

# Responsibility for Generations

THE HOCHLAND  
SUSTAINABILITY REPORT  
2017 TO 2019





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**14% Less  
Water Consumption**

per ton of finished goods in 2019  
compared to 2016, based on total water  
consumption

**13%  
More Finished  
Goods Produced**

in 2019 compared to 2016

**84% More  
Investments**

in 2019 compared to 2016

**6% Less Energy  
Consumption**

per ton of finished goods in 2019  
compared to 2016, based  
on total energy consumption

**21st Place  
in the Ranking of  
the Best Employers  
in Germany**

In the *Great Place to Work* competition with  
over 800 participating companies: 21st place  
in the category of companies with 501 to 2000  
employees — survey 2019, award 2020

**Milk Without  
Genetic Engineering**

At the Schongau site

**No Use of  
Total Herbicides**

No total herbicides have been  
used in the milk producers' fields for the  
Schongau site since 2019

**No Plastic on the  
Fields and Meadows**

No plastic from fermentation substrate  
on the milk producers' fields for the Schongau  
site since 2019





## Dear reader,

We want to be sincerely successful. And we want to be successful *in the right way*. It's about doing the right thing and acting responsibly.

Sustainability has been important to us Hochländers for more than just a couple of years. Taking responsibility for the future of our children and grandchildren has always been a matter of course in a family business. And the fact that nature and the environment have a special significance for us is already evident *from our most important raw material, milk*. For some years now, we have been summarising our economic, ecological and social efforts under the term *sustainability*.

Why are we focussing on sustainability? There are clear connections. We know that we can only be economically successful in the long term if we also act in an ecologically and socially responsible manner. Above all we must not neglect the social sector in our efforts to become sustainable. We are saying goodbye to dogma and seeking a common view of the whole.

We talk to farmers, suppliers, customers, retailers and NGOs on an equal footing to communicate our position on sustainability issues and to find out what stakeholders expect from our company. We want to demonstrate our attitude of sustainability both internally and externally. Our aim is to promote sustainability together. This only works step by step. We want to move forward consistently one step at a time and be a pioneer in terms of sustainability.

Since the last report, we have developed our sustainability strategy and have begun to implement the first six fields of action. [GRI 102-14, 102-15](#)  
As already mentioned, our greatest source of leverage in terms of sustainability is also our most important raw material – the milk. I am therefore particularly proud of the progress we have been able to achieve together with milk suppliers and trade customers. Bans on total herbicides and plastic from biogas plants in our dairy farmers' fields and our first cheese with the label issued by the German Animal Welfare Association are personal highlights for me. But improvements in ergonomics and occupational safety are also important steps along our path.

This all sounds very positive now. However, sustainability is not quite that simple. Sometimes we have to accept short-term disadvantages in order to achieve a positive effect in the long term. We have also suffered real setbacks. Avoiding and reducing plastics is not possible in all areas – but we are continuing to work on it. At present, we see our greatest challenge in significantly reducing Hochland CO<sub>2</sub> emissions. In the coming years, we will focus on reducing plastics further, developing and marketing sustainable milk qualities in our products, phasing out year-round tethering by our milk producers, and promoting the health and satisfaction of our employees. We will be tackling the areas with the greatest impact first. So we are still trying to do the right thing in order to continue to be sincerely successful.

  
Volker Brütting, Managing Director





# Hochland Deutschland

GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-45

## Hochland Deutschland GmbH

*Hochland Deutschland GmbH* was founded in 2007 as a subsidiary of the former *Hochland AG* – since 2010 *Hochland SE*. Hochland Deutschland is responsible for the production of all products that concern the German *Brand Business* as well as the international areas of business *Food Service* and *Private Label*. Distribution for the *Private Label* sector is handled by an independent company. Unless expressly stated otherwise, this Sustainability Report always refers to Hochland Deutschland GmbH. More than 1 700 people are employed at the sites in Heimenkirch, Allgäu and Schongau, Upper Bavaria. In 2019, Hochland Deutschland had a total sales volume of around 172 000 tons, an increase of 3.5 percent over the previous year.

## Company Group

*Hochland SE* is still a family business to this day, headquartered in Heimenkirch in Allgäu. Since its beginnings, the company has concentrated on producing, refining and distributing cheese. With more than 5 200 employees *Hochland SE* generated sales of around 1.59 billion euros in 2019. This makes the company group one of the largest producers and refiners of cheese in Europe. Nationally and internationally, the Hochland Group serves all major cheese segments. In addition to the German plants, there are other decentralised production sites for cheese in France, Spain, Poland, Romania, Russia and the USA. Cheese from Hochland is sold in around 30 countries. The subsidiary *E.V.A. GmbH* also develops, produces and distributes vegetable cheese alternatives. The Hochland Group also includes the engineering company *Hochland Natec*. It specialises in the construction of machines for the production, processing and packaging of processed cheese.

## Beginnings and Development

Hochland's history began in 1927, when Georg Summer and Robert Reich, who were related by marriage, founded a cheese plant to produce processed cheese. In 1942 *Hochland* merged with the canned cheese factory *Konservenkäsefabrik Fuchs*. All three company owners – Georg Summer, Robert Reich and Franz Fuchs – shared the same pioneering spirit and enthusiasm for their joint company. Over the decades, Hochland kept growing, even beyond national borders.

The company distributes well-known cheese brands such as *Hochland*, *Almette*, *Valbrie*, *Patros*, *Grünländer* and *Gervais*. The portfolio includes processed cheese, hard and semi-hard cheese, cream cheese, cheese in brine, cottage cheese and herb quark cheese. The Heimenkirch site is not a milk-processing company in the classic sense. The raw materials used here are various types of cheese, which are processed and refined, primarily into processed cheese but also hard and semi-hard cheese. The plant in Schongau is one of the most important production facilities for white cheese and cream cheese in Europe.

Hochland Deutschland is represented in the food retail trade with its branded products, but it also manufactures products for the retail trade's own brands. In addition, the company supplies the food industry and catering sector with specially developed products in all desired forms.



Of course it is about  
responsibility — not only  
for here and not only  
for today

*»Sustainability, responsibility and mindfulness –  
these are the three principles I have in mind when I think  
of my own life, but also when I think of the path  
of sustainability at Hochland«*

Josef Stitzl, Managing Director



# The Corporate Strategy

GRI 102-11, 102-15, 102-16, 102-18

*Our corporate policy is not aimed at short-term success, but rather at forward-looking development. We make our decisions with a view to the interests of future generations. This means that we align business activities with the principles of economic, ecological and social values. We are firmly convinced that a long-term and value-oriented approach is the key to economic success. This is why we have also anchored such an approach in our corporate strategy.*

In *Vision 2020*, Hochland SE has described its goals for all sites up to the year 2020. The subsequent *Vision 2025* is being finalised at the time of reporting. The Hochland Group’s strategy is derived directly from the key variables *market position, innovation performance, productivity, attractiveness as an employer, liquidity and profitability*. These characterise its entrepreneurial ambitions and form the focal points on the basis of which success is measured.

### The Hochland Wheel

Hochland Germany’s central instrument for corporate management is the *Hochland Wheel* with a rolling three-year horizon. This tool shows the strategic goals of Hochland Deutschland, derived from the group’s vision, in a circular graphic arrangement – hence the name.

The company uses *New Performance Management* as a tool to address the key issues set by the wheel. This process takes place both at the level of the management team and at the level of each area of Hochland. The performance of the annual and four-month targets set within this framework is evaluated once in the tertial period.

### Management

Hochland uses *management systems* to implement overriding corporate objectives with the help of self-control based on continuous optimisation. All management systems that ensure continuous improvement are established as certified standards, according to *IFS, ISO 50001* and other standards or norms.

*The Hochland Wheel valid at the time of publication of this report is divided into three main sections, each with several themes:*

## FOSTER GROWTH

### Cooperation and Partnerships

*Partnership models* with regard to all areas of the supply chain are part of the Hochland growth strategy. Hochland strives to expand its portfolios, ranges, services and fields of action with regard to sustainability, for example through licence marketing and regionality.

### Preferred Supplier Status

Hochland aims to expand its position as a *preferred supplier* to selected customers through intensive networking up to the top levels of the retail trade as a competent discussion partner in all aspects of sustainability.

### Diversification of Business Units

*External customer orientation* is to be further promoted by Hochland gearing its processes more closely to the needs of individual customers.

### Development of New Business Models

In order to generate sustainable growth, Hochland plans to advance existing *business models* and generate additional ones. Possible examples are digital business models, profit centre models and platforms for utilising milk to the full.

### Lighthouse Projects for the Circular Economy

Hochland is convinced that future economic success can only be achieved if resources are *used in a socially and ecologically responsible manner* and are *not consumed*. Hochland sees the principle of the *circular economy* as providing the necessary decision-making aids.

## ENSURING STABILITY

### Future Prosperity of the Dieue Site

The Hochland Group plans to establish *Dieue* as a location for sustainable milk production and as an innovation platform for three categories of cheese. – *Note: The Dieue site in France belongs to the Hochland Group – but not to Hochland Deutschland GmbH. This section only serves to explain the Hochland Wheel in this regard.*

### Awareness of Productivity and Profitability

Hochland strives for a holistic approach to productivity and competitiveness *from the perspective of its customers*. This can be achieved, for example, by means of value analyses, hedging strategies or robustness in the event of price fluctuations on the commodity market.

The existing focus on productivity and efficiency of processes in production and administration will be expanded in this way.

### Business Process Orientation

Hochland strives to further improve its own business processes and actively align them with the needs of external and internal customers. Digital tools are used to continuously improve transparency and efficiency with regard to internal and external *customer orientation*.

The *compliance management system* already in place for adherence to legal regulations and ethical standards will be further systematised and thus strengthened.

## SUPPORTING TRANSFORMATION

### Digital Literacy and Attitudes

Hochland aims to promote a positive attitude towards digitisation within the company and further develop the *digital competence* of the organisation. New digital tools are seen as an opportunity and a way of making work easier.

### Encouraging Personal and Individual Responsibility

Employees’ personal responsibility and scope for action are to be further expanded. Hochland seeks to promote decision-making at all levels of the hierarchy. Managers are to provide guidance, develop teams and provide an orientation framework. Hochland employees are to take *responsibility* for their actions – also with regard to their own resources. More space for dialogue and strategic discourse is to be created.

### Employer Branding

For Hochland, *its own employees* are the decisive factor in recruiting and retaining staff. Hochland is aware that each and every person makes a significant contribution to the attractiveness of Hochland as an employer.

### Leader in Milk

Hochland wants to continue to live up to its claim to be the *Leader in Milk*. The company is raising awareness of the milk issue among retailers, non-governmental organisations and consumers. Hochland will continue to actively offer retailers its expertise in the development of new concepts based on sustainable milk, especially in the areas of *animal welfare* and *circular economy*. As in the past, education and training is to drive the transformation of Hochland to become a learning organisation with extensive self-management.



# The Sustainability Strategy

GRI 102-11, 102-15, 102-16, 102-42, 102-44, 102-46, 102-47

More and more consumers are consciously choosing products and brands made by manufacturers who credibly fulfil their responsibility towards nature and society. The focus is increasingly on the origin of raw materials and the social and ecological conditions in which products are manufactured. We assume responsibility for people and the environment – also with regard to future generations. At Hochland we want to function as a model for sustainability and recycling management.

Hochland has developed its sustainability strategy by means of a systematic process. The aim was to anchor sustainable corporate management along the entire value chain. To this end, Hochland has created the basis for a materiality matrix in 2016 and 2017

with a materiality analysis, a cultural analysis and a stakeholder dialogue. In this matrix, Hochland first named 23 relevant fields of action, then narrowed them down to 13 fields and finally prioritised six of the fields of action in an internal selection process. In 2019,

»We are getting very motivating feedback – from consumers as well as from our employees.«

Josef Stitzl, Managing Director

Hochland reviewed the results again. The company interviewed 50 internal and external stakeholders in a further stakeholder survey. The materiality analysis derived from this has been reviewed by Hochland with regard to two aspects in particular:

Firstly, with regard to a holistic view of the effects of entrepreneurial action – both within the company and externally (*holistic impact*). Secondly, with regard to the orientation towards ideas relating to the circular economy.

As a result, Hochland has updated the fields of action in the materiality matrix and confirmed the six fields of action that had already been given high priority.

## PRIORITISED FIELDS OF ACTION

### Field of Action: Milk and Animal Welfare

Hochland takes a self-critical look at the global consequences of European milk production and milk trade. That is why Hochland considers the effects of milk production on humans, animals and the environment. In the future, the company will increase its influence on how its most important raw material is produced. To this end Hochland is building value alliances with farmers, processing suppliers and other stakeholders.

### Field of Action: CO<sub>2</sub> and Climate

Due to its value chain, Hochland has a considerable CO<sub>2</sub> footprint. The aim of the Hochland climate strategy is to make the company CO<sub>2</sub> neutral. All areas of CO<sub>2</sub> emissions, their measurement and the reduction and compensation of CO<sub>2</sub> are examined. In particular, the areas of raw materials, packaging, energy, mobility and logistics are scrutinised.

### Field of Action: Employee Health and Safety at Work

Work must not only *not make you sick*. This is why both the maintenance and promotion of employee health are important assets for Hochland. Hochland promotes health and employee satisfaction by means of prevention and incentives for increased personal responsibility. The focus here is on ergonomic work, healthy employee catering and measures to promote health and exercise.

### Field of Action: Portfolio Management for Sustainable Products

In view of changing eating habits and taking into account the environmental impact of its own products, Hochland would like to expand its portfolio with even more *sustainable offers*. This can be done above and beyond the raw material milk and the product of cheese. For future-oriented products Hochland will seek to reduce the consumption of resources and the generation of CO<sub>2</sub> and methane in the production process.

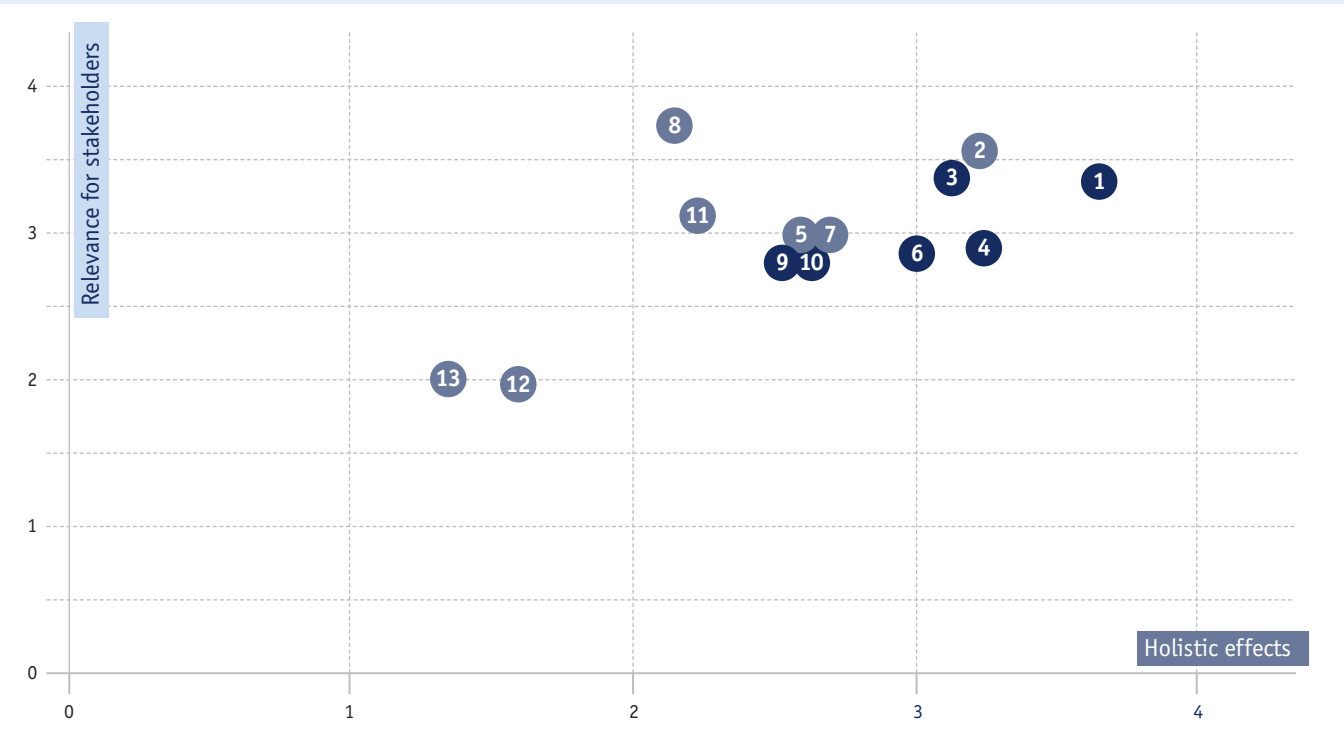
### Field of Action: Stakeholder Dialogue

As a company, Hochland conducts relationships with many stakeholders. With the introduction of a professional *stakeholder participation process*, Hochland is aiming to establish a systematic approach. Hochland sees this as an opportunity to develop as an organisation and to recognise, anticipate and meet the needs of society and the environment even more effectively.

