



Progress Report BIONADE GmbH
2013/2014

On the Leadership Declaration of the 'Biodiversity in Good Company' Initiative

Biodiversity is the foundation of our life and human well-being. However, what we have been observing is a considerable and rapidly advancing loss of biodiversity, which is humanly caused. The United Nations recognized the problem as early as 1992 and negotiated an agreement on biodiversity within the scope of a UN Conference. 193 states have signed the three global objectives for the conservation of biodiversity defined in the agreement:

- Conservation of biodiversity
- Sustainable use of its components
- Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources.

Bionade likewise sees biodiversity as of existential importance and recognizes its relevance for the company's core business. For one, organic agricultural raw materials being used have great influence on biodiversity. Eco-systems in turn guarantee premium-quality organic raw materials for production only if they work and are healthy. That's why, as a member of the 'Biodiversity in Good Company' Initiative, Bionade supports the three objectives of the United Nations. It recognizes the seven points in the Leadership Declaration cited below and takes the following approach to their implementation.

Leadership Declaration:

All signatory companies acknowledge and support the three objectives of the international "Convention on Biological Diversity":

1. Conservation of biological diversity
2. Sustainable use of its components
3. Fair and equitable sharing of the benefits that arise out of the utilization of genetic resources.

and commit themselves to:

1. Analyzing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental management system;
3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board;
4. Defining realistic, measurable objectives that are monitored and adjusted every two to three years;
5. Publishing activities and achievements in the biodiversity sector in the company's annual, environmental, and/or corporate social responsibility report;
6. Informing suppliers about the company's biodiversity objectives and integrating suppliers accordingly and step by step;
7. Exploring the potential for cooperation with scientific institutions, non-governmental organizations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

To demonstrate ongoing commitment, member companies will provide the Initiative with a progress report every two years.

1. Analysis of the impact of the company's activities on biodiversity

Over the past two years, as a manufacturing company Bionade has been investigating which methods can be used to take biodiversity into account both on its own properties and in the upstream supply chain. Working in collaboration with Cranfield University in the UK and with the Institute for Environmental Planning at Leibniz University in Hanover, Germany, different analysis projects have been completed with each partner. The studies completed under this framework allow an analysis of the impact of business activities on biodiversity, from which measures can be derived to alleviate resp. enhance this impact.

A pilot project was previously completed using the "Toolkit for Assessing Biodiversity in the Supply Chain" (TABS[®]) method. This method, developed by Cranfield University and Middlemarch Environmental Ltd., examines the impact of the fabrication of a product on biodiversity at the various levels of its supply chain. This enables companies to establish target-oriented supply management alignment to identify opportunities and minimise risks, and thus contribute considerably to conserving biodiversity. TABS[®] was applied to the Bionade variety Ginger-Orange as part of this pilot project. Since this variety uses raw materials from both a regional and an international farming project, it represents a complex, comprehensive supply chain.

The analysis of the international farming project (ginger) within the pilot project was analysed in cooperation with various partners: in February 2013, a TABS[®] audit of the ginger producers and the first intermediate processing stage for ginger was carried out in Mexico. The supply chain of Orange was not analysed yet. The intermediate processing stage for ginger includes washing, peeling, processing into a pulp and deep freezing of the ginger.

This analysis was followed in spring 2014 by company-owned audits for a raw material sourced from a regional farming project within the Ginger-Orange supply chain. This was done because the regional raw material elderberry is also part of the variety Ginger-Orange. The audits were performed at a fruit pressing plant and at the farm of a contract partner of the regional farming project in the Rhön region.

The analysis enabled to identify and address potential problem areas. The findings and resulting recommendations were compiled into a final report in July 2014, which included a recommendation to establish a company-own monitoring process in the future in order to be able to track the development and application of biodiversity parameters within examined farms. Further company-own biodiversity audits of the raw material supply chain are planned for the year 2015.

