

Progress Report of REWE GROUP

Reporting Period 04/2012 – 03/2014

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 plus social responsibility. In this context, addressing the issue of biodiversity, especially as a part of ecological product quality, is an important strategic building block for REWE Group.

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

The Leadership Declaration:

The signatories hereby recognise and support the three objectives of the international Convention on Biological Diversity:

- Conserving biological diversity
- Sustainable use of the components of biological diversity
- The fair and equitable sharing of the benefits arising from the utilisation of genetic resources.

Further, the signatories commit to:

1. analyse the impacts of business activities on biological diversity;
2. incorporate the conservation of biological diversity and its sustainable implementation in the environmental management system;
3. establish a department in the company responsible for managing all biological-diversity activities and reporting to the management team;
4. set 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;
5. publish all activities and achievements in the area of biological diversity in the company's annual, environmental or sustainability report;
6. inform suppliers about its biological diversity objectives and to integrate them gradually in its work to achieve these;
7. assess collaborative efforts with potential partners such as environmental protection organisations, scientific bodies and state institutions, to expand expertise by engaging in dialogue and to develop the management system.

A progress report must be presented to the initiative every two years as proof of continuing engagement.

1. REWE Group analyses the impacts of business activities on biological diversity.

REWE Group is aware that its entrepreneurial action has an impact on biodiversity. Today, the impact of activities on greenhouse gas emissions can already be precisely measured and REWE Group has provided figures on reduction goals; however, this is not yet the case with respect to biodiversity. REWE Group has already identified the most important areas of action regarding a comprehensive biodiversity management. It addresses the issue of preserving biodiversity in the production of store brand products. In REWE Group's own PRO PLANET process, the entire value chain of store brand products is checked by means of a hot spot analysis. In this context, ecological and social aspects are considered. Also biodiversity is included. If hot spots are identified in the area of biodiversity, REWE Group will develop measures to reduce or remedy such. To additionally establish a uniform biodiversity management within the company, REWE Group is preparing a biodiversity guideline.

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

Classic environmental management systems are often based on production. As trade is not directly responsible for the production of goods, environmental management systems are only of indirect significance to the retail sector. In order to ensure transparency of the implemented environmental management systems of the store brand suppliers, a pilot project for surveying all store brand suppliers is planned for 2014. To this end, environmental data is collected which relate to biodiversity. The survey is based on the Guideline for Sustainable Business Practices of REWE Group (see Point 6 of Leadership Declaration).

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

Two departments in the company are responsible for the biodiversity issue which closely coordinate all activities: the Sustainability Department and Strategic Quality Assurance. The Strategic Quality Assurance 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. Both departments report to the Sustainability Strategy Group which is represented by the entire executive board of REWE Group, the executive offices of Strategic Business Units, executives of REWE Group's Holding, a representative of

independent retailers, the head of the general works council as well as experts which meet every 6-8 weeks.

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.

REWE Group has defined the following targets directly referring to biodiversity:

The aim is to constantly expand the more sustainable ranges of REWE Group. Currently, REWE Group offers around 6,700 products with a sustainability label, many of which have a direct impact on biodiversity, e.g. Bio, PRO PLANET (500 products), FSC, Utz, Rainforest Alliance and MSC.

Additionally, raw material guidelines with specific targets are developed for the following products:

- Fish (<http://www.rewe-group.com/en/sustainability/publications/guidelines-for-sustainable-business-practices/leitlinie-fuer-fisch/>)
- Cocoa (<http://www.rewe-group.com/en/sustainability/publications/guidelines-for-sustainable-business-practices/guideline-for-cocoa/>)
- Palm oil (<http://www.rewe-group.com/en/sustainability/publications/guidelines-for-sustainable-business-practices/guidelines-for-palm-oil/>)
- Soy (<http://www.rewe-group.com/en/sustainability/publications/guidelines-for-sustainable-business-practices/guideline-for-soya/>)

Guidelines for ecological products and woods are underway. An annual status report informs on chemical pesticides in fruit and vegetables (<http://www.rewe-group.com/en/sustainability/publications/status-report-on-chemical-pesticides/>).