### Field of Action: Business Relations

Relations with business partners are essential for Hochland. Hochland intends to develop its business relationships with suppliers and customers in the future in the form of *collaborative partnerships*. These partnerships should be based on shared values, long-term and should be mutually beneficial. There should be more joint development of products and business processes with customers in order to generate innovations together. Sustainability requirements should be taken into account even more strongly with regard to purchasing strategies and purchasing conditions.

THE HOCHLAND MATERIALITY MATRIX

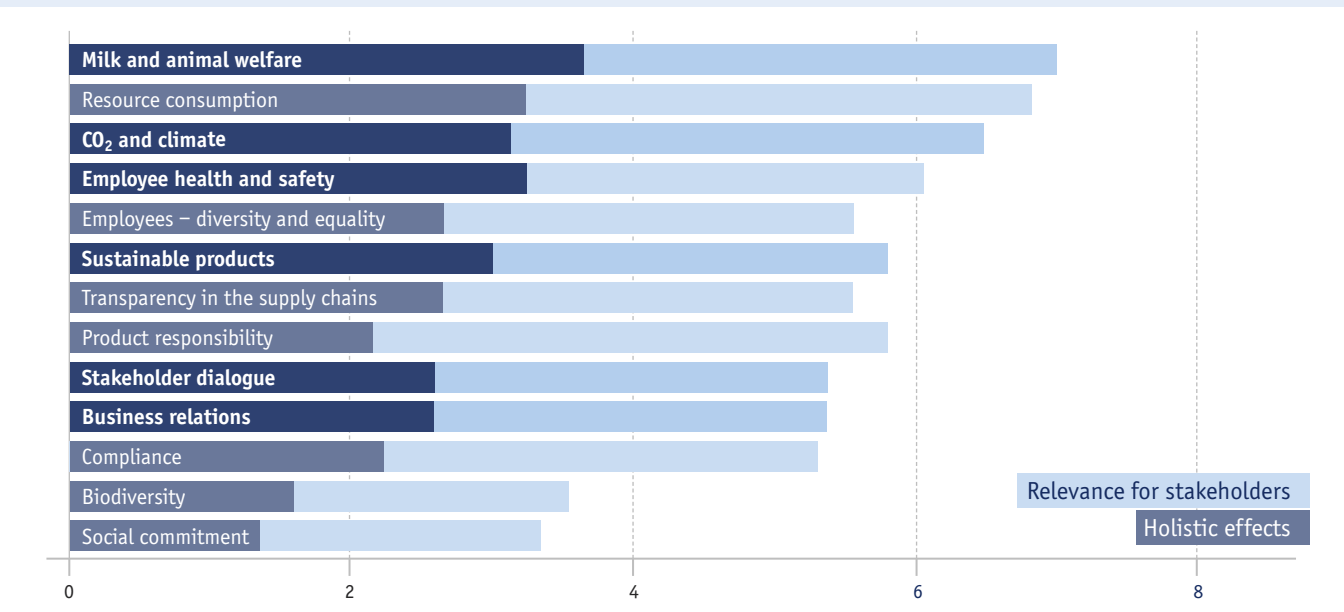


- 1 Milk and animal welfare
- 2 Resource consumption
- 3 CO<sub>2</sub> and climate
- 4 Employee health and safety
- 5 Employees – diversity and equality

- 6 Sustainable products
- 7 Transparency in the supply chains
- 8 Product responsibility
- 9 Stakeholder dialogue

- 10 Business relations
- 11 Compliance
- 12 Biodiversity
- 13 Social commitment

THE MATERIALITY MATRIX AS A BAR CHART



The priority areas of action on which Hochland reports in this sustainability report are highlighted. In each case, Hochland has identified the greatest potential for action and the greatest possible effects. Consequently these fields are therefore given greater weight. For reasons of transparency, however, Hochland also reports on the other fields of action.





# The Hochland Sustainability Programme

Hochland has advanced its sustainability goals in 2019 and adopted the *Hochland Sustainability Programme* on the basis of the updated sustainability strategy. The aim of the programme is to manage sustainability performance.

The sustainability programme offers orientation with regard to the overarching ambitions concerning four areas. Hochland continuously sets itself goals to achieve these ambitions.

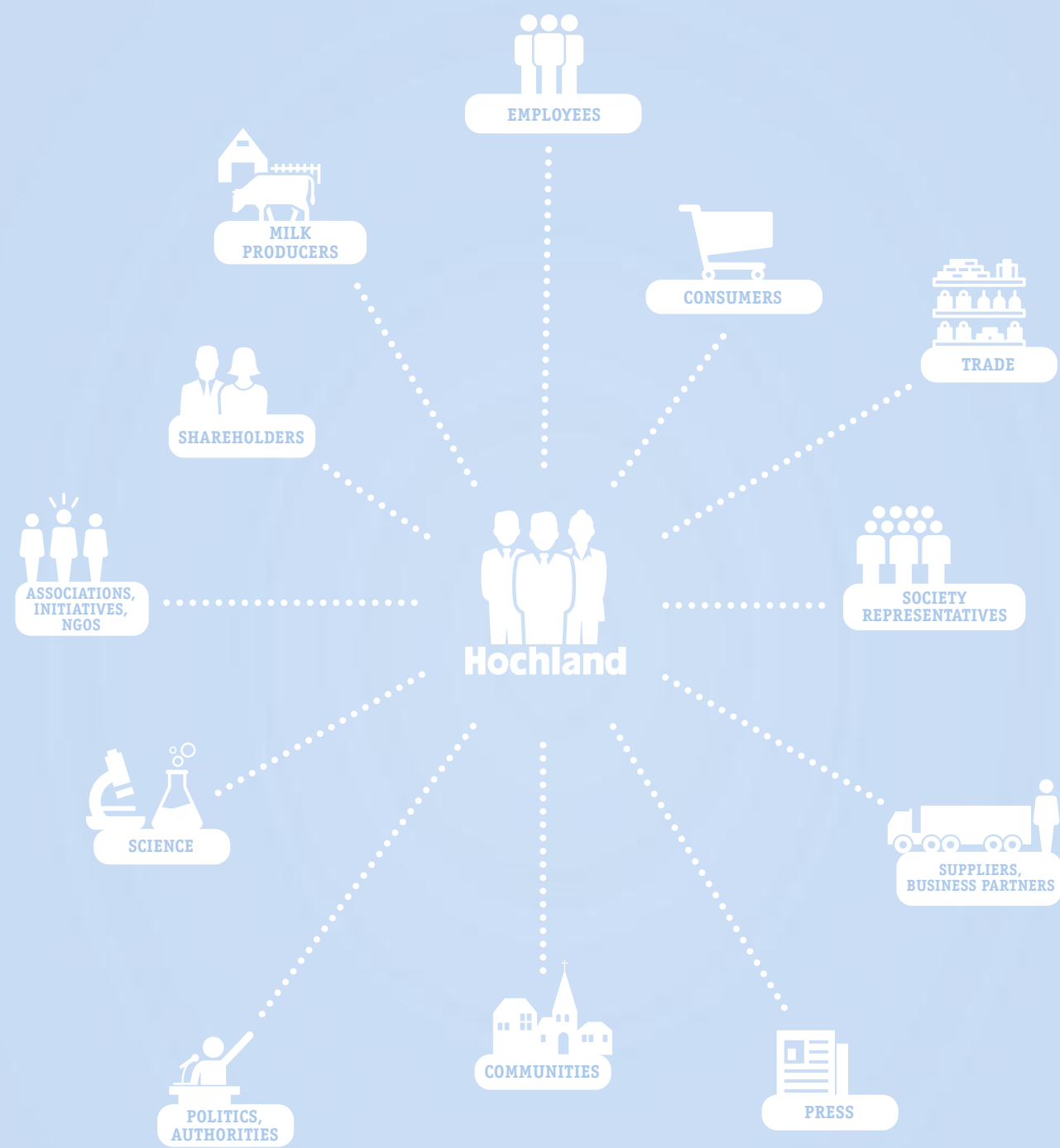
## HOCHLAND'S AMBITIONS

| CORPORATE GOVERNANCE  |   |  |
|---|---|--|
| <p><i>Ambition:</i> Through sustainable business management, we are safeguarding the continued existence of Hochland and preserving the livelihoods of our children and grandchildren and from this we derive the right to continue growing. Our business decisions are based on the principles of the <i>circular economy</i>.</p> |   |  |
| EMPLOYEES   | PRODUCTS  | ENVIRONMENT  |
| <p><i>Ambition:</i> Our employees are the key to our success and we want to offer them meaningful work in a health-promoting environment. We continuously take measures to promote health, occupational safety and employee participation.</p>  | <p><i>Ambition:</i> As a <i>Leader in Milk</i>, we develop sustainable products and business models for our customers. We are continuously pushing ahead with the extensification of agricultural milk production, always taking animal welfare into account.</p> | <p><i>Ambition:</i> We want to offer products that not only delight our customers, but also leave the smallest possible ecological footprint. Our goal is to reduce the emissions resulting from all business activities by at least 31% by 2030 (base year 2015).</p> |

## TARGETS FOR THE AREA OF CORPORATE MANAGEMENT

| Targets 2015/2016  | Status  |
|--|---|
| Hochland is drawing up a sustainability strategy until 2018 as part of the corporate strategy. <sup>1</sup>  | <div></div>   |
| Hochland is to establish a risk radar by 2018 to identify current and future risks. <sup>1</sup>   | <div></div>   |
| <sup>1</sup> The process will be continued on an ongoing basis, but it will no longer be listed as a strategic goal in the sustainability programme.   |   |
|  | <div><div></div>Target not achieved</div> <div><div></div>Target partially achieved</div> <div><div></div>Target largely achieved</div> <div><div></div>Target fully achieved</div> |
| Targets 2020/2022  |   |
| Hochland SE is drawing up a Vision 2025 for 2020 – Hochland Deutschland will derive its own strategic goals from this by the end of 2020.  |   |
| Hochland is examining the possibilities of implementing an integrated management system by 2020.   |   |
| Hochland will install a sustainability advisory board consisting of internal and external members by mid-2021. From 2022, Hochland will receive qualitative feedback on its sustainability activities from the sustainability advisory board and other stakeholders at least once a year during a stakeholder day. |   |





# Dialogue with Stakeholders

Management approaches: GRI 407, 408, 409, 412, 414, 417 | GRI 102-12, 102-40, 102-42, 102-43

*To enable us to continually develop our sustainability strategy, we want to learn as much as possible about the needs and expectations of internal and external stakeholders. That is why we seek continuous dialogue with our stakeholders and involve them wherever possible.*

Hochland seeks contact with its stakeholders through *stakeholder surveys* and a variety of other channels. For more details, see the relevant section. The following stakeholders are particularly relevant for Hochland:

### Employees and Associates

Hochland employees know their company better than any other group. In order to make the best possible use of their know-how, ongoing dialogue is maintained through regular meetings, employee surveys, posters, the staff magazine *Wir von Hochland* and the intranet. Employees actively participate in shaping company processes and procedures through the company suggestion scheme.

### Consumers

As a company on the free market, Hochland is interested in the opinions, wishes and suggestions of its consumers. Hochland would like to know what they think about the company, its brands and products and how Hochland deals with socially relevant issues. Hochland takes the wishes and interests of consumers seriously. Dialogue with this stakeholder group takes place, for example, via social media, by telephone, e-mail and post, via websites and at trade fairs.

### Suppliers

In order to be able to manufacture products, Hochland is dependent on trusting cooperation with suppliers and business partners. This is why Hochland works in partnership with them in numerous working groups.

### Politics and Associations

Hochland is active in almost all industry-relevant associations and initiatives. Employees of the company are represented on working groups and round tables in the area of politics and associations – both at municipal and state level. Here they function as both impulse generators and learners. Hochland can only achieve the sustainability goals that it has set itself in dialogue and cooperation with these bodies and other stakeholders.

### Other Stakeholders

For a long time the company has worked in partnership with the local authorities in Heimenkirch in Allgäu and Schongau in Upper Bavaria, which are important locations for Hochland. The same applies to cooperation with the media and press as well as partners in the fields of science and education. Hochland is in close contact with universities, research institutions and schools.



### ELSA ON TOUR

Werner Giselbrecht – commercial director and head of the Milk Board at Hochland – visited almost all major customers, many non-governmental organisations, political leaders and German and French farmers in 2018 and 2019 to present Hochland’s goals, in particular the goal of *sustainable milk production by 2025*, and to explain the background. He was accompanied by Elsa, a replica of a dairy cow, who helped many of the people he visited to gain a clear understanding of the issues involved in sustainable milk production.





# Acting in Accordance with the Rules

Management approaches: GRI 407, 408, 409, 412, 414 | GRI 102-16

*We see our responsibility as being a protagonist in society. Compliance with legal requirements is essential for us. In the Code of Conduct and in the Guidelines for Leadership and Cooperation, we have defined values and standards of conduct for Hochland in order to anchor responsible behaviour in the company and in the supply chains.*

In various guidelines Hochland has laid down *clear rules of conduct* in writing. The documents apply to all companies of the Hochland Group and are therefore binding for all employees of Hochland Deutschland.

### Principles of Internal Cooperation

Internal cooperation is guided by the *Guidelines for Leadership and Cooperation* formulated in 2001. In this document Hochland regulates cooperation in the company based on open, honest and respectful communication.

In 2011 Hochland has also formulated a *Code of Conduct* for a corporate culture that is transparent both internally and externally. This sets out in writing rules for dealing with colleagues, business partners and competitors. In the *Code of Conduct*, the company commits itself to responsible and correct action, unconditional compliance with laws and sustainable business practices. It also regulates the handling of company property and confidential information and provides guidance on how to deal with conflicts of interest, complaints and breaches of regulations.

All employees in the company have received personal copies of both documents. They are also available on the internet → [hochland-group.com](https://hochland-group.com) → sustainability → compliance.

Hochland attaches great importance to *compliance management* and has therefore defined compliance as an *important management objective* in 2018. The topic is the focus of attention in various corporate divisions. Systematic risk analyses have been carried out, instructions for action derived from them and preventive measures initiated. Departments have received training and advice on compliance issues.

Hochland hired a fully qualified lawyer as *Compliance Manager* in 2019. The aim here is to contribute to the professionalisation of the division in collaboration with the *Risk Manager* and the *Crisis Manage-*

*ment Team*. Through the position of *Compliance Manager*, Hochland intends to further promote the establishment and further development of methods, processes and systems for minimising compliance risks and promoting a *compliance culture*.

### Basics of Cooperation with Suppliers

Hochland also expects its service providers, suppliers and their sub-suppliers to behave in accordance with the company's guidelines and values. The *General Terms and Conditions of Purchase* were revised in July 2019 in the purchasing department. *Environmental management* and *energy management* were also included in the purchasing conditions as further sustainability issues. These agreements supplement the already featured commitment of suppliers and their sub-suppliers to the regulations of the *BSCI Code of Conduct (amfori Business Social Compliance Initiative – programme for the improvement of social standards in a global value chain)* and the *ILO standard (International Labour Organization)*.

### Communicating and Implementing Values

During the reporting period Hochland carried out internal training courses on the subject of *communicating and implementing values*. The training courses focused on the topics of *transformation, new performance management, Vision 2025 and leadership and cooperation in times of change*.

### Breaches of Conduct

At Hochland, violations of rules of conduct can be reported to direct superiors, employee representatives or two internal representatives. All reports are treated confidentially, and proven violations are punished irrespective of the position of the person concerned in the company. No incidents were reported during the reporting period.





