

REPORTING YEAR 2023

The background is a composite image. At the bottom, two hands are shown cupping a realistic image of the Earth. Above the globe, a hand is shown releasing a shower of colorful, translucent petals in shades of pink, blue, and purple. The text 'H&Z SUSTAINABILITY REPORT' is overlaid on the right side of the image.

# H&Z SUS TAIN ABIL ITY REP ORT

Sustainability report for H&Z Core  
excl. aneon & rpc

# A Word from the Managing Director

I'm delighted to share our second sustainability report, featuring our first double materiality analysis. This addition allows us to deepen our understanding of how we interact with the world around us, taking into account our environmental, social, and financial impacts, ultimately reinforcing our commitment to sustainability.

The year 2023 was marked by significant growth and impressive achievements. We welcomed a significant number of new employees, which strengthened our team and led to unprecedented milestones. These positioned us to establish even more ambitious targets for the future and set the gears in motion for the inauguration of new offices in Cologne and Hamburg in the first days of the new year in 2024.

To move forward, we introduced a new company-wide strategy focused on the circular economy and circular value chains. Circularity is now integrated across all three pillars of our core business: Procurement, Strategy & Performance, and Sustainability & Transformation. This focus looks ambitiously at what we believe to be fundamental to a sustainable future, underscoring our belief that sustainability is a business imperative and key to achieving long-term success.



What has led us this far, and what makes H&Z what it is, are our people. We prioritize the well-being of our team without compromise and take pride in creating a supportive work environment. Our recognition with seven “Great Place to Work” awards since 2011 is a testament to these efforts. Furthermore, we strongly believe that we are in a position to support the community around us and therefore continue to actively participate in social projects through our charity Hirn Herz Hand e.V.

A sincere thank you to all who support H&Z – our employees, our clients and our business partners – for your dedication and belief in our vision of the future. I hope this report provides valuable insights and inspiration as we continue to work towards a more sustainable and circular future together.

Stefan Aichbauer  
on behalf of the Managing Directors





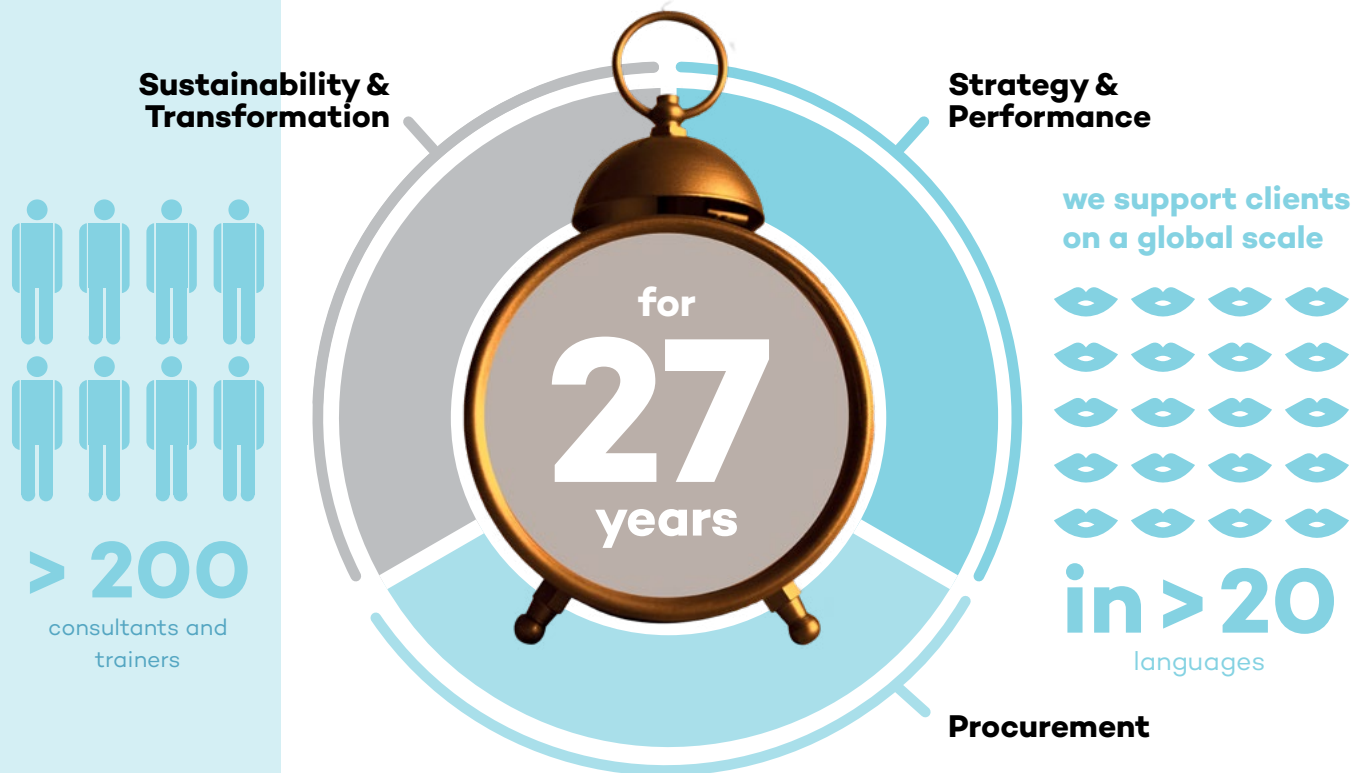
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# About H&Z



Sustainability report for H&Z Core excl. aneon and rpc

## > 4,000

Successful projects  
and numerous awards

Committed to a 50%  
GHG reduction until

## 2030

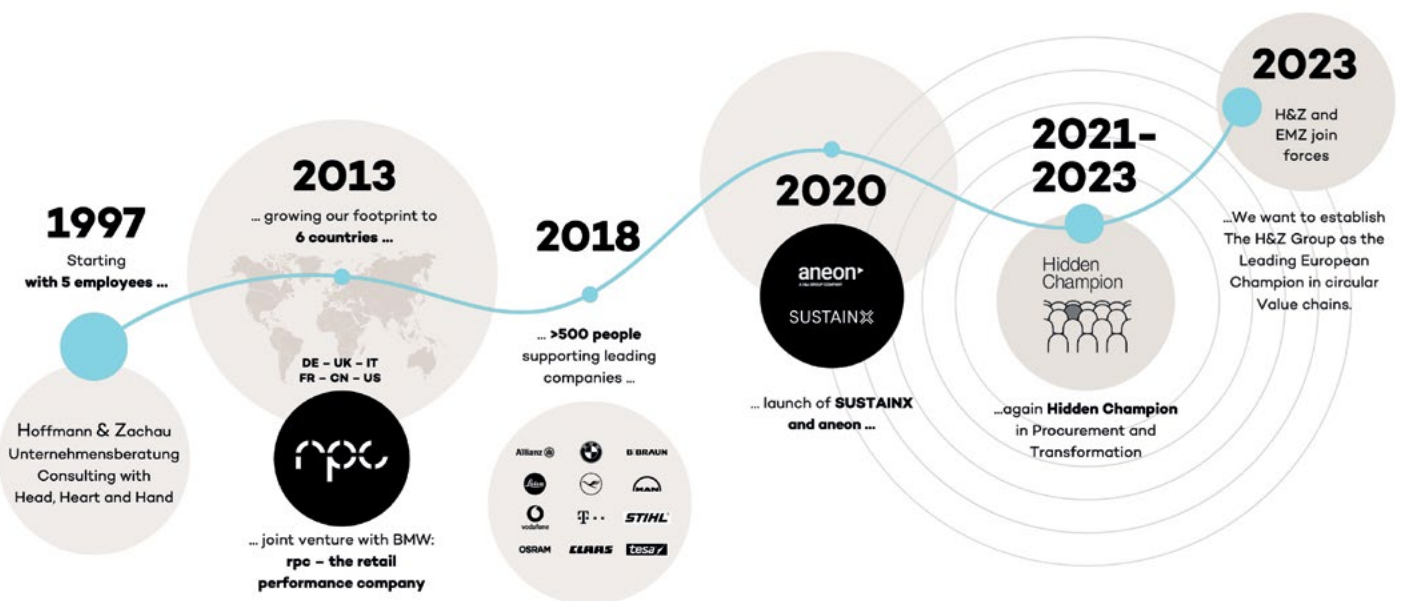
"We, together with H&Z, have made our procurement organization future-proof: shifting from a traditional cost focus to becoming a driver of a green and fair supply chain. H&Z convinced me through their combination of profound sustainability expertise and extensive purchasing experience. Their pragmatic approach to "Responsible Procurement" and comprehensive business understanding have significantly contributed to the project's success. ... and in the end, it's just enjoyable to work with H&Z!"

