

Progress Report of REWE GROUP

Reporting Period 04/2020 – 07/2022

On the Leadership Declaration of the ‘Biodiversity in Good Company’ Initiative

Acting responsibly and in line with the interests of the community is an integral part of the corporate culture of the cooperatively organised REWE Group. Within the framework of the Sustainability Strategy, four topics have been given top priority: the sustainable product range policy and the promotion of the consumption of more sustainable products; resource and climate protection; satisfaction and involvement of employees as well as social responsibility. In this context, actively addressing the issue of biodiversity, especially in the course of more sustainable methods of production, has been an important strategic building block for REWE Group for many years.

Therefore, REWE Group is a member of the ‘Biodiversity in Good Company’ Initiative, acknowledges the seven points of the Leadership Declaration and implements those as follows.

The Leadership Declaration:

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

- Conservation of biological diversity
- Sustainable use of its components
- Fair and equitable splitting of the benefits deriving from the utilisation of genetic resources

and commit themselves to:

1. analysing corporate activities with regard to their impacts on biological diversity;
2. integrating the protection of biological diversity in the 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 for the enhanced protection of biological diversity and its sustainable use 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 gradually integrating suppliers accordingly;
7. exploring the potential for cooperation with scientific institutions, non-governmental organisations (NGOs) and/or governmental institutions with the aim of fostering dialogue and continuously improving the corporate

1. REWE Group analyses the impact of corporate activities on biological diversity.

REWE Group is aware that its business activity has an impact on biodiversity. In order to gain detailed insights into these impacts, REWE Group conducted a formalised risk analysis for food and non-food products for the supply chains of private label products sold at REWE and PENNY in Germany. The analysis helped to determine that the focus of the ecological and social impacts lies in the supply chain stages of raw material cultivation and processing. This also applies to aspects in the area of biodiversity. REWE Group has therefore identified the preservation of biodiversity in the production of private label products as the most important field of action in its biodiversity management.

In REWE Group's own PRO PLANET certification process, the supply chains of private label products are additionally closely examined. In Germany, REWE Group follows a so-called Due Diligence approach to ensure a targeted implementation of the topic of sustainability. This management approach is based on an OECD guideline that was developed to help companies establish responsible agricultural supply chains. The process comprises five stages: Management System, Risk Analysis, Strategy, Review and Reporting. This process forms the basis of REWE Group's strategy on how to produce private label products in a more socially and environmentally sustainable way or how to meet increased animal welfare standards. In this context, the subject of biodiversity is also a relevant aspect. If hot spots are identified in the area of biodiversity, REWE Group will develop measures to reduce or remedy such. One outstanding example is the PRO PLANET project in German fruit and vegetable cultivation.

In order to establish a holistic biodiversity management within the company, REWE Group addresses the topic of biodiversity in the relevant guidelines, such as the guidelines on raw materials like palm oil, fish and cocoa. The guidelines outline definitions of how REWE Group will make its product ranges more sustainable. In this context, the preservation of biological diversity is a vital criterion that is taken into account, for example, by purchasing certified raw materials. REWE Group uses certifications from organisations that have defined criteria for the protection of biodiversity in their standards, such as Bio, Fairtrade, Forest Stewardship Council (FSC®), Rainforest Alliance and Marine Stewardship Council (MSC).

REWE Group is also involved in industry initiatives, some of which it initiates itself, with the aim of engaging as many stakeholders as possible along the value chain in order to jointly find approaches for lasting positive developments along the entire supply chain. In March 2021, for example, REWE Group founded the "Food for Biodiversity" association together with other companies, associations and certification organisations from the food industry as well as environmental associations and research institutions. The members of this first industry-wide alliance commit to implementing measures that ensure the protection of biodiversity in the food industry and its upstream value chains in order to contribute to achieving the goals of the German and European Biodiversity Strategies, the objectives of the Convention on Biological Diversity and the UN Sustainable Development Goals.

In 2017, REWE Group signed the "Cerrado Manifesto" – Statement of Support (SoS) together with numerous Brazilian NGOs – including WWF Brazil, TNC, CI-Brazil,

Greenpeace Brazil, IPAM and Imaflora (Institute for Agricultural and Forestry Management and Certification) – and global retailers to protect the biodiversity in the Cerrado region in south-eastern Brazil. The SoS aims to stop deforestation and the loss of native vegetation and to promote more resilient agriculture and sustainable spatial planning in the region.

2. REWE Group incorporates the preservation of biological diversity and its sustainable implementation in the environmental management system.

