



## **Alfred Ritter GmbH & Co. KG Progress Report 2015/2016**

### **About the Leadership Declaration for the 'Biodiversity in Good Company' initiative**

The Leadership Declaration:

The signatories recognise and support the three aims 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 utilisation of genetic resources

and commit themselves to:

1. Analysing corporate activities with regard to their impact on biological diversity;
2. Including the protection of biological diversity and its sustainable use 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 for better protection of biological diversity and its sustainable utilisation that are monitored and adjusted every two to three years;
5. Publishing all activities and achievements in the biodiversity sector in the company's annual, environmental or sustainability report;
6. Informing suppliers about the company's biodiversity objectives and integrating them step by step;
7. Exploring the potential for cooperation with partners such as nature protection organisations or scientific or governmental institutions with the aim of deepening specialist knowledge through dialogue and continuously improving the corporate management system.

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



With its brand Ritter Sport, Alfred Ritter GmbH & Co. KG is currently one of the most successful German chocolate bar manufacturers. The brand Ritter Sport is well liked and trusted by consumers. As the 'chocolate concept with a difference', Ritter Sport differentiates itself from market competitors with its clear brand profile. Alfred Ritter GmbH & Co. KG always ensures that its products are of the best quality by using high-grade ingredients. Its products are already sold in over 100 countries. Alfred T. Ritter and his sister Marli Hoppe-Ritter and their children – the fourth generation – are closely involved in the company as shareholders and as members of the advisory board that determines the course of action for all strategic issues. In spite of its successful growth over the past few years, the company has retained its family feel, something that is also sensed by the approximately 1,000 employees in the company's manufacturing location of Waldenbuch. The company considers the protection of the natural environment to be one of the most important priorities of our time. Ritter Sport is committed to environmentally friendly action.

## **1. Analysis of corporate activities with regard to their impact on biological diversity.**

The use of natural resources forms the basis for all business activities. Human behaviour often results in a loss of diversity within plant and animal species. As a manufacturer of high-quality chocolate, Alfred Ritter GmbH & Co. KG is committed to ensuring that the environment remains intact and therefore also aims at utilising resources in a responsible manner.

Thanks to the development and successful implementation of its own hotspot analysis, about which more detailed information was published in the Sustainability Report 2015, and also the continuous implementation of further analyses, the company is able to analyse the majority of the raw materials it uses itself, such as cocoa, sugar and hazelnuts. This gives it an overview of the environmental, social and economic effects of its raw material procurement processes. The hotspot analysis is a qualitative evaluation tool that analyses critical elements in complex value creation chains with a particular focus on sustainability and in a quick and life-cycle-specific manner. This is realised primarily through special aspects such as observing land consumption and use, energy consumption, CO<sub>2</sub> emissions and examining whether monocultures are present. This analysis is used to identify critical aspects as well as relevant measures aimed at environmental and social improvements within the value creation chain. In 2016, the company aimed to expand these hotspot analyses to its packaging materials. However, given that long-term objectives for packaging are currently under development, this project has been postponed to mid-2017.



For Alfred Ritter GmbH & Co. KG, it is not just the critical analysis of its raw materials procurement process that makes an important contribution to conserving the variety of species, but also the environmentally friendly disposal of product packaging. For this reason, it has investigated the ecotoxicological and toxicological effects of the primary foil on humans and the environment in cooperation with the EPEA (Environmental Protection Encouragement Agency). The aim of this collaboration is to identify the impact of its current packaging components and take appropriate measures to protect humans and the environment if required. The founder of EPEA is also the founder of the Cradle to Cradle® concept. The further development of this concept is one of the main focal points of the EPEA's work.

The packaging used for the 100 g bars, the most important Ritter Sport product, achieved the packaging developer's 2014 aim of being certified as part of the Cradle to Cradle Certified<sup>CM</sup> Product Programme in 2016. The current 'Bronze' certification covers the 100 g primary foil from two main suppliers. The certification process was prepared by EPEA and must be renewed every two years. The certification itself was carried out by the independent third party C2CPH.

