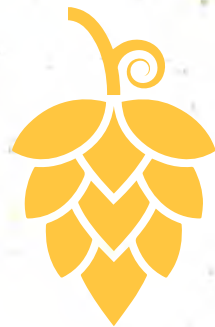


# SUSTAINABILITY REPORT 2020-22



**Hopsteiner** 

A T T I T U D E

P A S S I O N

Q U A L I T Y

**INNOVATION**



  
**Hopsteiner®**

"History in the  
making – continuing  
to move forward,  
as we have for  
the past 175 years."



# HOPSTEINER

Since 1845



## About this report

**This is our fourth Sustainability Report and our attitude once again ensures that we give transparency to our corporate responsibility in the following areas of action: market, environment, employees and corporate citizenship. This report is based on our second declaration of compliance with the German Sustainability Code. The information it contains covers the reporting period 2020 to 2022. It includes Simon H. Steiner, Hopfen, GmbH (SHS) and the directly connected production facilities operated by the hop processing works of the Hallertauer Hopfenveredelungsgesellschaft mbH (HHV).**

In order to make the report easier to read, we have dispensed with the contemporary language references to gender, such as male, female, or non-binary. In the interests of avoiding discrimination, the corresponding terms we use in this report apply to all genders.

# Foreword




Joachim Gehde and Pascal Piroué

**Innovation means continually exploring new ideas, developing solutions, and crossing existing boundaries. It is about creating something new and adding value along the value chain. This drive to innovate defined us during the reporting period, which is why we chose the title “Innovation” for our sustainability brochure.**

As part of a leading global group of companies in the hop growing industry, we are very conscious of the meaningful role we play: responsible behavior in the fields of the market, environment, employees and corporate citizenship has been deeply rooted in our identity since our foundation in 1845. We will make sure that the natural product hops, the basis of our business model, remains available to us in high quality for the long term. Therefore we breed, produce, trade, advise, and research entirely in the interest of sustainability. Our great passion for hops helps us do this, because no other raw material is so changeable and unique. Our company's future viability is largely based on research and innovation. Tradition and innovation are inseparably bound to one another. We turn the challenges of climate change – long dry periods, high temperatures, and heavy rain events – as well as legal restrictions on the use of crop protection products into opportunities. This is reflected in our own breeding of adaptable plant varieties. Further changes affecting product innovations: the diversity of possible applications in the brewing process and the use of our products in other fields of industry drive us forward. Changes within the company have also been a priority. As part of developing a sustainability strategy, we drew up a mission statement and adapted our code of conduct to manifest our values– and for even more of the right attitude.

Joachim Gehde  
Executive Management

Pascal Piroué  
Executive Management

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- A hop plant with several green, cone-shaped cones and leaves is positioned on the right side of the page. The background is a dark, textured wood surface. The text is on the left side of the page.
- 6 Company profile
  - 7 Product range
  - 8 Look-up table
  - 10 Sustainability management
  - 11 Mission Statement
  - 12 Code of Conduct
  - 14 Material topics
  - 16 Objectives and measures

#### **Market**

- 20 Value chain
- 21 Stakeholders
- 23 Opportunities and risks
- 26 Innovation and research
- 28 Quality assurance

#### **Environment**

- 30 Environmental performance indicators
- 32 Resource management
- 34 Emissions

#### **Employees**

- 36 Equal opportunities and qualification
- 38 Occupational safety and health protection

#### **Corporate citizenship**

- 40 Commitment and donations

- 44 Imprint

# A top performer

## The company and its history

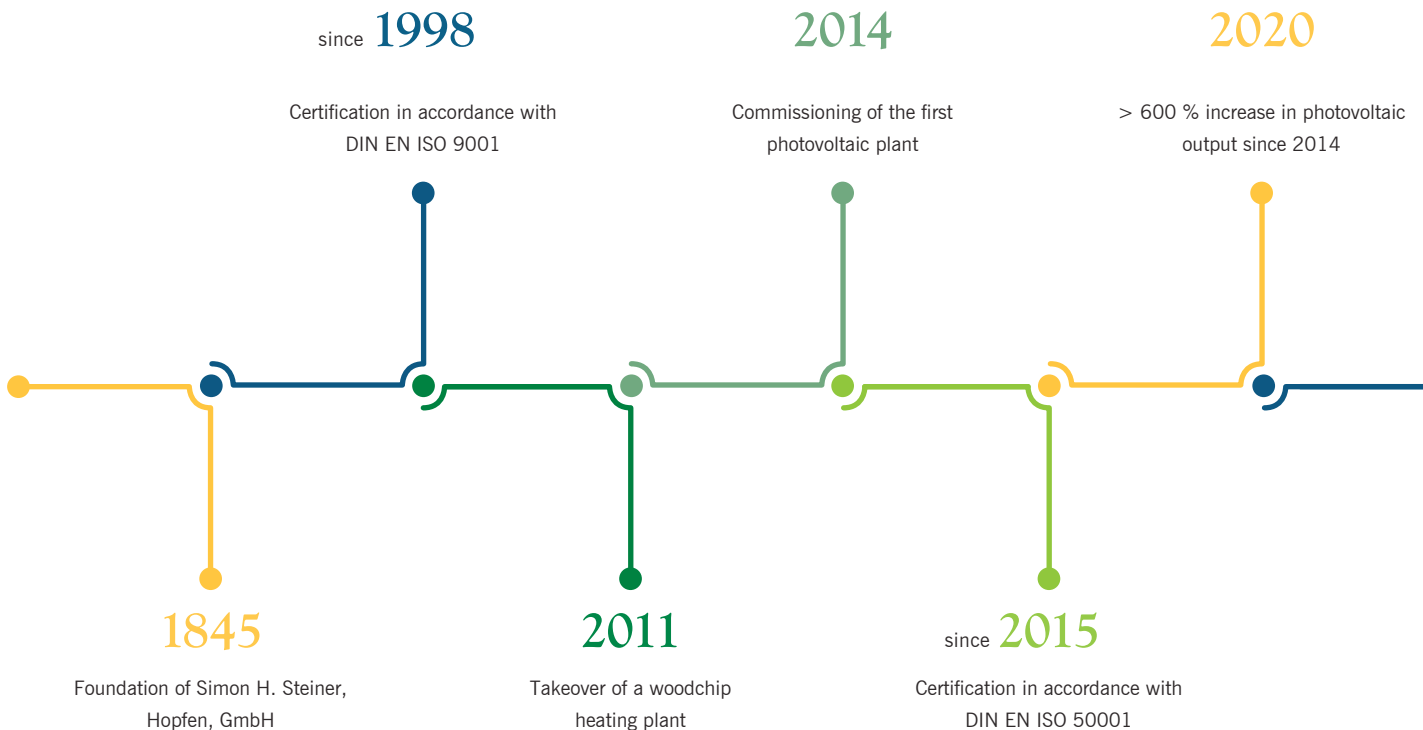
The HOPSTEINER Group has its roots in a small hop business formed in 1845. Today we are among the largest hop trading houses in the world with our own hop yards and refining works. The group's lasting success is based on the continuity of a family company now managed by its sixth generation. S. S. Steiner, Inc. was established in New York in 1885 to serve the US-American market. This is now our headquarters. The HOPSTEINER Group considers it very important to be present in all major hop growing regions for the benefit of its customers. Therefore the

group has locations in all major hop-growing countries: Germany, USA, China, Czech Republic, and Slovenia. This ensures high-quality hops can be purchased, perfectly processed, and stored locally soon after harvesting.

