, drinks and even presents for families who were unable to provide for themselves during the festive period.

Hillebrand France organized two events in collaboration with the French League Against Cancer to inform and educate the women in our two offices there about female cancers.



In the USA, our Houston office collaborated with the American Logistics Aid Network (ALAN) to provide transportation for hurricane relief efforts in impacted areas.

People

Key local initiatives

Hillebrand South Africa employees took part in Mandela day, an annual event, which is a global call to action celebrating the idea that everyone has the ability to make an impact. This day is especially important for those in our South African office, where we work with groups that hold significance for us. After more than a decade, we are proud to still be contributing towards The Pebbles Project, a phenomenal organization which creates education packs for Early Childhood Development centers and is very close to our hearts.



Imagine not seeing rain in 4 years and having to rely on shipments of bottled water as your source of drinking water. This was the situation at Lavina Wines, from where Sam Daw appealed for help. Hillebrand Australia was happy to oblige, transporting 24,000 liters of spring water from Crystal Spring, Picadilly in the Adelaide Hills to the Dalmuir Farming Station, 3 hours North of Broken Hill, New South Wales.



Hillebrand is proud to have continued supporting the ONE DROP foundation as its logistics partner for their charitable auction of Fine Wines and Spirits. In collaboration with Artcurial, the funds raised go towards ensuring sustainable access to drinking water, sanitation and hygiene throughout the world.

This year Hillebrand was once again honored to be partnering with The Drinks Trust community, which assists workers in our industry in both their personal and professional lives, through provision of financial and emotional support.

During the peak of the first wave of the COVID-19 pandemic, Hillebrand organized a number of express international shipments to move urgently needed protective supplies around the world. These included shipping facemasks, initially from Spain and Australia to China, and later from China to France and Los Angeles. We also donated masks to a Spanish hospital. Meanwhile, Germany managed an operation in which tankers laden with ethanol for the production of disinfectant crossed Central Europe by road, France shipped hand sanitizer to the USA, we also shipped grain neutral spirit to the remote Orkney Islands, alcohol from Scotland to Wales and ethanol from Bulgaria to Germany.

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
- The Clean Cargo Working Group (CCWG, a B2B initiative managed by Business for Social Responsibility)
- 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 Manufacturers 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 Ölrrohstoffen 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

