



# SUSTAINABILITY REPORT

REPORTING PERIOD 2014 - 2016



COMMITTED TO THE CUSTOMER.



## Worldwide hops trade

The company Simon H. Steiner, Hopfen, GmbH is a 100 percent subsidiary of S. S. Steiner Inc., New York, USA. This sustainability report covers the activities of Simon H. Steiner, Hopfen, GmbH as well as the hop processing facilities of Hallertauer Hopfenveredelungsgesellschaft mbH. Within the reporting period of this report, the company has expanded to include a portion of the subsidiaries HOPSTEINER España S.A. and Brewpark S.A.S. in France. In addition, Hopsteiner continues its partial ownership of companies previously described in the 2013 sustainability report.

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*"A great deal of attention is devoted to striking the right balance between economic, environmental and social factors, particularly in the food production industry."*

Dear Ladies and Gentlemen,  
Dear Business Associates,

Over the past few years, consumers increasingly have become more aware of their diet. They are consciously choosing healthier options while expressing the desire for regional products. Furthermore, the modes of communication are changing, with social media playing an ever larger role. Naturally, these trends have also inundated the beverage industry. Consumers are seeking information about the origin and the quality of the raw materials used in their beverages and foods. They are showing a definitive preference for regionality and transparency and are using different platforms and forums to exchange their thoughts and opinions.

The hop industry is facing a number of inevitable challenges for the future, which it is currently preparing for in a proactive manner. As legislation and guidelines governing hop production become more stringent, hop producers view this as a benefit for not only humans, but for the environment as well. This encompasses protecting plants from pests and disease, administrative costs, employee recruitment and training as well as capital investment in new equipment and harvest technology. Moreover, those who process and market hops must constantly adapt in order to successfully react to ongoing changes in consumer behavior. Therefore, it is important to recognize developments as they occur and to design processes and long-term planning strategies to ensure a rapid response in the interests of our partners, if needed. As part of our sustainable and long-term development strategy, we at the Hopsteiner group are acting on these trends by creating and implementing numerous measures so that we can continue to guide our company successfully for decades to come.

Here are several examples:

- We have intensified our efforts in breeding new European varieties, with a special emphasis on meeting the changing needs of our customers, adapting to the visible effects of climate change, meeting the requirements posed by more restrictive legislation regarding plant protection and responding to the economic demands of hop producers.
- In order to ensure that we source "hops from home", our hops are cultivated regionally in different European countries. Of these, Germany continues to be the primary producer of our hops.
- Our modern, environmentally conscious energy management strategy utilizes solar-generated electricity for our cold storage units and reduces CO<sub>2</sub> consumption throughout our entire value chain down to our fleet of company vehicles.

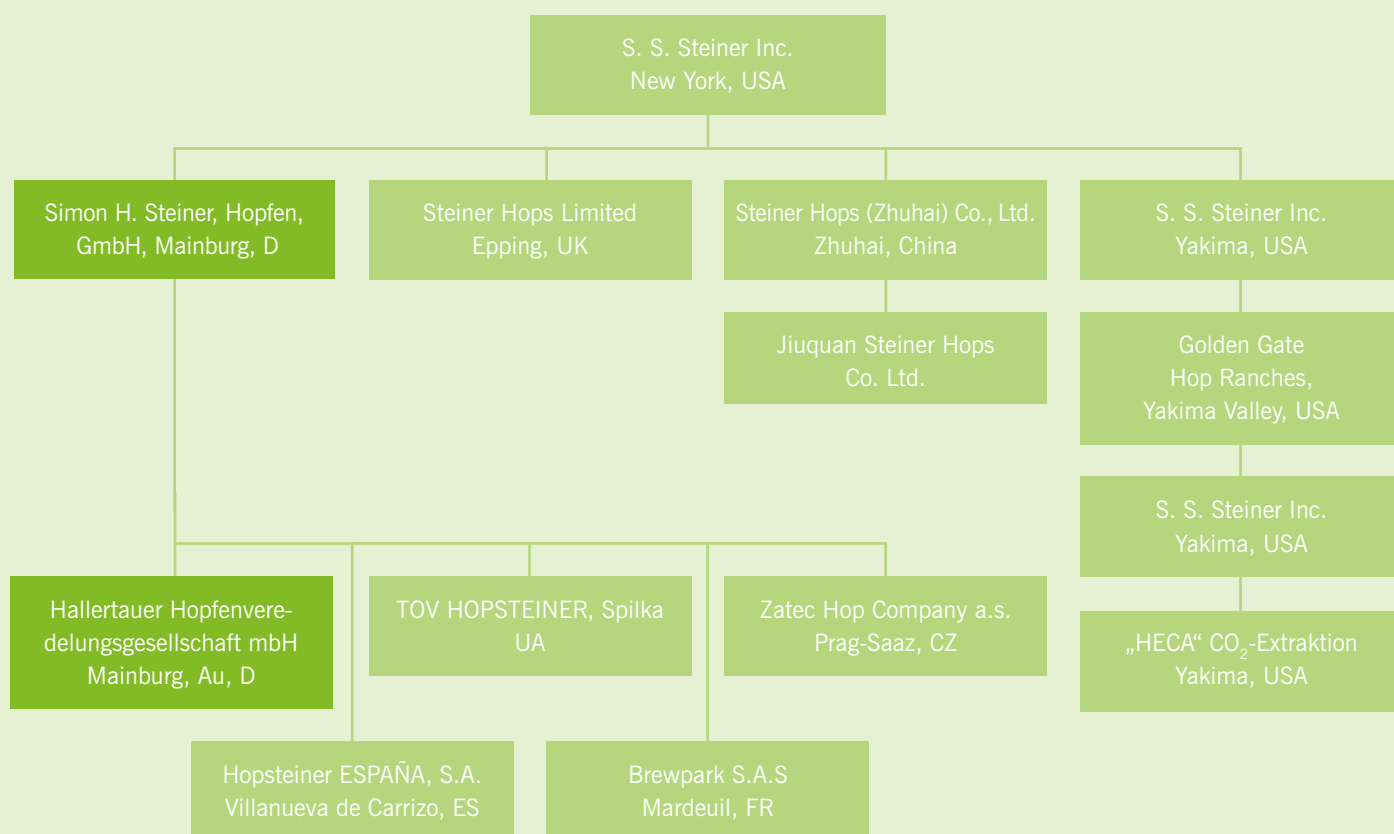
As you can see, sustainability remains a central theme with many areas of active applications and exciting challenges. The Hopsteiner group constantly monitors these areas on the basis of a solid, defined business concept. We have gathered and presented the essential information regarding our endeavors, which can be found in the following updated edition of our sustainability report.

Joachim Gehde  
Managing Director

Pascal Piroué  
Managing Director



# Hopsteiner at a glance



Although our subsidiary in the Ukraine represents only small amount of our business activity (in the lower single digit range), improved business conditions as well as changes in our corporate structure have had a positive effect there.

■ Included in this Report

Hopsteiner has a global presence: With subsidiaries in all international hop producing areas, we have direct access to hop farmers.

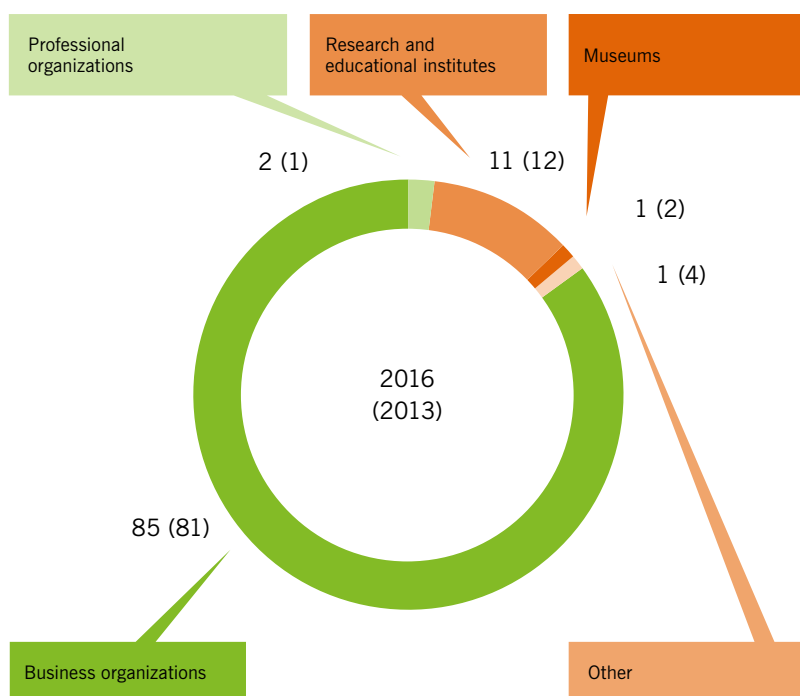
Our sales and distribution network spans the globe, allowing us to forge close ties with all customers who use our hop products. These include breweries as well as companies involved in food processing and other industries who utilize hop products in applications other than brewing.

Along with maintaining our presence on the raw materials market and as part of our role as a hop merchant, we also foster a constant exchange of information on scientific and trade issues with many committees and institutions from the industry. We are present and actively participate in the relevant associations for the hop industry, for example, the Deutscher Hopfenwirtschaftsverband e.V. (German Hop Industry Association). Our Managing Director Pascal Piroué

is currently serving as deputy chairman on this board and is actively involved in the development of the hop industry.