In coordination with our US-American parent company, we as Simon H. Steiner, Hopfen, GmbH (SHS) are responsible for marketing and processing activities in Mainburg, Germany. The hop processing facilities operated by Hallertauer Hopfenveredelungsgesellschaft mbH

(HHV) are directly connected to us. Providing our customers with hops and innovative products of the highest quality has always been our primary objective. We supply an international list of customers that includes corporations as well as medium-sized and small companies.

We strive to promote the science, intensify in-house research, and steadily improve the cultivation, refining, and marketing of hops. These activities are continually expanded and extended.





## OUR PRODUCT RANGE

### HOPS AND PELLETS

Leaf hops

Pellets

Concentrates

Special Pellets

Fractionates

### BITTERING EXTRACTS

Kettle Extracts, Kettle Iso-Products

Downstream Extracts

### FLAVORING PRODUCTS

Hop Oils

Flavor Extracts

### BIO SCIENCE PRODUCTS

Isomerized Products

Fractionates



In the collaboration brew with Hoppebräu, our Solero breeding variety reveals its unique aroma profile with a hint of tropical fruit.

by 2030

Proportion of own-consumption electricity raised to 50 %



Our product range embraces hops in all their forms.

# Versatile

## Products and innovations

Hops – green gold – are our passion. We have a comprehensive portfolio of high-quality hop products. These are sold and distributed in more than 140 countries. The vast majority of our customers operate in the brewing industry. We make three product groups available to them. Hops and pellets, Bittering Extracts and flavoring products for use in the brewhouse or downstream in beer production. Our processing and refining technology permits a high degree of homogenization and ensures our customers can brew a consistently high quality of beer. Alongside the main

use for drink manufacture, new potential uses have emerged in biotechnology, the food and feed industry, in medicine, and cosmetics. We are present in these market segments with many innovative products. The innovations include our special hop oils and extracts with aromatizing, selective anti-bacterial and anti-oxidative properties. They act as process aids to stabilize biotechnological fermentation processes or are used as natural aromas in the food and feed industry. Our products are also used as ingredients in medicine and cosmetics, for example in medicaments and creams.

## GERMAN SUSTAINABILITY CODE INDICATORS

This sustainability brochure is based on our second approved declaration of compliance with the German Sustainability Code (DNK) and also complies with the Corporate Social Responsibility Directive Implementation Act (CSR-RUG). The look-up table contains clearly set out page numbers, content information and links to the performance indicators of the Global Reporting Initiative (GRI) assigned to every area and the 20 individual criteria. Information marked with an asterisk can be viewed directly in our declaration in the DNK database.



AREA	DNK CRITERION	PAGE
Strategy	1 Strategic Analysis and Action	10 – 11
	2 Materiality	14 – 15
	3 Objectives	16 – 19
	4 Depth of the Value Chain	20
Process management	5 Responsibility	10 – 11, 12 – 13
	6 Rules and Processes	10 – 11, 12 – 13
	7 Control	10 – 11, 12 – 13
	8 Incentive Systems*	
	9 Stakeholder Engagement	21 – 22
	10 Innovation and Product Management	26 – 27
Environment	11 Usage of Natural Resources	30 – 35
	12 Resource Management	30 – 35
	13 Climate-Relevant Emissions	34 – 35
Society	14 Employee Rights	36 – 39
	15 Equal Opportunities	36 – 39
	16 Qualifications	36 – 39
	17 Human Rights	12 – 13
	18 Corporate Citizenship	40 – 41
	19 Political Influence*	
	20 Conduct that Complies with the Law and Policy	12 – 13

## CONTENTS

## GRI REFERENCE\*

Sustainability management

Material topics

Objectives and measures

Value chain

Sustainability management, Code of Conduct

102-16

Sustainability management, Code of Conduct

102-16

Sustainability management, Code of Conduct

102-16

102-35, 102-38

Stakeholders

102-44

Innovation and research

G4-FS11

Resource management, emissions

301-1, 302-1, 302-4, 303-3, 306-3

Resource management, emissions

301-1, 302-1, 302-4, 303-3, 306-3

Emissions

305-1, 305-2, 305-3, 305-5

Equal opportunities and qualification, occupational safety and health protection

403-4, 403-9, 403-10, 404-1, 405-1, 406-1

Equal opportunities and qualification, occupational safety and health protection

403-4, 403-9, 403-10, 404-1, 405-1, 406-1

Equal opportunities and qualification, occupational safety and health protection

403-4, 403-9, 403-10, 404-1, 405-1, 406-1

Code of Conduct

412-1, 412-3, 414-1, 414-2

Commitment and donations

201-1

415-1

Code of Conduct

205-1, 205-3, 419-1

\* The revised Universal Standards 2021 of the Global Reporting Initiative (GRI) have applied since 01.01.2023. The structure has been adjusted and some of the content amended. The adjustments also effect parts of the GRI performance indicator set in the DNK. The Sustainability Code Office is currently checking our adoption of the new indicators, but for the moment we are continuing with the previous 2016 standards.



Joachim Gehde (Executive Management), Peter Höckmeier (Executive Management HHV), Andreas Kühnel (QMR / Sustainability), Fabian Klose (Operational Manager HHV) and Pascal Piroué (Executive Management) form the core of our sustainability team.

# Strategic

## Our sustainability management

Our 16-strong sustainability team has a core comprising members of the executive management, the operational manager of HHV, and the joint sustainability and quality management representatives.

The rest of the team are employees from all specialist departments – purchasing, production, marketing, sales, human resources, IT, Finance, occupational safety, logistics, quality assurance, engineering, and research and development. They make available and maintain the required data and information for their fields of responsibility on a continuous basis. On a higher level, they play the role

of ambassador: they raise the awareness of sustainability within the company. The aim is to involve as many employees as possible in the company's sustainability management concept.