Support  
for Children and  
Young People

Supporting *children and young people* is particularly important to Hochland as a locally based family business. The regional institutions that Hochland supports with financial and material donations therefore include kindergartens, day care centres and schools.

Food Bank  
Support

Hochland sometimes produces temporary surplus stocks which for various reasons do not find their way into regular sales. For this reason, the company has long cooperated closely with the *food bank movement* in Germany. The food banks ensure that Hochland’s unsold but perfectly good food is made available to people in need. In this way the products reach people in regions from Stuttgart to Vorarlberg and do not have to be destroyed.

Engagement  
for Refugees

Hochland is looking to contribute to tackling current social challenges as far as it is able. In the spring of 2015, the company made a company-owned *residential building* available for refugees. This accommodation remained in place until the end of 2019. Hochland is keen to set an example with regard to socially integrating new fellow citizens. Even though legal and bureaucratic hurdles still exist and good language skills are an absolute prerequisite, Hochland is achieving success in the professional and social integration of refugees. Hochland currently employs around 15 people with a refugee background, mainly in the production area. Those who employ refugees can create multiple benefits – for their own company, for the economy in general, for the refugees who find protection here, and for society. Hochland is committed to ensuring that people who are in work or training can remain in Germany regardless of their residence status.

»I believe that overall, as a society, we are on a very good path. Progress is still relatively slow – but there are really a large number of initiatives going in the right direction. At Hochland, too. And if more companies join in, then at some point it will turn into a type of swarm movement and then more and more will join in. That would be ideal, and I think we can make a contribution here.«

Volker Brütting, Managing Director

McDonald’s  
Children’s Aid

For many years, Hochland has supported the *McDonald’s Kinderhilfe Stiftung Children’s Aid* with donations in kind. In addition, Hochland took over sponsorship of an apartment in the *Ronald McDonald Haus* München-Großhadern in 2005 and has supported it with a fixed amount of money every year since then. While seriously ill children are treated in neighbouring hospitals, their parents and siblings can live in one of the 22 Ronald McDonald houses in Germany.

Commitment in the Region  
and Beyond

GRI 102-12 | FP4

*Getting involved in society and actively helping to shape it – this is in keeping with Hochland’s self-image and tradition. When supporting social and cultural projects, we focus on promoting children and young people.*

Hochland is involved with donations in kind and cash donations, which are made in Germany for organisational reasons on behalf of the parent company *Hochland SE*. In 2019 Hochland revised its *donation strategy* to bring it into line with the current size and importance of the company as a whole and its corporate culture. One of the key points of the strategy, which will be adopted in the course of 2020, is to move away from the previous limitation to regional projects. This restriction has so far been justified by the family business’s ties to the regions in which Hochland operates and the aim of gaining a broader insight into how the money is used.

Hochland intends to continue to fulfil its role as a good neighbour in future and support local institutions as before, thereby strengthening the local common good. In addition, a donation budget for long-term supraregional projects will be available from 2020. The total donation income of the Hochland Group will be published in the Hochland annual report in the future.





## Origin, Ingredients and Skills — What Makes Food Valuable



*»If ecologically sensible products are not economically successful too, then we have failed to achieve our goal. We have been working intensively for years on our entire supply chain, from our milk suppliers to our customers, in order to put good and successful product ranges onto the market. This ranges from regional Allgäu farm cheese under our Hochland brand to the first semi-hard cheese featuring the label of the German Animal Welfare Association, which we have launched as a private label«*

Volker Brütting, Managing Director



# Producing Valuable Food

Management approaches: GRI 204, 308, 407, 416 | GRI 102-16, 102-43, 102-48, 308-1

## Management Approach: Products

More and more people are concerned about the social and ecological effects of their behaviour. The idea of sustainability is gaining in social significance. For many people it is important that products are manufactured under good working conditions and that the natural

push towards extending agricultural milk production and the consideration of animal welfare. Special types of milk are promoted and suitable concepts and products are developed with regard to ecological compatibility. The company ensures transparency along the entire supply chain through its *Milk for Hochland*<sup>1</sup> programme. Hochland’s purchasing conditions oblige suppliers to comply with social, ecological and quality standards. For all milk suppliers, participation in the *Milk for Hochland* quality programme and the *survey on animal welfare and sustainability*<sup>2</sup> are fixed components of their contracts. All the raw milk collected is produced without genetic engineering (VLOG) and farmers who supply Hochland Deutschland directly are certified according to the *quality standard QM milk*<sup>3</sup> without exception.

### Control

The strategic goal of Hochland is to continuously improve the sustainability of milk and to show this attitude clearly, even if this sometimes provokes resistance from individual interest groups initially. The topic is being advanced by the head of the Sustainability Group Milk and Animal Welfare. He reports directly to management. On several sustainability committees, Hochland maintains

tection. Hochland deliberately distinguishes itself from the intensive dairy farming that has been strongly propagated until now.

One accusation brought against Hochland by critics is that the extensification of agriculture would mean a step backwards. However, according to Hochland, it is precisely this technical progress that enables farmers to work with significantly fewer pesticides by using *digitisation* and *precision farming*. Fertiliser can also be applied more precisely and economically.

## EXTENSIVE AGRICULTURAL MILK PRODUCTION

Hochland sees an *extensification* of dairy farming both as a contribution to animal welfare and to the protection of resources and the environment. The company is therefore committed to strengthening an *area-based dairy industry*. This type of farming is characterised by a high proportion of self-grown and green fodder and by the fact that it does not use imported fodder. No high-performance cows are used, because a moderate milk yield enables the cows to live longer. Extensive agriculture protects soils from excessive nutrient input from liquid manure and thus contributes to groundwater pro-

foundations of life are preserved. *Animal welfare, transparency and responsibility for the entire value chain as well as good, healthy and sustainable products* – these are the expectations we have at Hochland and which we identified in a stakeholder survey in 2019. Hochland aims to take on responsibility in these areas.

### Topics and Challenges

For the products sector Hochland has prioritised the topics of *milk and animal welfare, portfolio management for sustainable products and business relationships*. For reasons of transparency, Hochland also reports on product safety and product information.

### Strategic Approach

Hochland aims to be a pioneer and leader in sustainable milk and is looking to consolidate its claim as being a *Leader in Milk*. To achieve this, the company develops sustainable products and business models. Together with its milk producers, Hochland continues to

an intensive and constant exchange of knowledge on *sustainable milk* and improving *animal welfare*. At workshops with farmers, those aspects of Vision 2025 that deal with sustainable milk production were discussed. Innovation performance and productivity are key strategic parameters for the product area within the corporate strategy. All management systems that ensure continuous improvement are established as certified standards – according to *IFS, ISO 50001* and other standards.

»For me, our products are not just staple foods, but products to enjoy and appreciate.«

Josef Stitzl, Geschäftsführer

## Measuring Success

Hochland evaluates all objectives and measures at least once a year by means of a comprehensive written management review. The steps taken in the context of New Performance Management are evaluated with regard to their effectiveness. The evaluation of a *survey of milk suppliers* as part of the Quality Programme *Milk for Hochland* was available in 2019. The survey gives Hochland insights into the structure of the milk suppliers.

External certification and customer audits took place in each year of the reporting period. Planning and execution of internal audits for the Heimenkirch and Schongau plants are carried out by operative quality management.

Hochland was awarded the prize for the manufacturer with the *greatest sustainable commitment* in the dairy industry (*Focus 12/2019*).

## HOCHLAND’S AMBITION FOR THE PRODUCTS SECTOR

| PRODUCTS   |
|--|
| <i>Ambition: As a Leader in Milk, we develop sustainable products and business models for our customers. We are continuously pushing to extend agricultural milk production and always take animal welfare into account.</i> |

## TARGETS FOR THE PRODUCTS SECTOR

| Targets 2015/2016   | Status  |
|---|---|
| The milk processed by Hochland at the Schongau plant comes exclusively from the region. <sup>1</sup>  | <div></div>   |
| Analyse all brands with regard to sustainability aspects and define sustainability compasses as well as derive fields of action and goals. <sup>2</sup>   | <div></div>   |
| Reduction of additives in processed cheese products. <sup>3</sup>   |   |
| <small><sup>1</sup>In order to ensure better measurability, Hochland has changed the formulation of this objective as of 2020.<br/><sup>2</sup>Hochland has implemented brand compasses for two brands – followed by a target adjustment from the end of 2017.<br/><sup>3</sup>The target was deleted following strategic reassessment.</small> |   |
|   | <div><div></div>Target not achieved</div> <div><div></div>Target partially achieved</div> <div><div></div>Target largely achieved</div> <div><div></div>Target fully achieved</div> |

| Targets 2020/2022   |
|---|
| The milk processed at Hochland farms comes from the region of the respective production site – this is guaranteed by strict regional requirements.  |
| The creation of the brand compasses for the brands <i>Grünländer</i> and <i>Almette</i> serves as a basis for implementing two specific sustainability programmes – measures for the brands <i>Grünländer</i> and <i>Almette</i> will be implemented within this framework by 2022. |
| Farmers in the Schongau milk catchment area will completely withdraw from year-round tethering by the end of 2021.  |
| Hochland is continuously developing new sustainable products in line with the requirements of its partners and consumer wishes.   |

<sup>1</sup>Since 2016, all milk producers supplying Hochland Deutschland have committed to participating in the *Milk for Hochland* programme. In return they receive a supplement to the milk price. As part of the programme, farmers must comply with the requirements of the *QM Milk* standard, provide evidence of dairy farming *without genetic engineering* according to the VLOG standard and take part in a survey on animal welfare and sustainability. The use of medicines in animal breeding and the subject of dehorning are also addressed in the programme.

<sup>2</sup>The survey on *animal welfare and sustainability* was based on a questionnaire developed by the Thuenen Institute and was conducted in summer 2019. The data is evaluated by the Thuenen Institute, an independent research institute of the Federal Ministry of Food and Agriculture. Hochland will use the results of the survey as a basis for its further strategic approach.

<sup>3</sup>*QM Milch e. V.* is a quality management initiative of the German Farmers’ Association, the German Raiffeisen Association and the Dairy Industry Association. Independent checks are carried out on the purity and bacteriological quality of the milk, animal health and welfare and the feed used. Hochland bears the costs of the control measures.



# Transparency in the Supply Chain

Management approaches: GRI 407, 408, 409, 412, 414 | GRI 102-9, 102-16, 204-1, 308-1 | FP5

**Our claim is to operate responsibly along the entire value chain. With the Milk for Hochland programme our aim is to create transparency in our supply chain.**

Hochland processes different raw materials depending on the location. This means that the supply chains also differ. *Milk* is the most important raw material at the Schongau plant. The Heimenkirch plant processes and refines *cheese*. During the period under review, a total of between 92 000 and 98 000 tons of raw food products – excluding *milk* – were delivered annually to both locations. Hochland has been cooperating with some producers of these raw materials since the 1970s and 1980s. A pool of more than 70 suppliers also supplies the German sites with over 2000 different materials for packaging. Hochland has been working with 83 percent of these suppliers for more than five years.

### Meeting and Demanding Standards

Hochland makes rigorous demands not only of itself but also of its suppliers and contractors. This applies to quality management, procedures and processes, occupational safety and compliance with social standards. Purchasing conditions oblige suppliers and contractors to comply with the requirements of the *Business Social Compliance Initiative (BSCI)*, which include the protection of labour rights and the prohibition of forced and child labour. Hochland’s purchasing conditions include social standards of the *International Labour Organisation (ILO)*, environmental management guidelines including the possibility of conducting audits (*according to EMAS or ISO 14001*), guidelines on energy management and energy audits with the aim of improving energy efficiency (*according to ISO 50001 or DIN EN 16247-1*). In addition, Hochland regularly carries out its own supplier audits, which are based on the food safety standard *ISO 22000*. In principle, Hochland’s suppliers should also be certified according to the

*Global Food Safety Initiative (GFSI)*. In the absence of such a certificate, Hochland accepts suppliers in individual cases only after carrying out its own risk assessment or auditing.

### Where the Milk Comes from

For generations, farmers have supplied milk to local dairies. This tradition of cooperation with regional milk producers is continued at the Schongau location. Since 1988 Hochland has been cooperating with *Erste Bayerischer Butterwerk Schongau eG*, and since January 2013 also with the *Milk Producers’ Association Pfaffenwinkel eG*. Other producer groups for special milk qualities are *Allgäuland eG* (since January 2019 supplier of regional Alpine milk, milk without genetic engineering),



### MILK WITH ANIMAL WELFARE LABEL

Hochland sees itself as a pioneer in cheese made from milk with the *animal welfare label*. To this end, the company has concluded contracts with farmers from Baden-Württemberg who produce milk in accordance with the requirements of the German Animal Welfare Association. Essential criteria for the award of the animal welfare label are the requirement of open-pen use and a minimum space of six square metres per animal. In 2019, Hochland processed around 20 million litres of milk certified according to the *animal welfare label entry level* and almost three million litres of milk with an *animal welfare label in organic quality*.

*MEG Milchland Baden-Württemberg* (for milk without genetic engineering, milk with animal protection label) and *MEG Ortenau* (for milk without genetic engineering, milk with animal protection label, organic milk). Local procurement ensures short transport routes and contributes to greater delivery reliability.

### Milk Quality

Hochland has defined requirements for milk quality according to the following standards: *oGT (without genetic engineering)*, *TSL (animal welfare label)*, *Bio*. For the majority of the milk and raw materials supplied to Hochland, the standard without genetic engineering, primarily in accordance with the *VLOG seal*, applies at the time of publication of this report. In addition, Hochland has agreed on further sustainable quality requirements with its milk suppliers: as of January 2019, *total herbicides will no longer be used* and *no residues from food-processing biogas plants* (fermentation substrate) will be applied. The ban on fermentation substrates is intended to prevent plastic from entering the environment. Both agreements are part of the Quality Programme *Milk for Hochland*.

### The Challenge of Freedom from Genetic Engineering

In 2019, the proportion of milk produced without genetic engineering in Germany increased to around 60 percent of the total milk volume. This milk quality is thus on the way to becoming a quasi-standard. On the other hand, the proof of production without genetic engineering is becoming a growing challenge for the industry. This is because genetic engineering techniques (*CRISPRs/Cas9*, »genetic scissors«) now exist to modify the genetic material in feed crops without it being possible to determine afterwards whether the modification has occurred naturally or through genetic engineering. Since fodder is grown and traded globally, the influence Hochland has here is very

small. That is why Hochland is striving to ensure that its milk producers only use feed from Europe in future.

### Certifications

In the case of Hochland, inspections by the *KBLV (Food Safety and Veterinary Inspection Authority)* are frequent, as are announced and unannounced customer audits. Hochland’s products are also certified according to various standards and labels. Depending on the product, these may be: *IFS (International Featured Standards)*, *SQMS (Supplier Quality Management System)*, *Kosher*, *Halal*, *Organic seal according to EC Eco Regulation*, *Bioland seal*, *Regional Fenster e. V.*, *Gepürfte Qualität Bayern*, *RSPO (Roundtable on Sustainable Palm Oil)*, *Animal Welfare Label Premium Level*, *Without Genetic Engineering (VLOG e. V.)*.

### Fair Milk Prices

The international milk market is primarily determined by economic interests. Global trade in milk and in feedstuffs for milk production has effects that are often detached from regional contexts. The work of the milk producers, in turn, has social and ecological significance for the region concerned, which is not included in the farmers’ income. State subsidies provide a certain amount of compensation at this point. The prices paid to milk producers depend on the nature and quality of the milk, the further processing, the respective buyer and consumer demand. Hochland is aware of its responsibility towards its producer partners. In the period under review, Hochland, as an *above-average milk payer*, was in the top group of milk payers in Germany. Purchase guarantees enable farmers to plan for the long term. Hochland also grants its milk pro-

ducers a share of the profits. From the beginning of 2017, a premium of one cent per kilogram of milk was paid under the quality programme *Milk for Hochland*. Since the beginning of 2019, Hochland has also been buying animal welfare label milk and paying a surcharge of three cents per kilogram of milk to farmers for observing the increased requirements. Hochland was a pioneer in implementing a *fairer conversion factor* (volume/weight) for milk. The company has implemented this conversion factor for its farmers since February 2018.