To analyse how the corporate actions of Alfred Ritter GmbH & Co. KG impact the environment, a study was carried out back in 2009 in cooperation with the company Soil & More International to investigate the potential generation of CO<sub>2</sub> certificates on the company's own cocoa plantation El Cacao. Based on this study, the company set itself the aim of achieving carbon neutrality for its Waldenbuch location under its own steam insofar as possible, in particular by establishing projects to reduce emissions within its value creation chain on El Cacao. Cocoa cultivation there is carried out in a diversified agroforestry system with integrated compost cultivation. The planting of cocoa in combination with local tree species, compost production to reduce the use of fertiliser and CO<sub>2</sub> storage in the ground and plants have successfully generated emission-reducing effects and allowed CO<sub>2</sub> to be absorbed over the long term.

This system of CO<sub>2</sub> absorption was verified and validated in 2016 in cooperation with Gold Standard. Thanks in particular to compost cultivation, it forms a basis for optimal water and nutrient management. The abundance of trace elements and nutrients as well as the high degree of biological activity promotes good soil health and natural suppression of disease. The decomposition of the organic materials accrued on a continuous basis from the cocoa tree and other species of trees lead to particularly nutrient-rich humus. In order to track and measure the positive effects on the ecosystem and also biodiversity itself, regular checks are carried out and recorded. To this end, a first seminal inventory of the biodiversity of the flora and fauna on the El Cacao plantation was undertaken in July 2014 in cooperation with the national agricultural university in Nicaragua, as described in the last Progress



Report. This also established that there is a species-rich variety of native plants and animals in the forests and wetlands. This initial position will allow for follow-up studies on biodiversity to be carried out in future and also enable observation of project-related developments.

## **2. Incorporating biological diversity and its sustainable use within the environmental management system.**

In order to ensure that the conservation of biodiversity is guaranteed not only within the company, but also by business partners, the protection of biodiversity is a fixed component of Alfred Ritter GmbH & Co. KG's Code of Conduct

([http://www.rittersport.de/export/sites/default/de/familienunternehmen/nachhaltigkeit/Ritter\\_Sport\\_Lieferanten\\_Code\\_of\\_Conduct.pdf](http://www.rittersport.de/export/sites/default/de/familienunternehmen/nachhaltigkeit/Ritter_Sport_Lieferanten_Code_of_Conduct.pdf)).

Business partners are required to make a contribution to conserving the natural variety of animal and plant species in their sphere of activity. To this end, the Code of Conduct was presented to all business partners in spring 2013 and has been expanded this year with a section on animal welfare. You can find out more about the implementation of the Code of Conduct under point 6.

## **3. Appointing a responsible individual within the company to steer all activities in the biodiversity sector and report to the Management Board.**

Reconciling the economy, environment and corporate social responsibility is enshrined in the mission statement of Alfred Ritter GmbH & Co. KG. Mr Georg Hoffmann has officially been the company's sustainability manager since 2011. He coordinates all ecological and environmental protection projects, brings together ideas and launches new projects. Reports are also delivered directly to the management by the sustainability manager. The sustainability manager is supported in initiating and implementing projects by a team comprising sustainability officers from the individual departments. This team meets several times a year to discuss Ritter Sport's current sustainability activities as well as wider environmental, economic and social developments relevant to the company. The task of the sustainability commissioners is also to disseminate information about new sustainability activities carried out by the company to the individual departments. In order to continually optimise sustainability management, there have been discussions in the past regarding the reorganisation of existing structures that are more strongly oriented to the various aspects of the Ritter mission statement and firmly anchored within the management structure. These changes have been implemented since 2015 in the annual sustainability road map and organigram. Sustainability objectives, individuals responsible for individual issues and patrons can now be assigned to one of the four cornerstones of the company mission statement. This improves the management, implementation and communication of the



projects. In this way, the company has developed its own approach that moves away from the three-pillar model of sustainability to a sustainability structure of its own without neglecting the inherent requirements of the three-pillar model.

#### **4. Defining realistic, measurable objectives for better protection of biological diversity and its sustainable utilisation that are monitored and adjusted every two to three years.**

At the end of 2015, the fourth internal company sustainability road map was finalised for 2016. By specifying ambitious but realistic objectives, Alfred Ritter GmbH & Co. KG has made it its aim to contribute further to reconciling the environmental and the economic aspects of the company while also adopting a socially responsible stance. In terms of its contribution to biodiversity, the company achieved its objective in 2015 of analysing all its corporate activities in terms of their impact on biodiversity and determining the potential measures to be taken. The next stage is to specify explicit goals in order to foster continuous progress in this area. The Handbook of Biodiversity will serve as the basis for recommendations and measures at Ritter Sport. Internal analyses were carried out and it was established that there is a need for training sessions in the purchasing division and for our staff in Nicaragua. These have already been designed and implemented in the purchasing division. They will be implemented at El Cacao in 2017.