We have integrated the content we produced and included in the sustainability report for 2017-2019 into our company. This includes the identified stakeholders, our material topics, and the correspondingly defined sustainability objectives. These modules were checked and updated for the new reporting cycle. The foundation of our sustainability management is

the essential strategic orientation of our company. With this in mind, we formulated a clear sustainability strategy in 2022. It describes how we engage with the relevant topics of sustainability and is therefore systematically integrated into our processes and actions. This strategy was translated into a mission statement. We also formulated a generally applicable Code of Conduct, which provides practical guidance to our employees and our suppliers.

This ensures that we are all supporting our sustainability strategy.

# *Committed to the customer*

## Guiding principle

### Mission

We breed, refine and market hops. We supply high-quality hop products to customers all over the world. For our customers, growers and suppliers, we are a reliable, long-term partner with specialist competences – from hop yards to beer.

### Vision

We are one of the world's leading hop traders and experts in hop aromas. The variety portfolio includes hops bred by us and ensures our ability to supply, even under changed climatic conditions. We continually develop our comprehensive selection of hop products further – with innovation, quality, passion, and a positive attitude.

We treat each other openly, with respect and appreciation. We behave responsibly toward the environment and society. Our relationship with our suppliers is honest and trustworthy. We are a reliable, competent, and fair partner for our customers.

### Values

#### Sustainability

The roots of sustainability at Hopsteiner go back 175 years and are deeply embedded in our corporate culture. We have always behaved responsibly in matters concerning the market, environment, employees, and society.

#### Competence

in the performance of our services

#### Respect

in our communications

#### Solution orientation

in our dealings with others

#### Reliability

in our business activities

# Tangible

## The Code of Conduct

We are part of a community and display a consistent understanding of values in our actions, both internally and externally. This Code of Conduct is our guide and contains our principles for sustainable business. It regulates our behavior in the market, toward the environment, our employees, and society. After all, we bear the responsibility for the reputation of our company.

From trust grows success. All employees must comply with the Code of Conduct. The principles of conduct will continue to form part of the contracts with our business partners.

## MARKET

### SUPPLIERS

We and our suppliers always pull in the same direction for our customers. Many years of cooperation with our hop growers mean we can guarantee delivery. We keep in regular close contact, discussing matters as equal partners. In this way we create the basis for partnership.

### CUSTOMERS

We are committed to the customer. Therefore, we set great value on trust and long-term customer relationships. This approach has deep roots in our corporate philosophy. Our primary objective is to supply the customer with hops and hop products of the highest quality.

### QUALITY AND SAFETY

Quality assurance and food safety are top priorities for us and the customer. We take responsibility for the quality of our products and their compliance with food safety

law. By closely linking hop cultivation and processing, we ensure perfect quality – and stand behind that claim.

### COMPLIANCE WITH THE LAW AND REGULATIONS

We observe, protect and promote the applicable regulations for the protection of human rights worldwide. We strictly reject child labor, forced labor and compulsory labor as well as all modern slavery and human trafficking in any form. We comply with all conventions and applicable laws on the protection of human rights. We take into consideration the principles of the United Nations Global Compact, the core labor standards of the International Labour Organization (ILO), the International Convention on Human Rights, the United Nations Convention on the Rights of the Child, and the OECD Guidelines for Multi-national Enterprises. We also demand the implementation of legal regulations at our production sites by our business partners. This also includes compliance with the applicable customs and export control laws.

### CORRUPTION, MONEY-LAUNDERING, BRIBERY, COMPETITION, AND CARTEL LAW

We reject any form of corruption and all activities that infringe the applicable legislation. Fairness in competition is indispensable for us. Anti-competitive agreements and any abuse of a market-leading position are not in line with the business policies of Hopsteiner and its partners.

### TRANSPARENCY

Transparent behavior ensures reliable business relationships. Therefore, our decisions as well as all purchasing and sales activities

are always based on purely factual criteria and are not influenced by personal interests or incentives of a financial or material nature. To create trust, our business processes must be recorded in a comprehensible way and performed in accordance with the generally accepted rules of orderly business operations. All contact with internal and external partners is transparent and coherent. Informal conversations without documentation therefore are in no way binding and are treated as non-existent.

### DATA PROTECTION AND CONFIDENTIALITY

We respect the confidentiality of information and commercial secrets as a fundamental component of our business relationships. Therefore, we use this type of information only internally for the development of mutual business or employment relationships. Consequently, we expect that our business partners observe and apply the laws applicable to the protection of personal data.

### COMMUNICATION

We believe respectful and fair communication, free from discriminatory and offensive statements, judgments, and harassment, should be the basis of every interaction. In all markets in which we operate, we respect the ethical values, the self-image of our local business partners, and their culture-specific characteristics.

## ENVIRONMENT

### RESOURCE EFFICIENCY

We process natural substances and secure the viability of this business concept in the



Success grows from trust. This is what results from our Code of Conduct.

long term through sustainable management. Therefore we are committed to the responsible use of raw materials and resources in every processing stage of our products. We optimize our use of auxiliary and operating materials through efficient production processes and are always working to reduce their consumption. Our suppliers use environmentally compatible production processes and adopt sustainable methods of manufacture and harvesting.

#### **INNOVATION**

Our passion for hops, our high quality standards, and our urge to innovate have a positive effect on various aspects of sustainability. The level of climate change we have already experienced demands a portfolio of new breeding varieties that require less water and crop protection yet are more productive.

## **EMPLOYEES**

### **ANTI-DISCRIMINATION AND EQUAL OPPORTUNITIES**

Any discrimination based on gender, age, ethnicity, nationality, disability, sexual orientation, religion or ideology is not permitted. Equal opportunities exist unconditionally at Hopsteiner. When recruiting and promoting employees, only their qualifications, skills, and performance are used as assessment criteria.

### **OCCUPATIONAL SAFETY AND HEALTH PROTECTION**

We place great emphasis on health and safety at work. Strict compliance with the applicable legal provisions for occupational safety is the rule at Hopsteiner. We

continually offer our employees preventative medical check-ups conducted by our company physician. We provide all kinds of information about occupational safety and health in our training sessions, bulletin boards and by direct instruction.

## **CORPORATE CITIZENSHIP**

### **SOCIAL RESPONSIBILITY**

Our actions take into account our responsibility to society. We promote and support regional and international projects in the social, hop culture, research and sporting fields.



# Influential

## Our material topics

The core team reviewed the existing materiality matrix, supplementing and amending the information. Before this, we ranked around 30 topics as material for the company and its stakeholders. In the discussion we re-evaluated them and found we could reduce their number to 13 by bringing together many of the originally narrowly defined topics. This consolidation allows us to focus our sustainability strategy on the key aspects, while more tightly addressing the information we report. The

clustering remains unchanged in the four areas of action: market, environment, employees, and corporate citizenship. Our latest matrix comprises seven material topics in the market area of action, four in environment and one topic each for employees and corporate citizenship. We established sustainability objectives with a defined time horizon and specific measures for each of them. These binding objectives improve the control of our topics within sustainability management.