The second project "Companies Promote Diversity" was run by the Institute for Environmental Planning at Leibniz University in Hanover in cooperation with the Association of Organic Good Producers (AöL), the Working Group on Organic Agriculture (AGÖL) and the Lower Saxony Chamber of Agriculture. The project is supported by member companies of the AöL, Bionade, Hipp, Märkisches Landbrot and Neumarkter Lammsbräu. The follow-up project "Companies Promote Diversity" funded by the German Federal Foundation for the Environment (DBU) will be implemented in cooperation with the Institute for Environmental Planning at Leibniz University in Hanover by 2016. The aim is to apply the MANUELA (for its initials in German, meaning: Nature Protection Management System for Sustainable Agriculture) management software for farms. This software collects and evaluates nature conservation services at the farm level and deduces measures from this. Indicators relevant to biodiversity will be used to determine what a transparent, credible and yet workable measurement of the biodiversity performance of suppliers might look like and how this biodiversity information can be used by food-producing companies.

In 2013, the Leibniz University research team visited the farm of a Bionade contract partner of the regional farming project “Rhön Organic Farming Project”¹ to prepare flora and fauna observations. Every month from March to June 2014, all bird species observed in ten selected fields and nine linear wood structures bordering the farmed plots were recorded. In May and June 2014, weed flora in 13 selected fields were also registered. A total of 167 plant species, including crops, were identified in the selected field plots. The bird record counted 31 species of nesting or visiting birds.

In September 2014, the first meeting of the “Companies Promote Diversity” project working group took place in Hanover. For the year 2015 it is envisaged to add data of the examined company into the MANUELA software, in cooperation with the consultancy department of an organic-food association. The biotope types directly bordering on the fields will also be recorded as part of the data compilation. The findings of the “Companies Promote Diversity” research project will be presented to the public at the BioFach world-leading trade fair for organic food in 2016.

Bionade has a direct impact on biodiversity on its own properties. Following the establishment of a quince orchard, in 2013 and 2014 further local apple and walnut trees have been planted on company grounds. It is planned that the project to transform the garden areas on Bionade premises covers several years. A positive impact is expected on local biodiversity, and we will report on its progress.

2. Adoption of biodiversity conservation into the environmental management system

Maintaining biodiversity has been part of the company’s environmental management system ever since it was established. Biodiversity thus became and remains embedded in Bionade GmbH’s integrated management system. Specific biodiversity aspects were incorporated into existing management systems on the basis of corresponding GRI indicators. An example is the supplier self-disclosure. These biodiversity criteria are now also part of the selection criteria for suppliers. The aim was to ensure that the cross-sectional role of biodiversity was taken into account and that biodiversity aspects were considered. The indicator “Biodiversity Protection Strategies” is therefore recorded in supplier documentation and is updated continuously.

3. Coordination of all biodiversity activities and reporting to the management via a responsible individual within the company

Activities relating to biodiversity and the structuring of biodiversity management are overseen and coordinated by the Environment and Sustainable Development department. This division reports to the company site management.

¹ In 2005, Bionade initiated, together with farmers the *Rhön Organic Farming Project*, a regional alliance of organic farmers ensuring that organic raw materials, such as organic elderberries, organic malting barley and organic quince, can be procured from the Rhön region over the long term. The project began with the cultivation of elderberry, which grew only wild in the Rhön region at that time. On the basis of long-term contracts, the company made it possible for local farmers to convert to organic farming and thus offer them a new economical perspective in the Rhön region. Every cultivation partner is a member of one of the German organic food associations. This way, it is guaranteed that the raw materials are grown in compliance with significantly stricter organic criteria than those set by EU regulations, for example.

4. Measureable and realistic objectives for improved protection of biodiversity and its sustainable use with a two to three year review and adjustment

The flora and fauna measurements undertaken for the “Companies Promote Diversity” research project will be tested further with a Bionade contract farmer in order to examine the opportunities offered by this programme for improving nature conservation services in local farming. Further biodiversity audits of the raw material supply chain are also planned for 2015. Using a rotation system, annual site inspections are also planned on the farms of the contractual partners to (among other things) investigate and document the implementation of measures promoting biodiversity.

Another measure to improve the protection of biodiversity and its sustainable use resulted from the introduction of the Bionade variety Garden Fruits in 2013. Apples, pears, plums and quinces come from organic orchards in Germany, which are managed in compliance with NABU (Nature and Biodiversity Conservation Union) criteria. This means for example, that 100% of the fruit must be from standard fruit tree cultivation without the use of any synthetic treatment agents, and that the fruit must be used locally. With this, the company is taking a stand specifically for the conservation, development and maintenance of the endangered orchard habitat. Another benefit of protecting this old cultivated landscape is ensuring the continuous supply of top-quality organic raw material for the company. In order to be able to measure the effectiveness of this conservation measure through the use of orchards, there are future plans to carry out a direct monitoring project in collaboration with the Rhön Grabfeld Regional Society for the Protection of Birds (LBV).