**Daniel Braune** | Head of Strategic Procurement at Hapag-Lloyd

**H&Z – over 25 years of head, heart, and hand**



# About H&Z



## Over 25 years of head, heart, and hand

We deliver more than successful strategy. We partner with our clients to make it happen. We work with the world's leading companies, creating change, improving performance, and driving sustainable growth. Our experts design, manage, and accompany the entire transformation journey, all with measurable results.

# Who we are



**Since our foundation in 1997 we have implemented over 4,000 successful projects. Our clients love working with us. We consult with head, heart and hand.**

H&Z Management Consulting is part of the H&Z Group.

The Group comprises 9 companies with over 700 consultants, working from 17 global offices, and helping clients with Strategy, Operational Performance, Procurement, Transformation, Sustainability, Technology, M&A and leading the future of change with research and knowledge leadership. You can find out more by visiting our website [here](#).

We are also part of The Transformation Alliance, a coalition of independent European consultancies. Together we develop innovative methods to create sustainable change in companies and provide a global network of expertise and implementation capability.



**Head – Future-focused thinking:** We help our clients reinvent themselves and make a positive impact on society in an ever-changing world.



**Heart – Sparking enthusiasm:** We prioritize close relationships, build trust at all levels, and give everyone the opportunity to participate, driving success.



**Hand – Shaping change:** Our advisors are present on-site, listening and providing practical solutions. We guide forward with a clear direction, instilling the courage to change, and paving the way for top performance.

# The H&Z Approach



At H&Z we seek to have a positive impact on both people and planet. We have been a certified climate neutral company since 2020, but we still have a long way to go. We acknowledge that the criteria and demands for reliable net-zero strategies will continuously evolve alongside technological advancements and ongoing progress. And so, as we continue on our journey, we will refine and update our strategies and actively engage in collaborative efforts with our stakeholders.



# Materiality@H&Z

**For the 2023 Double Materiality Analysis (DMA), we focused on the H&Z core business to understand the interplay between our operations and ESG topics. To develop the materiality matrix we identified H&Z specific impacts, risks, and opportunities before evaluating them. We included key stakeholders throughout the process, in workshop and interview formats and the final result was reviewed with our board of directors.**

The analysis highlighted 7 material topics, for which, progress and measures are detailed in the people, planet, and project chapters accordingly. The topics most material for H&Z include climate change mitigation, corporate culture, and client engagement.

**Material topic: People**

Corporate culture, diversity and inclusion, working conditions, social impact

**Material topic: Planet**

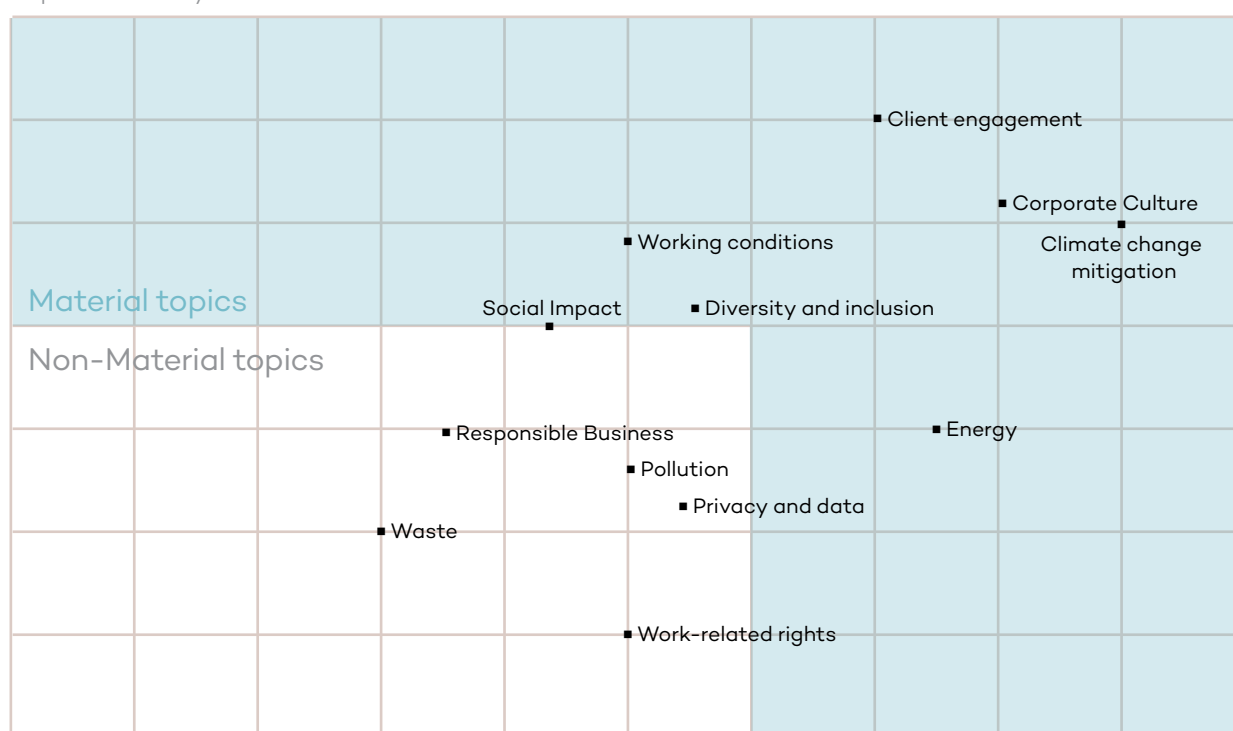
Climate change mitigation, energy

**Material topic: Projects**

Client engagement

# Double Materiality Assessment

Impact materiality



Financial materiality

For the first time, we have undertaken a double materiality analysis to prioritize ESG topics. The results of our analysis are summarized in the matrix above, highlighting the material topics and their significance to H&Z and its stakeholders, as well as H&Z's impact on such topics.

In line with our efforts to align with EU reporting regulations the analysis is a first step towards compliance with the EU Corporate Sustainability Reporting Directive and enables us to focus on areas that are vital to a thriving business that cares for people and planet too. For our 2024 report, we plan to update our materiality analysis to reflect the continuing growth of the H&Z Group, as well as to ensure that our ESG approach remains up to date and effective—it is not only an important tool for meeting stakeholder and regulatory requirements, but also for driving sustainable growth.

# H&Z supports the UN's Sustainable Development Goals



We support initiatives like Wohnen München 2030 project to reduce homelessness.

**In 2015 the United Nations introduced the 17 Sustainable Development Goals (SDGs) to address global challenges such as poverty, inequality, climate change, environmental degradation, peace and justice by 2030.**

H&Z recognizes the importance of this initiative and we therefore incorporate the SDGs into our business strategy, operations, and client engagements. Through our activities we aim to contribute to the goals as described below:



We promote employee mental and physical health and well-being by providing access to Voio and Urban Sports Club.



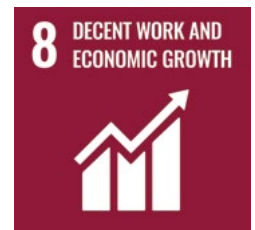
We incentivize continuous learning and development by supporting a learning by doing approach.



We support gender equality and promote equal opportunities by providing a forum that encourages open discussions (Fe&Male Network).



We use renewable sources to power our Munich Hive.



We offer attractive salary and benefit packages as well as flexible working conditions and pension plans.



We advise many of our industry clients on how to promote inclusive and sustainable industrialisation and encourage them to foster innovation.



We encourage sustainable urban mobility by subsidizing the use of public transportation and with travel policies that favor rail over air travel.