Furthermore, we are also in close contact with the research institutions in the beer industry, such as TUM Weihenstephan and the Versuchs- und Lehranstalt für Brauerei in Berlin e.V. (VLB) in addition to various other research institutes around the world.

### FINANCIAL CONTRIBUTIONS TO ORGANIZATIONS AND RESEARCH INSTITUTES (%)



The first sustainability report can be viewed at [www.hopsteiner.com/de/bewusstsein-fur-nachhaltigkeit](http://www.hopsteiner.com/de/bewusstsein-fur-nachhaltigkeit) and is available for download.

## Scope of this report

The hop trade is one which is based on success over the long term. Therefore, our activities center on building solid business relationships and creating lasting agreements. Much of the information included in the sustainability report continues to be a permanent part of our business. From the very beginning when we were drafting our first sustainability report, we decided to release a report every three years. Since the data did not exhibit any notable variations for the most part during this period, we have chosen to compare the data collected in 2016 with those from 2013 in the current report. Only in instances where the

annual data show large differences have we integrated the changes since 2012. This applies to information found in the Environment as well as the Employees & Society sections of this report.

This is especially true of the copious amount of information concerning the years 2012 and 2013 which was included in the general information section of the first sustainability report. For this reason, in lieu of restating the general information in this report, we have chosen to reference the first sustainability report by means of our GRI Content Index prepared according to the GRI G4 – Version Core.

In some topic areas, we have improved how the information is presented, for example, by including individual values in the figures. Moreover, we have examined certain indicators in more depth, such as:

- information regarding individual waste fractions
- data concerning employee training and occupational safety

## Key aspects of our sustainability strategy

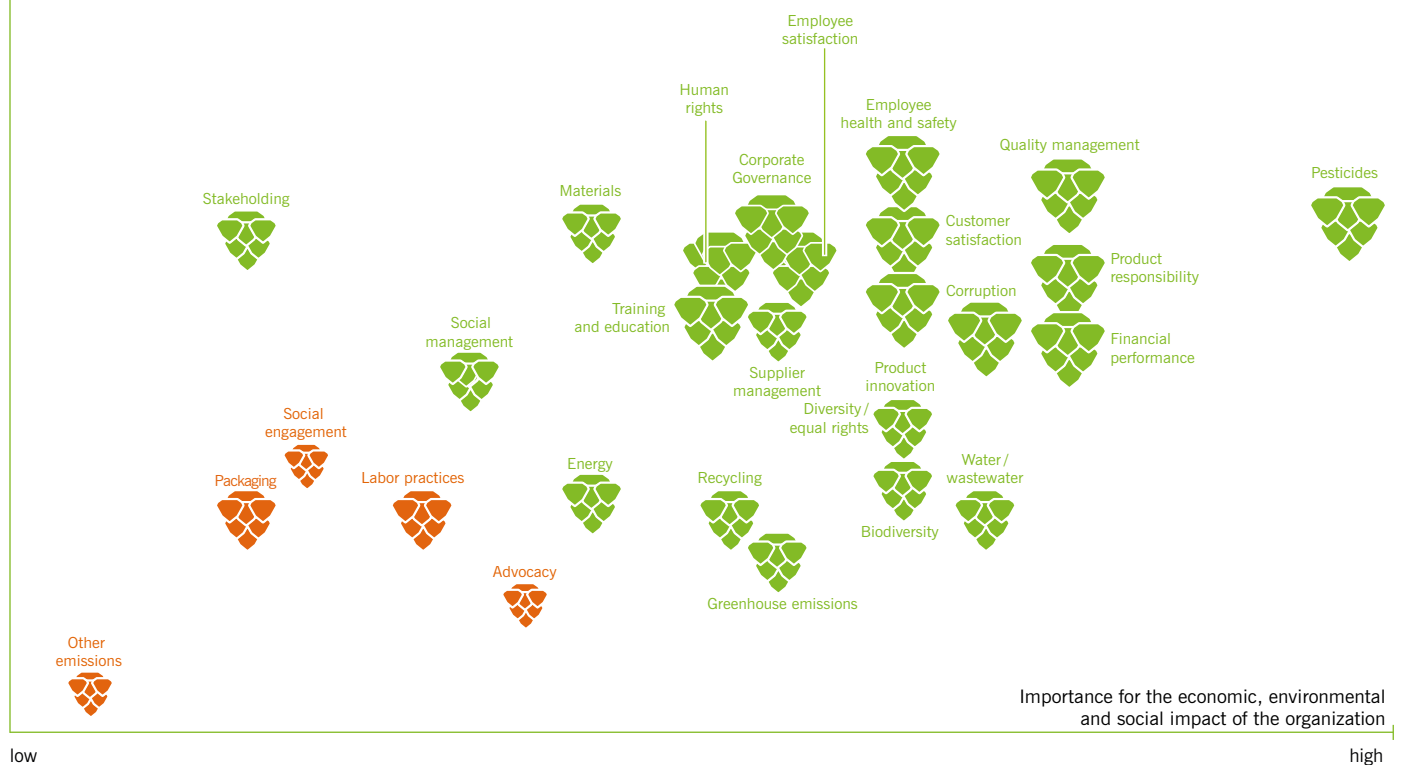
The aspects described in the first edition of our sustainability report remain valid. We feel that none of the aspects previously defined as important for our stakeholders or for us internally as a company, require any revision. Details regarding the process employed to identify and rank these key aspects can be found in the first sustainability report.



### MATERIALITY MATRIX\*

high

Impact on the assessment  
of the stakeholders



■ Relevant aspects for sustainability ■ Aspects not relevant for sustainability

\* The size of the symbols reflects the strategic relevance for the company.



## CHALLENGE

## REQUIREMENT

## OPPORTUNITY

-5 0 +5

- Customer demands for sustainable business practices with suppliers – risk of rejection for non-compliance

### MEASURE

- Ongoing development of measures which promote sustainable business practices
- Updating the sustainability report

Evidence of sustainable business practices

- Constant monitoring of our performance with regard to sustainability

- We distinguish ourselves from the competition

- Supply reliability is uncertain for countries with stricter laws regulating pesticide residues

### MEASURE

- Close collaboration with hop growers in the targeted application of pesticides

Difficulty in effectively controlling pests and disease to ensure acceptable crop yields due to restrictive legislation regarding the application of pesticides

- Aktive Mitarbeit als Verbandsvertreter in Gremien für Pflanzenschutz

- Close relationship with suppliers by providing consulting services

- High level of investment in new varieties with an uncertain outcome

### MEASURE

- Development of new high performance, robust hop varieties (proprietary breeding program)

Fluctuations in harvest yields due to climate conditions

- Introduction of new varieties to customers
- Application of internal resources for brewing trials

- Proprietary hop varieties are a unique selling point
- Securing the future of hop growing in Europe

- Market penetration without complete cost recovery

### MEASURE

- Supply new hop varieties with characteristic aroma components to gain new customer bases

Innovative capacity of the brewing industry and the development of new beer styles

- Development of new markets and customer bases
- Positive perception of hops

- Costs exceed the return on investment

### MEASURE

- Online shop
- Redefining standard package sizes

Adjustment of distribution and logistics practices to accommodate smaller product units

- Exploiting a growth market through monitoring trends

- Loss of contact with the hop farmers

### MEASURE

- Hopsteiner PflanzForum (forum for hop growers)

Direct contact with businesses of the future

- Improved contact to companies with a focus on long-term planning

- Contact with the hop growers is reinforced

- Product recall
- Non-compliance with the law

### MEASURE

- Analysis of every finished product for pesticide residues
- Constant modification and improvement of the early warning system

Quality demands from breweries in terms of purity of the raw materials

- Highest level of product safety for the customers
- We distinguish ourselves from the competition

A close-up photograph showing a thick, dark green liquid being poured from a container (not fully visible) into a white, shallow bowl. The liquid is viscous, creating a smooth, continuous stream that falls into the bowl, where it begins to pool. The background is a plain, light-colored surface.

“Responsible and  
ready to perform”

## Keeping a Steady Eye on the Big Picture

Every year, we publish a report on global hop market conditions entitled “Guidelines for Hop Buying”. Based on the insights gained from analysis of the hop market and the requirements of our partners, we have devised two plans of action in order to continue to achieve long-term success. The first strategy is operating our own hop breeding program. Within the scope of this program, we develop new varieties with a strong resistance to diseases and pests. This is, in part, being driven by climate change since the plants are exposed to longer dry periods and must tolerate higher temperatures in the summer months.

The second strategy involves restructuring our distribution and logistics operations to meet the needs of our customers in the expanding microbrewery sector, who require smaller volumes of our products.

With regard to product development, we have continued to intensify our research efforts in the exploration of aromas as well as increasing our capacity in production and logistics. In total we invested 3.1 million euros at our facility in Mainburg, Germany in the period from 2014 to 2016. As part of our sustainability measures implemented, major investments were the construction of a new technical center for brewing trial batches with new hop varieties and a new vacuum packing machinery for packing

whole hops in 5 kg packages. Furthermore, we increased our capacity for producing downstream products.

