

## **Progress Report of REWE Group**

**Reporting Period 04/2018 – 03/2020**

### **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 and 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 years.

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:

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 sharing of the benefits that arise out of the utilization 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 integrating suppliers accordingly and step by step;
7. exploring the potential for cooperation with scientific institutions, non-governmental organisations (NGOs) and/or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system

## **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. The impact of business activities on greenhouse gas emissions can already be measured very precisely today, and REWE Group has already set reduction targets. However, this is not yet the case with biodiversity in all areas. REWE Group has already identified the most important area of action regarding a comprehensive biodiversity management, which is the preservation of biodiversity in the production of private label products. In REWE Group's PRO PLANET certification process, the value chains of private label products are therefore closely examined and both ecological and social aspects are considered. 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 them. Outstanding examples of these measures are the PRO PLANET projects in German fruit and vegetable cultivation as well as in the cultivation of bananas and pineapples.

In order to establish a holistic biodiversity management in the company, REWE Group is integrating the topic of biodiversity in the guidelines concerned, such as the guideline on fruit and vegetables, which is currently being developed. Within the area of private labels, REWE Group has a direct influence on the biodiversity performance of its supply chains, which it intends to continue to actively use in order to obtain measurable results. Therefore, REWE Group has already carried out several biodiversity monitorings in different regions of cultivation with very positive results. The results of the monitoring in the area of Lake Constance have already been published.<sup>1</sup>

In addition, REWE Group has identified the purchasing of soy beans from deforestation-free supply chains as an important factor to leverage biodiversity. In order to minimise the impact of animal-based food on deforestation in South America in the long term, REWE Group continuously analyses all supply chains with a high consumption of soy. The entire private label product range of eggs, milk and fresh poultry meat at REWE and PENNY is certified as deforestation-free thanks to the use of more sustainable soy as feed. As a founding member of the Donau Soja association, REWE Group has also been able to promote the cultivation of over 55,000 tonnes of certified deforestation-free soy in the Zupanja region in Croatia since 2015 in cooperation with around 220 farmers.

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<sup>1</sup> <https://www.rewe-group.com/de/newsroom/pressemitteilungen/1646-wildbienen-vielfalt-nimmt-zu-obstbauern-am-bodensee-schaffen-trendwende>

As early as 2017, REWE Group signed the so-called “Cerrado Manifesto - Statement of Support”, 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 trading companies. The aim is to raise awareness of the risks associated with deforestation as a result of agricultural production on the global climate in the Cerrado savannahs in southeast Brazil.

## **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. However, as the trade does not have a direct influence on the production of goods, environmental management systems are only of indirect importance for the trade due to the cooperation with suppliers. REWE Group is well prepared to meet the challenges of nature conservation with NABU as a strong strategic partner in this field. In addition, it is actively working with its partners – NABU, Lake Constance Foundation, Stiftung Rheinische Kulturlandschaft (Foundation Rhineland Cultural Landscape) and its affiliate foundations, suppliers and producers – to improve the biodiversity management of producers in German agriculture. In order to ensure transparency of the environmental management systems 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.

The private labels include many products that also have a direct impact on biodiversity and meet various standards, e.g. Bio, PRO PLANET (over 1,400 products), FSC, Rainforest Alliance and MSC. Organic farming, for example, promotes the reduction of pesticides. 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.

Between 2012 and 2019, REWE Group was able to increase the number of PRO PLANET products from 407 to over 1,400. REWE Group is also constantly advancing the development of organic product ranges in its sales lines.

In 2018, the REWE-Bio organic range at REWE comprised 520 products (average over the year as a whole). This results in a share of REWE-Bio products in the sales value of around 4 per cent in 2018. Taking into account the organic products of the brand manufacturers, the share amounts to 5.7 per cent.

Under the name Naturgut, PENNY launched its own organic label in 2014. After the increases in previous years, the share of Naturgut products in the sales value fell slightly from around 2.3 per cent in 2017 to 2.1 per cent in 2018.

REWE Group is also involved in industry initiatives, some of which it initiates itself, with the aim of engaging as many players as possible along the value chain in order to jointly find approaches for lasting positive developments along the entire supply chain.