### Further Plans

To further promote both milk quality and animal welfare, Hochland is planning to introduce a further quality level for milk in the near future. The following criteria in particular should apply to *Hochland Premium Milk*: extensive use of domestic feed, abandonment of high-performance cows, promotion of dual-purpose breeds and other measures to promote biodiversity. In order to implement plans such as these, Hochland will continue to build on a trusting exchange and partnership with farmers in the future.







# Valuable Ingredients for Valuable Products

*We can only meet the demands and expectations of our customers with high-quality raw materials. We therefore set our own standards for quality and product safety, which in some areas go beyond the legal requirements.*

The Hochlandwerk Schongau is an important production facility for white and cream cheese. Here, *milk* as the basis of the products has a special significance. Good cooperation with farmers is therefore indispensable for Hochland. Since January 2017, all raw milk collected for the Schongau site has been produced *without genetic engineering* in accordance with the *VLOG seal*. All farmers who supply Hochland with milk have been certified according to *QM-Milch* since the end of 2016. In Schongau, Hochland processed between 238 000 and 264 000 tons of milk annually during the period under review.

Hochlandwerk Heimenkirch is not a milk-processing company in the classical sense. In this production facility, cheeses are mainly *processed* and *refined*.



**GRÜNLÄNDER**  
**With Milk from Open Pens**  
Since July 2019 *Grünländer* has been produced exclusively with milk from cows in open pens. The cows can move freely at any time and thus maintain social contact with other cows.

**Without Genetic Engineering since 2011**  
Since 2011 *Grünländer* has been produced from milk without genetic engineering. This makes the brand a Hochland pioneer for the *non-genetically modified* product standard.

**Packaging**  
Since the second quarter of 2019, *Grünländer* ground foil has been made of 54 percent *recycled plastic (rPET)*. Thanks to the changed packaging, Hochland was able to save more than 200 tons of virgin plastic in 2019; in future it will be possible to save more than 250 tons of *virgin PET* per year.

**Natural Ingredients**  
Hochland also sets high standards for all other raw materials and additives. The company relies on new technologies and close cooperation with suppliers in order to implement its group-wide guidelines for handling and minimising additives. Hochland doses additives and flavours as

sparingly as possible – *only natural flavours* are used in the *Grünländer* and *Almette* brands. During the period under review, the use of dyes at the Heimenkirch plant was continuously reduced – by about 14 percent, based on the total weight of products manufactured. As part of an extensive project with a retail customer, many recipes and raw materials were converted so that dyes and aromas could either be dispensed with or their use further reduced.



**Without Genetic Engineering**  
In accordance with EU regulations, Hochland does not use any genetically modified ingredients for its products. For the *Grünländer* brand, Hochland also proves that *the entire value chain* meets the strict requirements of the EC Genetic Engineering Implementation Act. With controls and complex genetic engineering analyses, the company wants to ensure that, in addition to the ingredients used, animal feed is also free of genetic engineering. At the beginning of 2017, the Schongau plant was completely converted to production without genetic engineering in accordance with the *VLOG seal*. This applies to both the processed milk and all other ingredients. In 2019, the Heimenkirch plant received 54 000 tons of non-GM raw materials in accordance with the *VLOG seal*.

ALMETTE

**Milk from the Alpine Region**  
The milk for *Almette* comes from small family farms with an average of 37 cows. By 2021, Hochland and its milk suppliers aim to complete the phase-out of year-round tethering.

**100 Percent Natural Ingredients**  
For *Almette* Hochland uses only natural ingredients, most of which come from the Alpine region. Only if an ingredient cannot be obtained from the Alpine region even with great effort does Hochland look for alternatives. Hochland transparently displays the origin of the ingredients on its website.

**Without Genetic Engineering since 2017**  
Since 2017 *Almette* has been produced from milk without genetic engineering. All other ingredients likewise do *without genetic engineering*.

**Packaging**  
Hochland reduced the weight of the *Almette barrel* by one gram at the beginning of 2019. In Germany, Hochland sells around 50 million barrels every year. Since then, Hochland has been able to save 50 tons of plastic per year thanks to the lighter packaging. Hochland has set itself the further goal of making packaging completely recyclable by 2025.

**Dealing with the Topic of Palm Oil**  
Hochland is aware of the problems associated with the cultivation of the palm oil plant, such as rainforest clearing. On the other hand, the plant is very high-yielding and can therefore hardly be replaced by more environmentally friendly oil plants from an economic point of view. Only small quantities of palm oil are used at Hochland. In addition, the company has decided to use only sustainably produced palm oil that meets the criteria of the *Roundtable on Sustainable Palm Oil (RSPO) organisation*. Only *RSPO-certified palm oil* was used in the reporting period.

**Grünländer**  
Without genetic engineering  
Milk from free-range cows  
Natural ingredients

**Patros**  
Without genetic engineering  
Multiple DLG Gold Awards

**Almette**  
Without genetic engineering  
100 % Alpine milk  
100 % natural ingredients

**Gervais Cottage Cheese**  
Contains only milk and salt  
3x as much protein as yoghurt





# Promoting Animal Welfare

GRI 102-16, 204-1 | FP9

*Without dairy cows there would be no cheese – for this reason alone, animal welfare is of central importance to us at Hochland. However, the topic poses a challenge for the entire dairy industry, and therefore for us as well, and this should not be underestimated.*

It is important for Hochland to constantly improve conditions for animal husbandry. At the same time, the company wants to meet the wishes of consumers and retailers with regard to the quality and price of its products. To this end, Hochland continues to implement measures under the *Milk for Hochland* programme.

Tethering to  
be Banned in  
the Future

Bavaria’s agriculture still has a relatively high proportion of cows which are kept tethered all year round. Hochland, together with another Southern German dairy, was a pioneer in the development of a *declaration on combined livestock farming*. This was the basis for a joint declaration by *all* Bavarian dairies on the definition of combined livestock farming. As a result, the trade now also differentiates between year-round tethered and combined husbandry. By the end of 2021, the aim is to phase out year-round tethering in the milk catchment area of the Schongau plant. From 2022 onwards, combined husbandry – with at least six hours of grazing on at least 120 days a year – or open pens will be compulsory for all Hochland dairy farmers. The company promotes the changeover to combined husbandry by providing training and advice for farmers. Hochland sees itself in a pioneering role within the industry in discussing and taking on possible challenges together with its milk producers.

*»I think the issue of animal welfare will be in the media even more and transparency on ethical questions will become even more important.«*

Nis Nürnberger, Managing Director

Obligations  
for Suppliers

Hochland has always taken a clear position: *cruelty to animals is unacceptable*. This animal welfare aspiration is also reflected in new contractual arrangements with suppliers. Violations against the animal welfare act that became known in July 2019 have prompted Hochland to revise supply contracts with farmers. The agreements now contain a clause that allows Hochland, as a milk buyer, to take far-reaching measures in the event of proven serious animal welfare violations or justified suspicion.





# Quality and Safety

Management approaches: GRI 416, 417 | FP5

*Our business success is based on the trust shown to us by consumers, the catering trade and the retail trade. We can only justify this trust by means of flawless, high-quality products. That is why we place the highest value on quality and product safety in the entire manufacturing and delivery process.*

It goes without saying that Hochland does everything it can to ensure the consistently high *quality level* of its products. Food safety and product quality are the results of comprehensively planned and controlled processes that begin with the selection and purchase of raw materials and ingredients. Hochland is in close contact with suppliers and dairy farmers to ensure that the raw materials for future products already meet the company’s high standards and the demands of its customers. Hygiene – and therefore consumer safety – is of particular importance in the production process, in which all relevant standards are observed.

### Strategic Quality Management

In 2016, all subsidiaries of the Hochland Group developed a joint *quality management strategy*. In addition to fulfilling legal requirements and industry-relevant standards, Hochland’s strategy is based in particular on a corporate culture in which all employees develop a high level of understanding of food safety and quality and are even more strongly committed to this than before. Hochland has created a *Food Safety Team* for the Heimenkirch and Schongau plants that is dedicated to *protection against manipulation* and *product safety*. Since then Hochland has continued to advance its quality management strategy. In order to develop the *quality culture*, questionnaires will be designed to measure what has been achieved. The Hochland Group has defined a framework for internationally practicable *supplier management*. For Hochland Deutschland this framework also defines a uniform procedure for assessing and selecting suppliers as well as mechanisms to prevent food fraud. In addition, a *food safety standard* valid throughout the country is being developed which will establish uniform *allergen management* and a standardised procedure for assessing *cross-contamination*. Further standards on foreign object management and microbiological environmental controls are planned.

### Food Safety

Hochland makes use of several concepts to ensure the safety of the food it produces. With the help of *Hazard Analysis and Critical Control Points (HACCP)* Hochland is able to identify and avoid potential risks. In addition, the company uses a *traceability system* based on *SAP*, which enables it to trace the origin of raw materials seamlessly. With this system, Hochland also maintains an overview of the raw materials and their sources during the processing of semi-finished products and after the delivery of finished products.

### Controls

Quality management is continuously *reviewed* at Hochland. The company is also guided by international standards. The Heimenkirch and Schongau plants are certified according to the *International Featured Standard Food (IFS Food)*, since 2006 at a *higher level*. Hochland has these certificates regularly revalidated; the organisations carry out annual audits for this purpose. Controls for the confirmation of Kosher and Halal products were carried out by the *Kosher London Beth Din (KLBD)* and the *Islamic Information and Documentation Centre Austria (IIDC)*. Further tests were carried out by the responsible district offices. During the 2017 to 2019 reporting period, the Heimenkirch and Schongau plants were audited a total of 102 times by external auditors.

### Internal Audits

Hochland also carries out *internal* controls. During regular plant inspections, the traceability systems, hygiene in production and the structural condition of the production facilities are checked in particular. In the period under review, a total of 464 internal audits and inspections were carried out at the Heimenkirch and Schongau plants.

### Results

Hochland’s systematic audit system ensures that hidden defects are identified and remedied. Hochland has also invested in technical systems to detect potential problems earlier. Several camera systems have been installed in Heimenkirch for the hard cheese and processed cheese sectors: these can recognise and check foils as well as the printing and codes on packaging.

*»We actually have very few complaints about our products. – Of course we put a lot of effort into hygiene. We train and also sensitise our employees. We are very active in this area.«*

Stefan Mayer,  
Plant Manager Schongau



# Providing Transparent Information

Management approach: GRI 417 | FP8

*Consumers want to know what they are consuming. We think this information is important and are willing to provide more information than required by law through numerous channels.*

Hochland maintains an intensive exchange with consumers. This also includes comprehensive product information with details of product safety, ingredients, raw materials and ingredients and their origin. The latter concerns about 290 raw materials and ingredients<sup>1</sup> – from more than 100 suppliers<sup>2</sup>.

Contact with Consumers

In order to engage in close dialogue with consumers, Hochland installed a new professional *consumer management system* in the period under review. The entire communication with end consumers can be seen there for all responsible departments and can be processed in a bundled manner. This includes all general and product-related inquiries, complaints and competition entries. System-supported communication processes have made Hochland’s procedures simpler and clearer, and the number of multiple processing and errors has been reduced. Trained employees answer inquiries and complaints within an average of 48 hours. *The quality management team* deals with all complaints on a weekly basis and initiates corrective measures.

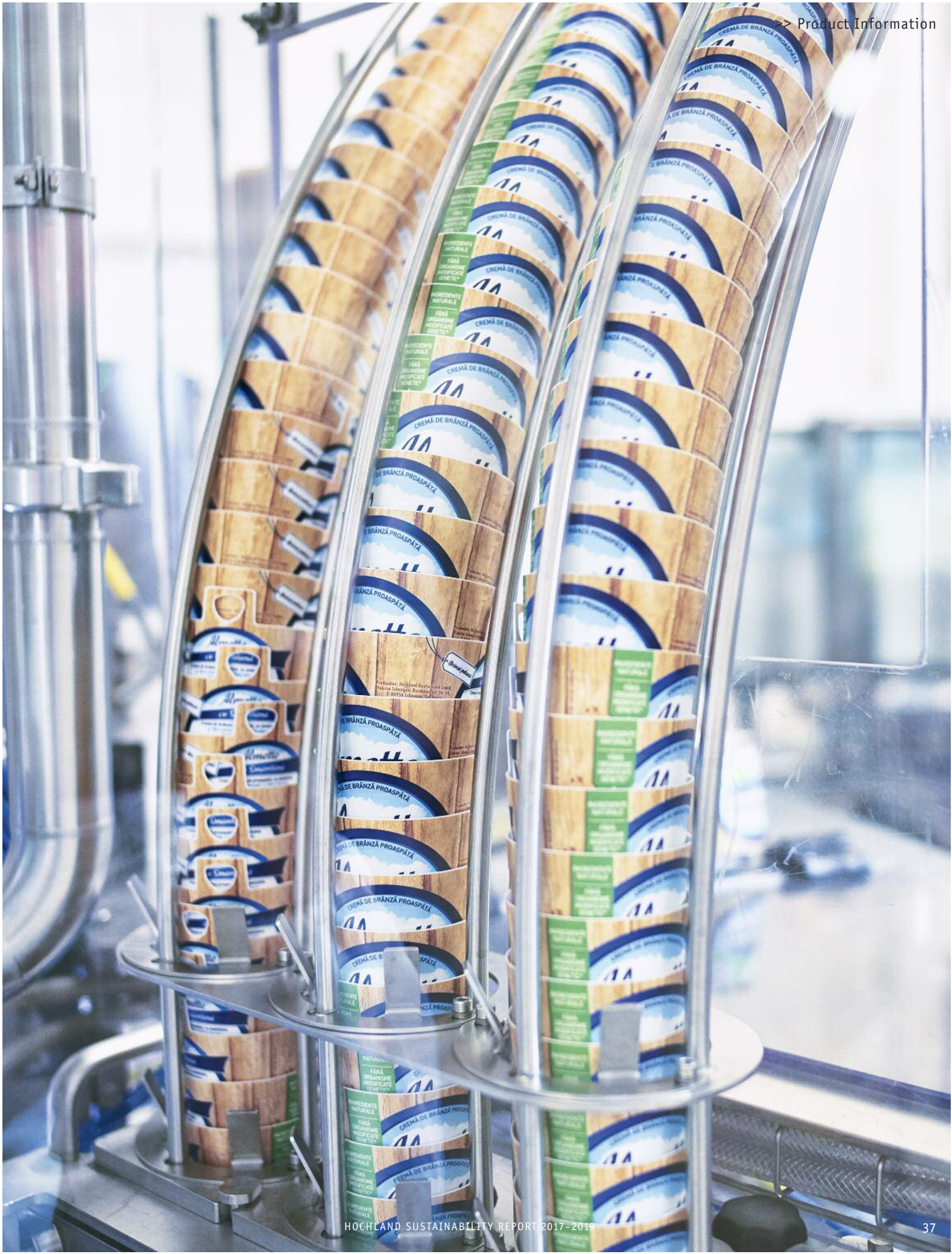
»At Hochland, we have chosen the label of the German Animal Welfare Association because it is already established on the market and relatively well known.«

Werner Giselsbrecht, Commercial Manager and Head of Milchboard

Sustainability Compasses

Hochland strives to view its products *holistically* from the point of view of sustainability and to share this knowledge with consumers. With this goal in mind, the company has created *sustainability compasses* for *Almette* and *Grünländer* brand products in 2015 and 2016. The compasses record all relevant information about the entire value chain of a product. Hochland can thus both more easily identify potential for improvement in the supply chain and work out sustainability aspects in brand communication more transparently.

<sup>1,2</sup>Status September 2019





*»No company that consumes energy and uses natural resources will be able to evade joint responsibility for nature and climate protection in the future. – Especially not us, since we use milk as a raw material, in the knowledge that methane and carbon dioxide are also released during production.«*

Josef Stitzl, Managing Director

We have a commitment towards the environment — especially with regard to future generations



# Conserving Resources and Promoting Cycles

Management approaches: GRI 301, 302, 305, 307 | GRI 102-11, 102-43, 102-48

### Management Approach: Environment

*Climate change* is currently one of the greatest global challenges. A large proportion of global CO<sub>2</sub> emissions are generated in the manufacture and consumption of products and the provision of services. The *conservation of natural resources* is also becoming increasingly urgent. Hochland is aware of its responsibility for the environment and climate and considers the effects of its own actions at its locations and along the entire value chain.

The outstanding importance of environmental and climate protection was also confirmed by stakeholders in the materiality analysis updated in 2019: *a climate-neutral product portfolio, resource conservation and closed cycles as well as recyclable packaging* – that’s what the expectations are at Hochland.