We source locally wherever possible and are careful about our consumption when organizing workshops and event at our headquarters.



We fight climate change by setting CO2 reduction targets and supporting our clients in their emissions reduction journeys.



We keep our hive buzzing, both figuratively and literally, by maintaining bees at our headquarters to support biodiversity.



# People



In this chapter, we explore the core of H&Z – our dedicated employees. Embracing our motto Head, Heart and Hand, we deeply value our exceptional team, invest in their personal and professional growth, and celebrate them as the foundation of our success and the driving force behind our sustainable impact.



# Our Values



## Impact

We deliver sustainable results.

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## Excellence

We fight for the best solutions and constantly develop ourselves both professionally and personally.

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## Individuality

We value personality and individual opinions.

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## Solidarity

We work as a team and support each other; we act responsibly towards society.

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## We are down-to-earth

We have an open working style that's founded on mutual respect and a focus on the issues at hand.

# H&Z Mani festo



## Equality

We treat each other with respect and remain open-minded to all opinions, regardless of hierarchy. Our decisions are shaped by the quality of our debate rather than the seniority of our staff.

## Performance

Performance is important to us! We strive for excellence in all aspects of our work life and encourage curiosity and entrepreneurship.

## Social Responsibility

We act with integrity and fairness towards our clients and each other. We're committed to give back to the community and help those less fortunate than ourselves.

## Loyalty

We are loyal to our clients, the companies they represent, and to H&Z.

## Purpose

We strive to increase the proportion of projects that align with the H&Z ethical code. No employee is expected to work on a project that doesn't align with their individual beliefs.

## Community

We believe in the power of community. We don't want lonely warriors, but superheroes acting together in great teams.

## Consensus

We're a consensus-driven organisation that looks to involve all areas of the company in the decision-making process. Every employee is valued, and their opinions respected – broad consensus is our minimum requirement.

## Fun

Working at H&Z is fun! Maintaining a fun and social working culture is extremely important to us.





# Our Employee Benefits

## A share in our success: employee share program

Irrespective of title or position, our employees have the opportunity to acquire shares in H&Z after two years of employment. This is how everyone here is empowered to become a co-partner and to share the financial success and growth of H&Z. We grow together!

## Fostering a strong community: Company retreats and in-house treats

We're convinced that a strong sense of community and camaraderie is one of the keys to our success. This is reflected in the social benefits we offer: from bi-annual retreats that take us to diverse locations, our autumn retreat for families, to the get-togethers in the HIVE where we share thoughts and ideas over communal breakfasts and lunches every Friday, to enjoying a free snack and sipping a complimentary coffee. And, nobody misses out on the "afterworks" in our "bar centrale" – open tab of course. Teamwork makes the dream work!

## Beyond compensation: Financial benefits and wellbeing

Finally, we look after the financial wellbeing of our people through a range of tailored benefits. These include flexible pension plans featuring deferred compensation via a company pension plan or a transfer of existing contracts. We support diverse commuting options so everyone has the flexibility to choose the form of mobility that suits them best.

There's a referral scheme in place and any member of the team who refers someone from their network for a full-time position at H&Z can earn exciting weekend getaways. Getting the right work-life-balance is a vital part of employee wellbeing, so we offer colleagues who've performed well and have been with us for more than two years the option of buying extra vacation days. Lastly, we want everyone to be fit for life so we offer subsidized sports memberships at Urban Sports Club or EGYM Wellpass and complementary health checks..



# Learning@H&Z

**As a company, we're only as good as the people who work for us. That's why we believe strongly in continuous learning.**

To ensure optimal learning conditions, we utilize a 10-20-70 approach, which blends individual formal learning, group learning, and on-the-job learning respectively. We believe this is the ideal formula to help develop the practical skills needed to tackle real-world challenges. The framework relies on two key concepts: leveraging internal expertise and incorporating fresh perspectives from external trainers and platforms.

**The 10:** To promote self-learning, we regularly develop consultant kits that provide practical content on various topics. Additionally in 2023, we offered our employees access to Microsoft Viva and the eLearning provider Udemy to gain knowledge on a wide variety of topics that fit individual needs.

**The 20:** In 2023 we conducted 83 group training sessions amounting to a total of 257 training hours.

**The 70:** We firmly believe that on-the-job learning is the most crucial aspect of employee development. Therefore, from day one, all our employees are coached and supervised by project managers and mentors.

In addition, we also support our colleagues outside of working hours, by offering language courses. In 2023 employees participated in German, English and French language courses with the aim of fostering integration and more opportunities within our global offices.

10

"Self"



On-demand  
H&Z content  
Consultant-Kits  
and tutorials

20

"Social"



Training, the-H&Z-Way,  
exercise, discussion,  
reflection

70

"On-the-Job"



Practical application,  
real-world challenge,  
mentor- and project  
manager coaching



# Personal Development@H&Z

**Through structured processes and a clear competency framework, we empower every team member to perform at their best.**

We place significant importance on feedback, coaching, and mentoring to support employees in their development. Twice annually, we conduct a systematic, digital process for evaluations and promotions, providing employees the opportunity to reflect on their achievements, receive feedback, and set new objectives. These evaluations are guided by our competency framework, which includes personal, team, and project aspects. The outcomes are reviewed in calibration sessions, where each employee is discussed individually. Each employee's mentor plays a crucial role in their personal development, overseeing their professional growth, advocating for them in staffing and promotion decisions, and taking into account their professional goals as well as their overall wellbeing. Additionally, we offer specialized coaching to the young professionals on our team so that they have further support in the development of their career.

## FEEDBACK CULTURE @H&Z

**At H&Z, we consider a dynamic feedback culture essential for success and personal growth. Therefore, we:**

- ➡ Integrate top-down and bottom-up feedback discussions into all projects.
- ➡ Conduct a 360-degree feedback cycle across all areas twice a year using Leapsome.
- ➡ Exchange instant feedback year-round via Leapsome and in person.





# Working Culture@H&Z

**GREAT CULTURE YIELDS GREAT RESULTS! THAT'S WHY WE WORK HARD TO CREATE A POSITIVE WORK CULTURE AND CARE FOR OUR EMPLOYEES.**



**Integration Camp** Senior leadership takes the time to meet the new hires at Integration Camps several times a year to delve into H&Z's values, history and philosophy, fostering an environment of shared learning and camaraderie.



**Jour Fixe** Every Friday, all employees meet in the HIVE to talk about the latest developments and achievements and enjoy a joint breakfast, in order to strengthen the working culture.



**Retreats** At least once year, our team attends an H&Z retreat in a secret location to reflect on H&Z's performance, commonly work on strategic topics and engage in team-building activities, reinforcing the collaborative culture that we pride ourselves in.



**Honestly** In our monthly Honestly survey, we ask employees for feedback about their engagement and happiness at the company, resulting in the employee net promoter score (eNPS). HR and the Board review these results every 1-3 months and strategize on interventions to address identified pain points. For 2023 we reached an eNPS of 35.5, a substantial increase compared to 2022, where we had 20.8, which is a testament to the countless efforts to make every individual feel at home!



**Awards** We are proud to have won the following awards in 2023: Top Consultant, brandeins/thema in the category Beste Unternehmensberater, Hidden Champion, Great Place To Work (Beste Arbeitgeber Consulting & Bayern), Top Company Kununu.



# Diversity@H&Z

**At H&Z, we foster an inclusive culture where everyone, regardless of gender, ethnicity, sexual orientation, religion, or age, feels valued and appreciated. We firmly believe that diversity isn't just a checkbox to tick; but an added value to any company and a driver of innovation and progress.**

Ongoing and open discussions about diversity are crucial for its advancement. To facilitate this, we established the Fe&Male Network, a platform for networking and exchange. This initiative aims to create a space where issues related to equal opportunities are addressed, especially in a male dominated industry. We regularly host networking events on topics such as diversity in hiring, balancing work and family duties, and finance. Furthermore, we support our colleagues by arranging additional support in managing child and elder care through Voioo and offering targeted mentoring. Additionally, we promote diversity and internationality through our HR processes and actively participate in target group-specific recruiting events. For example, we connect with potential female candidates in informal settings like the herCAREER event, which is Europe's leading career and networking platform for women. Our goal is to create an environment where everyone feels heard, has equal opportunities, and is empowered to contribute to the ongoing development of H&Z.