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

- [Fish](#): The guideline defines standards for wild fish and aquaculture fish, including demanding transparency criteria.
- [Cocoa](#): The guideline defines requirements for the procurement of cocoa and sets out a timetable for switching to certified sources. As a founding member of the Forum for Sustainable Cocoa, REWE Group and other companies support the PRO-PLANTEURS project, a joint five-year cocoa project in Côte d'Ivoire. The aim of the project is to professionalise 20,000 cocoa-producing farmers and their families as well as producer organisations in order to improve the living conditions of families through increased income and better nutrition.
- [Palm oil](#): The guidelines define a demanding implementation schedule for the conversion to sustainable palm oil and specify requirements that go beyond established standards. REWE Group is an initiative partner of the Sustainable Palm Oil Forum (FONAP). From November 2019, when the association was founded, until 2019, REWE Group was a member of the FONAP Management Board and was actively involved in a working group for monitoring and reviewing the voluntary commitment to communicating forum work and in a working group for developing and implementing a project in the producing countries. This is a cooperation project between FONAP and the Malaysian NGO WildAsia, which has been implemented since 2018 and will help partners in the producing countries to implement the additional criteria of FONAP. REWE Group will continue to promote this cooperation project beyond 2019.
- [Soy](#): In its Guideline for Soy in Animal Feed, REWE Group has defined, among other things, the GMO-free status of soy as a requirement for producers of private label products and the examination of possibilities to substitute soy by domestic protein sources. This requirement is implemented individually for each livestock species. In Germany, GMO-free feeding can be certified by the seal of the Verband für Lebensmittel ohne Gentechnik e. V. (Association for Food without Genetic Engineering) (VLOG). In 2016, REWE Group's entire fresh egg range in Germany was awarded the VLOG seal; for fresh milk, the share could be increased from 99 per cent in 2017 to 100 per cent in 2018. At REWE Group in Austria, too, the entire range of fresh eggs comes from GMO-free feeding.
- [Ecological agriculture](#): The guideline defines standards for organic private label products which exceed the requirements of the EU organic label in many points.
- [Animal Welfare](#) The guideline specifies the company's requirements on more sustainable production of goods of animal origin, including requirements on animal feed. In addition, the guiding principle [Livestock farming for the future](#) specifies basic values and goals for the implementation of animal welfare.

In addition, guidelines on textiles, tea products, orange juice and coffee as well as an update of the guideline on cocoa products were published in 2018 and 2019, which all include specific goals. These guidelines also specify which standards REWE Group applies in the supply chains of the goods flows mentioned. All standards include criteria for biodiversity. The guidelines will be continuously expanded in the following years. Data on the status and target attainment of the guidelines are reported in the annual [Sustainability Report](#) under GRI indicator FP1.

Until 2018, REWE Group regularly published an annual status report on chemical crop protection in the cultivation of fruits and vegetables. The concept behind the report was revised in 2019. For this reason, no new report will be published in 2019/2020. The cultivation of tropical fruits such as bananas and pineapples can have negative ecological and social effects in the producing countries. These include poor working conditions on orchards, high use of pesticides and damage to ecosystems. Therefore, REWE Group and its sales lines in Germany have completely converted the procurement of conventional pineapples and conventional bananas to Rainforest Alliance certified products in 2015 and 2016.

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

REWE Group regularly organises sustainability weeks in its stores to promote more sustainable consumption. During the Sustainability Weeks, REWE Group's sales lines raise consumers' awareness in more than 7,000 stores and travel agencies and encourage them to more environmentally and socially responsible consumption. With these campaigns, the sales lines address different age groups and interests. In addition, REWE Group's sales lines use their communication channels and markets regularly and continuously for the communication on more sustainable products and services.

REWE Group also initiated and supported the project "Biodiversity in Standards and Labels for the Food Industry" from 2013 to 2015. The project was realised by the Lake Constance Foundation and the Global Nature Fund and is promoted by the German Federal Agency for Nature Conservation (BfN) and the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). Since then, REWE Group has provided important content and expertise for the follow-up project in order to make an active contribution to the results from a trading perspective. As part of the project, the publication "Recommendations to improve biodiversity protection in policy and criteria of food standards and sourcing requirements of food companies

and retailers” was published in February 2018 and jointly presented at the world’s leading trade fair for organic food Biofach.