### Topics and Challenges

For the *environment* sector, Hochland has prioritised the topic of *climate protection and CO<sub>2</sub>*. In particular this includes the reduction of energy consumption and CO<sub>2</sub> emissions in production and logistics as well as environmental and climate protection in connection with packaging.

For reasons of transparency, Hochland also reports on the subject of resource protection and in particular on the reduction of resource consumption in the manufacture of cheese products.

### Strategic Approach

Hochland sees its future economic success as directly dependent on the *socially and ecologically responsible use of resources*. For the company, the emphasis is on the word *use* as opposed to *consumption*. For this reason, Hochland draws on the principle of recycling management for the necessary decision-making aids.

Environmental protection and energy management are central aspects of the *A.U.G.En management handbook*. In these guidelines Hochland has summarised binding procedural and work instructions for employees and external partners. The abbreviation stands for occupational safety, environmental, health and energy management. The company takes the above-mentioned aspects into account even during the development phase of new products and when making investment decisions for new processes. For example, Hochland uses engines with the highest possible energy efficiency class in production plants. The requirements of the current energy saving regulations are taken into account during construction measures.

Hochland’s building cooling system which uses spring water, external shading and heating with production waste heat also con-

tribute to energy savings. When procuring new equipment, the company checks whether it is recyclable, as far as this is possible according to the current state of technology.

In an annual assessment, Hochland documents all environmentally relevant key figures, such as consumption volumes of energy, water and raw materials as well as emissions and waste. This evaluation serves as a basis for all decisions within the framework of *A.U.G.En management*.

### Control

Together with teams of auditors, the *environmental managers at each site* ensure that specifications are adhered to and that the necessary measures are implemented. Guidelines are defined by the company management, the plant management and the specialist departments. Thanks to flexible systems, Hochland can adjust or extend targets that have been achieved ahead of schedule. Delays are analysed in order to take effective countermeasures if necessary.

The heads of *Environmental Management, Quality Management and Sustainability and Central Development (Products and Packaging)* report directly to management. Group-wide topics are coordinated with the Board of Hochland SE as required.

All management systems that ensure continuous improvement are established as certified standards – according to *IFS, DIN EN ISO 45001, environmental audit according to DIN EN ISO 14001:2015, energy management system according to DIN EN ISO 50001:2011*.

### Measuring Success

Hochland evaluates all objectives and measures at least once a year by means of a comprehensive written management review. The steps taken in the context of *New Performance Management* are evaluated three times a year in terms of their effectiveness.

»Soon it will be taken for granted that companies produce climate-neutrally.«

Josef Stitzl, Managing Director

## HOCHLAND’S AMBITIONS FOR THE ENVIRONMENT

| ENVIRONMENT  |
|--|
| <i>Ambition:</i> We aim to offer products that inspire our customers while leaving the smallest possible ecological footprint. Our goal is to reduce the emissions resulting from all business activities by at least 31 % by 2030 (base year 2015). |

## TARGETS FOR THE ENVIRONMENT AREA

| Targets 2015/2016  | Status |
|--|--------|
| Hochland reduces packaging material losses along the value chain to a maximum of 1 % (medium-term target 0.5 %). <sup>1</sup>  |        |
| Together with its milk suppliers, Hochland is planning a more sustainable orientation of these farms – to this end Hochland is deriving measures from a survey of all farmers in Schongau. |        |
| Hochland is continuously increasing the share of renewable energies by generating its own electricity and optimising energy procurement.   |        |
| Hochland has reduced its energy consumption per ton of finished goods at the Heimenkirch plant by 20 % (base year 2012).   |        |
| Hochland has reduced its energy consumption per ton of finished goods at the Schongau plant by 20 % (base year 2012).  |        |
| Hochland has reduced its fresh water consumption and waste water volume by 1 % per year. <sup>2,3</sup>  |        |
| Hochland has reduced the amount of its disposal waste at the Heimenkirch site by 2 % per year. <sup>4</sup>  |        |
| At the Heimenkirch and Schongau sites, Hochland will increase the share of recycled paper in total secondary packaging to 90 % by 2018. <sup>1</sup>                                       |        |
| Hochland initiates an international project to reduce cup weight ( <i>Almette</i> brand, international).   |        |
| Hochland determines the CO <sub>2</sub> balance based on an employee survey on what type of transport is used to and from work. <sup>5</sup>   |        |

<sup>1</sup>The objective is no longer pursued due to strategic reassessment.

<sup>2</sup>The original objective was split into two objectives due to strategic reassessment.

<sup>3</sup>Waste water volume was reduced by only 0.288 % in 2019, but was reduced by more than 10 % over the entire reporting period.

<sup>4</sup>In order to ensure better measurability, Hochland has changed the formulation of this target from 2020.

<sup>5</sup>The survey was conducted in 2017 – no new survey was conducted in 2018 and 2019.



| Targets 2020/2022  |
|--|
| Hochland production will be climate-neutral by 2025 – emissions at the sites will be reduced by 50 % (reference year 2018).  |
| Hochland will reduce the climate footprint of its milk by 35 % by 2025 (reference year 2019).  |
| By 2025, all packaging materials will be recyclable at Hochland and will consist of at least 30 % renewable raw materials.   |
| Hochland is continuously working to convert all packaging materials to bio-based, renewable raw materials by 2030  |
| Hochland will implement software to determine the CO <sub>2</sub> footprint of its packaging materials in 2020.  |
| By the end of 2020, Hochland will be converting the plastic content of its <i>Grünländer</i> brand packaging to recyclable films and has set itself the target of acquiring the »Made for Recycling« seal. |
| Hochland will reduce the amount of its disposal waste by 1 % annually.   |



## Protecting Resources

Management approach: GRI 301

*We can only remain economically successful in the long term if we use resources in a socially and ecologically responsible manner instead of consuming them. Decision-making aids draw on the principle of the circular economy.*

As a food producer and refiner of the natural product milk, Hochland is dependent on an intact environment. This provides an important foundation for its business. Using natural resources carefully and economically not only has a positive ecological impact, it is also beneficial economically. Customers and consumers also expect Hochland to treat nature and the environment responsibly.

At Hochland, the careful use of resources affects the following fields in particular:

*Packaging  
Use of resources and waste  
Water*

### PACKAGING

#### Strategic Approach

The most important requirements that Hochland places on its packaging are the *best possible protection* of the products with the *least possible environmental impact*. The company is therefore constantly optimising its packaging in terms of material use and recyclability.

#### Measures

Hochland uses innovative technologies for this purpose and is increasingly focusing on recyclable materials and materials made from renewable, bio-based raw materials. Fields of application for recyclates are tested and, where possible, incorporated into packaging materials. Hochland is also considering the use of materials from chemical recycling.

In 2019, Hochland drew up a *packaging*

*policy* for this purpose, which sets out the above-mentioned objectives. The core objectives are *more sustainable packaging solutions* that reduce the CO<sub>2</sub> footprint and move towards closed-loop recycling – with closed recycling cycles and the reuse of materials. To this end, Hochland looks to deploy packaging concepts that involve the lowest possible use of materials and tries to reduce the packaging waste generated throughout the entire supply chain. Wherever possible, the company uses recyclable materials that are compatible with current recycling systems. Hochland also optimises the outer packaging for transport and distribution with a view to minimising the use of materials. Hochland has been working on the development of bioplastics for its product packaging for several years. In 2014, the company joined a consortium dedicated to research and development in this field.

#### Less Material Input – More Recycling

Consumption of packaging material per ton of finished product fell steadily during the period under review. Hochland has reduced this figure by 2.3 to 6.4 percent annually between 2017 and 2019.

The company also continuously reduced the share of plastic packaging in total packaging material during the reporting period – from around 36 percent in 2017 to around

32 percent in 2019. *Total consumption* of packaging materials increased slightly during the period under review, as the volume of finished goods produced also increased. In the retail sector, Hochland is registering



a trend towards smaller packaging units, which is partly reversing efforts to reduce packaging material. Over the last few years, Hochland's application engineers, in cooperation with film manufacturers, have been able to significantly increase the *proportion of recycled material* in the middle layer of bottom films, which has enabled the proportion of new granulate to be reduced. In addition, film thicknesses have also been continuously reduced. In 2019, Hochland replaced about 530 tons of PET (polyester, polyethylene terephthalate) for packaging thermoforming sheet in the middle layer with *recycled PET*, thus saving the same amount of *newly produced PET (virgin PET)*. For example, the proportion of PET recyclate in packaging trays for the Grünländer brand was gradually increased from zero to



54 percent in 2019. This is only a temporary solution for Hochland. In the next step, the company is already working on completely converting the plastic part of its packaging for the *Grünländer* brand to recyclable films. The aim is to obtain the label *Made for Recycling* by *Interseroh Dienstleistungs GmbH*. Since 2019, the company has tested software that determines the ecological footprint of its packaging. Hochland has also compiled an overview of the recyclability of its packaging. In order to meet the requirements of a retail customer in terms of recyclability,



Hochland has launched a project to coordinate the adaptation of packaging at various production facilities.

WASTE

Strategic Approach

The most important goal of waste management at Hochland is to *avoid* waste wherever possible. Where this cannot be achieved, the company tries to *reduce* the amount of waste. Unavoidable waste is *reused* wherever possible. If this is not possible, it is disposed of professionally. Waste avoidance and reduction protects the environment while at the same time offering economic benefits. At its Heimenkirch and Schongau sites, Hochland has appointed waste officers who advise the management, environmental committees and departmental and shift managers on all matters relating to waste management.

Annual waste balances are the central instrument of Hochland’s recycling management. They document quantities, origin and type of waste. In addition, the company is in close contact with suppliers and specialist waste management companies.

During the reporting period, Hochland was unable to continuously reduce the *total amount of waste* due to increased production volumes. *In relation to the production volume*, however, the amount of waste was slightly reduced. From 2016 to 2019, the amount of waste per ton of finished product fell by around 1.3 percent. The *recycling rate* (the recovery quota refers to material or thermal recovery) for Hochland is above the legally required level of 90 percent.

The company intends to further increase this quota. The total volume of waste (waste for disposal) is to be reduced by one percent annually.

Avoid, Reduce, Separate and Recycle

At Hochland, all waste is separated according to type. Special containers and collection containers are available for this purpose. Organic waste, waste paper and plastics are all almost completely recycled. Together with the environmental officers and specialist companies, Hochland’s waste officers look for ways to conserve resources and achieve the best possible recycling or disposal. The company raises awareness among employees with the aim of ensuring a recycling rate of 95 percent in the long term.

Waste that must be disposed of at the Heimenkirch site is documented in a waste balance sheet. In addition to the classification of waste, the quantities, origin and type of collection are recorded. At the Schongau site, Hochland launched a project in autumn 2018 in cooperation with specialist waste management companies to further reduce, avoid and select production waste. By using suitable software to record the results, the company gains transparent insights into the origin and flows of various waste fractions. Building on this, Hochland trains employees and makes use of targeted optimisation measures.

WATER

Strategic Approach

In many parts of the world, drinking water is a scarce and difficult-to-access commodity. As a company that acts responsibly, Hochland endeavours to handle this resource with care. Food processing companies, especially dairies, consume relatively large amounts of water in production, and the volume of waste water is therefore high. The goal for both plants is to reduce fresh water consumption and waste water volumes by at least one percent annually. For the Schongau plant, the additional ambition is to reduce water consumption by 2.5 percent annually, based on the volume of milk processed. During the period under review Hochland was able to continuously reduce water consumption and waste water volumes in relation to the quantity of finished goods produced. From 2016 to 2019, water consumption per ton of finished product fell by around 14 percent. Hochland also achieved the targets for the individual sites in the reporting period.



NO PLASTICS FROM FERMENTATION SUBSTRATE IN FIELDS

Together with its milk producers, Hochland has banned fermentation substrates from so-called *non-NAWARO plants* (*NAWARO* stands for renewable raw materials) from their fields since January 2019. This applies to residues from biogas plants in which packaged food waste is processed, as plastic particles can find their way into fields and meadows and thus also into the feed cycle and into rivers.



Water from the Region and from Own Sources

Hochland needs water mainly to produce steam, for the manufacturing process and for cleaning and cooling. For reasons of hygiene, German food law requires that only water of drinking water quality be used for cleaning and direct steam heating. Hochland obtains all its production water from the plant regions via the respective water board. Refrigeration and sanitary facilities are considered to be less sensitive areas. Here, mainly company-owned spring water is used. Hochland has two deep wells at its Schongau plant. At the Heimenkirch plant, the com-

pany covers about twelve percent of its water requirements from its own spring.

Separating Waste Water and Disposing of it Cleanly

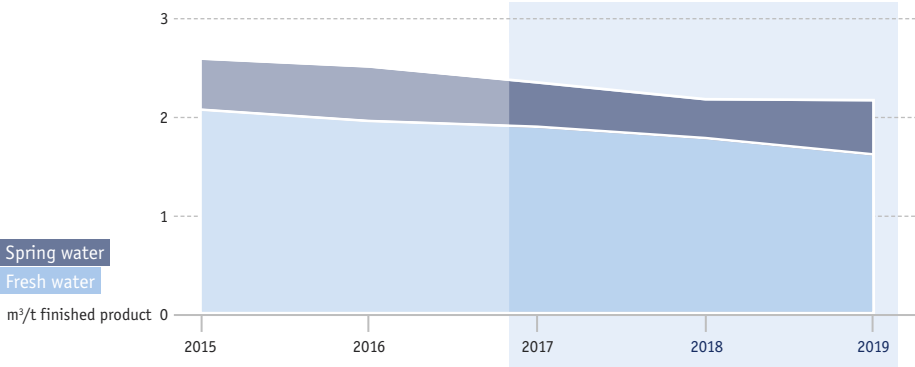
The production waste water is disposed of at both Hochland plants via a completely separate sewer system. At the Heimenkirch site, surface water and waste water are separated. The former is channelled into the Leiblach river. All other waste water goes to the municipal sewage treatment plant. At the Schongau site, the production waste water is treated in the company’s own waste water treatment plant. It may then be discharged

into the nearby River Lech. Only sanitary waste water is discharged into the municipal sewage treatment plant in Schongau. According to official monitoring, no limits of the company’s own sewage treatment plant were exceeded during the reporting period.

Reducing Consumption

In its water management concept, Hochland continuously optimises processes and plant technologies. The company already increased the capacity of the hot water tanks at the Heimenkirch site by 55 percent in the last reporting period. In the current reporting period, a further large tank was converted to store production waste heat, thereby increasing storage capacity by a further 30 percent. Hochland has succeeded in reducing the consumption of fresh water by using water several times. In the new tank, the water heated by cooling systems is stored and used for cleaning purposes, for example. In addition, the amount of waste water is reduced and the production waste heat is used more effectively.

DEVELOPMENT OF WATER CONSUMPTION PER TON OF FINISHED PRODUCT







# Protecting the Climate — Using Energy Efficiently

Management approaches: GRI 302, 305, 307 | GRI 302-1, 305-1

*Reducing CO<sub>2</sub> emissions in order to counteract climate change is one of the central challenges of our time. This applies to us at Hochland, too. Measures for reducing and compensating for our CO<sub>2</sub> emissions are therefore particularly urgent for us.*

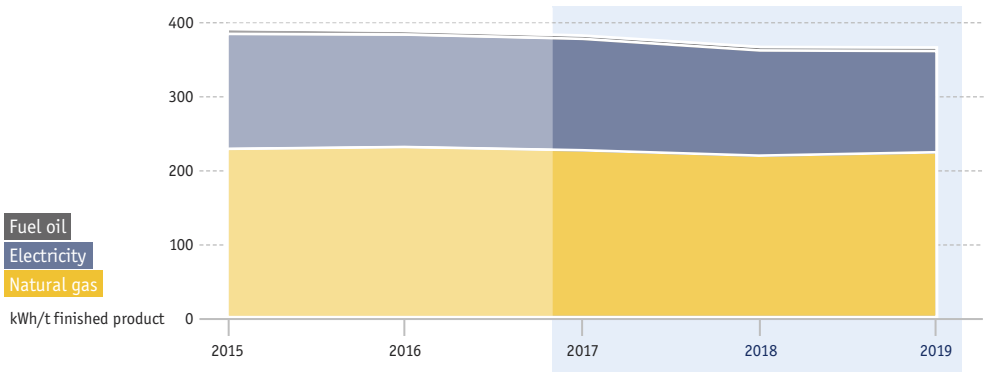
Hochland primarily uses natural gas and electricity as energy sources. By far the largest share of energy consumption is accounted for by the production process. In order to minimise energy consumption, Hochland relies on a combination of innovative technology, resource-saving steps and the use of renewable energies for its products, processes and facilities. This approach is also of economic importance for the company in times of rising energy prices. Hochland intends to reduce its energy consumption per ton of finished goods by 20 percent between 2012 and 2025. The company was not able to meet its original target date of 2020 due to large savings that were already realised before 2012.