**“The panelists helped me to gain new insights and perspectives!”**



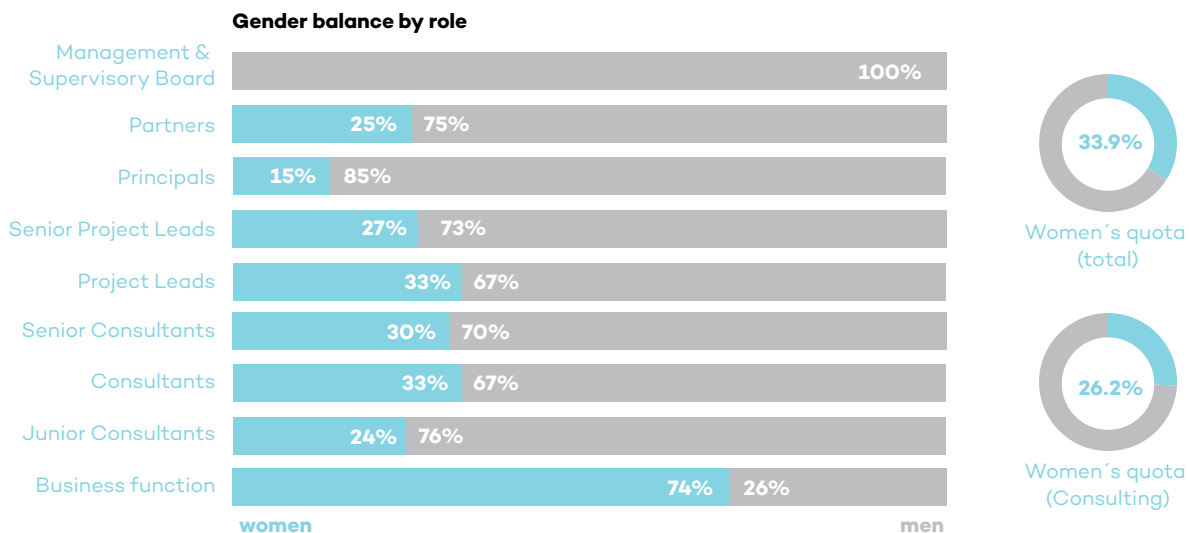
**“I connected with people I wouldn't have met otherwise – thank you, H&Z!”**



**“I took something away and will apply in my business!”**



## H&Z by the Numbers

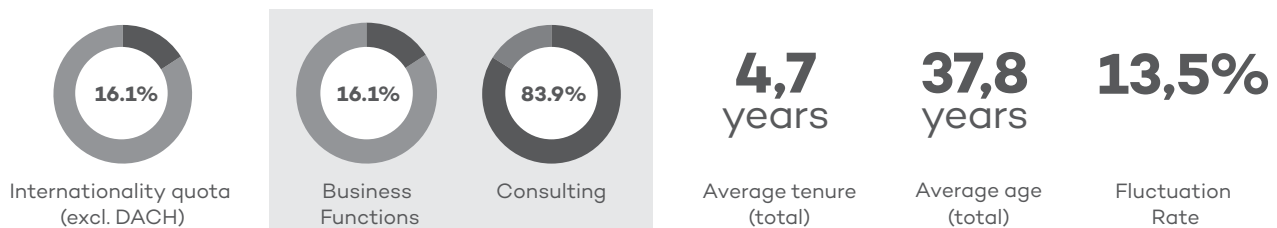


One of our most significant success stories in 2023 was the substantial growth of H&Z as a company. Compared to last year, we achieved a remarkable 28% increase in headcount, going from 131 employees in 2022 to 168 in 2023. Not only did we grow in size, but we also reduced our employee turnover rate by 4 percentage points, going from 17.4% to 13.5%. Naturally, this growth had a direct impact on the average tenure that slightly decreased from 5.6 years to 4.7 years. However, we are proud to have become a younger team overall, as reflected in the average age of 37.8 years for 2023.

Examining our diversity KPIs, we see that in 2023, our gender diversity slightly improved at both the company level (from 33.6% to 33.9%) and within consulting functions (from 23.4% to 26.2%). While we recognize that we are still far from our ultimate goals, we took a step in the right direction, and our commitment to fostering gender equality remains strong.

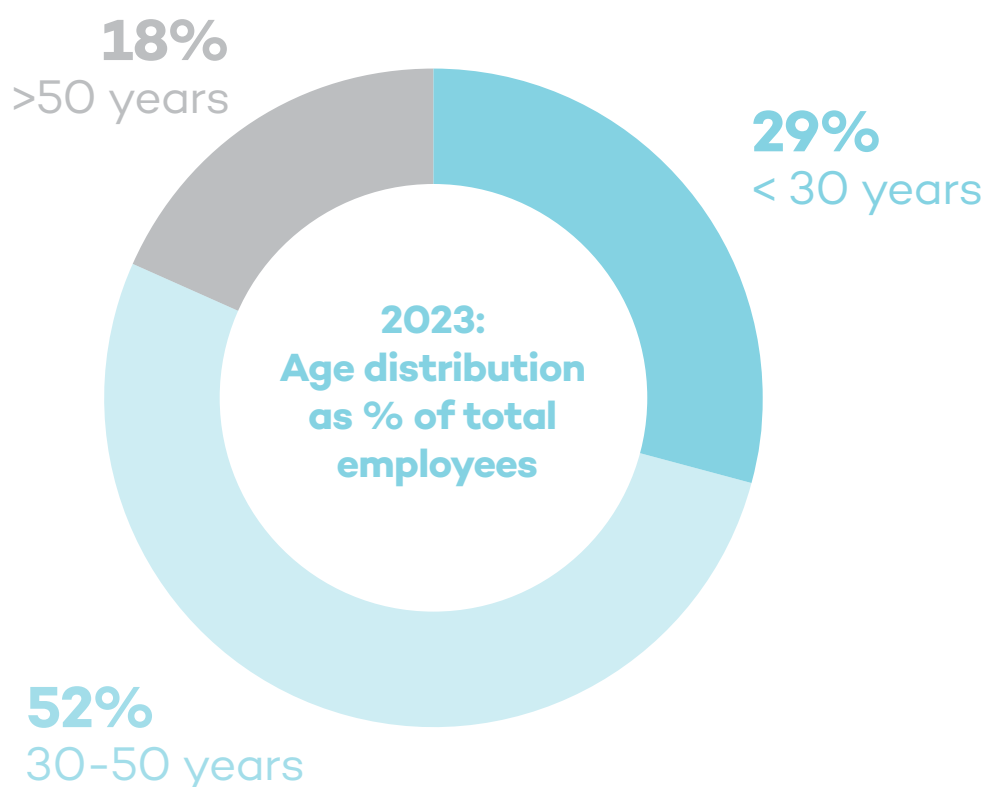
Overall, while we have made progress compared to 2022, we are aware of the key areas for improvement and remain dedicated to promoting diversity and inclusion in the years to come. Lastly, we want to thank the people in our downstream workforce who contribute to our success: IT, industry and technology experts, external trainers, and facility management staff.

### Further KPIs to report for 2023





## H&Z by the Numbers – Diversity



### We also look at diversity with a different lens.

Continuing the path set forth in 2022 to increase international collaboration, our share of international employees (outside of DACH) also showed promising growth (from 12% to 16%). We now have employees from 17 different countries representing 4 continents affirming our commitment to a more multi-cultural future.

Age diversity creates value thanks to a mix of new ideas and experience and our age diverse workforce proves that. In 2023, the majority of our employees (52%) belonged to the 30 to 50 age cohort (the widest bracket), while approximately 30% were below 30. We are proud to be the first steppingstone into the working world for many young professionals and we treasure the expertise and experience that our senior colleagues bring to the table.



