

Progress Report of REWE Group

Reporting Period 04/2014 – 03/2016

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 impact of business activities on biological diversity.

REWE Group is aware that its entrepreneurial action has an impact on biodiversity. Contrary to the impact of activities on greenhouse gas emissions, which can already be precisely measured, biodiversity is a more complex concept which is harder to tackle in a direct way. REWE Group has identified the most important area of action regarding a comprehensive biodiversity management, which is 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, considering ecological and social aspects including biodiversity. 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. To ensure transparency of the implemented environmental management systems and activities of the store brand suppliers, REWE Group surveys all store brand suppliers as part of its supplier survey. 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. 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.

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 aims to constantly expand its range of sustainable products. 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 (650 products), FSC, Utz, Rainforest Alliance and MSC. Organic farming, for instance, supports the reduction of pesticides. The use of certified palm oil, cocoa or bananas also contributes to preserving biodiversity. The underlying standards all impose requirements which have a positive impact on biological diversity, e.g. the protection of valuable areas.

From 2012 to 2015, REWE Group increased both the number of PRO PLANET products from 407 to 650 and the share in the sales value of organic products¹. REWE Group is going to further promote these positive developments.

Additionally, **raw material guidelines** with specific targets have been developed for the following products:

- [Fish](#)
- [Cocoa](#)
- [Palm oil](#)
- [Soy](#)
- [Ecological Farming](#) (only in German)
- An internal guideline for wood is in preparation
- A yearly status report informs on chemical plant protection for fruit and vegetables (only in German).

To promote sustainable consumption, REWE Group regularly organises Sustainability Weeks in its stores, 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, addressing different age groups and interests and encourage them to more environmental and socially responsible consumption.

In order to draw attention to the imminent danger of bee mortality, the REWE supermarkets in Germany supported NABU with 30 cents for every jar of honey sold in the context of the nationwide Sustainability Weeks 2015. NABU is involved in nationwide projects for the creation, protection and nature-friendly cultivation of meadow orchards.

¹ REWE Group Sustainability Report: G4 EN 27, <http://rewe-group-nachhaltigkeitsbericht.de/2014/gri-report/index.html>,

Another project is the REWE Group Banana Fund, which contributes a project volume of more than 1 million euros between 2013 and 2016. With the Banana Fund, REWE supports numerous products in South America: The project "Reforestation San Pond Sak" in Panama, for instance, promotes the reforestation of 30 hectares of former pasture land and the conservation of the nature reserve as well as its natural resources. The measure is supplemented by strict production requirements. All producers must be certified according to Rainforest Alliance to ensure social standards and reduce negative effects on the environment to a minimum.

As part of a children's drawing campaign during the Sustainability Weeks 2015, one square metre of forest was donated to the German Forest Protection Fund ("Deutscher Waldschutzfonds") of the German Nature and Biodiversity Conservation Union (NABU) for every painted picture. A total of 120,000 square metres of forest were donated in this way. With the help of the Forest Protection Fund initiated by NABU, woodlands are being acquired which can develop without human intervention in the future. That is how tomorrow's primary forests are going to emerge. Numerous plants, fungi and animal species find a new home in these forests.

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>

In a project called "Blühendes Österreich" (Blooming Austria), REWE International AG began in 2014 to work with the environmental protection organisation BirdLife Österreich to create biodiverse habitats. Blooming Austria finances the preservation and development of threatened natural areas like dry grasslands, nutrient-poor meadows and old meadow fruit orchards. One significant step was taken in 2014 with the introduction of the regional brand "Da komm' ich her!" (I'm From Here). One cent from each sold product of this brand is contributed to the Blooming Austria Initiative. The aim is to protect a total of 1,000 hectares – or about 10 square kilometres – of natural areas by 2025.

toom Baumarkt DIY stores also implemented a variety of measures supporting the conservation of biodiversity. The range of peat-free soils was expanded, for instance. By 2025 at the latest, toom Baumarkt DIY stores will have completely converted their range to peat-free soils. Until then, the proportion of peat will be continuously reduced and new products which are completely peat-free will be added to the range successively.

Moreover, toom Baumarkt DIY stores no longer sell products containing glyphosate as of 2015. This measure followed the discontinuation of pesticides based on plant protection products that are especially harmful to bees and the parallel expansion of the offer of alternative products, e.g. wax- and pelargonic acid-based products. A further measure is the range expansion of bee-friendly plants in 2016. To support this expansion, own plant labels and information materials have been developed, which draw attention to the plants and offer additional information.

With the "Biodiversity All Inclusive" project, DER Touristik has developed criteria for the conservation of biodiversity in tourism together with the WWF and the German Federal Agency for Nature Conservation (BfN). These criteria include, among others the use of regional food, building plantings with indigenous plants and training measures for hotel staff. In the ITS catalogue, DER Touristik provides information on biodiversity and presents selected travel destinations, for example. According to the motto "Only those who know and value nature will protect it", DER Touristik provides orientation regarding specific nature experience programmes.

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. The 2013/2014 Sustainability Report has been prepared according to GRI 4 and exclusively published online for the first time (<http://rewe-group-nachhaltigkeitsbericht.de>). The Sustainability Report was audited by PriceWaterhouseCoopers (PwC). The report comprises a dedicated section ("Valuable Diversity") outlining 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/nachhaltigkeit/gruene-produkte/leitlinien>), REWE Group has included the preservation of biological diversity and explicitly commits itself to the goals of the UN Convention on Biological Diversity, (CBD). All store brand suppliers are provided with the Guideline for Sustainable Business Practices as REWE Group's code of values. In addition, the raw material guidelines as set out in Point 4 of the Leadership Declaration will be submitted to the respective store brand suppliers for implementation. All relevant suppliers are involved in the different projects described above and they all work together with REWE Group on the implementation of biodiversity topics.

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.

The German Nature and Biodiversity Conservation Union (NABU e. V.) and REWE Group have entered into a long-term strategic partnership in 2015. NABU and REWE Group have been working together very closely on a project basis since 2009. The strategic partnership now creates an even stronger foundation for joint activities. Concrete fields of action have been stipulated to promote biodiversity.

For this cooperation, REWE Group has been awarded the CSR award 2016 in the category Exemplary Cooperation of a Company with NGOs/NPOs.

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.