Furthermore, saving resources in the completed new company building is one of the highest priorities. Instead of expanding the usable space, the focus here was on consolidating space that is already used, for example. With the cultivation and management of its own cocoa plantation, Alfred Ritter GmbH & Co. KG has set itself the aim of helping to preserve biological diversity by planting trees and producing compost. As mentioned in point 1, an initial study on the current state of biodiversity was carried out in cooperation with the national agricultural university in Nicaragua.

With regard to the medium- and long-term monitoring of biodiversity, Alfred Ritter GmbH & Co. KG is collaborating with an institute to acquire high-resolution satellite images. This should make it possible to differentiate subplots visually and determine the degree to which biodiversity has been conserved or has grown in these areas. Soil studies can then ascertain whether there is a correlation between site procurement and location and actual biodiversity. These images also have a monitoring and control function insofar as existing areas and their quality are concerned. They depict the replanting of former cow pastures with cocoa and a large number of local shade trees as well as the forest areas that have been retained.



## **5. Publishing all activities and achievements in the biodiversity sector in the company's annual, environmental or sustainability report.**

At the start of 2017, Alfred Ritter GmbH & Co. KG will publish its second Sustainability Report. The Sustainability Report gives an overview of the environmental, economic and socially responsible activities carried out by the company and also gives readers information about future objectives, measures and projects.

The Sustainability Report is available to download from the Alfred Ritter GmbH & Co. KG home page and is freely accessible to everyone.

## **6. Informing suppliers about and integrating them into Alfred Ritter GmbH & Co. KG's biodiversity objectives.**

Biodiversity is a fixed component of Alfred Ritter GmbH & Co. KG's Code of Conduct. Business partners are made aware of the importance ascribed by the company to the conservation of species and ecosystem diversity. By implementing the Code of Conduct successfully, business partners agree to make a contribution in this respect. Regular audits help the company to ascertain just how much business partners are adhering to their agreed responsibilities. These audits are carried out at least once every four years and more often for suppliers from critical regions. Activities that promote the conservation of biodiversity form an important component of the audit and are the basis for good and trustworthy cooperation with suppliers. For example, the application and correct usage of pesticides is monitored and evaluated.

## **7. Exploring the potential for cooperation with partners such as nature protection organisations or scientific or governmental institutions with the aim of deepening specialist knowledge through dialogue and continuously improving the corporate management system.**

Constantly deepening internal knowledge about the fields of sustainability and environmental protection in cooperation with external expert partners and integrating it into the company's own processes is an important principle for Alfred Ritter GmbH & Co. KG. As an active member of the **Centre for Sustainable Company Management** (ZNU; <http://mehrwert-nachhaltigkeit.de/home.html>), the company regularly takes part in meetings of working groups focusing on various issues. Within this framework, the company promotes critical dialogue in collaboration with other representatives from the food industry on the issue of sustainability in raw material procurement, logistics, climate/energy and other areas.

In 2013, certification according to the **ZNU 'More Sustainable Business Food'** standard was successfully obtained. The re-audit in 2016 went positively and there were no deviations from the prescribed standard. In addition to sustainable company management and economic and social



aspects, the company also has to meet requirements in terms of environmental sustainability. In the field of action of biodiversity, effects on biodiversity and the objectives and measures aimed at promoting it are explicitly observed.

Thanks to its membership of the Association of the German Confectionery Industry (BDSI), which is itself a member of the **Forum nachhaltiges Palmöl** (Forum for Sustainable Palm Oil, initiated by the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Society for International Cooperation, GIZ), the REWE Group, Henkel and WWF Germany), Alfred Ritter GmbH & Co. KG focuses on overcoming the environmental, social and development policy challenges related to the huge potential of this vegetable raw material in production countries. The company's membership of the **Roundtable on Sustainable Palm Oil (RSPO)** and conversion from the 'Book and Claim' system to 'Mass Balance' since 2014 promotes the sustainable cultivation of palm oil. The aim of Alfred Ritter GmbH & Co. KG is to procure only certified 'segregated' palm oil by 2020.