### MATERIAL TOPICS ARE

- aspects of our business activities that impact positively or negatively on our areas of action,
- as well as aspects of the four areas of action that influence our business activities as opportunities and risks



# Our sustainability engagement involves us focusing on these material topics within the four areas of action.



# Ambitious

## Sustainability objectives and measures

### MARKET

#### BREEDING OWN SUSTAINABLE VARIETIES

OBJECTIVE	MEASURE	BY	PROGRESS
Objective-orientated, mark-assisted breeding of two aroma varieties and one high-alpha variety as replacements for general market varieties.	Hopsteiner breeding program: resources in R&D made available	2030	The Akoya and Solero aroma varieties have been approved and introduced to the market. The high-alpha variety is in the planning stage (the crossbred hops are undergoing their outdoor trials).

#### SUSTAINABLE RELATIONSHIPS WITH CUSTOMERS

OBJECTIVE	MEASURE	BY	PROGRESS
1. Setting up a customer portal	1.1 Development of the concept with an external service provider	2023	Originally this was to have been completed by the end of 2021. The objective was adjusted because the aim is now to produce a full version instead of a basic version. New time horizon: completion Q1 2023
2. Continual training of our sales personnel to ensure competent customer advice	2.1 Sales personnel meetings take place six times a year. These are accompanied by individual coaching sessions in accordance with the annual program.	on-going	The objective was fulfilled in the reporting period 2020-2022. A total of 18 training and regular individual coaching sessions took place
3. Maintain or further increase customer satisfaction from the very good level in 2015	3.1 Benchmark using comprehensive customer satisfaction analyses with external support in a 10-year cycle.	2032	The customer satisfaction analysis was brought forward ahead of schedule due to an event at the time and its content focused on the theme of "Trade fair participation." The next survey will therefore take place as per the 10-year cycle in 2032.
4. Increase the frequency of contact with customers	4.1 Expansion of the digital consultant concept since 2020: webinars and regular video conferences	on-going	Progress: webinar room set up and various hardware optimizations implemented.
5. Comprehensive documentation and traceability of all customer contact	5.1 Setting up a CRM system that works with the ERP system	2025	Selection of software adviser completed

## DIGITALIZATION / ERP SYSTEM

OBJECTIVE	MEASURE	BY	PROGRESS
1. Eliminate interface breaks and rectify redundancies	1.1 Introduction of a document management system (DMS)	2025	Rescheduled to correspond with the new ERP system  Supplier selection complete, DMS is introduced in some departments
	1.2 Redesign of the inventory management system with an external service provider	2025	Service provider selected and analysis phase started
2. Increase the number of digitally concluded contracts with growers from 25 % to 85 %	2.1 Increase acceptance among growers by active communication by our purchasing personnel	on-going	2021: digitally concluded contracts introduced 2022: up to 85 % use, depending on the situation  Objective achieved

## PRODUCT INNOVATION

OBJECTIVE	MEASURE	BY	PROGRESS
Offer innovative products: expansion of the hop oil and liquid products range from 3 to 8	Reorganization of Research & Development (new structure with clear objectives)	2022	Expansion to 5 products complete

## SUPPORT FOR THE WATER SUPPLY IN CULTIVATION

OBJECTIVE	MEASURE	BY	PROGRESS
Ensure the quality and quantity of the supply comply with the contract (rate: more than 90 %)	Lobbying; contributions to research projects on irrigation, water storage and water supply (including the "Biodegradable absorbent materials" project, government funded)	2025	Since 2020: preliminary tests of the project completed  On-going: alert politicians and authorities and hold discussions with the water suppliers about the need for irrigation; lobbying amplified through the German Hop Industry Association (DHWV)

## MARKET

### STORAGE CAPACITIES

OBJECTIVE	MEASURE	BY	PROGRESS
Sustainable expansion of all storage areas for products	Building of a new high-bay refrigerated warehouse at Mainburg	2025	Building permission obtained

### FOOD SAFETY (REGIONAL COMPLIANCE)

OBJECTIVE	MEASURE	BY	PROGRESS
To supply only officially marketable products (100 %)	Monitoring program and product analyses (pesticide / herbicide checks, residue checks, leaf screening)	on-going	Objective achieved, 2020 to 2022

## ENVIRONMENT

### ENERGY SAVINGS

OBJECTIVE	MEASURE	BY	PROGRESS
Improve energy efficiency by 4 % (ISO 50001) by the end of 2023 (compared to 2021)	1. Replacement of steam distribution pipework	2022	Renewal completed; energy saving of 2.5 %
	2. Replacement of the heating system controls	2023	
	3. Conversion of refrigeration system CO <sub>2</sub> extraction	2023	

### USE OF RENEWABLE ENERGY

OBJECTIVE	MEASURE	BY	PROGRESS
Increase the proportion of renewable electrical energy by 20 %	Extension of photovoltaic systems on company building roofs by a further 1,050 kWp	2023	Current capacity: 1,730 kWp

## USE OF MORE SUSTAINABLE PACKAGING

OBJECTIVE	MEASURE	BY	PROGRESS
Use of aluminum-free composite foil	Testing of aluminum-free composite foil	2026	Supply obtained. 2022: filling tests to be performed 2023: storage tests to be performed

## INTEGRATED CROP PROTECTION

OBJECTIVE	MEASURE	BY	PROGRESS
Keep to the appropriate amounts of chemical crop protection products	Urge the relevant authorities to evaluate biological crop protection products	on-going	Discussions with the Bavarian Office for Agriculture (LfL) and EU authorities

## EMPLOYEES

### AVAILABILITY OF SKILLED STAFF

OBJECTIVE	MEASURE	BY	PROGRESS
Staff the company appropriate to need	<ol style="list-style-type: none"> <li>1. Offer apprenticeship places</li> <li>2. Offer corporate benefits</li> </ol>	on-going	

## CORPORATE CITIZENSHIP

### (REGIONAL) DONATIONS

OBJECTIVE	MEASURE	BY	PROGRESS
Make available annual targeted donations, depending on the situation	Regional and national support for the fields of hop culture, research, and social initiatives	on-going	For actual examples see DNK Criterion 18: Corporate Citizenship

To strategically drive forward the material topics from the materiality matrix, we have backed them with sustainability objectives. Each of the objectives is linked with appropriate measures and subject to a medium- and long-term time horizon. The sustainability team and the responsible departments check at regular intervals whether individual measures have been carried out and the declared objectives achieved.



The new taproom forms an architectural space for internal and external meetings and events.