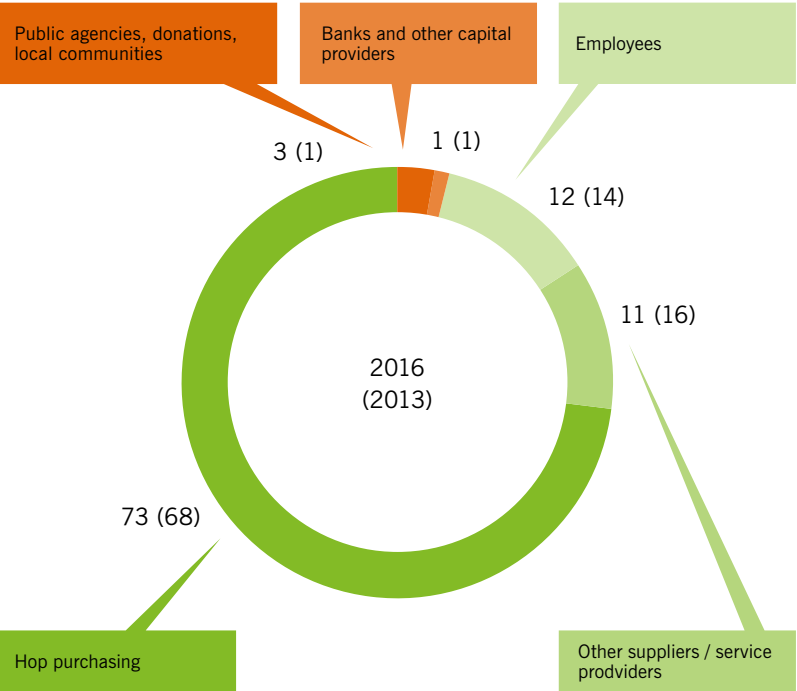
Along with capital investment in these areas, we must also take the rising cost of raw materials into account. Through a targeted purchasing and sales strategy, we were able to sustain and strengthen our position on the market even further.

*Our guidelines for hop buying can be found on our home page (<https://www.hopsteiner.com/news/type/guidelines/>) and are available for download.*

# Financial Information

Approximately three quarters of our revenues go to our raw material suppliers, the hop farmers. A further 23 percent goes to payroll expenses for our employees, other suppliers and service contractors. The figures have remained within a comparable range over the years; however, some vary from year to year depending on the harvest yields.

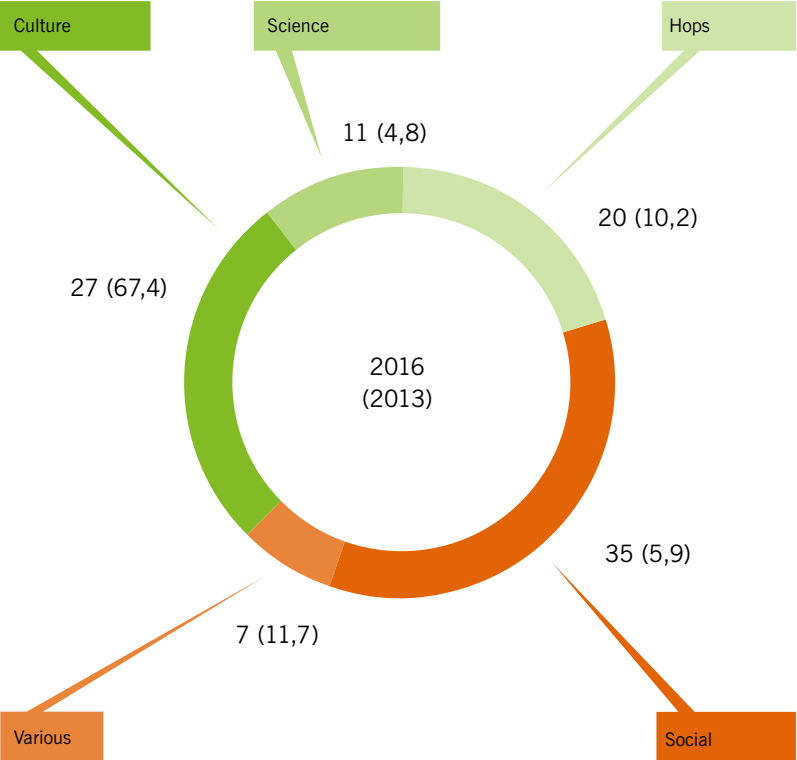
MONETARY EXPENDITURE (%)



# Donations

A balanced approach is important to us in our support of social projects. We want to have the flexibility to react when individual projects arise and provide the necessary support without limiting our options. The graph shows the different proportions of our donations over the years.

DONATIONS SORTED BY CATEGORY (%)



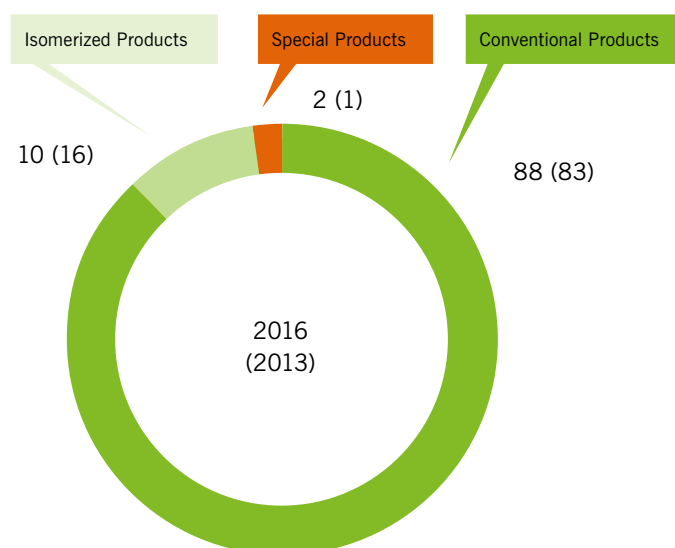
## Our First Priority is Ensuring the Safety of Our Products

Hop research secures our hop production operations in Germany. Since 2013, our research team in Mainburg has pursued a breeding program similar to our US location, devoted to developing new varieties. They have already been able to identify the first promising breeding strains that are best suited for cultivation in Europe. Furthermore, the breeding program is specifically geared to the expectations of domestic and international brewers. We believe that some of these new varieties will be ready to launch on the market in three to four years. Our rigorous testing of our products

also plays a role in managing complaints. As our procedures are certified according to the international standard ISO-9001, we have standardized processes in place for reviewing and assessing complaints as well as the corresponding actions, both reactive and preventative, derived from these processes. The rate of documented complaint submissions are consistently below 0.5 percent, based on the total number of completed contracts. In most cases, the complaints are in reference to faulty packaging. This feedback has prompted us to invest in new packing technology. In

order to respond to complaints regarding damage incurred during transit, we maintain an open line of communication with the companies we commission to deliver our products. In this way, we can ensure a high level of safety for our products during their transport.

PERCENTAGE OF PRODUCTS ACCORDING TO SALES REVENUE (%)



Conventional hop products make up more than 80 percent of our product range. The quality management system at Hopsteiner encompasses all of our products. Using our certified processes, we monitor 100 percent of our hop products.

In all the products we produced during the period from 2014 to 2016, the levels of pesticide residues measured were below the allowable limits, both legally and according to customer specifications.

Through pesticide monitoring, we ensure that all of our products are tested for pesticide residues. Usually the raw hops are analyzed – and at the latest, the finished product. In 2014, we were able to accept all lots of raw hops from the harvest since the analysis results for pesticide residues were consistently below the legally permitted limits. In 2015 and 2016, we only had to deny a single batch of raw hops in each year due to limit violations.



# Our Roots are Here

We secure high quality hops for our customers through a lasting partnership with our suppliers and the certainty afforded by long-term forward contracts. Hop growers are also interested in signing binding agreements to supply the amount of hops they expect to harvest, as this provides them a safety net when investing in their operations. More and more of our suppliers are communicating with us through the hop grower’s portal on our website. There, they can update their company information and data online, where it can be easily accessed by all parties involved.

Through precise documentation of pesticide application for each lot of hops, we constantly monitor the quality of our unprocessed hops and hop products. In the first sustainability report, we described how our hop growers were participating in the SAI platform (Sustainable Agriculture Initiative) as a pilot project. Currently, 51 percent of the purchased raw hop quantity is SAI-certified. We expect this figure to increase in the coming years. A key element for ensuring communication along the supply chain is our regular hop grower forums. These educational events cover core topics such

as pesticide application, weather trends, securing the best harvest yields, irrigation, market assessment and questions concerning the grower’s portal. Every three years, we evaluate our suppliers and also carry out checks on-site to evaluate equipment and working conditions. In the future, auxiliary materials and processing supplies will also be included in the evaluation.

SUPPLIER STRUCTURE 2016 (%)



We rely on a very stable and well-established pool of suppliers for raw materials as well as on other suppliers. Approximately 95 percent of our suppliers are based in Germany, while five percent are from hop growing regions outside of Germany.

SUPPLIER STRUCTURE IN GERMANY 2012 – 2016



Around 50 percent of the hop producers in Germany belong to our pool of suppliers. When supply contracts come to an end, this is mainly due to termination of the hop growing business.