Classic environmental management systems are often based on production and are only of indirect relevance for trade companies. REWE Group has therefore entered into a strategic partnership with the German Nature and Biodiversity Conservation Union (NABU) in order to address the issue of nature preservation and protection of biological diversity. For this purpose, the joint project on biodiversity was extended and resulted in the development of the PRO PLANET label, and specific topics of the cooperation, such as protection of marine life, packaging, resource conservation and the promotion of biological diversity were agreed. An essential part of the partnership is the constructive and critical exchange at the working level as well as at the level of the Management Board and Presidents of REWE Group and NABU. NABU is both an important source of inspiration for the further development of the sustainability strategy and a long-term partner in the implementation of projects. Together with numerous farmers and its partners NABU, the Stiftung Rheinische Kulturlandschaft and its affiliate foundations and other nature conservation organisations, REWE Group supports regional projects aimed to promote biological diversity in agriculture. In order to ensure transparency of the standards and activities implemented by the private label suppliers and of activities in the field of biological diversity, REWE Group focuses on close cooperation and open dialogue with its suppliers.

3. REWE Group establishes a department in the company responsible for managing all biological diversity activities and reporting to the management team.

Three departments in the company are responsible for the biodiversity issue which coordinate all activities in close cooperation: the Sustainability Department, the Strategic Quality Assurance Department and the Sustainability Goods Department, which is in charge of sustainability topics concerning the private labels. The Sustainable Goods Department initiates and controls biodiversity projects related to products. The Sustainability Department enables internal and external communication regarding projects, e.g. as part of stakeholder dialogues, and reports on these topics to the management bodies.

4. REWE Group sets measurable and realistic objectives to improve the conservation of biological diversity and its sustainable use, which are to be reviewed and modified every two to three years.

The aim is to constantly expand the more sustainable ranges of REWE Group. The company is therefore committed to improving the products and services it offers in social and ecological terms and to positively influencing value chains. REWE Group thus contributes to the protection and more sustainable use of natural resources. Within this framework, REWE

Group cooperates closely with its suppliers and stakeholders and continuously develops the ecological and social requirements for its product ranges. Thus, in addition to freshness, quality and price, sustainability has become an increasingly important decision criterion in the purchasing process. REWE Group focuses its activities on its private labels, where it has a particularly large lever in terms of product development.

REWE Group has defined goals for different product groups and raw materials which enable a better preservation of the biological diversity. With regard to the promotion of biodiversity, the goal is to convert all relevant, regional open-land fruit and vegetable products of REWE's and PENNY's private labels in Germany to biodiversity-promoting cultivation by 2025.

Boglands are important habitats for animals and plants and bind large amounts of CO₂. As early as 2016, REWE and Penny, as well as toom Baumarkt as the first DIY chain in Germany decided to convert the entire soil assortment of both private labels and branded products to peat-free alternatives by 2025 at the latest in order to protect boglands from peat extraction. In the reporting year, REWE Group and NABU added another element of cooperation as part of their long-standing partnership. Starting in 2022, the REWE sales line will contribute five million euros annually for five years to the newly established NABU climate fund. The fund is intended to finance measures for the rewetting of peatlands that have been degraded by agriculture and peat extraction. Heavily drained peatlands in Germany and EU countries in the Baltic Sea region are to be purchased or leased on a long-term basis, and agricultural farms are to be supported in converting from conventional farming methods to climate-friendly wet meadow management. Through rewetting, the peatlands are to regain their original function: as huge carbon reservoirs and as unique habitats for many animal and plant species that have become rare in Germany, such as the common snipe, the moor frog or sundews.

The private labels include many products that also have a direct impact on biodiversity. For the protection and promotion of biodiversity, REWE Group relies on the purchase of certified raw materials. REWE Group uses certifications from organisations that have defined criteria for the protection of biodiversity in their standards, such as Bio, Fairtrade, Forest Stewardship Council (FSC®), Rainforest Alliance and Marine Stewardship Council (MSC). The requirements for organically produced food stipulate, for example, the abandonment of the use of chemical pesticides and easily soluble mineral fertilisers, thus protecting soils and water. The use/procurement of certified palm oil, soy, cocoa, bananas or pineapples also contributes to preserving biodiversity. The underlying standards each impose requirements which have a positive impact on biological diversity, e.g. the protection of valuable areas which serve, among other things, as biocorridors. The share of conventional bananas and pineapples from Rainforest Alliance-certified cultivation at REWE and PENNY in Germany is 100%.²

REWE, PENNY and toom Baumarkt use the PRO PLANET label to mark products that are produced in a more socially and ecologically sustainable manner or meet higher animal welfare standards. Between 2019 and 2021, REWE Group was able to increase the number of PRO PLANET products from 1,632 to over 2,257.