Membership of the BDSI's **Forum for Sustainable Cocoa** also helps the company to pass on its internal knowledge regarding current developments in the field of sustainable cocoa cultivation as well as expand it and incorporate any measures that may be needed as a result.

## **8. Examples of projects and activities carried out by Ritter Sport.**

The sustainable cultivation of cocoa has been a focal point of Ritter Sport's involvement in Nicaragua for many years. The company has supported small-scale farmers as part of the 'CACAO-NICA project' since 1990. This initial support developed into a mutual cooperation that today comprises around 20 farming cooperatives and the company's own purchasing and drying station. Modern agroforestry cultivation methods help to protect the environment, particularly the rainforest, thus conserving biodiversity.

The agroforestry concept and the planting of various crop plants that are suited to the location, such as bananas, cocoa, corn and beans, guarantee multi-level ground cover that helps reduce the risk of erosion and also protects the soil from drying out and loss of nutrients. The acreage on the El Cacao plantation has also been used in this way since 2013. The cultivation method should also have positive effects on the ecosystem here and thus also on biodiversity (see 1st Analysis of the effects of corporate activities with regard to their impact on biological diversity).

The idea of nine-year-old school pupil Felix Finkbeiner to get children in every country across the world to plant a million trees and thus balance out CO<sub>2</sub> is something that the company considered to be so pioneering that it supports the organisation 'Plant for the Planet' on an ongoing basis as part of a



collaboration to plant new trees. This should lead to a total of 250,000 trees being planted by the end of 2016, forming the so-called 'Ritter Forest'. Currently 238,355 trees have been planted (as of: December 2016).

### **Protecting biological diversity at Waldenbuch**

Protecting biological diversity is also a matter of course for Alfred Ritter GmbH & Co. KG at its production location in Waldenbuch. Over the course of 2016, a number of measures were agreed that contribute to conserving biological diversity.

One of these measures comprises the use of cleaning materials primarily from the product range Green-Care by Tana Professional at the company's Waldenbuch production facility, as these are particularly biodegradable and thus have less of an impact on the environment.

The gradual conversion of all office materials to sustainable products has been carried out on a continuous basis since 2009 and has now been 100 per cent implemented. The company will continue to observe the market for new technical developments and environmentally friendly materials as well as check for alternatives and implement them if required.

In the construction of the new company building and the new site matrix construction, which is likely to commence operation in 2017, the use of new surface sealing has been avoided insofar as possible. The focus was generally on consolidating rather than expanding the usable space – for example, by adding a floor onto the building complex.

Green space was only used for expanding the existing car park. In order to check for any negative impact on the existing range of animal species, a species evaluation investigation was carried out by a landscape planning consultant. Measures were introduced to protect the existing animal species as much as possible and balance out the disturbance caused. In accordance with the conditions, construction hours were limited to periods outside breeding times and activity hours, and breeding and nesting boxes were set up in the local environment. Frogs were also rehomed from a pond.

The maximum realisable use of renewable energy and thus the highest possible level of resource saving is a matter of course for Alfred Ritter GmbH & Co. KG, both in the construction of the new company building and for the operation of the company site as a whole. This is also supported by the construction of a new company cogeneration unit which went into operation in December 2015.

As a measure to support regional food production, the company's catering requirements for the new company canteen have been covered exclusively by



regional food suppliers since the start of 2014. The focus here is on procuring regional and seasonal species of organic fruit and vegetables. The conversion of breakfast and dinner catering took place back in spring 2013. In order to contribute to retaining equilibrium in the world's seas, only MSC-certified organic fish is procured for canteen catering, thus taking into account recommendations made in the Greenpeace fish guide. Campaign weeks are planned in this respect for 2017, with a focus on the nutritional and psychological aspects of shift work.

In 2006, a large-scale flower meadow was planted directly behind the Ritter Museum Cafe, which serves as a habitat for birds, bees, butterflies and organisms that live in the soil, thus fostering greater biological diversity on the company's grounds. A biotope erected within the Alfred Ritter GmbH & Co. KG company grounds also serves as a retreat for amphibians, aquatic insects, plants and microorganisms, thus helping to preserve biological equilibrium.

The new construction of the administration building with an integrated canteen was planned as a zero-energy building from the start and has been implemented as such since 2015, rendering it climate-neutral. The roof greening creates an additional habitat for animals. Both measures will contribute to the conservation of biodiversity in the region.