REWE Group regularly organises Sustainability Weeks to promote more sustainable consumption which are conducted, among others, under the title "Animal and Plant Protection". During the Sustainability Weeks, REWE Group's sales lines raise consumers' awareness in more than 6,100 stores and travel agencies and encourage them to more environmental and socially responsible consumption. With these campaigns, the sales lines address different age groups and interests. The focus of the Sustainability Weeks is on more sustainable products.

Furthermore, REWE Group supports the "Biodiversity Criteria for Standards and Quality Seals in the Food Retail Sector" project. The project was launched by the Lake Constance Foundation and the Global Nature Fund and promoted by the German Federal Agency for Nature Conservation (BfN) and Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

The aim is to develop recommendations and criteria in the course of the project which are to be integrated into relevant sustainability standards and quality systems of the food retail sector. The idea is not to develop an independent biodiversity label but to enable comparable statements on biodiversity management for different standards.

The project partners have already drafted a "baseline report" which examines existing biodiversity criteria. The results have been discussed in a stakeholder dialogue in advance.

Further information: <http://www.rewe-group.com/en/sustainability/pillars/green-products/biodiversity/biodiversity-criteria-for-standards-and-quality-seals-in-the-food-retail-sector-project/>

In a further approach of the European Business and Biodiversity initiative, the supply chain of two products (bananas and potatoes) has been subjected to a "biodiversity check". The aim was to test the suitability of test parameters in practice and exploit improvement potentials within the supply chain.

For the PRO PLANET project "Grapes from Italy", a simple certification system for biodiversity criteria in agriculture was developed in cooperation with the World Biodiversity Association (WBA) based in Italy. This system is to be adapted to further product groups.

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

Once every two years, REWE Group publishes a Sustainability Report (<http://www.rewe-group.com/en/sustainability/publications/sustainability-report/>).

The 2011/2012 Sustainability Report has been prepared according to GRI 3.1 and was awarded the application level A+. The Sustainability Report was audited by PriceWaterhouseCoopers (PwC). The report comprises an own section for strategic action 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.

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

In its Guidelines for Sustainable Business Practices (<http://www.rewe-group.com/en/sustainability/publications/guidelines-for-sustainable-business-practices/>), REWE Group has enshrined the preservation of biological diversity and explicitly commits itself to the goals of the UN Convention on Biological Diversity, (CBD). All store brand suppliers have been provided with the Guideline for Sustainable Business Practices as REWE Group's code of values. In addition, the raw material guidelines set out in Point 4 of the Leadership Declaration will be submitted to the respective store brand suppliers for implementation.

7. REWE Group is assessing its collaborative efforts with potential partners such as environmental protection 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 pertinent 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.

In 2011, workshops under the motto "Together for Animals and Plant Life" took place which dealt with wild fish, animal welfare and animal protection as well as biodiversity in agriculture.

In 2012, an event on "Biodiversity in the Supply Chain" followed in close cooperation with the Global Nature Fund (GNF) and the Lake Constance Foundation. Around 70 representatives from industry, environmental associations and science took part. Furthermore, REWE Group organised a dialogue forum with around 600 participants in Bonn in 2012. In addition to many other topics, wild fish as well as animal welfare and animal protection were discussed again.

In 2013, a dialogue forum was held for the first time which exclusively focused on animal and plant protection. The central topics for the around 200 participants were animal welfare and livestock farming, measures of the German food industry for conserving biodiversity as well as value chains in the coffee and pet food sector.

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., BÖLW, European Business and Biodiversity Campaign, Forum for Sustainable Palm Oil, RSPO.

Together with the Lake Constance Foundation and German Nature and Biodiversity Conservation Union, REWE Group has cooperated with apple and pear farmers on a project for the protection of insects that pollinate fruit blossoms since 2010:

The farmers create patches of flowery plants in their orchards with various seed mixtures, plant flowering hedgerows and willow cuttings at the boundary ridges, develop their grassland management in an environmentally-sound way and provide nesting aids for wild bees (<http://www.proplanet-label.com/produkte/food/obst-gemuese/aepfel-birnen>).