Another project is the REWE Group Central America Fund, which contributed a project volume of more than 4 million euros between 2014 and 2019 and which is also continued in 2020. REWE Group uses the fund to finance numerous projects in Central America: For example, the project has supported the reforestation of some 160 hectares of former pastureland in the San Pond Sak nature reserve in Panama, provided numerous people with fresh drinking water and created leisure activities and childcare facilities. These measures are supplemented by strict production requirements. For example, all producers must be certified by Rainforest Alliance in order to guarantee both environmental and social standards and to reduce negative impacts on the environment and people in production.

Together with the Lake Constance Foundation and the German Nature and Biodiversity Conservation Union (NABU e. V.), REWE Group has been working together with apple and pear farmers since 2010 to protect flower pollinating insects. The project was accoladed the “German CSR Award” in 2016 in the category “Exemplary Cooperation of a Company with NGOs/NPOs”. Furthermore, it was awarded the title of UN Decade Project by the United Nations Decade on Biodiversity in 2019 and won the European Bee Award.

In 2015, the Bonn University carried out a monitoring of the measures. These were evaluated according to their suitability for the promotion of biodiversity using a points system. Based on the evaluation, pilot projects in vegetable and potato cultivation were planned and implemented in 2016 and 2017 together with the NABU (vegetables) and the Stiftung Rheinische Kulturlandschaft and its affiliate foundations. The nationwide rollout followed in 2018. Since then, the project has been gradually expanded to include potatoes, onions, carrots, Napa cabbage, broccoli and some salads as well as cherries and plums. In total, more than 450 producers participated in the project in 2019. The products receive the PRO PLANET label “Für mehr Artenvielfalt“ (For more biodiversity).

In and around their cultivation areas, farmers create flowering areas with various seed mixtures, plant flowering hedges and willow cuttings on field margins, develop their grassland management in an environmentally-sound way and provide nesting aids for wild bees. The positive effects of the project are manifold: Until 2019, more than 14,380 (2018: 10,131) trees and shrubs were planted. 612 hectares (2018: 437 hectares) of flowering areas and various forms of structural enrichments such as dry stone walls or small waters were created and enhanced. At the same time, numerous nesting aids and species protection measures for

birds, bats and insects were expanded comprehensively. In 2019, 10,130 (2018: 8,525) nesting aids for birds and bats as well as 4,722 nesting aids for insects (2018: 2,970) were created. Besides setting up nesting aids, the number of perches was increased from 1,442 in 2018 to 1,673 in 2019. The results of the wild bee monitoring conducted in 2017 show a significant increase of about 100 per cent from 56 to 117 different wild bee species compared to 2010, including 25 (2010: 5) endangered species. Another wild bee monitoring was carried out in the Rhineland in 2018/2019. A total of 459 individuals from 16 genera and 86 species were identified here. Of these 86 species, 9 species are on the watch list and 25 species are on the Red List.

In a project called “Blühendes Österreich” (Blooming Austria), REWE Group, together with the environmental protection organisation BirdLife Österreich, has been involved in the protection of endangered ecological habitats since 2014. The initiative finances the conservation and maintenance of endangered natural areas and extensive agricultural areas as well as projects for the education on environmental issues and sustainability and thus promotes local biodiversity. In 2015, REWE Group in Austria converted the initiative to a non-profit private foundation. As an independent organisation with its own staff and clearly regulated financing, the foundation stands for long-term commitment and credibility towards its clients. The financing of the foundation and the project activities was linked to certain products. For each product of the private labels “Da komm ich her” (available from BILLA, MERKUR, ADEG and AGM), “immer grün” (MERKUR), bi good (BIPA) and “Ich bin Österreich” (PENNY) sold, one cent goes to the foundation. The customers of the trading companies are thus actively integrated in the support of the projects. In addition, a conscious purchase decision is encouraged. The foundation’s budget amounts to approximately one million euros.