## “Hops, nature and the environment: in balance with one another”

### We assume full responsibility

The careful utilization of resources is important for the way we conduct our business, due in part to cost considerations, but this is not the only reason. Using raw and operating materials as well as processing aids sparingly corresponds to how we perceive ourselves – as we have expressed in our code of conduct. Our environmentally friendly activities include the continuous monitoring of all statistics pertaining to key indicators for energy and materials as well as the development of targeted measures for improving resource utilization and energy efficiency. Measures to reduce consumption are being implemented in a stepwise manner.

Our activities in the reporting period focused in particular on the commissioning of a photovoltaic system for power generation as well as improved technology for CO<sub>2</sub> extraction in order to reduce our CO<sub>2</sub> usage with this technology. Both measures have had a positive effect on our energy balance. The increased consumption of packaging materials needs to be considered in a discerning manner. The primary reason for the increase is the change from 60 kg to 20 kg cardboard packaging, due to the escalating number of country-specific limits for load weights due to occupational safety measures. However, smaller sizes for cardboard packaging also

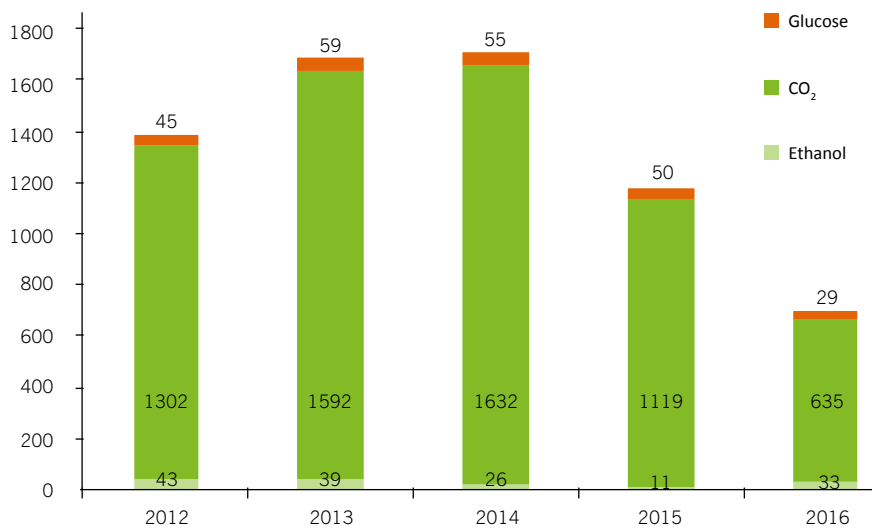
provide greater flexibility with regard to our shipping options, allowing us to better meet the needs of our customers. Another reason behind the increased use of packaging is a significant rise in demand for hops from microbreweries, which need smaller packaging units due to their broad range of products. Our two processing plants in Mainburg and Au in the Hallertau have been certified according to ISO 50001:2011 for energy management systems since 2016. As part of the annual follow-up audits, the objectives for optimizing our energy requirements are assessed and redefined.

## Utilization of raw materials and other materials

Overall, our quantity framework for raw hops and for processing aids and packaging materials is not subject to any major fluctuations. As already indicated in our first sustainability report, the proportion of raw hops in our overall material usage continues to remain at around 83 percent, while the portion of process materials is approximately

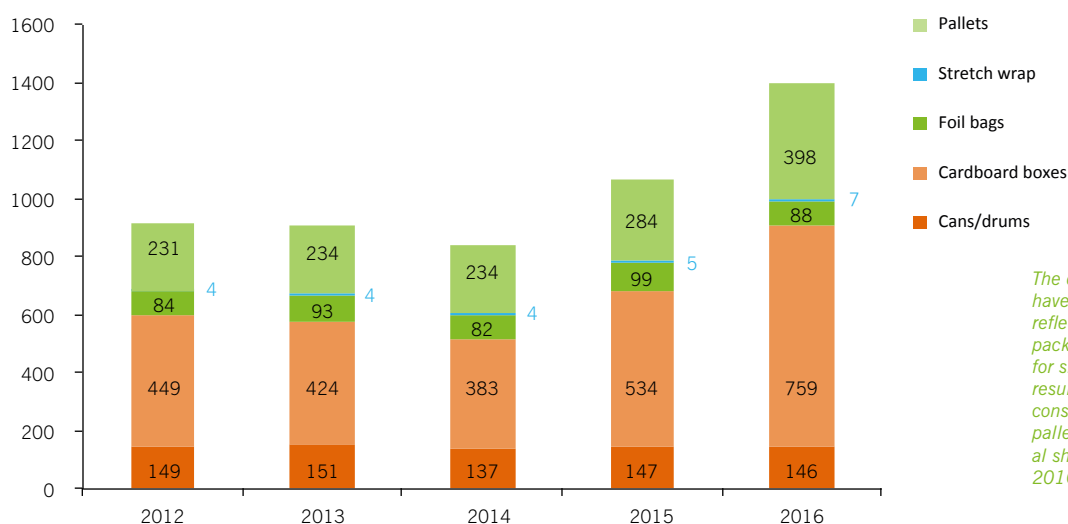
11 percent. Approximately 6 percent of our overall material usage is attributable to packaging materials. We order 100 percent of our materials from external sources and determine the quantities of these materials by referencing the invoices from our suppliers as well as those from utility and waste disposal companies.

### PROCESSING MATERIALS TOTAL (t)



*By commissioning a CO<sub>2</sub> recovery system in 2015, we were able to reduce our CO<sub>2</sub> consumption at the extraction plant in 2016 by more than 60 percent over 2014. The values for the other processing materials, glucose and ethanol, are subject to typical fluctuations in annual production.*

### PACKAGING MATERIALS TOTAL (t)



*The quantities of processed hops have increased since 2013, which is reflected in the rise in consumption of packaging material. Greater demand for smaller packaging sizes has also resulted in a gradual increase in consumption data for cardboard and pallets since 2015. Moreover, individual shipments were 30 percent higher in 2016 than in 2013.*

## An overview of additional environmental data

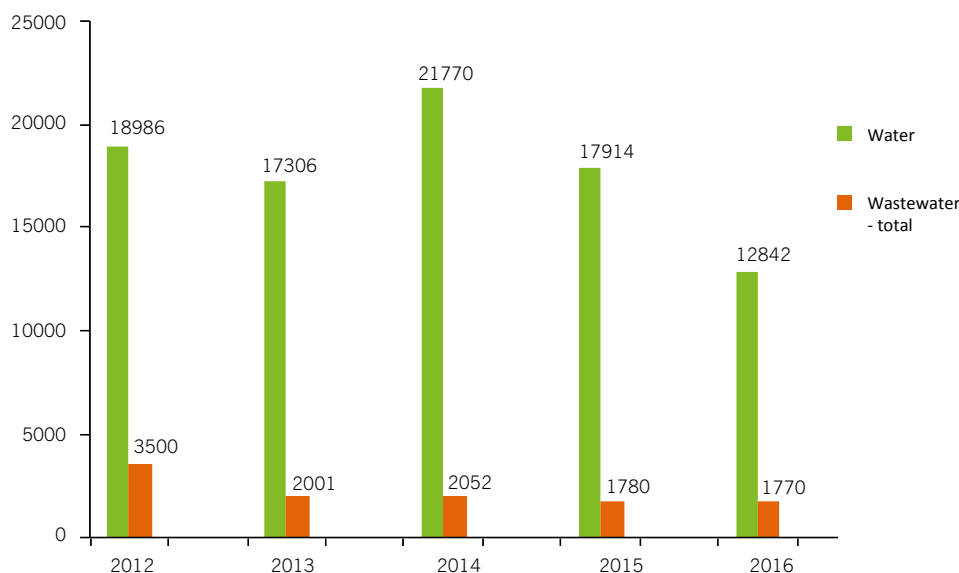
Water usage for our production processes in 2016 was 12,842 m<sup>3</sup>. The wastewater produced as a part of normal operational processes is treated at our in-house wastewater treatment plant. The concentration of pollutants is measured daily. A total freight in the wastewater of 2,200 mg COD/l (chemical

oxygen demand), which has been approved by the relevant authorities, declines on average by more than 50 percent within 24 hours.