Hochland sites have efficient *energy management systems*. The company derives measures to increase *energy efficiency* from the results of regular energy performance assessments, among other things. In 2019, Hochland drew up site climate balance sheets for its plants in order to be able to decide on compensation measures that would make the sites climate-neutral. As a result, the company has *offset all the energy sources* from its production sites in cooperation with

the *Plant for the Planet* organisation, retroactively for the year 2018. Also in 2019, Hochland joined forces with *Plant for the Planet* to set up a climate academy for school children from the region. In the same year, the company switched its electricity procurement to *100 percent green electricity*.

Hochland uses environmental and energy management systems that are audited annually. These are established as certified standards – according to *ISO 50001:2011, EMAS III, ISO 14001 + Cor. 2009, and in accordance with BS OHSAS 18001:2007*. Since 2019 also according to *ISO 45001:2018*, which replaces *BS OHSAS 18001:2007*.

## DEVELOPMENT OF ENERGY CONSUMPTION PER TON OF FINISHED PRODUCT



### Energy-Saving Measures

Hochland always strives to use the most energy-efficient technology possible. At both locations, older pumps and motors were therefore systematically replaced by more efficient models during the reporting period. At the Schongau site, Hochland has replaced the previous lighting with fluorescent bulbs, in production and administration, with more energy-efficient LED lighting.

At the Heimenkirch site, the company has renovated part of the administration building with around 180 workplaces. Among other things, energy-saving measures were implemented there: a fully heat-insulated facade, window panes with heat filter, external shading, energy-saving individual workplace lights, motion detectors and day-light sensors for light control, complete LED lighting, room cooling with spring water, heating with waste heat from production and energy-efficient ventilation. A photovoltaic system is used to generate renewable energy. The company also installed a new, more efficient refrigeration system at the Heimenkirch site in the period under review, which saves around one million kilowatt hours of electricity per year compared to the old system.

### Environmentally Friendly Energy Supply

Since 2019, Hochland has only purchased green electricity from renewable sources. At the Schongau site, the company produces electricity for three of its own combined heat and power plants.

### Evaluating Energy Demand

For the Schongau site, the goal for Hochland, based on the year 2012, was to reduce the total energy requirement *per ton of processed milk* by 20 percent by the end of 2020. The annual milestones were achieved during the reporting period. The target for the Heimenkirch site was to reduce the total energy requirement *per ton of finished goods* by 20 percent by the end of 2020, based on the year 2012. The annual milestones were not achieved every year during the reporting period.

## LOGISTICS AND MOBILITY

### Strategic Approach

Efficient logistics are an important part of Hochland’s environmental strategy. When transporting raw materials and finished products as well as when employees travel to their workplace, emissions are generated which the company would like to reduce.

### Optimised Planning

Trucking companies which are longstanding Hochland partners handle the delivery of raw materials and the transport of finished products. Hochland is also trying to further shorten the distances involved in milk collection by means of optimised route planning. When delivering products, the company tries to transport more goods with fewer vehicles through intelligent planning. This saves fuel and thus also emissions.

Hochland has an extensive product portfolio at its Heimenkirch location. There are conflicts of interest here, because in some cases there are no suppliers available in the region for special raw material qualities. As a consequence, Hochland has to accept longer transport distances.

### Employee Mobility

To reduce the amount of travel for Hochland employees, *video conference rooms* are available at all locations and the company-wide offer of holding digital *»Teams« meetings*. Should business trips nevertheless be necessary, employees are encouraged to use the *most environmentally friendly means of transport*. If possible, *car pools* are to be formed for journeys with company vehicles, which can be organised unbureaucratically via the company’s own intranet. Since 2019, there have been specially designated parking facilities for car pools, which



reward car pool drivers with conveniently located parking spaces. For its own vehicle pool, Hochland purchased two *electric vehicles* and installed eight charging points in 2017. The charging facilities are available to employees and guests.

For *company cars*, Hochland’s car policy features a bonus and sanction ruling depending on CO<sub>2</sub> emissions. For purely electric vehicles, the company grants an additional bonus as well as an additional financial benefit for the installation of a private wall box. The first electric vehicle has been in use as a company car since 2019. In future Hochland will work with an external service provider for operational fleet management in order to further optimise this area, particularly with regard to CO<sub>2</sub> emissions.

Hochland uses largely electrically operated forklift trucks and industrial trucks for transporting goods and materials within the plants.



# Working at Hochland — an Active Contribution to Health and Well-Being



»We are proud of our Hochländer and we want them to be healthy and feel good. That is why we promote health and occupational safety. This works best if the employees also take responsibility for their own resources. In this way we can create sustainable values together.«

Nis Nürnberger, Managing Director



# Promoting Health and Satisfaction

Management approaches: GRI 201, 401, 403, 404 | GRI 102-43, 102-48

### Management Approach: Employees

The fact that work must not make people ill is so self-evident that there is no need to discuss it. However, Hochland would like to take this idea further and ensure that work actively contributes to the health and satisfaction of its employees.

*Good working conditions, health and safety at work, equal opportunities and training offers with regard to sustainability* – this is what is demanded of Hochland. The company identified these factors in a stakeholder survey in 2019.

### Topics and Challenges

Hochland wants to continue to be an attractive employer for its employees in the future, too. For the area *employees* Hochland has prioritised the topic of *health and occupational safety*. For reasons of transparency, Hochland also reports on the topics of corporate culture, remuneration and social benefits, education and training, career and family as well as employee commitment.

### Strategic Approach

Hochland sees its employees as the key to its success. That is why the company wants to enable them to carry out meaningful work in an environment that promotes healthy working and living. Hochland is trying to achieve this goal by means of constant measures for promoting health and safety at work, as well as employee participation. The company is working just as consistently to enhance its attractiveness as an employer, too. Both areas are to contribute to making Hochland a flagship company for the German food industry.

*Attractiveness as an employer* is an important goal as part of Hochland’s corporate strategy. Hochland has developed its current *human resources strategy* based on this and other strategic goals. The strategy is set out for three years, reviewed annually and adjusted if necessary. Hochland has divided its current *human resources strategy*, for the years 2019 to 2021, into four focus areas:

- Support transformation
- Adjust, develop, maintain
- HR Business Excellence
- Cross-departmental HR projects

For Hochland it is important that its employees reflect a cross-section of society. Diversity in the company therefore means not only equal opportunities for women, men and other genders, but also equal opportunities regardless of origin, age, religion, sexual orientation or disability. Hochland regards the *General Equal Treatment Act (AGG)* as the basis and is implementing further and more far-reaching mea-

sures regarding equal treatment. Hochland has laid down the rules of respectful coexistence in the *Code of Conduct* and the *Guidelines for Leadership and Cooperation*. There is a contact point in the company for problems and complaints. Here the concerns of those affected are listened to. Hochland is convinced that cooperation based on trust can only develop if the interests of employees and employers are taken into account on an equal footing. The company therefore relies on constructive cooperation with employee representatives and dialogue on an equal footing. Works councils, as representatives of the employees, are represented on the Supervisory Board of Hochland Deutschland as well as on the Economic Committee.

»What is important to us and what will become increasingly important in the future are further education, diversity and equality.«

Nis Nürnberger, Managing Director

### Control

The Head of *Human Resources* reports directly to the management. The board level of *Hochland SE* is involved in issues of overriding importance. *Personnel development* at Hochland is a separate department with five people. Their job is to plan and implement training and further development measures in the company. As part of the *Objectives and Key Results* cycle, the results are compiled, reviewed and discussed regularly by the *Human Resources team*.

### Important Projects

Strategically important goals, whose implementation Hochland began in 2019, were an *employer branding strategy*, a new *concept for personnel and organisational development* and an *initiative to digitise the human resources area*. For 2020 and 2021 Hochland is planning to advance its *employer branding strategy*, review the *working time models*, advance the *demography concept* and develop a *company health management concept*.

### Measuring Success

Hochland continuously sets itself targets with regard to its human resources strategy. These are evaluated at least once a year in terms of their effectiveness as part of the *New Performance Management* initiative. In addition, Hochland, in cooperation with the *Great Place to Work* survey, conducts employee surveys every three years.

## HOCHLAND’S AMBITION FOR THE EMPLOYEES AREA

| EMPLOYEES  |
|--|
| <i>Ambition:</i> Our employees are our key to success and we want to offer them meaningful work in a health-promoting environment. That is why we are continuously taking measures to promote health, occupational safety and employee participation |

## TARGETS FOR THE EMPLOYEES AREA

| Targets 2015/2016   | Status |
|---|--------|
| Hochland is promoting the health rate by improving workplace ergonomics at the Schongau site. <sup>1</sup>    |        |
| Hochland is promoting the health rate by improving workplace ergonomics at the Heimenkirch site. <sup>1</sup> |        |
| Hochland takes part in the <i>Great Place to Work</i> survey every three years (next participation in 2019).  |        |
| Hochland organises annual <i>Sustainability Days</i> at the Heimenkirch and Schongau sites. <sup>2</sup>      |        |

<sup>1</sup> In order to ensure better measurability, Hochland has changed the formulation of this objective from 2020.

<sup>2</sup> In order to ensure better measurability, Hochland has changed the formulation of this target from 2017 and is adapting it again from 2020.



| Targets 2020/2022  |
|--|
| Hochland implements at least 20 ergonomic measures per year to protect the health of its employees.  |
| Hochland’s new canteen concept offers a sustainable, healthy and tasty range of food – from 2020 Hochland is introducing a meat-free day and reducing food waste (comparison year 2018).   |
| <i>Additional target:</i> The participation rate of employees in the Great Place to Work survey remains the same or increases (compared to the previous survey).   |
| From 2020, Hochland will organise one sustainability event per year for its employees and will increase the number of participants from the current total of 350 people at both locations (in 2019) by 50 people per year – from then on the level will be maintained at 500 participants. |



# What Constitutes the Core of Hochland

Management approach: GRI 412

Many of our employees see themselves as Hochlanders. This identification with the company is an expression of a strong sense of belonging and is a powerful mark of distinction for us.

Hochland is a family-owned company that is guided by clear values. Respect and fairness in dealing with each other as well as orientation towards customer needs and high quality standards form the basis of our corporate culture. The company management is well aware of how important its employees are in achieving economic success. This means *attractiveness as an employer* is a key strategic parameter within the corporate strategy. To this end, Hochland has a personnel policy that rewards and promotes employee commitment. This includes fair remuneration, above-average social benefits, opportunities to combine work and family life and to work in an age-appropriate manner. Hochland sees equal opportunities,

diversity, training and professional development as prerequisites for sustainably developing the company. *Lifelong learning, systemic knowledge* and *personal development* are becoming increasingly important due to demographic and technological developments.

### Communication and Participation

Trust and openness form the basis of communication at Hochland. Employees are always kept up to date on important developments. For this reason Hochland uses all available communication channels, such as company and

departmental meetings, circulars, posters, employee newspaper and the intranet. Hochland shapes its corporate culture in many key areas in a participatory manner.

We know that we have to look hard to find new talent.«

Nis Nürnberger, Managing Director

Employee participation is reflected, for example, in the process of drawing up *Vision 2025*, which incorporated suggestions from a broad base of employees.

### Feedback Mechanisms

Hochland regards a functioning feedback culture as an essential factor for a motivating working environment. This is supported by annual staff appraisals, feedback questionnaires on all further training events and regular employee surveys. In the management circle, Hochland has been working with *360 degree feedback* for many years to objectively assess management and leadership skills.

Flat hierarchies and short decision-making paths also help ensure that the workforce can work with a high degree of autonomy. Hochland expressly encourages employees to contribute their skills to the company – this can be done, for example, through the company suggestion scheme.

### Satisfaction as a Success Factor

To ensure the high quality of its products, Hochland relies on employees who feel comfortable in their working environment. To this end, the company promotes personal dialogue and

open exchange, both about positive aspects and potential for improvement. For the professional and personal development of its employees, Hochland relies on training programmes tailored to their needs. Hochland demands and promotes an open and appreciative working atmosphere.

The fact that *Hochlanders* feel at home is reflected in a *low rate of fluctuation* – between 3.2 and 6.2 percent in the period under review – and in a high proportion of employees who have been with Hochland for more than ten years. The fluctuation rate increased during the reporting period. This is primarily due to the increased share of temporary help. The average length of service in the reporting period was between 13.6 and 14.5 years.

### Diversity as an Opportunity

Hochland sees cultural *diversity* as an opportunity and an enrichment for a creative and inspiring working environment. At the time of publication of this report, the company employs people with roots in about 38 different countries. For Hochland it is important to bring together different mentalities, cultures and perspectives in an atmosphere of partnership where there is no room for discrimination or for violations of human dignity. The company focuses on

tolerance, integration and inclusion. In 2019, 4.5 per cent of Hochland's employees were severely handicapped (degree of disability at least 50 percent or equivalent employees with a disability degree of at least 30 percent). For employees with disabilities there is a separate representation of interests within the company with contact to the management and the medical officer. Hochland is committed to helping refugees.

At the end of 2018, Hochland joined the Entrepreneurial Initiative *Right to Stay through Work*. Currently, about 15 people with a refugee background are employed in the company.

There was no information or indication that Hochland was directly or indirectly involved in human rights violations or discrimination during the reporting period.



## ASSESSING ATTRACTIVENESS AS AN EMPLOYER

Hochland also has its employee satisfaction assessed *externally* in order to obtain as objective a picture as possible. In the *Great Place to Work* survey, employees are surveyed in detail about their employer every three years. In a 2019 survey the company was named one of the 100 best employers in Germany in 2020. Hochland came *21st* in the category of *companies with 501 to 2000 employees*. Hochland is publicly perceived as a responsible employer: for example, the news magazine *Focus*, in cooperation with *Statista*, the professional network *Xing* and the em-



ployer assessment portal *kununu*, Hochland once again identified the company as being one of the most attractive employers in Germany in 2019 and awarded it the title *Focus Top National Employers*.





Temporary Staff,  
Interns  
and Trainees

Providing  
for the Future

# Giving and Taking Fairly

GRI 102-41, 201-3

*It is part of our corporate culture to allow employees to participate in the company's success, to which they make a decisive contribution. Performance-related pay and comprehensive social benefits are therefore a matter of course for us.*

The majority of the approximately 1620 employees, around 93 percent, are paid by Hochland on the basis of the *collective agreement for the dairy industry in Bavaria*, including holiday and Christmas bonuses. The collective agreement defines gender-independent criteria for job evaluation and the associated remuneration, so that *equal pay* regardless of gender is already laid down in the collective agreement system. The remaining seven percent, who are not covered by collective agreements receive market and performance-appropriate remuneration, with an attractive base salary. *All* employees of Hochland are entitled to a *share in the profits*, depending on the pre-tax result of the Hochland Group.

Hochland is a member of the *employers' association of the Bavarian food industry* and represented on the respective collective bargaining commissions. In order to find competitive solutions, management and employee representatives are in close contact. The most recent collective bargaining increase of 2.6 percent was implemented in October 2019. In order to ensure *fair pay*, the salaries of employees in the technical departments in Heimenkirch and Schongau were reviewed in 2018 and adjusted where necessary.

*Long-term working relationships* based on trusting cooperation are an important success factor for Hochland. In order to be able to bridge bottlenecks during peak periods or holidays, temporary employees relieve the permanent staff. Many temporary employees make use of their work period at Hochland to gain a permanent foothold in the company. In the reporting period 2017 to 2019, Hochland took on a total of 178 people as permanent employees. Interns who work for the company for more than three months receive the statutory minimum wage, regardless of whether the internship is voluntary or compulsory. Hochland attaches great importance to the responsible use of temporary work. The current rate of temporary workers was four percent in the reporting period. Hochland has significantly improved the framework conditions for temporary workers and increased the hourly wage to 12 euros (13 euros after six months). This remuneration is significantly higher than collectively agreed and exceeds statutory requirements.