# Holistic

## Our value chain

**Our company's value chain includes the following steps: raw material procurement, processing, refining, manufacturing, logistics, sales, and disposal. We consider ecological, economic, and social aspects at every stage. In this way we align our business model toward long-term success – in harmony with sustainable development.**

In the case of raw hops material procurement, we require environmental thinking from our growers and encourage environmentally compatible cultivation, crop protection, harvesting, and production processes. We review and assess the technical and personnel resources on site

every three years. At the moment, 68 percent of our purchased material comes from German growers certified in accordance with the Sustainable Agricultural Initiative (SAI) of which we are a member. We continually improve our manufacturing and refining processes. Our aim is to make optimal use of the necessary resources – as carefully and efficiently as possible. In the area of logistics, we have extensive refrigerated storage capacity for raw hops and our hop products. The high-rack warehousing is operated using only renewable energy. For distribution, we commission service providers with climate-neutral transport options and logistics companies that comply with AEO requirements and safety standards.

# A spirit of partnership

## In dialog with our stakeholders

**We are aware that our decisions and actions impact other people – the internal and external stakeholders. That is why open dialog with these interest groups is a fundamental part of our self-image.**

We maintain personal contact with shareholders, growers, employees, and customers. In addition, we offer all groups regular opportunities to work with us on developing our company sustainably. One of the ways we facilitate this is to host events such as the Hopsteiner Forum and webinars. These opportunities are designed around the interests of individual stakeholder groups. As you would expect, we are continually involved with numerous committees and institutions in the industry.

In recent years, our suppliers have been increasingly confronted with rising costs on the cultivation side of up to 20 percent for fertilizer, energy, personnel, and hops trellis wire. Our agronomically qualified employees provide their individualized, grower-oriented advice and expertise. Our grower portal is a purpose-made communication platform, on which contracts can also be concluded. Over half of our hop suppliers have registered on it. We organize regular growers' forums to allow direct discussion about key topics such as market demands, weather trends, and irrigation. Based on the experience of the pandemic, we are continuing to provide these forums in virtual and hybrid formats.

We guarantee reliable delivery to our customers by concluding long-term advance contracts with the hop growers.



Dialog with our stakeholders is part of our DNA and way of working.



We obtain the best out of the hops.



We and our suppliers are always pulling in the same direction – for the customer.

# Personal

## The relationship with our customers

Our objective is to supply customers with high-quality hops and hop products. We also see ourselves as a company that stands alongside them, ready to provide specialist knowledge and technical support at all times. Our reasoning: we are committed to the customer. This approach has deep roots as a belief and ideal in our corporate philosophy, providing the basis for the growth of long-term customer relationships based on trust. As the main customers we have to convince are those in the beer sector, we added an extension onto the existing 5 hl pilot brewery on the company premises in 2022: a building with a meeting room and a spacious taproom for demonstration purposes. Our customers can experience for themselves how specific hop varieties and hop products can influence the beer, their end product.



We serve beer brewed with our breeding varieties in the taproom.



# Challenging

## Opportunities and risks for our business



Every challenge also presents an opportunity.

**Our business activities are particularly affected by environmental influences and political developments.**

Two external factors considerably affect our business activities. On the one hand, there is climate change accompanied by extraordinary long dry periods, high temperatures, and heavy rain events. This leads to extreme fluctuations in the yield and quality of the hops. In addition to concepts for irrigation and water distribution, the industry requires adaptable plants that will continue to perform well under these conditions. On the other hand, legally imposed restrictions on the use of pesticides increase the risk of disease and pest damage. The large-scale reform of the Common Agricultural Policy (CAP) influences agro-economic decisions and will be implemented into national legislation by 2023. The objectives for the agricultural sector are set out in the EU's Farm-to-Fork Strategy guidelines. One of the intentions is to reduce the use of chemical pesticides by 50 percent by 2030 and the use of fertilizer by 20 percent over the same time period. The proportion of ecological crop cultivation is to be significantly increased. This brings the risk of considerable crop losses on the cultivation side.

We counter these challenges by investing in research, expert advice on growing and crop protection, and with our innovative plant variety breeding programs.

The corona pandemic also had a clear effect on our business activities during the reporting period. The load on our already overstressed storage facilities peaked above all during the lockdowns, when the closure of restaurants and hotels meant our customers were ordering in much smaller quantities. While at the same time manufacturing and refining continued at the same rate. Curfews in China led to a shortage of ships with freight-handling equipment, which caused a tripling of costs in some instances. The shipping chaos in the Suez Canal in 2021 and its consequences made the situation worse. Border closures and lack of personnel adversely affected goods transport by road. Brexit made imports and exports considerably more difficult: uncertainty about customs formalities, lack of forwarders, delivery problems, and freight costs rising by up to 25 percent. This without doubt led to delivery delays with us, but never to production standstills with our customers. We are contracting more forwarders to distribute this ever-present risk.

Early and clear communication is our priority – whether in times of opportunity or of challenge.







Extension of the research brewery at Mainburg by adding a meeting room and a taproom.



Development and application of in-house developed methods of analysis as part of our research activities.



Optimization of yield and production technology for our hop oils.

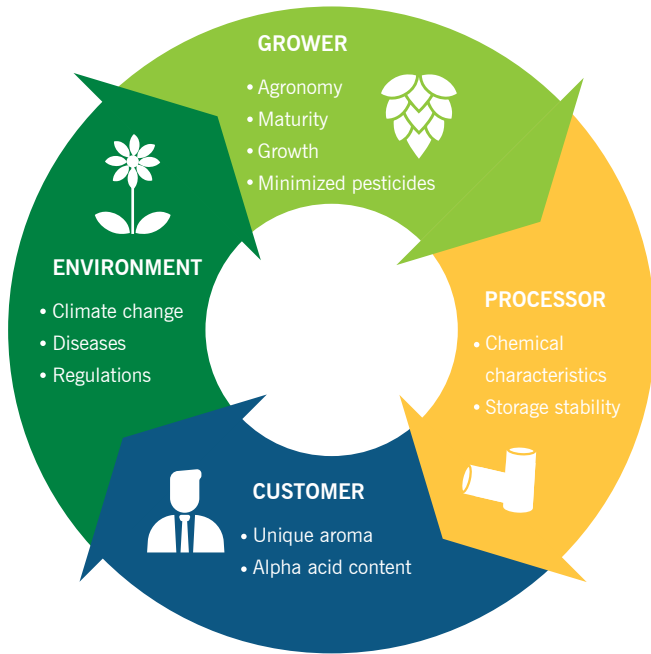
The portfolio of hop oils and liquid products was expanded from three to eight in 2022.