The resultant waste is collected separately. We distinguish between the following fractions: paper, plastic film and mixed recycla-

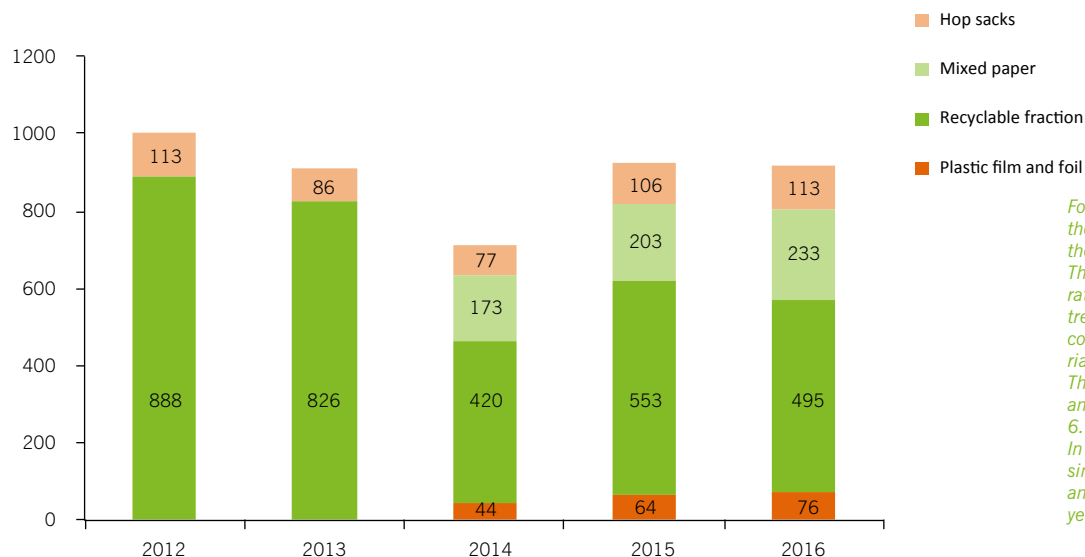
bles, which are all recycled by a suitable disposal company. Organic waste is composted. The packaging material employed by the farmers for their hop bales is fully recycled (100 percent). Chemicals and laboratory glassware are transported separately to a specific company for disposal.

### WATER USE (m<sup>3</sup>)



*The lion's share of water consumption goes to the cooling tower for ethanol extraction. Processing volumes were reduced by more than 50 percent from 2012 to 2016, and this is clearly evident in our reduced water usage.*

### PROCESSING RESIDUES AND WASTE DISPOSAL (m<sup>3</sup>)



*For the reporting period, we improved the list of waste types and summarized these for the years 2012 and 2013. The recyclable materials are separated and directed to the respective treatment facilities by our disposal company. A large portion of the material is recycled in composting plants. The figures for laboratory glassware and laboratory chemicals in 2016 were 6.6 m<sup>3</sup> and 8,565 liters, respectively. In previous years, these values were similar in scope, since we carry out analysis procedures on a similar scale year after year.*



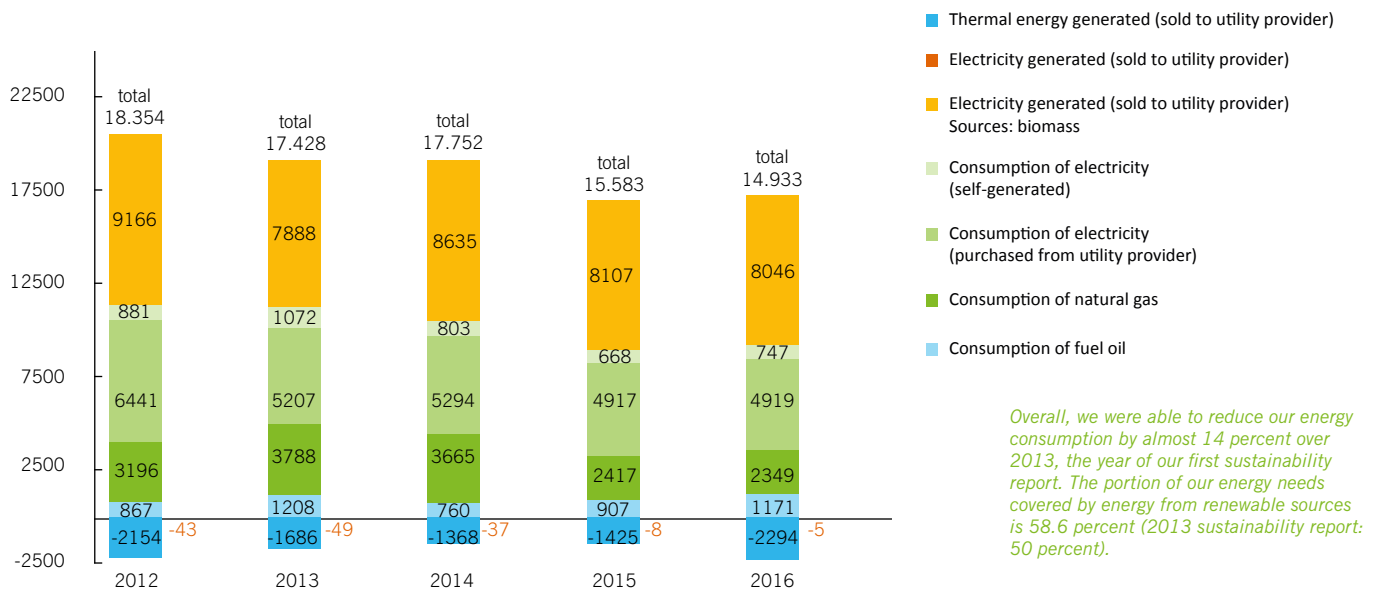
## Improved energy consumption

Our biomass CHP plant in Mainburg covers 53.6 percent of our energy consumption. Compared to the sustainability report for 2013, we were able to achieve an improvement in utilization of renewable energy sources. The most important single meas-

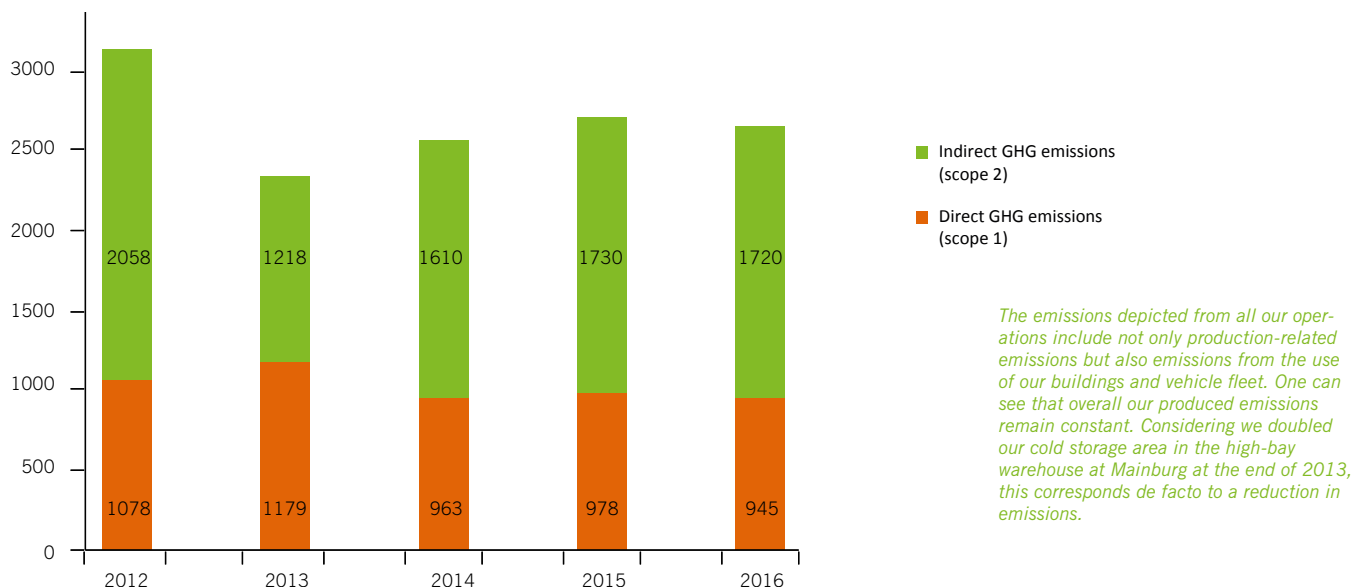
ure for the supply of sustainable energy has been the construction of a photovoltaic system at the Mainburg site, which contributed to a reduction in purchases of electrical power by 5.5 percent over 2013. We were also able to achieve greater energy efficien-

cy with the step-by-step conversion of the lighting to LED technology, by improving refrigeration technology and optimizing air conveyance systems.

### ENERGY USAGE – THERMAL ENERGY AND ELECTRICITY ACCORDING TO ENERGY SOURCE (MWh PER YEAR)

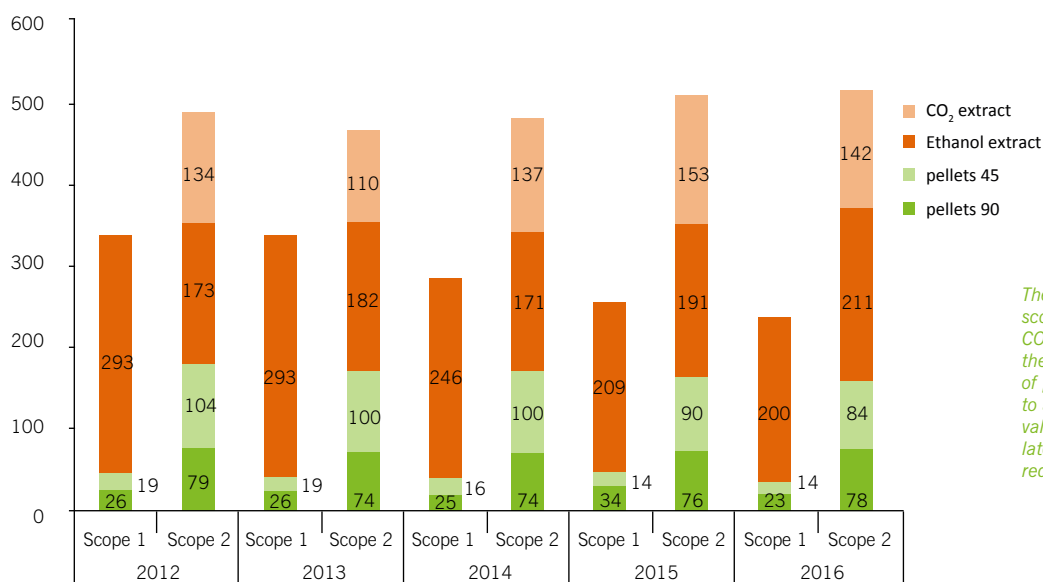


### CO<sub>2</sub>-EMISSIONS, SCOPE 1 & SCOPE 2 TOTAL (t)





### SCOPE 1 AND SCOPE 2 EMISSIONS (kg CO<sub>2</sub>/t of product)



The graph clearly shows a reduction of scope 1 emissions in the product group CO<sub>2</sub> extract. We were able to reduce the value in 2013 from 293 kg per ton of product to 200 kg. This corresponds to a reduction to 68 percent of the value at that time. Overall, product-related CO<sub>2</sub> emissions in 2016 were reduced by 52 tons over 2013.