# Health@H&Z

**The well-being and safety of our employees are paramount. The internal Health@HZ team designs and implements strategies to provide our employees with opportunities for a healthy lifestyle.**

We have a dedicated Health@HZ team that promotes our health and safety offers and initiatives. The team organizes and supports various sports events such as weekend skiing trips, meet-ups for joint sports activities, B2Run, and participation in the “Munich Consultant Cup” football tournament, which we won in 2023! Moreover, we offer a sports program available to all full-time employees in Germany. In 2023, we expanded this program by adding EGYM Wellpass to the existing Urban Sports Club membership discount to enhance coverage.

Our annual mandatory training on occupational safety educates employees on healthy practices in the office and while traveling. Once a year, employees at H&Z have the chance to get a voluntary flu vaccination. Additionally, we provide a comprehensive Health Check every two years for all employees over 40 years old.



**SKIING TRIP**



**B2RUN**



**MUNICH CONSULTING CUP**



# Mobility@H&Z

**The Mobility@HZ initiative ensures that all our employees can commute to the office and to client sites as conveniently and efficiently as possible, ultimately benefitting their work-life balance. Our internal mobility team is continuously working to enhance our mobility offerings and is currently exploring the addition of a flexible personal mobility budget and how to further push for the electrification of our fleet.**

H&Z provides all full-time employees with the option to join one of three mobility programs: a company car, bike leasing, or subsidies for a public transport ticket.

H&Z offers full-time employees three mobility options: a company car, bike leasing, or public transport subsidies. Company cars come with fuel card subsidies, and since 2021, vehicles must meet CO2 emission thresholds, with donations required for exceeding limits. Employees can also choose bike leasing or public transport, both subsidized by H&Z. Additionally, the company supports rail travel through contributions to the DB BahnCard.



## COMPANY CAR OFFERING



## PUBLIC TRANSPORT TICKET



## JOBRAD BIKE LEASING





# Social Impact @H&Z



H&Z has dedicated itself to making a positive social impact for many years through the non-profit organization Hirn Herz Hand e.V., established in 2003. The working method within this initiative mirrors H&Z's overall approach: management provides the foundational structure, while employees are empowered to drive change. Every employee has an equal voice in selecting and shaping the projects we commit our time and resources to. Hirn Herz Hand e.V. serves as a platform for employees to actively participate in social initiatives, from generating ideas to hands-on implementation of support projects.



# Social Impact

**At H&Z, we are dedicated to making a positive social impact. Our “Hirn, Herz, Hand (Head, Heart, Hand)” initiative exemplifies this commitment to social responsibility.**

To empower our employees to lead and drive change, H&Z offers financial and administrative support for social impact projects. In 2023, employees could allocate up to 100 days for pro bono projects. These days count towards utilization targets, along with financial support of up to 3% of EBIT that goes towards realizing those social projects. Everyone is encouraged to participate and contribute their ideas for positive social impact.

Hirn Herz Hand e.V. has successfully implemented over 50 projects, with some receiving funding for over a decade. From addressing homelessness to tackling various social challenges, this initiative showcases H&Z's commitment to fostering positive change in the community. The philosophy of head, heart, and hand not only guides our consulting work but also shapes our approach to social impact:



**Head:** We provide consulting expertise for non-profit organizations.



**Heart:** We maintain close personal connections, especially through our donation projects.



**Hand:** We actively support and assist locally, always ready to lend a hand.



## What we do



**Wohnen München 2030** Despite Munich being one of Germany's wealthiest cities, approximately 9,000 people are homeless. To address this, we have launched a strategic project aimed at significantly reducing homelessness by 2030. This initiative involves close collaboration with local organizations, politicians, and other business enterprises in Munich. It exemplifies effective skill-based volunteering!



**Christmas in a Shoebox** In partnership with Hirn, Herz, Hand e.V., H&Z Management Consulting organized the "Christmas in a Shoebox" project to bring joy to nearly 400 children and over 200 participants. Over 600 parcels were packed by more than 40 volunteers using sustainable wrapping paper, with additional donations for 65 parcels. These gifts were delivered to those in need at the five houses of SkF München and kmfv.



**Myoda Farming Project** The Myoda School in Tanzania offers children from families in need, the opportunity for education. In 2023, we were able to finance an extension of the school building more classrooms and creating new opportunities for young minds.

**Further projects supported by the Hirn, Herz, Hand e.V. in 2023 include, among others, Arrival Aid, Caritas and various pro bono consulting projects.**



# Planet



At H&Z, our “head, heart & hand” principles guide everything we do. These principles support our clients in combatting climate change but also our own endeavour, both big and small.

Our primary focus is on reducing emissions rather than compensating for them. This approach is essential to achieving global reduction targets and taking meaningful climate action. But we also play our part with smaller initiatives, like the bees that live at the Hive in our office in Munich.



# Climate Action



## Measure

We calculate our carbon footprint annually.

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## Set targets

We set ourselves science-based emission reduction targets.

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## Avoid & Reduce

We implement measures to avoid and reduce our emissions.

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## Clean energy

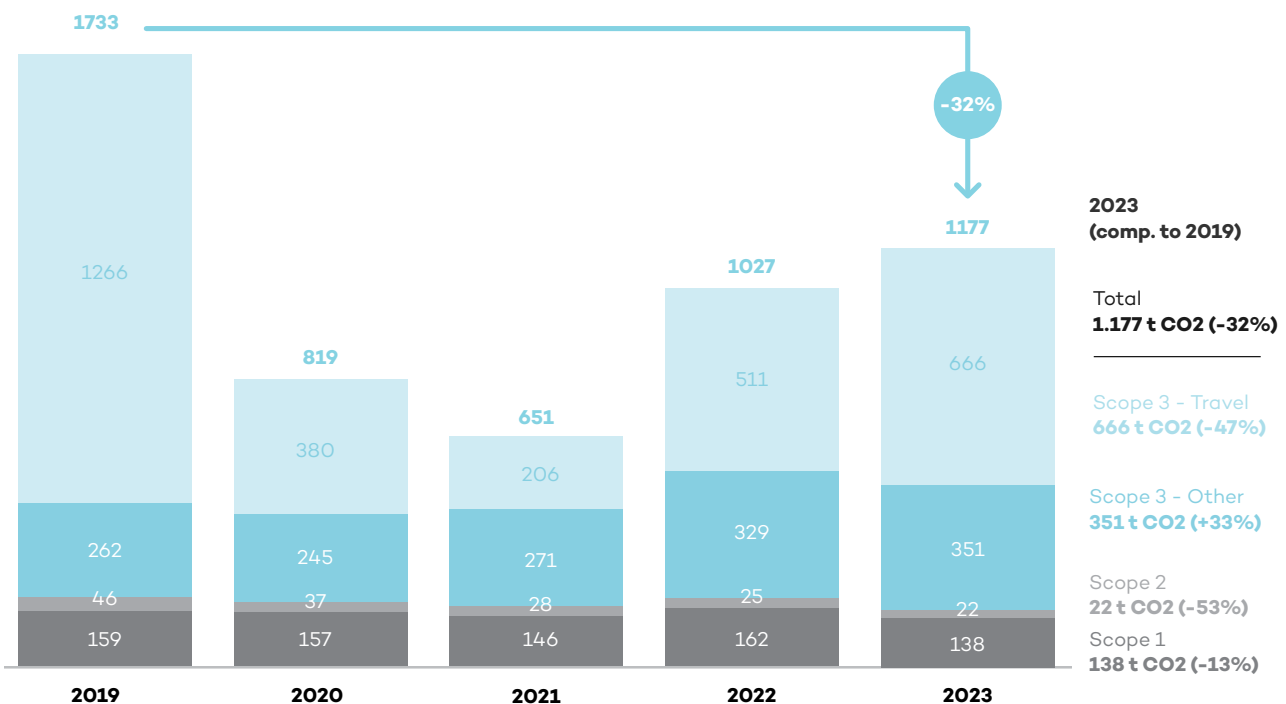
We use green energy in the HIVE.