# Progressive

An innovation program for the future

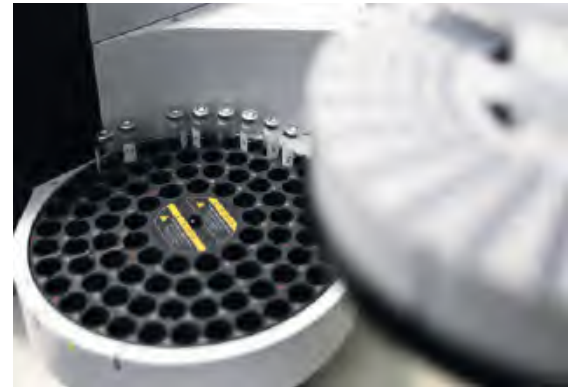
# We are always one idea ahead of the increasing requirements of hops.



We live and breathe hops – and take a key role in their research and development. The centerpiece of our own research work is our variety breeding program. We set up the program with the aim of satisfying the increasing requirements for hop products at each stage of the value chain. Climate change requires a portfolio of new breeding varieties that can cope with drought stress without a substantial loss of yield. In addition, they must have resistance to or at least good tolerance of plant diseases and pests. Our objective is therefore to breed and bring to the market plants that require less water and pesticides but at the same time are capable of better performance. When developing new hop varieties, we also focus our efforts as processors on the substances in the hops and their storage

stability. For our customers in the brewing industry, we direct our hop research toward quality, aroma profile, and bitterness. The hop varieties we breed such as Akoya and Solero are intended to cover this broad range of requirements. Our research and development department has been working on an aroma project called “The use of sensors and metabolomics in hop breeding” during the reporting period. The results will be used in the breeding program and help to achieve better targeted and more efficient development of hop varieties and products.

Playing with tradition features highly with us when it comes to innovation. This shows, for example, in the expansion of our hop oil and liquid product portfolio



We see tradition and innovation as inseparably bound to one another.

from three to eight in 2022, allowing more variation and creativity in the beers of our customers. This is all about the aroma-giving components, which simplify the brewing process and positively affect the taste of drinks in a natural way. These products contain the essential oils of the hops, but no bitter substances. In future we will be working more intensively with fluid extracts in the aroma field with the aim of further expanding our product range.

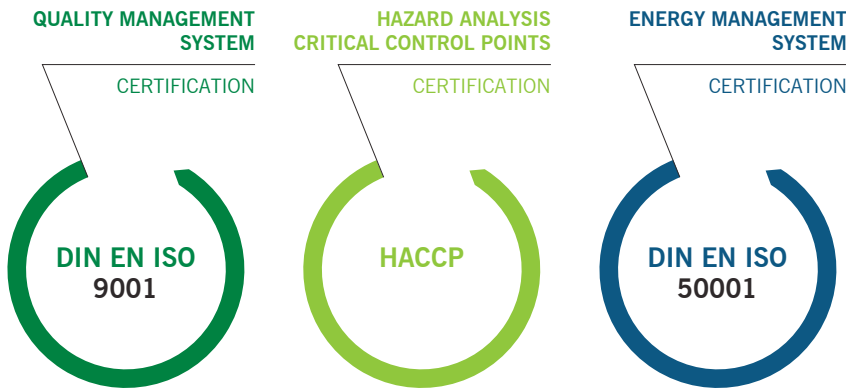


The range of aromas in beer is overwhelming.

# Confirmed

## Product quality and processes

Our highest priority is (regionally compliant) food safety – as much for our customers as for our company. We take responsibility for the purity of our products and for their compliance with food safety law. By closely linking the preparation of raw materials and their processing, we guarantee perfect quality products for our customers – and stand behind that claim.



Our system for product safety is built on three pillars: quality management, product responsibility, and compliance with food safety laws.

Our suppliers rely on pesticides to ensure the quality and yield of the hops. It is our responsibility to ensure that, in doing this, their hops remain within the legally specified substance thresholds and environmental pollution limits. We have therefore integrated the growers into our quality management system. Proven data collection systems ensure that we receive complete information, even during the growing phase of the hops. We continually test for any pesticide residues in accor-

dance with our HACCP concept. In the purchase of further auxiliary, operating, and other materials, we use suppliers who have been evaluated and qualified within our quality management process. We store the delivered raw materials and the finished hop products under refrigerated conditions. Continuous temperature monitoring guarantees no loss of quality. We have complied with the requirements of our certified ISO 9001 quality management system for every stage of the subsequent

hop processing since 1998. All processes from the acceptance of the raw material to the manufacture of the finished product are closely monitored. 100 percent of the processed products are analyzed as part of our final checks. The path the hop cones take from the grower through our processing and refining facilities up to delivery to the customer is completely traceable. Our traceability system means we can always follow the same path back from the product right to the origin of the raw materials.



66.8%

**RENEWABLE PROCESS  
MATERIALS**  
by total weight



# 1.135.5

TOTAL ENERGY CONSUMPTION  
kWh per mt raw hops

# approx. 5000

TONNES CO<sub>2</sub>  
Scope 1 and Scope 2



approx. **3/4**

RENEWABLE PACKAGING  
MATERIALS  
by total weight

# 7%

PROPORTION OF  
HAZARDOUS WASTE BY  
TOTAL WEIGHT  
per mt raw hops



# 0

TOTAL WATER WITH-  
DRAWAL FROM ALL  
AREAS WITH WATER  
STRESS  
m<sup>3</sup> per mt raw hops

# Efficient

## Use of resources

Our business concept for the natural product hops is based on responsible business practices, sustainable cultivation, and careful use of resources. In addressing efficiency, we continually optimize our methods of storage and processing of our raw materials. We place a particular focus on energy. Extract production requires a higher energy use overall because the raw hops must first be pelletized and then extracted, which is energy intensive. The rising energy requirement of recent years can be attributed to an increased demand for hop extracts and downstream products. They are made using the raw material CO<sub>2</sub>

hop extract and require additional processing steps.

The harvesting of hops, being a natural product, is always subject to fluctuations. This relates in particular to the total quantities harvested and the quality of the ingredient lupulin (alpha acid). To this can be added factors such as varying extraction times, the length of time raw hops are kept cool, and customer demand. There are other influences on energy consumption, which are likewise to be taken into account. As a consequence, it is difficult to say directly from the displayed

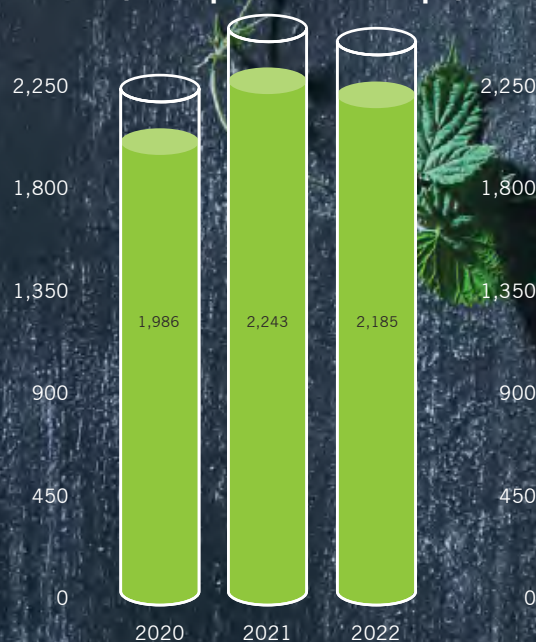
performance indicators whether there has been a reduction in energy consumption. As part of attaining energy management certification in accordance with DIN EN ISO 50001, we have introduced a system of performance indicators with various correlation analyses of individual consumers – separated into heat energy and electrical energy.