*Our personnel policy is based on continuity and long-term motivation of our employees.*

## Success as a Team

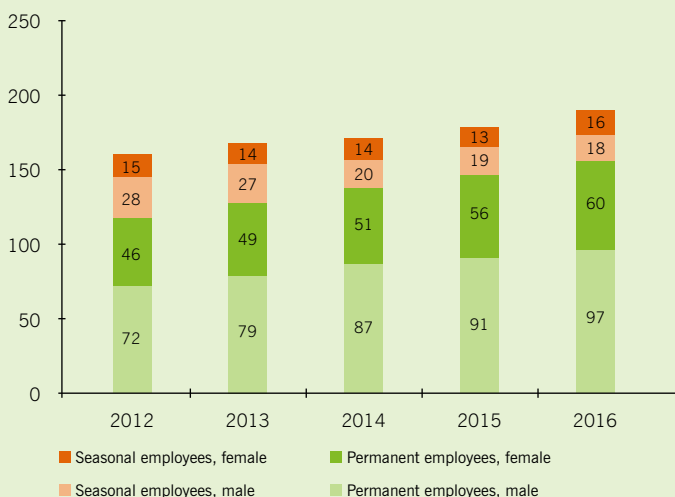
The commercial success of Hopsteiner is linked to the involvement of our employees in the formulation and implementation of our corporate goals. With performance-based pay and a family-friendly working atmosphere augmented by a demand-oriented workplace structure and work models for full-time and part-time jobs, we form long-term relationships with our employees. We value a fair and equal treatment of all employees. A low turnover rate and the extensive expertise of our employees are both very important to us. Training is tailored to fit our employees' needs across all levels, because Hopsteiner depends on the continuous expansion of our employee knowledge base.

At present, the fact that an increased proportion of employees will be reaching retirement age over the short and medium term determines our planning: In an environment where there is a scarcity of skilled workers, we place great value on reinforcing the skills of our junior staff members to ensure that one generation smoothly transitions to the next. The fact that all our employees are well-integrated in a work environment that is free of gender bias is important to us.

## OUR EMPLOYEES – A LOOK AT THE NUMBERS

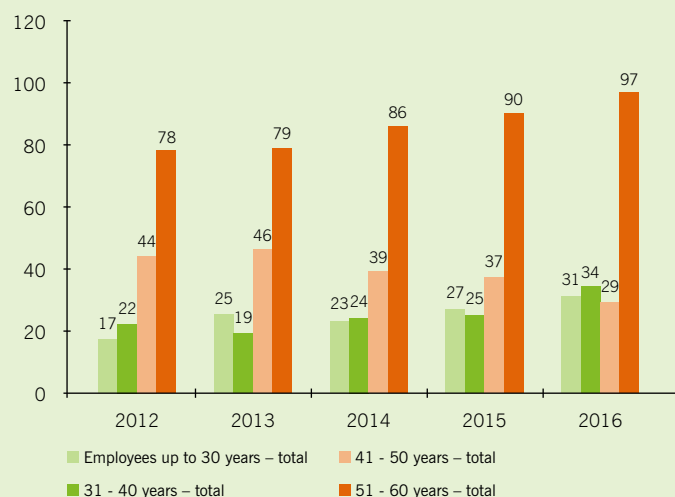
Experienced, skilled personnel and the integration of qualified seasonal workers ensure demand-oriented performance during harvest and processing. In 2016, we engaged a total of 191 employees. The proportion of female employees in our 2016 workforce was 39.8 percent.

### TOTAL NUMBER OF EMPLOYEES ACCORDING TO NATURE OF THEIR CONTRACT AND GENDER (NUMBER OF EMPLOYEES)



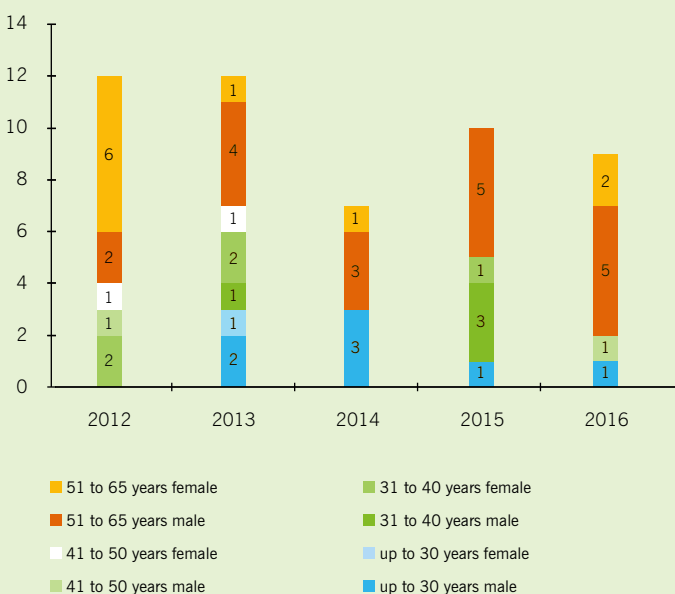
Our leadership team consists of two managing directors and nine department managers. There are currently two female executives at this level of management. An increase in the number of females at this level is desirable – however, in view of the long-standing service of our employees, this is unlikely to materialize in the near future.

### EMPLOYEES CLASSIFIED ACCORDING TO AGE GROUPS



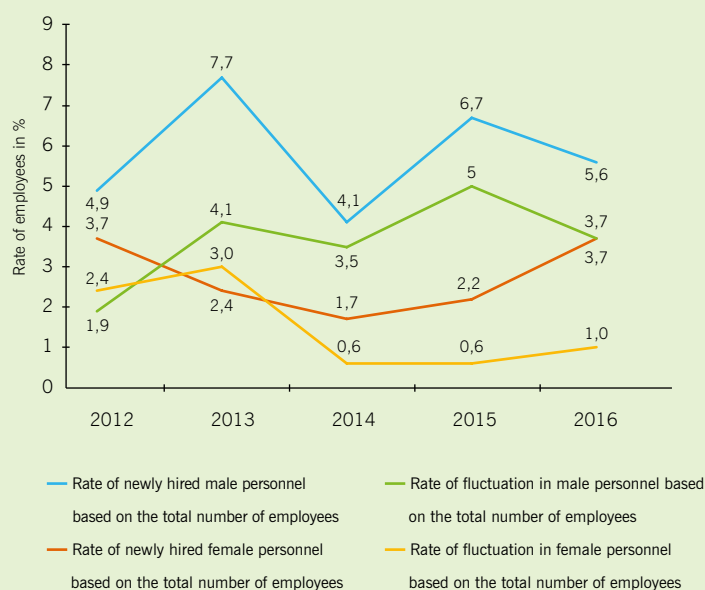
Since 2012, we have steadily increased the proportion of employees under the age of 40. In 2016, 34 percent of employees were under 40 years old, compared to 24 percent in 2012.

### DEPARTURES BY AGE GROUP



From 2012 to 2016, the proportion of departures for older employees rose from 66.6 percent to 77.7 percent.

### RATE OF NEWLY HIRED PERSONNEL AND THE RATE OF TURNOVER ACCORDING TO GENDER 2012 – 2016



In order to compensate for the foreseeable retirement of older employees at present, the rate of new hires over the five-year review was always higher than the rate of turnover.

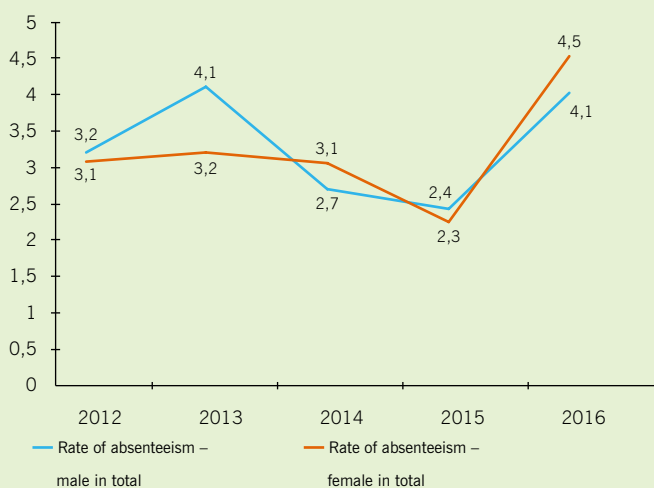


## Work safely and soundly

and the protocols governing the employers' liability insurance association, we have appointed a safety officer to oversee measures taken to ensure occupational safety. The safety officer determines which rules and regulations are necessary for safeguarding our employees and monitors their compliance.