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## Measure: Scope 1, 2 & 3

in tCO<sub>2</sub>e

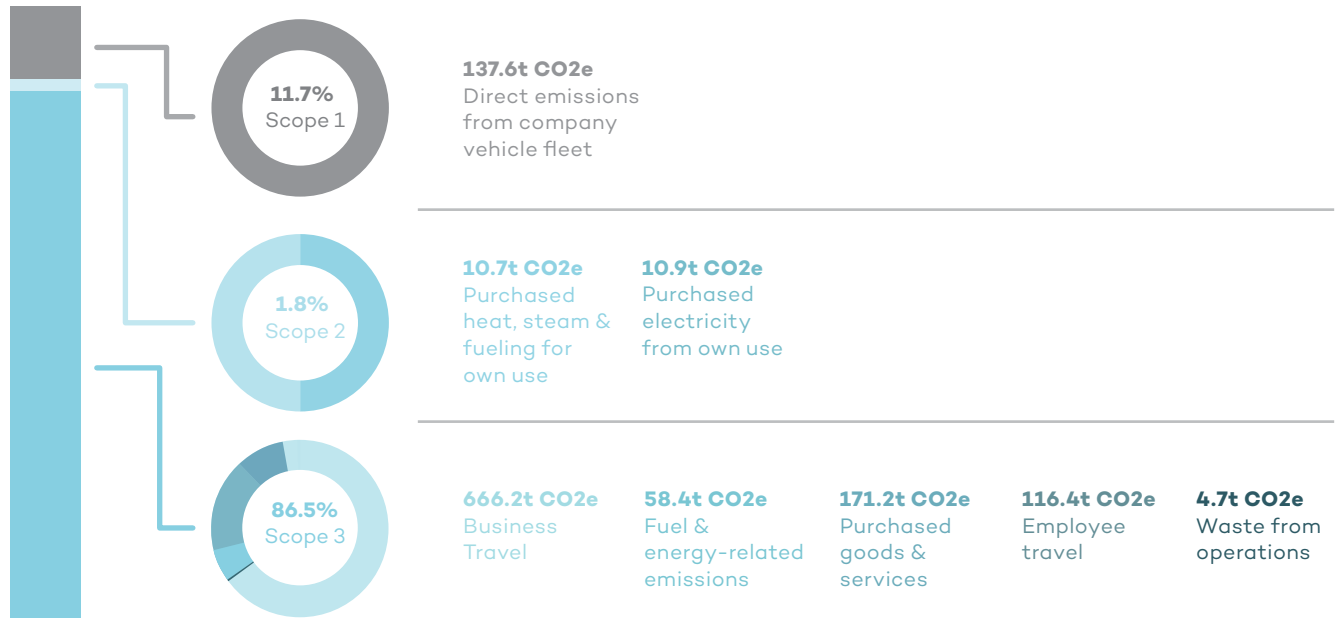


Since 2019, we have calculated our carbon footprint annually and partnered with Climate Partner to ensure the accuracy and credibility of our emissions data. In accordance with the GHG Protocol Corporate Standard, we calculate our emissions across Scopes 1, 2, and 3 using methods based on the GHG Protocol. This process includes: (1) defining system boundaries; (2) gathering consumption data; (3) researching emission factors; (4) calculating carbon emissions; and (5) documenting results.

As illustrated in the graph above, our total emissions have increased compared to 2022. However, this increase is due to our significant growth, as discussed in Section 3 (People). Despite this growth, we are proud to report that our emissions per employee have actually decreased compared to 2022.



## Measure: Emissions breakdown



### Scope 1

Since H&Z's business model is centered on consulting services, our direct emissions stem from employee activities rather than manufacturing. As a result, the primary source of direct emissions is our employees company cars.

### Scope 2

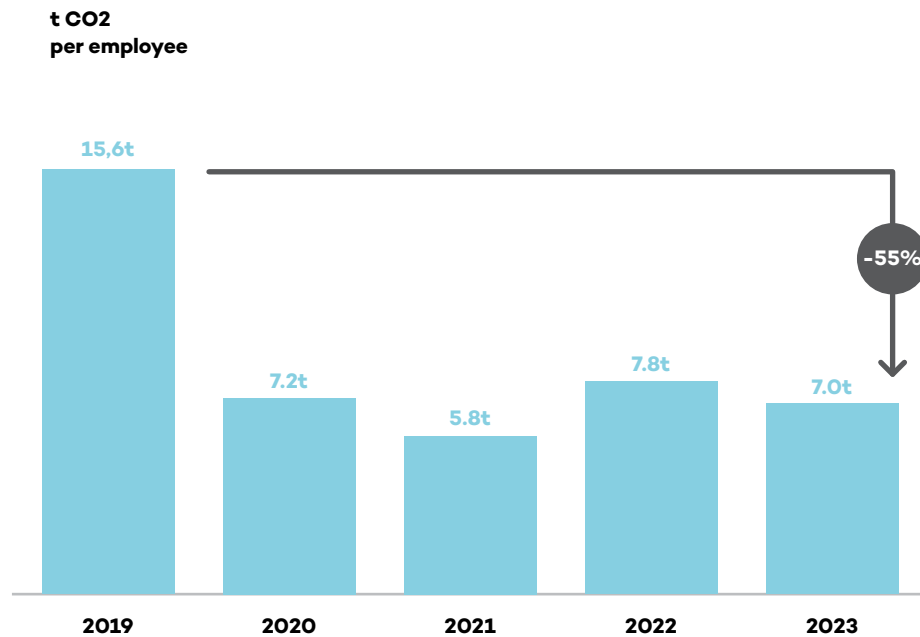
At our Munich office, we've implemented renewable electricity and remote cooling and heating solutions, resulting in a 13.5% overall reduction in our Scope 2 emissions compared to the previous year.

### Scope 3

Our primary source of emissions is business. Our objective is to find a balance by maintaining necessary travel levels through remote formats and implementing a sustainable travel policy.



## Measure: Emissions per Employee



Our dedication to sustainability is highlighted by our substantial reduction in CO<sub>2</sub> emissions per employee, even as we navigate a clear growth path. From 2019 to 2023, we successfully reduced per-employee emissions by 55%, all while our workforce grew by 51.3%.

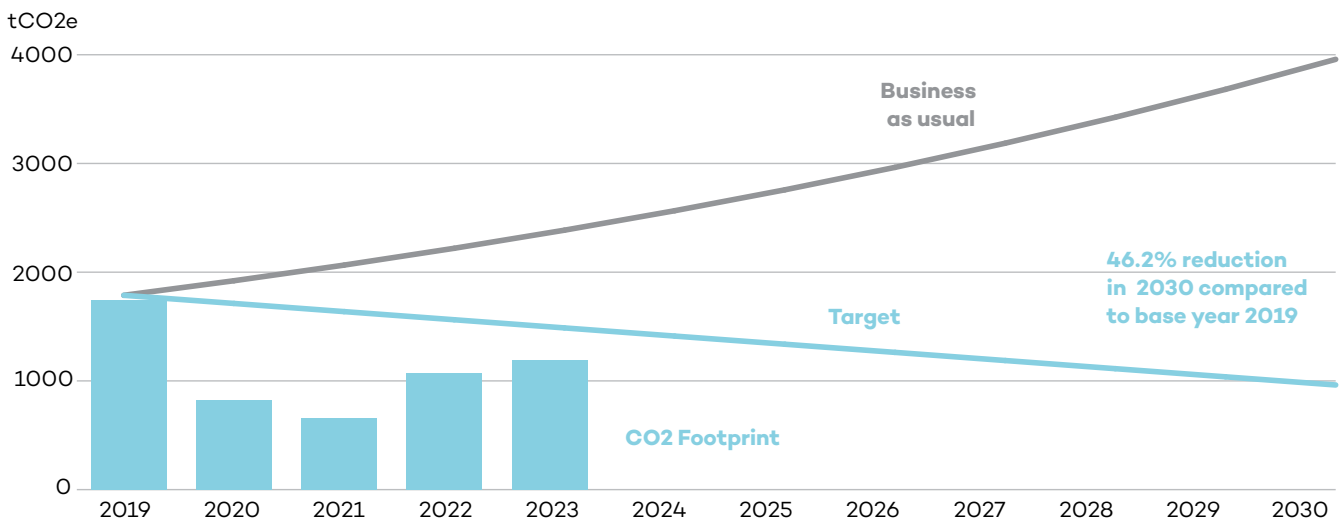
Compared to 2022, we achieved a 10.8% reduction in per-employee emissions, despite a 28.2% increase in our team size. This achievement demonstrates our commitment to sustainability and our ability to manage and reduce our carbon footprint effectively, even during periods of significant growth.