REWE Group is also continuously advancing the development of organic product ranges in its sales lines. In the 2021 reporting period, REWE listed more than 750 REWE Bio products in its product range (average over the year as a whole). This results in a share of REWE Bio

products in the sales value of REWE private labels of around 19 per cent in the reporting year. In 2021, the private label REWE Bio + vegan was launched comprising around 30 vegan organic alternative products so far. The products are vegan, Bio-certified and bear the PRO PLANET label “Für mehr Klimaschutz” (for more climate protection).

PENNY has been marketing the brand Naturgut since 2014. Since 2019, Naturgut has been focussing exclusively on organic products. In 2021, PENNY offered over 200 Naturgut products in its range, depending on the campaign period. The share of Naturgut products in private label sales value is seven per cent, which is a slight increase.

In addition, REWE Group has identified the procurement of soy beans from deforestation-free supply chains as an important factor to leverage biodiversity. Since the end of 2019, the entire REWE and PENNY private label range of fresh eggs, milk and fresh poultry sold in Germany has been certified deforestation-free, and since the end of 2021, the private label range for pork and beef has also been certified deforestation-free. In addition, the company set itself a new target in the 2021 reporting year: 100 per cent deforestation-free feed for dairy products and processed meat products with a meat content of over 50 per cent by the end of 2025. REWE Group relies on recognised standards such as Pro Terra, ISCC+, Donau Soja / Europe Soya and RTRS.

REWE Group aims at reducing the pesticide load of conventional fruit and vegetables and is therefore working with producers, NGOs and scientists on solutions to minimise the impact on the environment and health while ensuring production and yield security for farmers. For this purpose, REWE Group has defined a negative list, which currently specifies 148 active substances that producers are not allowed to use in production. In summer 2022, the list will be extended to 249 active ingredients. For another 23 active ingredients, REWE Group has significantly reduced the upper limit of maximum residue levels (MRLs): These may amount to a maximum of 25 per cent of the legally prescribed limits. In this case, too, the number of active ingredients will be increased to 95 in 2022. For all other active ingredients, an upper limit of 50 per cent of the MRL applies. In recent years, REWE Group had specific analysis reports prepared in order to further develop the specifications – for example, in 2017 on the topic of endocrine disruptors and in 2018 on the topic of substances hazardous to bees. In addition and as part of quality management, all fruit and vegetable products are regularly tested for possible pesticide residues on the basis of a risk-oriented sampling plan.

This risk analysis is also part of the annual seasonal planning of the purchasing department as it is a criterion for whether and how a product is put on the market.

Additionally, **raw material guidelines** with specific targets are in place and are updated on a regular basis for the following product groups:

- Guideline on Water Protection in the Supply Chain: Defines goals and measures for an economical use of water in the supply chains.
- Guideline on Fish and Seafood: defines standards for wild fish and aquaculture fish, including demanding transparency criteria.
- Guideline on Coffee: defines goals and measures for a sustainable coffee sector.

- Guideline on Cocoa Products: defines requirements for the procurement of cocoa and illustrates the already implemented conversion to certified sources.
- Guideline on Orange Juice: defines goals and measures for a more sustainable orange juice production and determines obligations of the business partners.
- Guideline on Palm Oil and Palm Kernel Oil Products: defines a demanding implementation schedule for the conversion to sustainable palm oil and specifies requirements that go beyond established standards.
- Guideline on Organic Products: defines standards for organic private label products which exceed the requirements of the EU organic label in many points.
- Guideline on Soy in Animal Feed: specifies freedom from genetic engineering as a critical requirement for imported soy meal and the examination of options for substitution with domestic protein sources.
- Guideline on Tea Products: defines goals and measures for more sustainable tea production
- Guideline on Microplastics in Cosmetic Products: specifies requirements and measures to eliminate or reduce the use of microplastics in cosmetic products.
- Guideline on More Sustainable Textiles: defines requirements for social and ecological standards of suppliers of textile products.

REWE Group is involved in numerous projects in order to continuously pursue and further develop these goals. Some examples:

The goal of the PRO PLANET biodiversity project is the protection of biodiversity in conventional fruit and vegetable production. Besides many participating farmers, the Bodensee-Stiftung in particular as well as NABU and various organisations dedicated to preserving the cultural landscape are important partners of REWE Group that implement individual measures for the protection of biodiversity. When the project was started in 2010, the main focus was on apple and pear plantations. Since 2016, the project has gradually been extended to different types of fruit and vegetable after successful piloting. Meanwhile, the number of participating fruit and vegetable farms has increased to more than 540 (as of the end of 2021). In addition to apples and pears, the products include broccoli, Chinese cabbage, iceberg lettuce, romaine lettuce, carrots, potatoes, onions, cherries, plums and blueberries. The fruits and vegetables are marked with the PRO PLANET label with the addition "Für mehr Artenvielfalt" (For More Biodiversity).