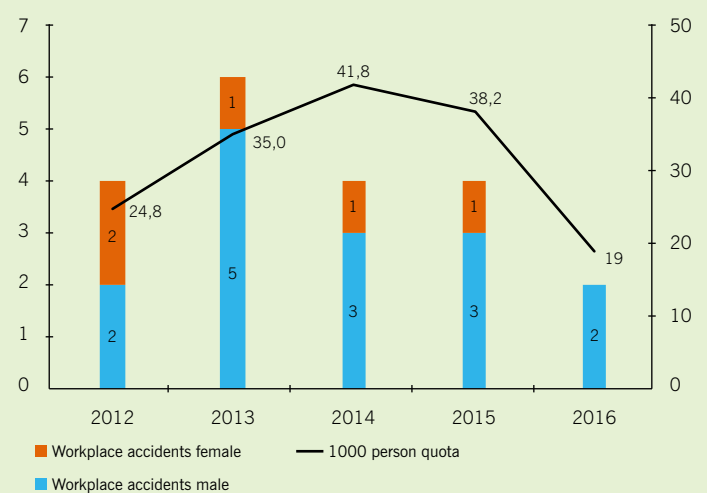
Our objective is to achieve "zero" workplace accidents. During the reporting period, we were able to reduce the number of accidents. The measures taken were listed in the first sustainability report: Through intensive, annual training regarding forklift safety and loading/unloading, we have largely alleviated accident focal points in this area. Currently, we are training our employees about "working from heights" – a result of our analysis of accidents and "near-accidents". In cooperation with the Berufsgenossenschaft NGG, we carry out regular plant inspections, conducting risk assessments and accident analyses. Moreover, we work closely with our occupational health office to schedule regular check-ups for all employees.

### RATE OF ABSENTEEISM ACCORDING TO GENDER



The rate of absenteeism fluctuated between 2.3 and 4.5 percent; the increase in 2016 can be attributed to the higher number of employees within the age group of 51 to 65 years old.

### WORKPLACE ACCIDENTS ACCORDING TO GENDER



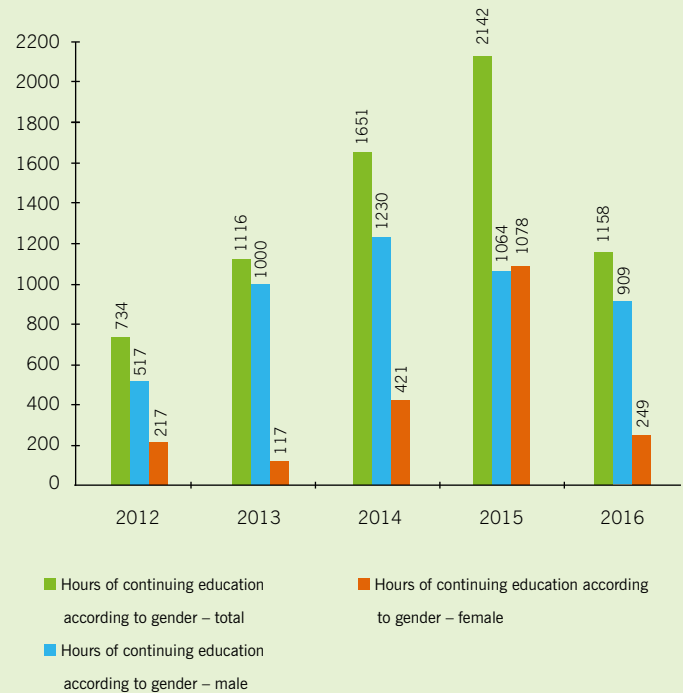
From 2012 to 2016, there were no reported cases of work-related diseases resulting from employees' activities at Hopsteiner. There were also no work-related deaths during this period.

## Continuous training and vocational development

The development policy for our employees is determined by their duties and qualifications. This includes training programs with the primary objective of continuous improvement regarding their proficiency at performing their professional tasks. Furthermore, we rely on the long-term development of a team of specialists. Consequently, we have an outstanding market position, especially in the core areas of customer service in technical brewing, support for hop farmers and hop purchasing, as well as in research and development. The gender-independent promotion of employees is fundamental to our company policy.

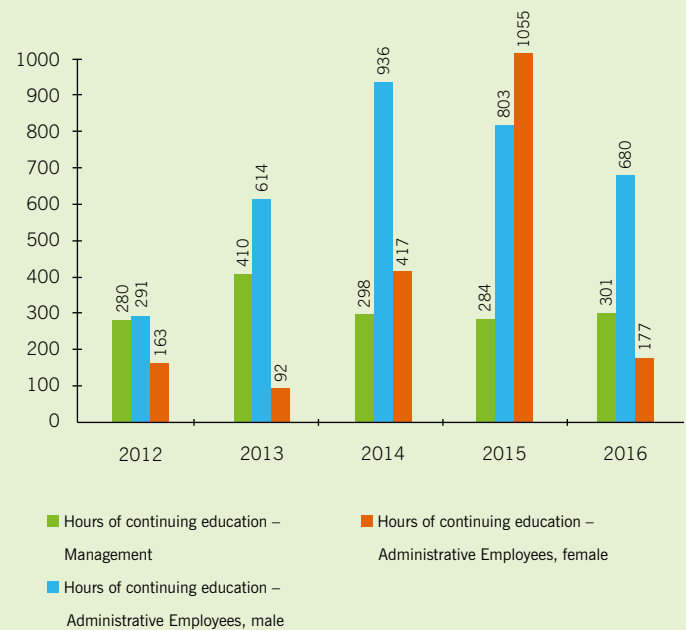
Continuing education opportunities for our employees are defined by department managers on the basis of regular development meetings. As a consequence, the training budget is included in our overall budget plan. Every year, we offer apprenticeships for qualified graduates in the following positions: "salesperson in wholesale and retail" and "laboratory technician". In the future, the program will also be extended to technical positions and maintenance. Therefore, investment in further equipment is planned for our in-house workshop to facilitate the training of our apprentices. The technical apprenticeship program is scheduled to begin in 2018.

### CONTINUING EDUCATION ACCORDING TO GENDER



*Over the years, we have continued to reach a level of approx. 1,100 hours of continuing education; the peak values occurred in 2014 and 2015 and are based on longer-term training of individual employees; after completion of this training, the value returned to approximately 1,100 hours.*

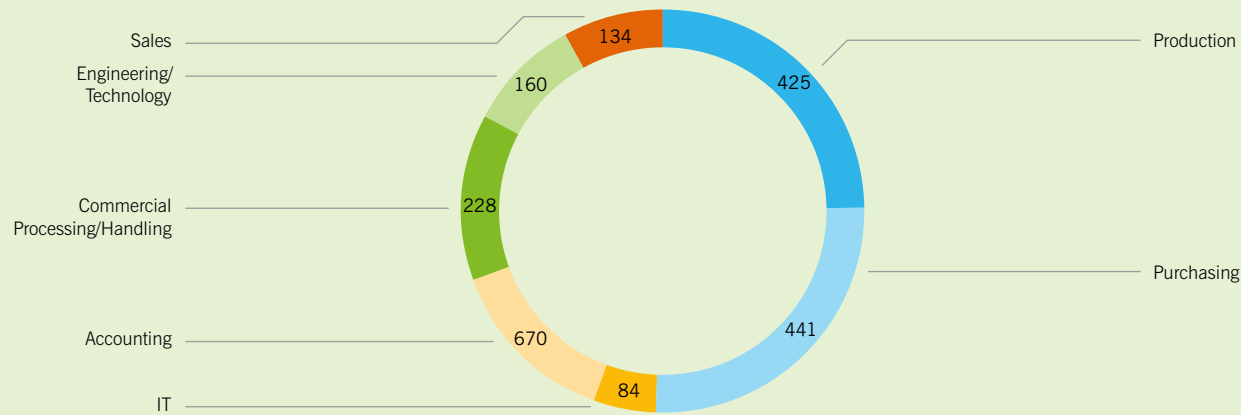
### CONTINUING EDUCATION ACCORDING TO CATEGORY



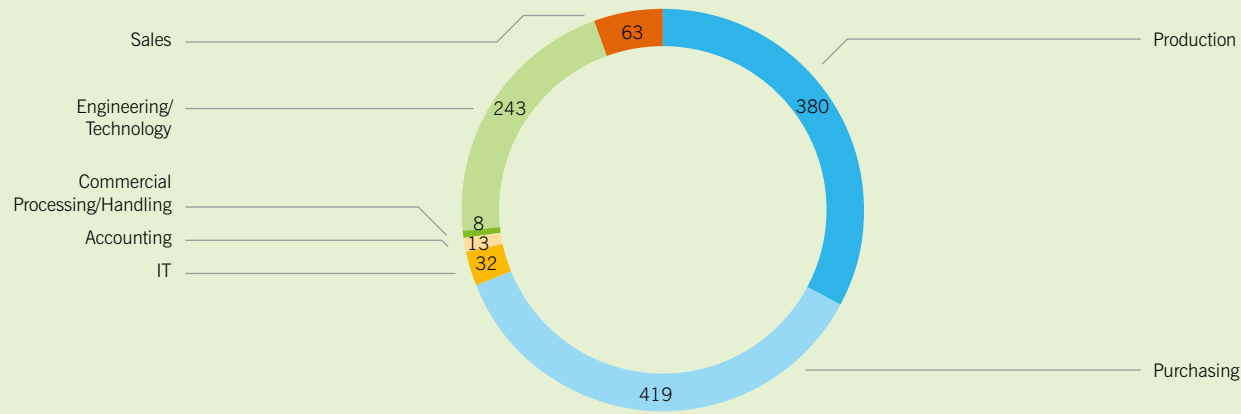
*In accordance with our plan for continuing education, we have intensified training in the area of administrative applications in recent years. Our management training has constantly remained at an annual level of approximately 290 hours.*