Reducing CO<sub>2</sub> emissions while expanding our operations presents a considerable challenge, but our results prove that it is possible with dedication and strategic planning. As we continue to grow, we remain firmly committed to further reducing our carbon footprint and setting a positive example in balancing environmental responsibility with business development.





# Set Targets



A 46.2% decrease from the base year (2019) is needed to reach the 1.5°C target (per SBTi).

The objective is to strategically reduce the company's total CO2 emissions to 932 tonnes by 2030, with 110 tonnes allocated to Scopes 1 and 2 combined, and 822 tonnes allocated to Scope 3 emissions.

H&Z is progressing steadily towards its established emission targets, demonstrating significant impact from its reduction measures. This progress is notable, even when accounting for the company's growth strategy and the increasing number of employees. The task at hand over the coming years is to implement further reduction measures and keep emissions from business travel as low as possible without negatively impacting H&Z's business model.



H&Z joined more than 1,600 companies worldwide by committing to the Science Based Targets Initiative (SBTi). A near-term 1.5°C reduction target for 2030 was validated and approved by the SBTi.

H&Z has actively participated in the UN Global Compact since 2021. The aim is to promote the 10 principles of the UN Global Compact which, among others, include the promotion of environmental responsibility by implementing suitable measures.





# Avoid & Reduce

The H&Z green team, consisting of 10 passionate employees, is responsible for identifying and implementing reduction measures.



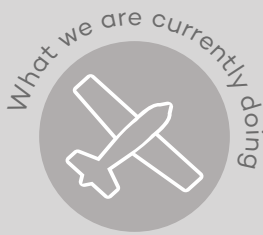
## Switching to sustainable energy

Successful shift to energy from renewable sources in 2020, as well as remote cooling / heating for the office. Additionally, we have optimized energy-use within our office, through energy efficient lighting and office appliances.



## Sustainable event management

Sustainable sourcing in event management involves selecting accessible and eco-friendly venues, reducing participant travel through virtual options and shared transport, offering seasonal and local food with reusable dishes, and using long-lasting, modular, and recyclable materials. Additionally, events should prioritize digital products, energy-efficient technologies, and renewable energy sources to minimize their environmental impact.



## Reducing carbon-intensive business travel

Behavioral change in business travel with a 75% reduction target in flights per employee by 2030. This is achieved through finding effective working modes with less travel, promoting sustainable options, and limiting flights to locations reachable by train within 4 hours. Additionally, the Deutschlandticket, as well as the Bahncard, can be subsidized for employees to further support and incentivize sustainable travel options.



## Switching to 80% electric car fleet

H&Z is already supporting public transport use as well as bike leasing for employees. Our next goal is to increase electric vehicle (EV) company cars and the necessary charging infrastructure to reduce direct emissions from employee travel by car.

# Projects



Sustainability is one of H&Z's fastest growing capabilities. We specialize in creating circular value chains that enhance resource efficiency, reduce waste, and promote sustainability across all business operations. Our approach ensures that materials are reused, recycled, and reintegrated into the production cycle, fostering a sustainable and resilient business environment.



# Project Approach and Client Engagement

At H&Z, our commitment to sustainability is deeply ingrained in every project we undertake, ensuring a comprehensive and holistic approach. We begin by thoroughly assessing our clients' current sustainability status and formulating a clear, future-oriented vision and strategy. Ensuring ESG compliance is a fundamental aspect of our project work, as we identify regulatory gaps and implement necessary measures to achieve compliance or mitigate associated risks. Additionally, we ensure that every client project aligns with the principles detailed in our Code of Conduct.

Our dedication to sustainability goes beyond mere compliance. We actively support our clients in decarbonizing their operations, whether through product carbon footprint assessments or the development of decarbonization strategies. Furthermore, H&Z assists companies on their sustainability transformation journey by offering comprehensive training programs designed to foster a culture of sustainability awareness at all levels. What sets us apart is our unwavering commitment to driving sustainable transformation, with a particular focus on creating and supporting circular value chains.

Our vision is to become a leader in shaping sustainable products and value chains, and to support client transformation towards a circular economy. We have expanded our service portfolio around the procurement nucleus to assist clients across the entire value chain, including strategy, sales, technology, procurement, and operations. By emphasizing sustainability, transformation, and data analytics as key enablers of circularity, we ensure a comprehensive approach to sustainable value creation.





# H&Z Group Competencies

## Value chain expertise

Strategy

Sales & CX

Tech & Innovation

Procurement

Operations

**Our vision: Become the front-runner in shaping sustainable products, value chains and support client transforming towards a circular economy.**

Our functional product portfolio, offers a comprehensive suite of solutions designed to enhance organization's efficiency, effectiveness, and profitability across every stage of the value chain.

The products range from strategic planning and innovation to drive growth and adaptability to procurement cost optimization and value creation, including Cost Value Engineering and Target Operating Model.

At every step, our goal is to empower organizations to achieve operational excellence and unlock greater value throughout your supply chain.

## Circularity Enablers

Sustainability

Transformation

Data & Digitization

Our Circular Economy product portfolio is dedicated to transforming linear processes into circular ones.

Our offer ranges from sustainability driven products like Supply Chain Due Diligences and Decarbonization offerings to new ways of working based products like Agile Transformation and advanced Planning & Workflow tools. We leverage technology through our digital services to enhance efficiency and facilitate the adoption of circular practices throughout organizations.



# H&Z Portfolio Sustainability



**We support our clients throughout their compliance, decarbonization and circularity journey to become sustainability leaders:**

**ESG Compliance & Reporting** Regulatory landscape ▪ CSRD ▪ Double Materiality Assessment ▪ Gap Analysis & Action Plan ▪ Non-financial reporting ▪ Climate transition plan ▪ CBAM ▪ LkSG / CSDDD, N-tier supply chain transparency ▪ EU Taxonomy ▪ EU Deforestation Regulation (EUDR) ▪ End-of-life Vehicle (ELV)



**Sustainability Transformation** Sustainability Maturity Assessment ▪ ESG Market studies & Benchmarking ▪ Sustainability strategy ▪ ESG Management System ▪ Target Operating Model (TOM) / ESG Governance ▪ ESG Due Diligence ▪ Climate risks and opportunities ▪ Training & up-skilling



**Decarbonization** Decarbonization Due Diligence ▪ CO2 footprint assessment & optimization ▪ Assessment of PCF & CCF ▪ Supply chain optimization ▪ Decarbonization (net zero) ▪ Strategy development ▪ Identification of reduction measures ▪ Calculation of business cases ▪ roadmap (e.g. marginal abatement cost curves) ▪ SBTi target setting



**Circular Value Chains** Product Circularity Rating ▪ Circular product design ▪ Secondary materials ▪ Modularization ▪ Specification optimization ▪ Circular economy strategy (e.g., Closed loops strategy, recycling, product use extension) ▪ Circular business models & use cases such as Product as a Service ▪ Identification of new business opportunities along the value chain



# Driving Impact

**At H&Z, we are dedicated to fostering sustainable impact. Collaborating with our clients, we develop strategies that emphasize environmental stewardship, enabling businesses to prosper while making a positive ecological impact. Our partnerships turn visions into tangible green initiatives:**



**KNORR-BREMSE**

**Knorr-Bremse** In partnership with H&Z, Knorr-Bremse is actively navigating the requirements of the CSRD, working towards alignment with auditor standards. This joint effort involved a comprehensive approach engaging critical stakeholders through surveys, workshops, and continuous expert advisory to support a robust double materiality analysis and aim for reliable data in line with CSRD requirements. Together, H&Z and Knorr-Bremse are prioritizing and consolidating material topics, monitoring implementation progress, and establishing reporting mechanisms. This collaborative initiative strengthens Knorr-Bremse's capabilities and supports effective implementation across the company.