The positive effects of the project are manifold: From 2010 until the end of 2021, around 26,000 (as of 2020: 24,900) trees and shrubs were planted. Approx. 888 hectares (as of 2020: 842 hectares) flowering areas were planted and enhanced, and various forms of structural enrichments such as dry stone walls or small waters were created. In addition, around 13,300 (as of 2020: 11,745) nesting boxes and nesting aids for birds and bats as well as 6,500 nesting aids for insects (as of 2020: 5,698) have been set up since 2010.

The success of the implemented measures is checked by REWE Group through regular monitoring. This was evident, for example, in the results of the wild bee monitoring carried out in the Lake Constance cultivation region in 2021 which revealed that the wild bee diversity has stabilised at a very high level. Compared to the start of the project, more wild bee species (2021: 112; 2010: 56) and also more endangered wild bee species (2021: 26; 2010: 5) were found on the surveyed flowering areas. The biological diversity on the individual plots studied has also increased. This proves that the ecosystems on the various plots have also stabilised and become more resilient.

In 2019, wild bee monitoring was conducted in the southern Rhineland. Here, too, more individual wild bees were found on ideal flowering areas with a high flower density and an undisturbed location than on areas where no measures had been taken. Nesting opportunities in the ground had a positive effect on the number of species. Thus, it can be confirmed that flowering areas have a positive effect on wild bee communities – provided that they are undisturbed, well-developed areas with a high flower density. REWE Group strives to continue its success monitoring. The next wild bee monitoring is expected to take place in 2025.

In 2020, the project was described in the Retail Guidance as part of the EU Pollinators Initiative. In 2019, it was awarded the European Bee Award and was one of the UN Decade Projects on Ecosystem Restoration in the same year. In addition, the project received the German CSR Award in 2016.

Since 2020, REWE Group has been cooperating with the Polish Society for the Protection of Birds (OTOP) and farmers in the Grojec region, Poland's largest apple-growing area, to promote more biodiversity: The measures on the plantations include the planting of flower strips as a food source for insects as well as the installation of nesting aids for insects and bird houses. The apples from this project are handled separately and used to produce the REWE Beste Wahl apple juice "Aus Liebe zur Biene" (For the Love of Bees), which is awarded the PRO PLANET label and is only available seasonally.

The topic of insect die-off is a special focus of customer communication at REWE and PENNY. In spring 2021, PENNY held a campaign week on bee-friendly plants. Since 2019, REWE has received celebrity support for its communicative activities on insect protection: Maya the Bee and her friends are ambassadors for REWE's commitment to biodiversity and promoted insect protection in the 2021 reporting year.

The foundation "Blühendes Österreich" (Blooming Austria) was established in 2015 by REWE Group in Austria together with the nature conservation organisation BirdLife Austria. The foundation's mission is to provide strategic, transparent and systematic funding for nature conservation projects. By realising projects together with partners from public institutions, non-profit organisations, communities, associations and the private sector, "Blühendes Österreich" strengthens regional cooperation. Today, the foundation is not only the first, but also the largest private-sector initiative for a healthy environment and sustainable agriculture in Austria. In 2021, the foundation's budget amounted to 800,000 euros.

The foundation's nature conservation strategy 2018-2022, with the title "Nachhaltigkeit verankern, Österreichs Vielfalt leben" (Anchoring Sustainability, Living Austria's Diversity), aims at protecting a total of 1,000 hectares of threatened ecological areas by 2022. In 2021, 121 companies took part in the FLORA programme to promote farmers and organisations to save our biodiversity. Since 2015, 230 farmers, nature conservation organisations, municipalities and other initiatives have been funded, thereby preserving 951 hectares of ecologically valuable land. The financial support also serves as an economic planning perspective for the small-structured farming families and secures jobs.