In 2017, the foundation adopted the nature conservation strategy 2018-2022 entitled “Anchoring sustainability, enlivening Austria’s diversity”. The aim is to protect a total of 1,000 hectares of natural areas by 2022. In 2019, 134 companies took part in the FLORA program (promoting farmers and organisations to save our biodiversity). As a result, 624 hectares of ecologically valuable land were preserved with a premium of 292,000 euros.

toom Baumarkt DIY stores also implemented a variety of measures promoting the conservation of biodiversity. For instance, the toom Baumarkt DIY store chain has set itself the goal of no longer offering peaty soils by 2023. This applies both to the private labels and brand products. In the course of the conversion, the peat content will be continuously reduced and replaced by renewable raw materials. In addition, the range of peat-free soil products is increasing every year. In 2019, the range of private label peat-free soils was expanded to a total of ten products, seven of which are Naturtalent by toom® potting soils and three products from the toom quality



brand. Naturtalent by toom® potting soils have been awarded the PRO PLANET label and are certified with the Bio-Grünstempel®. The REWE and PENNY sales lines have also added peat-free and peat-reduced alternatives to their seasonal soil range.

Furthermore, toom has been visibly expanding its range of bee-friendly plants since 2016. In 2019, more than 400 plant items that offer insects a lot of nectar and pollen were offered under the slogan “Bee Friends”. In addition, toom Baumarkt DIY stores have tightened their requirements for their suppliers of ornamental plants, and since 2017, has been the first German chain of DIY stores to only offer ornamental plants that have been produced without the use of pesticides classified by Greenpeace as particularly dangerous to bees.

In order to preserve biodiversity at various REWE Group locations, a concept for insect-friendly greening of locations was developed in 2019 together with NABU. For an initial implementation, two locations in Cologne were selected. Due to legal hurdles, the implementation of the concept will not take place until spring 2020.

Tourism is another field where biodiversity plays a central role, because only a sound environment, cultural diversity and social stability can be the pillars of sustainable tourism in the long term. Wherever the habitats and interests of humans and wild animals clash, “animal-human conflicts” are likely to occur. Hunting and grazing areas for animals do not end at the borders of the national parks, but extend to adjacent areas that are cultivated by locals. The importance of the protection of wild animals is often difficult to understand for the local population if they see their livelihood threatened. Biodiversity requires the protection and preservation of habitats.

With DER Touristik’s non-profit association, the DER Touristik Foundation, DER Touristik therefore not only supports projects to raise awareness of nature, animal and species protection in tourist regions, but also environmental and climate protection projects for the conservation of natural resources.

The project “Chilli peppers against elephants” provides e.g. a simple solution for the “animal-human conflict” between elephants and the population in the adjacent nature reserves: By fencing in the agricultural areas with so-called chilli fences, which elephants avoid because of their very strong sense of smell, around 75 percent of the original damage can be avoided. The local population receives training on the cultivation and maintenance of the chilli fences and is made aware of the need to promote ecological habitats.

The “Aegean Marine Life Sanctuary” project on Lipsi Island in Greece, on the other hand, is committed to the protection and conservation of marine animals. In this so far unique marine reserve, dolphins, seals and turtles that come out of captivity, are stranded and/or injured are kept in a way that is appropriate to life and, if necessary, are cared for in a veterinary clinic.

The local population, tourists and guests can find out more about the various activities in an information centre.

Above all, however, DER Touristik Group published a group-wide animal welfare strategy in 2019. In 2022, all DER Touristik Group companies will adapt their product portfolio to the new animal welfare standards and remove offers from their program that do not comply with the animal welfare guideline.

**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 ( <https://rewe-group-nachhaltigkeitsbericht.de/2019/en/index.html> ). The Sustainability Report was audited by PriceWaterhouseCoopers (PwC). 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 [Guidelines for Sustainable Business Practices](#), which were published in 2011, and explicitly commits itself to the goals of the UN Convention on Biological Diversity, (CBD). All private label suppliers are provided with the Guideline for 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 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 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.

Another partner for the promotion of biodiversity was found for the PRO PLANET project on potatoes and onions. The Stiftung Rheinische Kulturlandschaft and its affiliate foundations have come together at state level to preserve the cultural landscapes in order to implement measures for promoting biodiversity directly with land users. The cultural landscape foundations of Bavaria, Lower Saxony, Rhineland-Palatine, Saxony-Anhalt implement various measures under the motto “Conserving nature through use”.

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, Cerrado Manifesto Initiative, Standard Committee Rainforest Alliance, European Business and Biodiversity Campaign, Forum for Sustainable Palm Oil, German Initiative on Sustainable Cocoa and RSPO.

In addition, since 2019, REWE Group and Global Nature Fund, together with other stakeholders, have been working to found the “Biodiversity in the Food Industry” initiative.