Our declared objectives by the end of 2023 are to increase energy efficiency by 4 % (compared to 2021) and raise the proportion of renewable electrical energy by 20 %.

### ENERGY CONSUMPTION IN PELLET PRODUCTION (kWh per mt raw hops)



### ENERGY CONSUMPTION IN EXTRACTS PRODUCTION (kWh per mt raw hops)



## PROCESS MATERIALS (kg per mt raw hops)

## PACKAGING MATERIALS (kg per mt raw hops)

- Ethanol
- CO<sub>2</sub>
- Glucose
- Propylene glycol
- Acids and alkalis / auxiliary process materials

- Cans / containers
- Cardboard
- Composite films
- Stretch films
- Pallets
- IBCs & canisters



We prefer to use recyclable packaging whenever possible. About 75 percent by total weight of the packaging materials we use is renewable. Our process materials also stem for the most part from renewable sources. Our consumption of materials depends directly on the sales of our products. The increased use of ethanol results from the higher demand for xanthohumol products from the bio science sector. In addition, market forces have resulted in a greater need for acids and alkalis, as well as for auxiliary process materials, because of the greater demand for hop extracts and downstream products. We have also required more cans and containers.

# Versatile

Emissions from hop processing

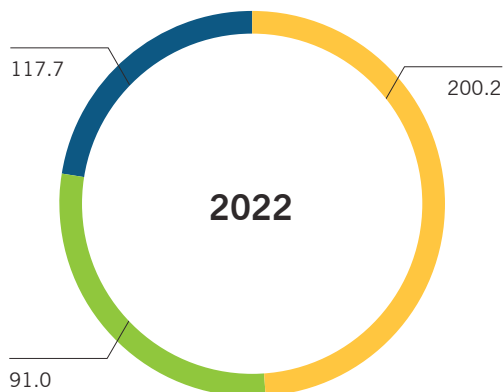
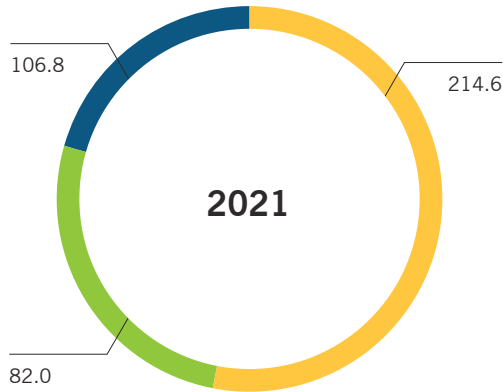
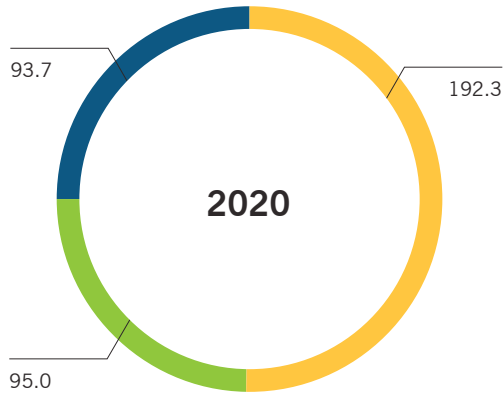


We are increasing the proportion of renewable energy by expanding the area covered by photovoltaic systems on our factory roofs.



## CO<sub>2</sub> EQUIVALENT (kg per mt raw hops)

Scope 1 ■ Biogenic proportion Scope 1 ■ Scope 2 ■

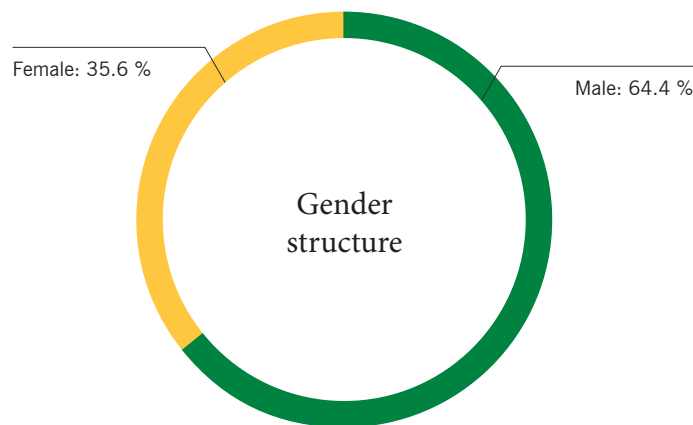


The CO<sub>2</sub> extraction system is filled with hop pellets.

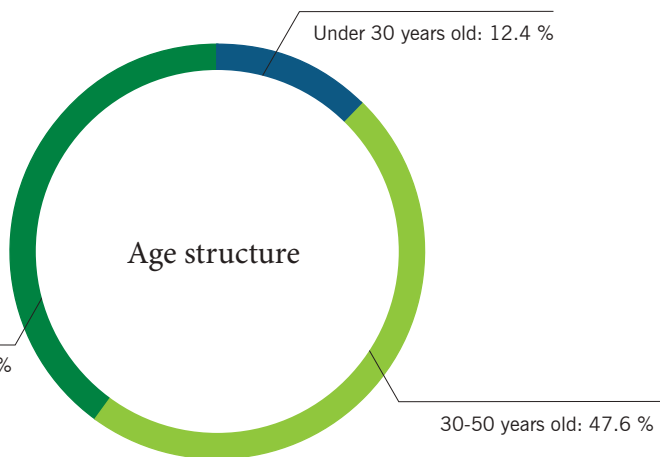
Like any manufacturing activity, hop processing creates emissions. We cannot avoid them, only reduce them. We are aware of our responsibilities. Changes mainly arise over time from the demands for different product ranges and fluctuations in the quantity and quality of the raw hops to be processed. Our main challenges relating to climate-relevant emissions lie in energy-intensive production processes and the high cost of carbon-neutral energy carriers. In the areas of saving energy and the use of renewable energy, we have set ourselves long-term objectives and identified measures, which are listed on pages 18 and 19. Through them we will reduce emissions and make a positive contribution to environmental protection.



Treating one another with respect, fairness, and appreciation is at the heart of all activities in our company.