Throughout the year, REWE and PENNY run campaigns with "bee favourites" or "bee seducers", and since 2016, toom Baumarkt had offered an extensive range of bee-friendly plants under the concept name "bee friend". In 2021, this was replaced by the new concept "beneficial insect-friendly". In this new concept, an entomologist and expert on wild bees not only evaluates the beneficial insect-friendliness of a plant species, but also assesses for which insect group the species is suitable. This makes toom the first DIY store in Germany that distinguishes between different flower-visiting insect groups in the assessment, which also generates positive feedback from the scientific community. In the new assortment, plants are labelled as "beneficial insect-friendly" if they are suitable for honey bees, bumblebees or wild bees as pollen plants or for butterflies as nectar plants. The range is to be further expanded. All beneficial insect-friendly potted plants are labelled with the PRO PLANET label "Für mehr Artenvielfalt" (For More Biodiversity). By the end of 2021, the range of beneficial insect-friendly plants comprised 127 items – including perennials, flower bulbs, herbs and fruit trees.

In addition to the assessment of beneficial insect-friendly plants by an insect expert, an extended negative list has applied to this assortment at toom Baumarkt since 2021, which exceeds the generally applicable negative list for all ornamental plants and is based on the recommendations of the Pestizid Aktions-Netzwerk e. V. (Pesticide Action Network, PAN). Therefore, all active substances that are hazardous to bees are banned in the production of the beneficial insect-friendly assortment. Furthermore, the DIY store chain affiliated with REWE Group has been cooperating with the leading Austrian environmental organisation GLOBAL 2000 since November 2020 to further reduce the use of pesticides in its assortment of beneficial insect-friendly plants.

Glyphosate, the most commonly used pesticide in agriculture worldwide, has repeatedly come under criticism. Since 2015, toom Baumarkt has refrained from selling products containing glyphosate, making it the first DIY store in the industry to do so. In addition, the sale of pesticides that are particularly dangerous to bees and their use in the production of toom Baumarkt's plant assortment was also restricted: As an active contribution to the protection of bees and the environment, toom Baumarkt has tightened its requirements for its suppliers of ornamental plants, and since 2017, has been the first DIY store chain to only offer ornamental plants that have been produced without the use of pesticides classified by Greenpeace as particularly hazardous to bees. Since 2015, toom has also completely dispensed with such chemical pesticides that, according to a Greenpeace study, contain active ingredients particularly hazardous to bees.

5. REWE Group publishes all activities and achievements in the area of biological diversity in the company's annual, environmental or sustainability reports.

REWE Group publishes an annual sustainability report which is meanwhile only available online and complies with the GRI standards (). The report comprises a section for strategic actions on biodiversity.

Further information on biodiversity is available on the PRO PLANET website and the REWE Group website as well as on the websites of the individual sales lines and other media (flyers, in-store radio, social media, etc.).

6. REWE Group informs suppliers about its biological diversity objectives and integrates them gradually in its work to achieve these objectives.

REWE Group has incorporated the conservation of biological diversity in its Guideline on Sustainable Business Practices, which were published in 2011 and updated in 2021, and explicitly commits itself to the goals of the UN Convention on Biological Diversity, (CBD). All private label suppliers are provided with the Guideline on Sustainable Business Practices as REWE Group's code of values. In addition, the raw material guidelines and specific goals as set out in Point 4 of the Leadership Declaration will be submitted to the respective private label suppliers for implementation. Nature conservation organisations, the relevant suppliers and producers are involved in the various projects described above and work together with REWE Group on the implementation of biodiversity issues.

7. REWE Group is assessing its collaborative efforts with potential partners such as nature conservation organisations, scientific bodies and state institutions to expand expertise through dialogue and to further develop its management system.

REWE Group is in contact with all relevant stakeholder groups on the biodiversity issue and implements projects together with competent partners. Especially in its sustainability dialogues, REWE Group focuses on different aspects of biological diversity.

Naturschutzbund Deutschland e. V. (NABU) has been a partner of REWE Group since 2009 on a project basis. In 2015, this cooperation was intensified within the framework of a strategic partnership and concrete fields of action have been stipulated to promote biodiversity. In 2020, REWE Group joined the project "Gemeinsam Boden gut machen" (Make up Ground Together) which promotes farmers who want to switch to organic farming or to expand their existing organic farm.

In addition to being a member of the 'Biodiversity in Good Company' Initiative, REWE Group is also represented in the following initiatives/associations regarding biodiversity: Aid by Trade Foundation, B.A.U.M. e. V., Bund Ökologische Lebensmittelwirtschaft, Cerrado

Manifesto Initiative, European Business and Biodiversity Campaign, Food for Biodiversity, Forum für Nachhaltiges Palmöl (Forum for Sustainable Palm Oil), Forum Nachhaltiger Kakao (Forum for Sustainable Cocoa), Partnerschaft für Nachhaltigen Orangensaft (Partnership for Sustainable Orange Juice), Roundtable on Sustainable Palm Oil or the Standard Committee Rainforest Alliance.