Hochland continues to look after its employees after they have left the company. For more than 50 years, Hochländers have benefited from a company pension scheme comprising old-age, disability and survivors' pensions. As a collective agreement benefit, Hochland has paid 700 euros per year into the pension fund for full-time employees, and 800 euros per year since 2017. Proportionate amounts apply to part-time employees. As an *additional company pension scheme*, Hochland *voluntarily* pays its employees 1 000 euros net per year. Since 2017, it has been possible not just for groups of employees but also *individual employees* to pay into the pension fund. New employees are automatically included in the group accident insurance. This also extends to private life.



# Education as a Basis

Management approach: GRI 404

For us, competent and motivated employees are a prerequisite for innovative products and a high level of quality. In times of demographic change, we are challenged to find and train young talent as well as to train and qualify the entire workforce.

In Hochland's guidelines for leadership and cooperation, *learning and support* are anchored as central tasks. Hochland's personnel development offers all employees training and professional development opportunities and thus the chance to achieve individual goals and thereby increase personal satisfaction.

### Hochland as a Training Company

The company not only trains young people with the aim of securing the next generation of employees. Hochland sees it as part of its social responsibility to offer young people a demanding training programme and thus the chance of a secure future. In 2019 Hochland employed 69 trainees and students. This makes the company one of the largest training companies in the Allgäu region and in Upper Bavaria. Hochland provides training in nine dairy, technical and commercial professions. In addition, there is the apprenticeship as a *cook* in the company canteen. Hochland offers young people the opportunity to build up and develop social skills by applying a *holistic training approach*. After completing their training, they are generally taken on for a limited period of two years, although Hochland generally aims to take them on into permanent employment. In addition, in cooperation with the *Baden-Württemberg Duale Hochschule Cooperative State University*, the company offers young people the opportunity to complete a dual course of study.



### HOCHLAND DAIRY ACADEMY

At the *Hochland Dairy Academy*, specialist knowledge about the central raw material, namely milk, is imparted and the practical work of farmers is examined. Based on this knowledge, future challenges of milk production are analysed. So far, around 80 employees from management, marketing and sales have taken part in the Milk Academy.

### Learning at All Levels

Hochland offers its employees numerous opportunities for *training and professional development*, including language courses, specialist seminars and project management training. The company encourages job rotation and departmental changes as well as international exchanges to broaden the skills and personal horizons of its employees. Within the framework of various development programmes, Hochland supports both experienced and junior executives. Hochland offers suitable applicants the possibility of further training to become a dairy master.

### Training and Professional Development Measures

Since 2018, one focus of the work of *human resources development* has been to make Hochland fit for the future as a learning and adaptable organisation. The department organises around 50 internal training courses and advanced training sessions a year with a total of around 500 participants. In the period under review, Hochland increased expenditure on training from around 550 000 euros per year to approximately 700 000 euros.







## Working Time is Lifetime

*A balanced relationship between work and private life is a prerequisite for motivated and satisfied employees. We see it as part of our responsibility to support employees in realising their life plans.*

As a family-owned company Hochland is always striving for solutions as to how to combine career and family. In particular, employees with children or dependent relatives need a workplace where they can adapt working hours to their personal needs. Whenever possible, Hochland takes into account the individual wishes of its employees.

Flexible  
Working Time  
Models

During the period under review, between 21 and 32 percent of employees worked part-time, including temporary contracts. Of these, between 38 and 43 percent were men, and this trend is increasing. All employees covered by a collective wage agreement are subject to flexitime regulation. The associated works agreement promotes personal responsibility and grants more freedom with regard to individual time management. Employees also benefit from models for partial retirement. Hochland has committed itself to annually review whether partial retirement can be granted. The company has regularly fulfilled this voluntary commitment by providing 25 years of part-time work for older employees each year. In the period under review, Hochland enabled 21 employees aged between 56 and 63 years to switch to partial retirement.

Hochland offers employees in the commercial sector as well as managers the opportunity to work from home at times. Hochländer who live a long way from their workplace can be supported by offering *home office* work. Thanks to the help from temporary workers, Hochland can arrange for leisure time compensation in an accommodating manner even during the summer months. An internal regulation ensures that social aspects are taken into account. In addition, Hochland offers all employees the option of 20 days' unpaid leave per year.

*»Working hours are hours of your life. – I find the term work-life balance misleading, because that would mean that work has nothing to do with our lives.«*

Josef Stitzl, Managing Director

Time  
for Children

Supporting mothers and fathers is a special concern of Hochland. That is why Hochland's commitment goes far beyond the legal requirements. The company develops creative solutions for parental leave substitutions, part-time parental leave and parental leave returnees. Hochland employees can terminate or extend their parental leave early as required. Partner months for fathers are made use of as well as part-time options of up to 30 hours per week. In the period under review, a total of 143 employees took parental leave, almost nine percent of whom were men. Hochland regularly offers a summer holiday programme for employees' children at the Heimenkirch site.



# Work That Keeps You Healthy

Management approach: GRI 403

*Good working conditions, health and safety at work are very much in our own interests as a company.*

Prevention plays an important role in health and occupational safety. Hochland promotes the well-being of its employees with ergonomic workplaces, health promotion, measures to encourage exercise and healthy eating as well as catering in its own company restaurants. The *Berufsgenossenschaft*

age reduction in body fat of 1.8 kilograms per person. The high dropout rate was rated less highly – of the original 87 participants, only 39 stayed on until the end of the project. Hochland therefore aims to rethink and modify the framework conditions for similar schemes in the future.

### 100 Percent Safe Actions Pilot Project

Unsafe actions in operational processes can result in hazards and consequently accidents. The aim of the project, which was launched in November 2018, is to prevent unsafe actions and thus further minimise the risk of accidents. Together with an external partner, Hochland has developed a concept for *changing attitudes and behaviour in occupational safety*. Managers were trained and an information event was held for all employees taking part in the pilot project. The project was initially limited to the processed cheese packaging area at the Heimenkirch plant. Safe and unsafe actions were observed and documented in the work area. Employees

received feedback on their actions, successful actions were highlighted and measures to avoid unsafe behaviour were defined. Participating employees and managers provided positive feedback, especially on the *learning processes* achieved by this project. The project will be continued from February 2020 for *all* employees in the production area at the Heimenkirch and Schongau plants.

### First Aid and Fire Protection

Unfortunately, Hochland has not yet succeeded in *completely* preventing accidents at work. In 2016, the *LTA rate* (number of occu-

pational accidents per million hours worked) was reduced significantly to 12.3 compared to the previous year. During the reporting period, the LTA rate initially increased, but then fell in 2019. To be prepared for emergencies, Hochland trains first-aiders and fire protection helpers. In each case, there are considerably more helpers active than are required by law.

### Health Promotion

In 2002 Hochland introduced a comprehensive company health management system for the Heimenkirch and Schongau sites and appointed separate health officers for each of the two sites. Together with the medical officers, the company also organises preventive medical check-ups. Hochland has implemented a new medical officer concept. Since 2018, several medical officers have been working at both plants. In the period under review, the technical equipment of the medical officers was expanded so that all necessary preventive medical check-ups can

now be carried out directly on site. In addition, know-how in the field of modern industrial medicine was expanded. Professional advice can now also be given on the topics of workplace glasses and vaccination issues. A flu vaccination campaign has been in place at all sites for several years. The vaccination can be taken during working hours and is financed by Hochland. Other health promotion measures during the reporting period included first-aid courses, sports tournaments, running groups,

fitness courses, motivational schemes for employees who come to work *on foot* or *by bicycle*, discounts for visits to fitness studios and other offers to promote exercise, relaxation and healthy nutrition. Hochland's efforts in this area have not yet paid off in the short term. The health rate remains at an almost constant level.



*Nahrungsmittel und Gastgewerbe (trade association for the food and catering industry)* confirms that Hochland is on the right track here. In 2017, 2018 and 2019, it once again certified that *occupational safety* and health prevention at Hochland far exceed the statutory requirements. The award is linked to a bonus, which the company invests to optimise working conditions further.

*Two pilot projects on health and safety at work are representative of a large number of measures:*

### Exercise and Health Pilot Project

The impetus for the *Exercise and Health* project came from the *Great Place to Work* survey. The health of the 87 voluntary participants was to be promoted through sporting activities and sports medical care with nutritional advice, training plans and performance diagnostics. Hochland launched this pilot project in January 2019, initially for the raw materials production area at the Heimenkirch plant.

There are many employees with musculo-skeletal problems in this area especially. The anonymous evaluation of the project showed an increased awareness with regard to exercise and body awareness as well as an aver-



### Nutrition

Hochland also sees *catering* for employees as an important component of preventive health care. The company restaurants prepare fresh and varied dishes every day. The restaurants are subsidised by Hochland, so employees pay only 3.50 euros for a complete main meal. Hochland has developed a new concept for the company restaurants. Since 2018, the kitchen

has been focusing on sustainable offerings to an increasing extent. In addition to regional and seasonal fruit and vegetables, the Schongau site purchases organic quality meat from a social institution in the neighbourhood. Theme weeks, vegetarian and occasionally vegan dishes, muesli weeks and free apples provide a healthy diet.



### Reducing Noise Pollution

Noise can also lead to health problems. For this reason, Hochland takes situation-dependent measures to limit noise, over and above the legal requirements, starting at a noise level of 80 decibels. The company makes sure that the employees concerned use the hearing protection provided. Preventive medical check-ups, hearing tests and training are also mandatory for employees working in noisy areas.

### Tested Safety

Hochland's occupational safety management is *certified according to ISO 45001:2018*. The company continuously identifies potential sources of danger together with auditors. Identified risks are minimised wherever possible by means of suitable preventive measures. Hochland consistently gets to the bottom of the causes of any accidents and does its utmost to eliminate them.

### Impart Knowledge

In order to minimise risks, Hochland considers it important to plan ahead, particularly in the area of *health and safety at work*. Hochland therefore sensitises employees about these issues and provides basic knowledge in training courses.

### Ergonomics in Production and Administration

The adaptation of working conditions to the needs of people can contribute significantly to the health of Hochland employees. This is why the company focuses on ergonomically designed workstations. In addition, Hochland offers training courses on ergonomic optimisation for managers in production and technology as well as for designers of production plants. During the reporting period, Hochland implemented numerous measures to improve ergonomics. Especially activities

such as lifting and carrying are now technically supported in many places. Many production motion sequences have been changed in such a way that they are no longer a physical burden.

For the administrative area at the Heimenkirch site, Hochland has invested around 260 000 euros in purchasing 300 height-adjustable tables so that employees can work in a standing position. The company has taken measures to improve room acoustics and lighting quality and has carried out CO<sub>2</sub> measurements in offices. In 2019, Hochland, in cooperation with the *AOK health insurance*, optimised office workplaces with regard to ergonomic aspects.



Employees at *desk workplaces* received practical advice on how to handle height-adjustable tables and suggestions for easy-to-implement improvement measures at the workplace.





# Committed Hochland Employees

*We stand by our social responsibility. Shareholders and employees also actively carry the values of our company into society through voluntary commitment for charitable purposes.*

Hochland’s corporate culture supports social and charitable activities and creates space for them. Fundraising campaigns and volunteer work often focus on disadvantaged children and young people. The company is currently working on a new donation strategy. *See also → the chapters: Corporate Governance → Social Commitment.*

### Diligent Donors

It is a tradition for Hochländer to organise their own fundraising campaigns within the workforce. In 2018, for example, almost 8 000 euros were collected from various activities. The donations went to institutions such as the *Förderkreis für krebserkrankte Kinder im Allgäu* (charity for children with cancer), the association *Sympathiehunde in Kießlegg*, the children’s hospice *Bad Grönenbach* and the *Kinderbrücke Allgäu*. A part of the donations went to the campaign *Gemeinsam für Alois* (Together for Alois). In cooperation with the *German Bone Marrow Donor Registry (DKMS)*, stem cell donors were sought for a colleague who was ill – and people



suffering from blood cancer worldwide. *Company typing of stem cell donors* took place once during the reporting period. Hochland assumed the laboratory costs incurred.

The *running team* at the Heimenkirch community market festival is also a tradition. Hochland pays the entry fee and provides running jerseys. For each round that is completed, an amount is donated to social institutions or projects in the area.

### Active Hochland Employees

Many employees are active in *helper groups for refugees*, or in the working group *Schule Wirtschaft* (school/economy), where they provide career information and help with application training. Parts of the workforce are also represented in sports clubs, music bands, local politics and the volunteer fire brigade. Hochland supports this commitment. Members of the volunteer fire brigade, for example, are always released from work for their assignments.

### With Ownership Comes Responsibility

The owners of the company are also very aware of their social responsibility. Thus numerous local projects in the social sector have been and are being financially supported. The focus here is on measures with long-term effects to provide more equal opportunities, especially for children and young people from socially disadvantaged families or those disadvantaged by personal fate. Many projects are therefore created in cooperation with schools in the region. Examples are socio-pedagogical support, mediation of conflict resolution strategies or cooperation with a music school to promote the musical education of children. In addition, Hochland’s shareholders work together with organisations that focus on promoting the development of children, such as the Child Protection Association or the Kreisjugendring (district youth association). One of our concerns here is to support children and young people in such a way that they are strengthened in their personalities and acquire a school-leaving certificate, thereby ensuring they have the prerequisites for successful vocational training. In this way, the Hochland shareholders wish to take account of the fact that the success of the company is also based on its well-trained employees.





Key Figures

GRI 102-7, 102-8, 102-48, 301-1, 302-1, 305-1, 401-1, 404-1 | FP1, FP5

Hochland presents its sustainability performance in transparent form using key figures.

The following table lists the most important data from relevant areas for the years 2017 to 2019. Unless otherwise indicated, all information refers to *Hochland Deutschland GmbH* with its plants in

*Heimenkirch* and *Schongau*. The figures have been rounded, which may lead to minor deviations in the totals. Due to new methods of collecting the key figures, there may be discrepancies between the figures stated here and those already published. The employee figures stated refer to the status as of 31 December of each year.