Gender structure



Age structure

We treat all employees in our company fairly and equally. Our attitude to the topics of anti-discrimination and equal opportunities is set out in our Code of Conduct. As an employer, we provide an appreciative, family-friendly working environment, reasonable pay, a needs-based workspace design, and flexitime working. This creates a lasting, pleasant atmosphere – our employees feel comfortable with us. Our company is notable for its high length of employee service and low labor turnover rate.

An appreciative environment for employees is the basis for mutual cooperation. We involve them in the planning and development of business activities. Therefore we are eager to find out their ideas and want to hear their opinions. Our flat hierarchies and short, direct communication paths encourage the exchange of ideas. Our company's ability to perform depends considerably on our competent employees. We rely on customized training at all levels to foster them in their careers. To achieve this we

# Respectful Towards one another

**Our employees are at the heart of our success.  
We trust them and appreciate them as people  
and for their specialist knowledge.**



Ensuring the availability of skilled staff is a material topic for us.

systematically identify necessary additional qualifications and training requirements. We then implement the identified professional development measures in agreement with the employees involved. There are key positions for which this is particularly important. We ensure effective succession planning so that the associated detailed and special knowledge is passed on in its entirety. To achieve a smooth transition, we arrange for the successor to start working at an early stage alongside the experienced colleague who is approaching retirement age. This allows time, in some cases many years, for an intensive induc-

tion into a role, during which a smooth transfer of knowledge takes place.

The pandemic presented every one of us with challenges. We supported parents online with remote learning, for which our IT section very quickly provided the necessary infrastructure. The circle was then widened, to be able to divide departments into two groups. These groups then worked alternately on the premises or from home. In this way we avoided large waves of illness and the company was always able to operate. The increased flexibility also led to a more balanced ratio of work and home life.

**225**



**EMPLOYEES**  
as of 31 December 2022

**0**



**NUMBER OF DISCRIMINATION CASES**

Safety is our primary concern in day-to-day operations, which is why we take good care of our employees. We strictly adhere to the legally specified standards for working conditions, working time regulations, and occupational health and safety. As some of the tasks on our production floor involve physically strenuous activities, we place particular emphasis on occupational health and safety. In accordance with legal requirements and the rules of the Employers' Liability Insurance Association, we have a named employee responsible for occupational safety and several safety officers within the company, who monitor the measures we have introduced. The employee responsible for occupational safety is always available to advise our

works council. We can also obtain external advice from B.A.D Gesundheitsvorsorge und Sicherheitstechnik GmbH. We make every effort to convene a meeting of the company's Committee for occupational safety and health protection (ASA) at least four times a year. We have introduced various measures, such as the strict adherence to the accident prevention regulations, to minimize the risk of work-related injuries and ill health. These measures are based on completed risk assessments. In the interests of the long-term well-being of our employees, we offer preventative medical check-ups conducted by our company physician, ensure ergonomic workstation design and invest in ways of making work easier. Occupational health protection

We are continually investing in ways of making work easier. This increases the feeling of well-being.





measures were highly significant during the reporting period because of the corona virus pandemic. Close cooperation with our company physician stood center stage during this time. We provide all kinds of information about occupational safety and health in our training sessions, bulletin boards, and by direct instruction. In training sessions, we give our employees the knowledge for them to work in ways that help preserve their health and show them how to carry out first-aid measures correctly. The courses are listed in the training program and are intended for employees and management alike. Thanks to these measures, we have recorded no work-related ill health and only a few work-related injuries during the three-year reporting period.

# 900.000



**NUMBER OF WORKING HOURS  
IN THE COMPANY\***

# 0



**NUMBER OF WORKRE-  
LATED ILL HEALTH\***

# 17



**NUMBER OF WORKRE-  
LATED INJURIES\***

\*During the period from 2020 to 2022

# Committed

With roots in the region



Wearing full breathing apparatus, Mainburg's Volunteer Fire Brigade officers practice their emergency drill at our premises.



Prost! For the benefit of everyone, we are actively involved in the region and beyond the boundaries of the Hallertau.

# 50,000 €



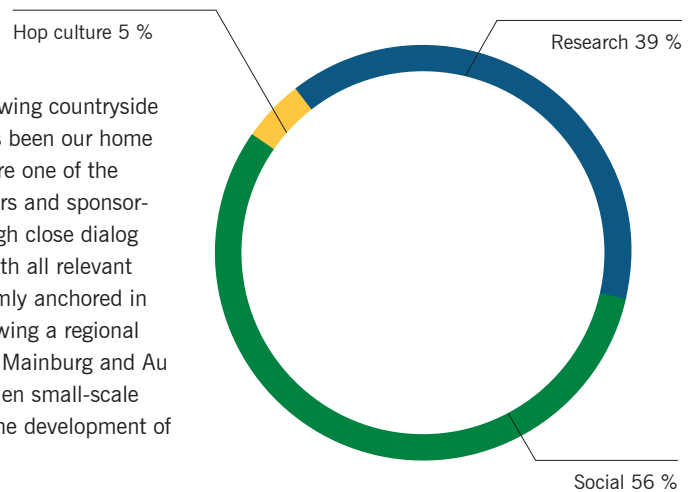
TOTAL DONATIONS

**We have set down deep roots in Hallertau over many years. As an employer, but also as part of the local society.**

Mainburg in the hop-growing countryside of the Hallertau area has been our home for many decades. We are one of the region's leading employers and sponsoring organizations. Through close dialog and continual contact with all relevant social groups, we are firmly anchored in the community. By following a regional contract award policy at Mainburg and Au in Hallertau, we strengthen small-scale farming structures and the development of the hop-growing region.

We work with others to actively shape our immediate surroundings by supporting regional projects through sponsorships and donations. We appreciate and encourage the voluntary commitment of our employees. For example, we release employees who are members of the Volunteer Fire Brigade to attend emergency call-outs. In addition, we make our premises available for fire brigade exercises. We focus our donations on social, hop culture and scientific research fields. We support organizations to fight poverty such as the Rotary Club Mainburg-Hallertau. In the areas of culture and science, we focus on activities and projects involving hops, including the German Hop Museum in Wolnzach and the selection of the Hop Queen. In the area of research, we provide financial support to

## DONATION BREAKDOWN 2020 TO 2022



the Technical University of Munich and the Weihenstephan-Triesdorf University of Applied Sciences. We have also supported the new professional development and further education center for the brewing, drinks and food industry building at Doemens Academy during the reporting period. The project includes an integrated technical center with a pilot and teaching brewery (5 hl), including a fermentation cellar, storage cellar, and malthouse.

For good causes we step over the local boundaries: we donate to Doctors Without Borders and the Workers' Welfare (AWO) in Bavaria. In response to the 2021 flooding catastrophe in the Ahr valley, we collected donated goods for the people living there.





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