*Due to the flat hierarchies in our company, we only subdivide the hours of continuing education into managers and employees. The employee section covers all training for employees at the administrative level and in the commercial sector.*

CONTINUING EDUCATION ACCORDING TO AREA  
2015, ABSOLUTE NUMBERS



CONTINUING EDUCATION ACCORDING TO AREA  
2016, ABSOLUTE NUMBERS



## About this Report

### STATUS QUO AND GOALS

With the publication of our first sustainability report in 2014, we created a solid foundation of data for representing the diverse areas of our business and their respective influences on the sustainability of our business. The persistent high level of interest and expectations of our customers and various stakeholders in sustainable business practices underscores the need to update this report on a regular basis.

This report covers the time period of 2014 to 2016 and provides an up-to-date picture of our ongoing sustainable practices and newly implemented measures, as well as our other objectives and future challenges.

In review, we can continue to look back on positive developments in the field of energy supply. Aside from substantially lower energy consumption figures for 2016 compared to the previous reporting period in 2012 and 2013, the exploitation of biomass as a renewable energy source also increased. We are resolutely pursuing this trend and understand the need to further exhaust all potential savings in the future as well. In doing so, the introduction of the energy management system at two production sites is an important tool in this endeavor. The energy management system was successfully certified in accordance with ISO 50001: 2011 in 2016.

When weighing possible investments in the areas of construction or equipment and technology, we always consider how we can achieve an optimal combination of energy efficiency, cost effectiveness, and sustainability. One of our current projects is a climate-controlled warehouse for the storage of raw hops prior to processing which is slated for completion by the year 2019 in Elsendorf. There, for example, power will be generated by a large photovoltaic system. The strong upswing in the craft beer movement outside of the US has also impacted our distribution network and the corresponding challenges from a logistics standpoint. This is readily evident in the significant increase in the number of annual shipments. The launch of our online shop in 2015 has enabled us to meet the demand for orders involving smaller quantities. Furthermore, larger customers benefit from greater flexibility in ordering procedures and partial shipments, if desired. It follows that the amount of packaging material required, such as pallets, cardboard boxes and stretch wrap, is higher due to this shift in customer demand.

As mentioned in the first sustainability report, the staffing situation at both production sites in Au and Mainburg, as well as at the trading company in Mainburg, can be characterized as stable, with

employees accumulating long years of experience. Thus, turnover is very low. In order to continue to profit over the long-term from the expertise and efficiency of our employees, we rely on a social and family-friendly personnel policy imbued with the flexibility required to enable employees to work on a schedule that caters to their needs. Particularly in the area of human resources, we see a major challenge on the horizon in the coming years: a shortage of skilled workers and a persistently low unemployment rate. We have decided to counteract this situation by implementing our own training of junior employees as well as with forward-looking succession planning.

After surveying customer satisfaction in 2015, we took a closer look at the level of satisfaction among suppliers at the end of 2017. Happily, a picture emerged similar to that on the customer side: future-oriented, accommodating, and effective were the outstanding attributes attributed to us. The low turnover mentioned above as well as the flat hierarchies and the resulting employee feedback suggests an above-average level of satisfaction. An objective evaluation of employee satisfaction is therefore no longer of the highest priority. The breeding program established in 2013 by Hopsteiner for German and European hop growing regions will also uphold the long-term and sustainable economic success of our company. A large number of legally established restrictions on the use of chemical pesticides as well as the changing climate make it necessary to develop resistant hop varieties, which are adapted to these conditions. The first successful cultivation and brewing trials for the experimental varieties in the first stage of breeding have already been assessed as very favorable, and thus a broader introduction of the newly developed varieties into a broader hop cultivation program at the beginning of the 2020s is expected.

In conclusion, we see the rapidly evolving possibilities of digitalization processes (smart factory) as well as the further development of new business models around hops as a future project. One of these is the Pflanzeportal (hop grower's portal), an idea which has taken form over the last 18 months. This provides our suppliers with access to the delivery history, the quality panel and their contract status. For our buyers, the Pflanzeportal offers the opportunity to digitally record purchase contracts on site with the hop farmer and upload them directly into our ERP system. We focus on interesting development opportunities that allow for the steady progression of technology – with an emphasis on production and in-house processes.



## FRAMEWORK OF THE REPORT

This sustainability report provided by Simon H. Steiner, Hopfen, GmbH was prepared according to the guidelines for reporting on sustainability from the Global Reporting Initiative, Version G4 for the “Core” level. The report spans the years from 2014 to 2016.

The next report is planned for the year 2020. Additionally, the figures for our key performance indicators are updated annually and are available upon request. The data and information related to production (unless otherwise stated) are supplied in reference to Simon H. Steiner, Hopfen, GmbH in Mainburg, Germany, as well as the Hallertauer Hopfenveredelungsgesellschaft mbH (HHV) in Mainburg and Au, Germany.

The data were collected and reviewed by individual staff members from the respective departments at the company. The section of the report covering the financial information was compiled with data taken from the consolidated balance sheet of Simon H. Steiner, Hopfen, GmbH.

For further inquiries, please contact our sustainability officer Andreas Kühnel by e-mail at [akuehnel@hopsteiner.de](mailto:akuehnel@hopsteiner.de).



# GRI Content Index

CATEGORY	ASPECT	TITLE
General Standard Disclosures	Strategy and Analysis	CEO statement on sustainability
		Description of key impacts, risks and opportunities
	Organizational Profile	Name of the organization
		Primary brands, products and/or services
		Location of organization's headquarters
		Number of countries where the organization operates
		Nature of ownership and legal form
		Markets served
		Scale of the reporting organization
		Total number of employees by employment contract and gender
		Percentage of total employees covered by collective bargaining agreements
		Supply chain
		Significant changes during the reporting period regarding size, structure, or ownership
		Explanation of whether and how the precautionary approach or principle is addressed by the organization
		Externally developed economic, environmental and social charters, principles or other initiatives to which the organization subscribes or it endorses
		Memberships in associations
	Identified Material Aspects and Boundaries	All entities included in the organization's consolidated financial statements
		Process for defining report content and aspect boundaries
		Identified material aspects
		The boundary for each material aspect within the organization
		The boundary for each material aspect outside of the organization
		Effect of any restatements of information provided in previous reports and the reasons for such restatements
		Significant changes from previous reporting periods in the scope and aspect boundaries
	Stakeholder Engagement	List of stakeholder groups engaged by the organization
		Basis for identification and selection of stakeholders with whom to engage
		Approaches to stakeholder engagement
		Key topics and concerns that have been raised through stakeholder engagement
	Report Profile	Reporting period
		Date of most recent previous report
		Reporting cycle
		Contact person for questions regarding this report
		"In accordance" option and GRI index
		External assurance of report
	Governance	Governance structure of the organization
		Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees
	Ethics and Integrity	Code of Conduct

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CATEGORY	ASPECT	TITLE
Indicators	Disclosures on Management Approach	
	Economic Indicators	Direct economic value generated and distributed Proportion of spending on local suppliers at significant locations of operation
	Environmental Indicators	Materials used by weight or volume Percentage of materials used that are recycled input materials  Energy consumption within the organization Reduction of energy consumption Total water withdrawal by source Percent and total volume of water recycled and reused Direct greenhouse gas (GHG) emissions (scope 1) Energy indirect greenhouse gas (GHG) emissions (scope 2) Greenhouse gas (GHG) emissions intensity Total water discharge by quality and destination Total weight of waste by type and disposal method Extent of impact mitigation of environmental impacts of products and services Percentage of new suppliers that were screened using environmental criteria
	Social Indicators	Significant actual and potential negative environmental impacts in the supply chain and actions taken Total number and rates of new employee hires and employee turnover by age group, gender and region Type of injury and rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region and by gender  Average hours of training per year per employee by gender and by employee category  Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening Percentage of significant product and service categories for which health and safety impacts are assessed for improvement Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle by type of outcomes Type of product and service information required by the organization's procedures for product and service information and labeling as well as percentage of significant product and service categories subject to such information requirements Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling by type of outcomes  Results of surveys measuring customer satisfaction Percentage of operations with implemented local community engagement, impact assessments and development programs



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