**RAILSPENSIBLE**

**Railspensible** H&Z manages this multi-stakeholder initiative made up of 21 major players in the Railway industry, who together define sustainability standards along the value chain. Railspensible is transforming the rail sector to become more sustainable and fosters collaboration among members to tackle ESG challenges by promoting responsible procurement practices regarding topics such as climate change, human rights or circular economy. This initiative enables companies to share expertise, set common guidelines, and develop sustainability strategies, establishing the railway industry as a sustainable mobility choice. By providing a platform for shared learning and standardization, Railspensible enhances efficiency and reduces individual effort, benefitting all member companies.



# Driving Impact



**Argos Wityu** H&Z supports Argos Wityu's Article 9 fund, which targets a portfolio focused on annual carbon emission reductions. H&Z provides support in two key areas: 1) identifying potential investment targets, and 2) identifying and implementing decarbonization strategies. To identify new targets, H&Z conducts comprehensive ESG and Decarbonization Due Diligence to assess the Corporate Carbon Footprint (CCF) and detect potential ESG compliance issues, such as regulatory gaps. By calculating the CCF, H&Z pinpoints carbon emission hotspots and defines decarbonization levers tailored to the company. These levers are then evaluated for commercial viability and feasibility, culminating in an implementation roadmap to achieve the set carbon reduction targets. We also assess the companies' ESG maturity and benchmark their practices against industry standards. The findings from both ESG and Decarbonization Due Diligence are critical for informing Argos Wityu's investment decisions, guiding the implementation phase when an investment is made.



**CREMER** H&Z assisted Cremer in identifying and capitalizing on circular business opportunities. Through an in-depth value chain analysis and evaluation of best practices, we pinpointed key circularity levers and potential high-value business areas. This comprehensive process involved validating circular potential through extensive internal and external interviews and offering strategic recommendations for market entry and investments. Now, Cremer is aiming to strategically invest in circular business models, extending their product portfolio and supporting them on their way to becoming a leader in circular economy practices, setting a benchmark within the industry.



# SUSTAINX

**Since sustainability is a transformation journey that impacts everyone globally, it is natural for us to lead this change using the Head, Heart, and Hand philosophy for the benefit of society and our planet. To emphasize the significance of sustainability, we established SUSTAINX as an independent entity in 2021, serving as the sustainability frontrunner for the H&Z Group. In 2023, SUSTAINX has grown into a thriving community of over 4000 sustainability professionals.**

SUSTAINX is a platform and community designed to facilitate sustainability transformation by integrating AI with the collective expertise of scientists, industry professionals, topic experts, and consultants. Founded in 2021, SUSTAINX operates as an independent entity within the H&Z Group. It enables organizations to discover innovative solutions for their sustainability challenges and gain a head start in implementing these solutions.

SUSTAINX offers a maturity assessment for businesses to find out where they stand in sustainability. Businesses can then leverage the results they received from our maturity assessment and explore our platform, which offers over 1500 solutions, best practice examples, reports, and studies, and it continues to expand daily. This way they can ensure informed strategic decision making to stay “ahead of the curve”.

As of this year, SUSTAINX introduced exclusive physical meet-ups to connect with a diverse network of sustainability experts from various sectors. SUSTAINX also added an online community to ensure a common space in which experts can exchange on relevant sustainability experiences and solve individual challenges through topic specific channels. By fostering a community for cross-industry exchange, sustainability solutions can be identified, adapted, co-created, and applied as needed throughout the sustainability transformation process.





# SUSTAIN

## Online community:

SUSTAINX offers opportunities to connect with sustainability experts across various fields (e.g., regulation, materials, process changes) and network with like-minded professionals to jointly develop or enhance solutions.

## Maturity assessment:

SUSTAINX introduced a sustainability mini-maturity assessment to evaluate the current status of sustainability efforts, identify pain points, and determine focus areas for creating a sustainability roadmap.

## Solution platform:

SUSTAINX provides the latest news, trends, and solutions for successful sustainability strategy implementation and facilitates the exchange of best practice examples to understand how to apply measures.

## Podcast:


The SUSTAINX Sustainability Leaders Podcast offers powerful narratives, expert analyses, and transformative ideas that empower listeners to innovate in the realm of sustainability. Whether high-level executives, sustainability specialists, or a passionate advocate for environmental change, this podcast guides listeners towards a sustainable future.

## Physical meet-ups:

These meet-ups are an exclusive opportunity for sustainability experts to build their network and gain valuable connections and drive sustainable progress through shared insights. (currently organized in Munich, more cities yet to come)

# Moving Forward

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As we tell our clients, sustainability is a journey. We therefore plan to continue improving in the coming years, with big leaps and small steps.

Reporting is currently a major topic within Europe and we expect our sustainability report to also look different next year, as we align with the EU Corporate Sustainability Reporting Directive (CSRD).

When it comes to concrete operations, we are focusing on improvements across various topics for our people, for our planet, and also in our projects.

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# Outlook



## We've made improvements in certain diversity domains, but we can do better

In 2024, we are investing in promoting more diverse talent acquisition and employment models (see page 20). Regarding international representation, we are working on reaching our target of 30% of non-native German speakers.

We understand there's work to be done in ensuring gender parity, especially at the top, but we are confident that our intake of female talent lower down the hierarchy will progress swiftly.

Social revenue share / days pro-bono continue in 2024: We are conscious that the social revenue share must grow in line with the size of our organization in 2024. Furthermore, we have committed new resources to HHH e.V. to support their charitable activities.



## The quality of our data and our calculations will become more and more precise with time

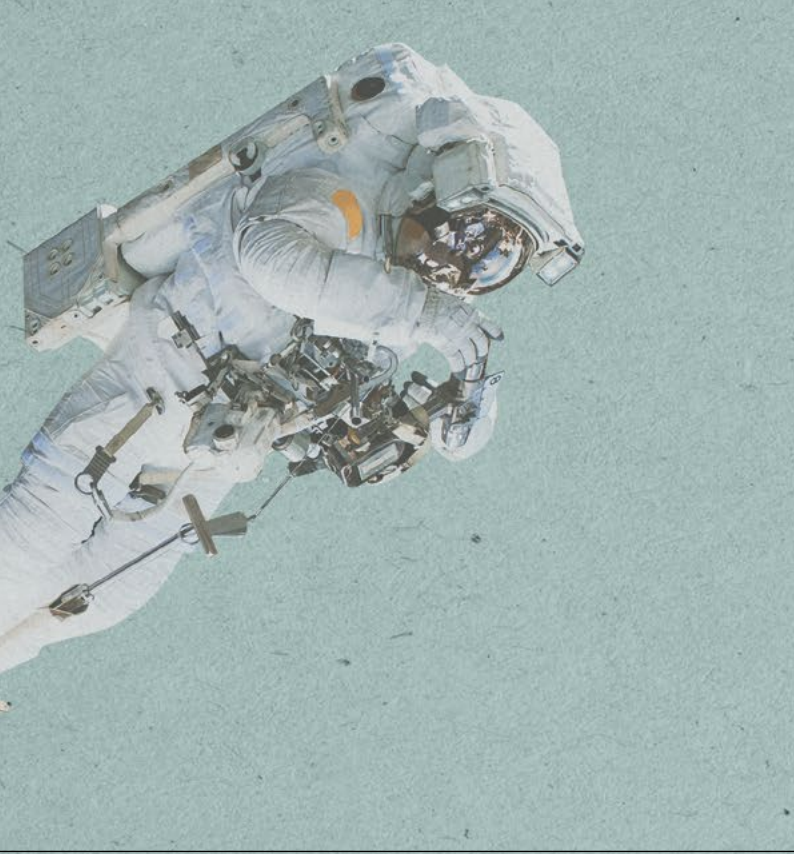
We are focusing on increasing our share of primary data, particularly in areas such as waste and office supplies, while transitioning to activity-based emission factors for our Carbon Footprint calculations, such as for train travel and dining, to improve accuracy and reduce the impact of price fluctuations. Additionally, we will reassess our baseline in 2024 to ensure an accurate representation of our emissions in line with our company's growth.



## We want to play our part in building a more sustainable and circular future

We aim to lead the way in shaping sustainable products and circular value chains, guiding clients through their transition towards a circular economy. By expanding our expertise across strategy, sales, technology, procurement, and operations, we are well-positioned to drive significant positive change.





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