KEY FIGURES HOCHLAND DEUTSCHLAND GMBH

| Finances                                |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|
| Revenues in millions of euros           | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total revenues                          | 744.6   | 742.3   | 806.4   | 811.4   | 851.5   |
| Domestic revenues                       | 544.8   | 539.6   | 570.7   | 556.1   | 574.7   |
| Foreign revenues                        | 199.8   | 202.7   | 235.7   | 255.3   | 276.8   |
| Investments                             | 10.1    | 11.8    | 10.2    | 14.8    | 21.7    |
|   |         |         |         |         |         |
| Products                                |         |         |         |         |         |
| Quantities in tons                      | 2015    | 2016    | 2017    | 2018    | 2019    |
| Sales volume <sup>1</sup>               | 160,999 | 167,061 | 165,455 | 165,877 | 171,764 |
| Produced finished product               | 230,822 | 239,939 | 244,132 | 263,255 | 271,010 |
| Quantity of milk processed <sup>2</sup> | 228,000 | 233,345 | 237,746 | 254,633 | 263,537 |
|   |         |         |         |         |         |
| Environment                             |         |         |         |         |         |
| Energy                                  |         |         |         |         |         |
| Energy consumption in MWh               | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total energy consumption in MWh         | 89,336  | 92,648  | 92,839  | 95,812  | 98,669  |
| Electricity in MWh                      | 35,947  | 36,583  | 36,631  | 37,101  | 37,118  |
| Natural gas in MWh                      | 53,231  | 56,065  | 56,208  | 58,614  | 61,444  |
| Fuel oil in MWh                         | 158     | 20      | 12      | 97      | 107     |
|   |         |         |         |         |         |
| Energy cons. in kWh/t fin. product      | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total energy consumption                | 387.0   | 386.1   | 380.3   | 364.0   | 364.0   |
| Electricity                             | 155.7   | 152.5   | 150.1   | 140.9   | 137.0   |
| Natural gas                             | 230.6   | 233.7   | 230.2   | 222.7   | 226.7   |
| Fuel oil                                | 0.7     | 0.1     | 0.1     | 0.4     | 0.4     |
|   |         |         |         |         |         |
| Renewable energies                      | 2015    | 2016    | 2017    | 2018    | 2019    |
| Share of renewable energy in %          | 22.48   | 21.21   | 21.24   | 21.51   | 21.07   |
|   |         |         |         |         |         |

| Environment  |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|
| CO <sub>2</sub> balance                            |         |         |         |         |         |
| CO <sub>2</sub> emissions in tons                  | 2015    | 2016    | 2017    | 2018    | 2019    |
| CO <sub>2</sub> emissions (direct)                 | 15,176  | 15,797  | 15,092  | 16,088  | 16,041  |
| CO <sub>2</sub> credits                            | -1,588  | -1,675  | -1,601  | -1,583  | -1,793  |
| CO <sub>2</sub> balance (total)                    | 13,588  | 14,122  | 13,491  | 14,505  | 14,248  |
|  |         |         |         |         |         |
| CO <sub>2</sub> emissions in kg/t fin. product     | 2015    | 2016    | 2017    | 2018    | 2019    |
| CO <sub>2</sub> emissions (direct) <sup>3</sup>    | 65.75   | 65.84   | 61.82   | 61.11   | 59.19   |
| CO <sub>2</sub> credits <sup>3</sup>               | -6.88   | -6.98   | -6.56   | -6.01   | -6.62   |
| CO <sub>2</sub> balance (total) <sup>3</sup>       | 58.87   | 58.86   | 55.26   | 55.10   | 52.57   |
|  |         |         |         |         |         |
| Water and sewage                                   |         |         |         |         |         |
| Water quantities in m <sup>3</sup>                 | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total water consumption                            | 601,685 | 608,563 | 576,610 | 577,870 | 593,991 |
| Fresh water  | 484,606 | 475,405 | 467,599 | 476,393 | 444,358 |
| Spring water                                       | 117,079 | 133,158 | 109,011 | 101,477 | 149,633 |
| Waste water  | 538,928 | 547,099 | 550,089 | 533,912 | 548,565 |
| Waste water own sewage treatm. plant <sup>2</sup>  | 427,542 | 427,740 | 441,064 | 424,533 | 437,041 |
| Waste water municipal sewage plant                 | 111,386 | 119,359 | 109,025 | 109,379 | 111,524 |
|  |         |         |         |         |         |
| Water quantities in m <sup>3</sup> /t fin. product | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total water consumption                            | 2.61    | 2.54    | 2.37    | 2.20    | 2.19    |
| Fresh water  | 2.10    | 1.98    | 1.92    | 1.81    | 1.64    |
| Spring water                                       | 0.51    | 0.55    | 0.45    | 0.39    | 0.55    |
| Waste water  | 2.33    | 2.28    | 2.25    | 2.03    | 2.02    |
|  |         |         |         |         |         |
| Waste and recyclable materials                     |         |         |         |         |         |
| Waste quantities in tons                           | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total waste generation                             | 4,990   | 5,297   | 5,547   | 5,392   | 5,906   |
| Residual waste for disposal <sup>4</sup>           | 167     | 169     | 158     | 163     | 168     |
| Sewage sludge for disposal <sup>2</sup>            | 886     | 931     | 1,266   | 1,167   | 1,189   |
| Non-hazardous waste                                | 4,088   | 4,348   | 4,252   | 4,212   | 4,696   |
| Hazardous waste                                    | 25      | 17      | 29      | 13      | 21      |
|  |         |         |         |         |         |
| Waste quantities in kg/t fin. product              | 2015    | 2016    | 2017    | 2018    | 2019    |
| Total waste generation                             | 21.62   | 22.08   | 22.72   | 20.48   | 21.79   |
| Residual waste for disposal <sup>4</sup>           | 1.47    | 1.44    | 1.38    | 1.44    | 1.44    |
| Sewage sludge for disposal <sup>2</sup>            | 7.56    | 7.58    | 9.76    | 7.78    | 7.71    |
| Non-hazardous waste                                | 17.71   | 18.12   | 17.42   | 16.00   | 17.33   |
| Hazardous waste                                    | 0.11    | 0.07    | 0.12    | 0.05    | 0.08    |
|  |         |         |         |         |         |



| Environment                                      |                    |                     |        |        |        |
|--|--------------------|---------------------|--------|--------|--------|
| Packaging material                               |                    |                     |        |        |        |
| Packaging material in tons                       | 2015               | 2016                | 2017   | 2018   | 2019   |
| Total packaging material                         | 19,539             | 19,400 <sup>5</sup> | 19,099 | 19,264 | 19,361 |
| Of which plastic packaging <sup>1</sup>          | 7,198              | 7,527               | 6,867  | 6,418  | 6,235  |
|  |                    |                     |        |        |        |
| Packaging mat. in kg/t fin. product              | 2015               | 2016                | 2017   | 2018   | 2019   |
| Total packaging material                         | 83.15 <sup>5</sup> | 80.85 <sup>5</sup>  | 78.23  | 73.18  | 71.44  |
| Of which plastic packaging <sup>1</sup>          | 31.18              | 31.37               | 28.13  | 24.38  | 23.01  |
|  |                    |                     |        |        |        |
| Employees <sup>6,7</sup>                         |                    |                     |        |        |        |
| Workforce  | 2015               | 2016                | 2017   | 2018   | 2019   |
| Total number of employees                        | 1,451              | 1,507               | 1,600  | 1,652  | 1,761  |
| Women  | 539                | 561                 | 592    | 618    | 659    |
| Men  | 912                | 946                 | 1,008  | 1,034  | 1,102  |
|  |                    |                     |        |        |        |
| By employment                                    | 2015               | 2016                | 2017   | 2018   | 2019   |
| Full-time employees                              | 1,193              | 1,222               | 1,264  | 1,284  | 1,336  |
| Part-time employees                              | 258                | 285                 | 336    | 368    | 425    |
| Of which men <sup>8</sup>                        |                    |                     | 127    | 145    | 184    |
| Employees collective wage agreement <sup>8</sup> |                    |                     | 1,483  | 1,523  | 1,621  |
| Permanent employees                              | 1,325              | 1,326               | 1,378  | 1,460  | 1,529  |
| Fixed-term employees                             | 126                | 181                 | 222    | 192    | 232    |
|  |                    |                     |        |        |        |
| Trainees   | 2015               | 2016                | 2017   | 2018   | 2019   |
| Proportion of trainees in %                      | 3.58               | 3.52                | 3.19   | 3.03   | 3.01   |
|  |                    |                     |        |        |        |
| According to application areas                   | 2015               | 2016                | 2017   | 2018   | 2019   |
| Production, number of employees                  | 1,237              | 1,291               | 1,373  | 1,412  | 1,500  |
| Administration, number of employees              | 214                | 216                 | 227    | 240    | 261    |
|  |                    |                     |        |        |        |
| Age structure                                    | 2015               | 2016                | 2017   | 2018   | 2019   |
| < 30 years                                       | 262                | 284                 | 331    | 352    | 384    |
| 30 to 50 years                                   | 782                | 780                 | 799    | 813    | 865    |
| > 50 years                                       | 407                | 443                 | 470    | 487    | 512    |
|  |                    |                     |        |        |        |
| Average age                                      | 2015               | 2016                | 2017   | 2018   | 2019   |
| Average age in years                             | 41.98              | 41.92               | 41.57  | 41.61  | 41.36  |
|  |                    |                     |        |        |        |
| Length of company service                        | 2015               | 2016                | 2017   | 2018   | 2019   |
| Length of company service in years               | 14.7               | 14.5                | 14.5   | 14.1   | 13.6   |
| Fluctuation rate in % <sup>9</sup>               | 4.1                | 3.4                 | 3.2    | 5.4    | 6.2    |
|  |                    |                     |        |        |        |

| Employees <sup>6,7</sup>                            |       |       |       |       |       |
|---|-------|-------|-------|-------|-------|
| Women in management positions                       | 2015  | 2016  | 2017  | 2018  | 2019  |
| Women in management positions in %                  | 13.48 | 16.76 | 17.02 | 15.46 | 17.54 |
|   |       |       |       |       |       |
| Parental leave                                      | 2015  | 2016  | 2017  | 2018  | 2019  |
| Employees on parental leave <sup>8,10</sup>         |       |       | 50.75 | 43.92 | 48.75 |
| Of which men <sup>8,10</sup>                        |       |       | 4.75  | 4.00  | 3.66  |
|   |       |       |       |       |       |
| Employees with disabilities                         | 2015  | 2016  | 2017  | 2018  | 2019  |
| Employees w. severe disabilities in % <sup>11</sup> | 4.61  | 4.45  | 4.00  | 4.42  | 4.49  |
|   |       |       |       |       |       |
| Health  | 2015  | 2016  | 2017  | 2018  | 2019  |
| Sick leave, w. contin. payment in % <sup>12</sup>   | 4.52  | 3.87  | 3.92  | 3.84  | 4.02  |
| Health ratio in % <sup>13</sup>                     |       |       | 94.15 | 93.59 | 94.15 |
| Accidents, LTA rate <sup>14</sup>                   | 18.50 | 12.30 | 15.60 | 18.01 | 17.03 |
|   |       |       |       |       |       |
| Further training                                    | 2015  | 2016  | 2017  | 2018  | 2019  |
| Number of participants                              | 543   | 842   | 444   | 513   | 449   |
|   |       |       |       |       |       |

<sup>1</sup> Key figure newly included in this report – also applies to retroactive values.

<sup>2</sup> Key figure refers to the Schongau site.

<sup>3</sup> Calculations based on the *Greenhouse Gas Protocol*.

<sup>4</sup> Key figure refers to the Heimenkirch location.

<sup>5</sup> Key figure was corrected subsequently.

<sup>6</sup> Employees of Hochland Deutschland who work at the Oberreute site are included in the employee figures – otherwise the Oberreute site is not included in the reporting.

<sup>7</sup> All key figures in the area of employees are headcount figures.

<sup>8</sup> New key figure included in this report.

<sup>9</sup> The figure shows the *narrow* fluctuation rate – calculated using the following formula:

Ratio of *real* departures (excluding trainees and marginal part-time employees) to the average number of persons (including dormant persons) minus the average number of trainees and marginal part-time employees.

<sup>10</sup> Annual average includes partner months and longer parental leave.

<sup>11</sup> Degree of disability of 50 and above, and equivalent employees with degree of disability of 30 and above.

<sup>12</sup> Sick leave with continued pay – definition: Sickness, paid health cure, industrial accident, health cure after industrial accident; calculation basis reduced by the following absences: Paid and unpaid leave for nursing care, further training, parental leave, unpaid leave (basic military/civilian service), ban on employment during pregnancy, maternity protection, modulation, temporary disability pension.

<sup>13</sup> Health rate – calculated according to the following formula: (Regular working days – paid and unpaid sick days)/regular working days – definition of paid and unpaid sick days: Sickness, paid health cure, industrial accident, health cure after industrial accident, sickness without continued pay, health cure without continued pay, reintegration; calculation basis reduced by the following absences: Paid and unpaid leave for nursing care, further training, parental leave, unpaid leave (basic military/civilian service), ban on employment during pregnancy, maternity protection, modulation, temporary disability pension.

<sup>14</sup> Accidents per million working hours.





# Awards and Memberships

GRI 102-13

In 2020, the company was named one of the 100 best employers in Germany in the **Great Place to Work** survey in which 840 participants took part. Hochland finished **21st** in the category of *companies with 501 to 2000 employees* and **ranked third** among all manufacturing companies in this group. The underlying survey took place in 2019 – that is why the result is included in the report.

## MEMBERSHIPS

Hochland is active in a large number of associations, initiatives and working groups. The most important memberships include:

- Employers' Association of the Bavarian Food Industry*
- Wage Commission of the Bavarian Dairy Industry*
- Bavarian Milk Promotion Fund*
- Dairy Industry Association*
- Association of the Bavarian Private Dairies*
- Association of the Bavarian Private Dairy Industry*
- Bavarian Milk Producers' Association*
- Centre for Food and Packaging Technology*

In surveys conducted by the news magazine *Focus*, Hochland was ranked the 166th most popular employer in Germany in 2018. The ranking comprised a total of 1000 companies. In 2019, Hochland was awarded the title of **test winner** by *Focus* for the company's sustainable commitment and the *Sustainable Commitment Award: Great for the Almette* brand. For the **sixth time in a row**, the two sites in Heimenkirch and Schongau were awarded the prize for exemplary commitment to *health and safety at work* in May 2019 by the *Berufsgenossenschaft Nahrungsmittel und Gastgewerbe (BGN)*, the trade association for the food and catering industry. In 2019, the *Patros* brand received the **Brand of the Century** award from the weekly newspaper *Die Zeit* for the second time. The *Silverpack Award* packaging prize was awarded to Hochland at the beginning of 2018 for the FSC cardboard box for *Hochland processed cheese slices*. In 2018, *Grünländer* brand products were awarded both Product of the Year and **first place in the HIT trade survey** conducted by the trade magazine *Lebensmittel Praxis*. In 2017, products of the *Almette* and *Grünländer* brands each received a **gold medal** from *Milch-Marketing* magazine. The following year, a **silver medal** was awarded for the products *Patros Hirtencreme*, *Patros Offen Genuss* as well as for the *Hochland Sandwich Slices*. In 2019, *Hochland Hofkäse aus dem Allgäu* was **first**. As part of the quality tests for dairy products, the *German Agricultural Society (DLG)* awarded Hochland **90 gold** and **12 silver medals** in the reporting period.

# GRI Index

The Hochland Sustainability Report is based on the internationally recognized guidelines of the *Global Reporting Initiative (GRI)* and was prepared in accordance with the *GRI standards – »Core« option*.

The content index with a table of GR indicators can be found on the Hochland website at the following address:



[sustainabilityreport.hochland-group.com/gri-index](https://sustainabilityreport.hochland-group.com/gri-index)

# About This Report

GRI 102-46, 102-50

**Responsible action also includes providing transparent information. We hereby present our third sustainability report. It is intended to provide comprehensive information on our sustainability goals and measures as well as the results of our sustainability commitment to date.**

This report serves to inform all employees, business partners, other stakeholders and the interested public. The next report is expected to be issued in 2023 and will cover the period 2020 to 2022. In terms of regular environmental statements, Hochland also issues detailed statements on the environment, occupational safety, health and energy management.

## Reporting Period and Reporting Limits

This *Hochland Sustainability Report 2017 to 2019* covers the reporting period from 1 January 2017 to 31 December 2019. The report is supplemented by information on major activities that took place either before or after the above-mentioned period up to the editorial deadline in May 2020. The key figures relate to the years 2017 to 2019. The data was collected via the established management systems in the respective divisions. The area of application is *Hochland Deutschland GmbH* with its production facilities in Heimenkirch in Allgäu and Schongau in Upper Bavaria. Hochland Deutschland GmbH was founded on 1 January 2007 as a wholly owned subsidiary of *Hochland SE* and is responsible within the group of companies for the German *brand business* and the international business areas *Food Service* and *Private Label*. Some social commitment measures in Germany are controlled by *Hochland SE*. This is marked in the respective text passages.

## Content and Reporting Standard

When selecting topics, Hochland was guided by the principle of materiality and the central expectations of its stakeholders. The company researched these expectations using an extensive stakeholder analysis, for example by conducting interviews with internal and external stakeholders. The content of the report was also weighted on the basis of the Hochland corporate strategy and industry-specific topics. The relevant challenges and

measures are formulated in the chapters *Corporate Governance*, *Products*, *Environment* and *Employees*. The final *annex* summarizes all the important *key figures*. The Hochland Sustainability Report 2017 to 2019 complies with the guidelines of the *Global Reporting Initiative (GRI)* **»Core« option**. It also takes into account the *Food Processing Sector Supplement (FPSS)*. An audit for external confirmation was not carried out. The GRI content index is taken out of the sustainability report and published as a separate online document:

[sustainabilityreport.hochland-group.com/gri-index](https://sustainabilityreport.hochland-group.com/gri-index)

## Format and Contact

This report is available to all interested parties in German and English and can also be downloaded from the Hochland website: [sustainabilityreport.hochland-group.com](https://sustainabilityreport.hochland-group.com) It is also available in printed form. If you have any questions or comments on the Hochland Sustainability Report, please contact *Petra Berners, Public Relations*, [petra.berners@hochland.com](mailto:petra.berners@hochland.com) and *Simone Grunwald, Sustainability Manager*, [simone.grunwald@hochland.com](mailto:simone.grunwald@hochland.com).



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## ONLINE VERSION

You can find an online version of this  
sustainability report at  
[sustainabilityreport.hochland-group.com](http://sustainabilityreport.hochland-group.com)

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