Further, the history of Bionade is closely connected with the bee, which is why conserving and protecting the survival of bees is a core concern of the company. The ingenious natural model of gluconic acid, which bees obtain from fructose to make their honey “durable”, was the key in developing Bionade. The refreshing organic drink is naturally produced through a complex fermentation process and brewed in a manner similar to beer from water and malt. And thanks to the enzyme called glucose oxidase, no alcohol is produced: it converts a portion of the sugar into gluconic acid, a mild, organic acid. This gives Bionade its distinctive taste.

Against this backdrop, the “Bionade Beekeeping” initiative was founded at the Bionade site in early 2014. Developed by a core team, it was maintained through its first bee year with the help of local bee mentors. A total of three bee colonies is being kept in accordance with the methods of the so-called species-appropriate beekeeping. After a one-year pilot phase, there are plans to get more interested colleagues on board with actively taking care of the bees in 2015. The goal of our work is to raise awareness among colleagues for the challenges modern honey bees encounter; this means not only explaining the necessity of protection but also showing specific methods of implementation. Honey production as such plays a secondary role in this project. Only a certain proportion of the honey produced is taken from the bees so as to allow the project to continue and cover its running costs in the medium term through the sale of honey.

5. Publication of all biodiversity activities and findings in the annual, environmental or sustainability report

Among other locations, Bionade has published its biodiversity activities and achievements in the first Bionade Responsibility Report, which was released in December 2014. The report can be downloaded as a PDF file from the Bionade website: <http://www.bionade.de/uebersichts/werte/verantwortlichkeitsbericht>. It can also be ordered online as a file copy.

6. Supplier information regarding biodiversity goals and gradual integration

The MANUELA management software for farms and the TABS[®] assessment method have provided examples of ways in which a biodiversity management approach can be used with regard to suppliers. By incorporating biodiversity aspects into the existing integrated management system and taking biodiversity aspects into account in both supplier self-assessment and the supplier selection process, Bionade is promoting awareness of the importance of and specific strategies for biodiversity protection among suppliers.

Dialogue with suppliers is also being conducted within the framework of information workshops. These measures are designed to offer information about biodiversity objectives and promote the active involvement of raw material producers. Within the framework of these workshops, suppliers also provide specific and relevant input and information which have a positive effect on the company's development.

7. Collaborations with potential partners such as nature conservation organisations, scientific establishments or state institutions to deepen expertise through dialogue and develop the management system

Collaborations with scientific institutions have proven very valuable, as the complexity of the topic of biodiversity is such that interdisciplinary work and the necessary expertise is essential in a company context. Previous collaborations with associations such as Trinkwasserwald[®] e.V. (the "Drinking Water Forest Association") will therefore be continued. Since 2008, Bionade in cooperation with the association has transformed a total of 63.5 hectares (or 179,000 trees) of single species coniferous forests in Germany into mixed forests. This makes Bionade the first company in Germany committed to the large-scale sustainable protection and increase of drinking water supplies. Using a scientifically recognised procedure, coniferous forests are transformed first into mixed forests and then into purely deciduous forests through undergrowth planting. Thanks to these "leafy forests", as well as offsetting all of the drinking water required for annual bottling, Bionade is also sustainably generating additional groundwater and drinking water. A mixed forest absorbs an average of 80 litres more per square metre a year than a coniferous forest. As well as generating groundwater, the forest conversions mean a significant increase in the biodiversity of these areas. Whilst coniferous forests are home to around 120 species, deciduous forests on the other hand offer a home to around 7,000 species in the forest ecosystem. In 2014 the company converted a hectare, i.e. planted around 4,000 trees. Four plantations were established for this purpose in Hamburg, Uelzen, Scheeßel and Osnabrück in cooperation with Trinkwasserwald[®] e.V. and further plantations are planned for next year.

Bionade has been a partner of the Rhön Biosphere Reserve, the Rhön Nature Park and RhönNatur e.V. since 2005. Joint events on the topic of biodiversity protection are held with the Biosphere Reserve every year. Plans for 2015 include introductory training on bees for teachers, the event Day of the Region and participation in the event "Actively Preserving Biodiversity".

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