

## Alfred Ritter GmbH & Co. KG Progress Report 2017/2018

### With reference to the Leadership Declaration for the 'Biodiversity in Good Company' initiative

The Leadership Declaration:

The signatories recognise 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 arising out of the utilisation of genetic resources

and commit to:

1. analysing the impact of corporate activities on biological diversity;
2. incorporating the protection of biological diversity and its sustainable use into their environment management system;
3. appointing an individual within the company with the responsibility of steering all activities in the area of biodiversity and reporting to the Management Board;
4. defining measurable and realistic objectives for increasing protection for biological diversity and its sustainable use, to be reviewed and adjusted every two to three years;
5. publishing all its 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 gradually involving them;
7. exploring the potential for cooperation with partners such as nature protection organisations, scientific or governmental institutions with the aim of deepening specialist knowledge through dialogue and continuously improving their management system.

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



## Alfred Ritter GmbH & Co.KG Progress Report 2017/2018

Alfred Ritter GmbH & Co.KG in Waldenbuch near Stuttgart has a workforce of approx. 1500 employees and generated sales of around EUR 482 million in 2018.

The well-known square chocolate mould, still in use today, was developed by Clara Ritter in 1932. In excess of 3 million chocolate bars in colourful packaging leave the Waldenbuch factory in southern Germany every day, and are exported to more than 100 countries around the world. With its Ritter Sport brand, Alfred Ritter GmbH & Co. KG is currently one of the most successful German chocolate bar manufacturers. The Ritter Sport brand 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. The company uses high-grade ingredients to consistently ensure that top-quality products.

Alfred T. Ritter, his sister Marli Hoppe-Ritter, and their respective children – who represent the fourth generation – are closely involved in the company as shareholders and members of the advisory board that determines the course of action for all strategic issues. Despite the successful growth of the past few years, the company has retained its family feel, something that is also sensed by the (approx.) 1000 employees at the Waldenbuch production site. The company considers the protection of the natural environment to be one of the most important priorities of our time.

“Our actions are influenced by respect and appreciation for mankind and the environment,” says Alfred T. Ritter, describing Alfred Ritter GmbH & Co.KG’s corporate philosophy.

The company’s mission is therefore to create delicious chocolate that makes the world a slightly better place. For the Ritter Sport brand, this means making high-quality, top-class, sustainable and affordable chocolate.

## **1. Analysis of the impact of corporate activities 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 animal and plant species. As a manufacturer of high-quality chocolate, Alfred Ritter GmbH & Co. KG is committed to ensuring that the environment remains intact and therefore to utilising resources in a responsible manner.

At the end of 2017, the sixth internal company sustainability road map was finalised for 2018. By specifying ambitious but realistic objectives, Alfred Ritter GmbH & Co. KG has made it its aim to contribute to reconciling environmental and economic concerns, while also adopting a socially responsible stance.

In terms of its contribution to biodiversity, in 2015, the company set itself the objective of analysing all its corporate activities in terms of their impact on biodiversity and determining potential measures that could be taken. The next stage is to specify clear objectives that will foster continuous progress in this area. Alfred Ritter GmbH & Co. KG will use the 'Biodiversity in Good Company e.V.' handbook as the basis for recommendations and measures.

Thanks to the development and successful implementation of its own hotspot analysis (for more information, see the 2016 sustainability report), the company is able to analyse the majority of the raw materials it uses, such as cocoa, sugar or hazelnuts, from the Waldenbuch site.

This gives the company 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, in a quick and life-cycle specific manner. This is achieved, for example, by observing land consumption and land use, the balance of natural ecosystems and ascertaining the presence of monocultures.

## Alfred Ritter GmbH & Co.KG Progress Report 2017/2018

This analysis is used to identify critical aspects and relevant measures aimed at environmental and social improvements within the value creation chain.

The company plans to revise the hotspot analysis in 2019. In cooperation with various local NGOs, Alfred Ritter GmbH is expecting to gain even better and greater in-depth knowledge while creating more transparency about this issue.

For Alfred Ritter GmbH & Co. KG, the critical analysis of its raw material procurement process is not the only important contribution to conserving biodiversity; it also focuses on an environmentally-friendly disposal of product packaging. For this reason, in cooperation with the EPEA (Environmental Protection Encouragement Agency), it has investigated the ecotoxicological and the toxicological effects of the primary foil on humans and the environment.

To analyse how the corporate actions of Alfred Ritter GmbH & Co. KG impact the environment, a study was carried out as early as 2009 in cooperation with the company Soil & More International to investigate the potential generation of CO<sub>2</sub> certificates for the company's own cocoa plantation, El Cacao. With regard to the medium- and long-term monitoring of biodiversity development, Alfred Ritter GmbH & Co. KG has worked with an institute that has provided the company with high-resolution satellite images.

## **2. Incorporating biological diversity and its sustainable use within the environment 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)).

Using the handbook for biodiversity mentioned above, various areas of the company have been analysed to determine their impact on biodiversity.

For example, internal analyses were carried out. Specifically, various areas of the company, such as staff, the supply chain, production as well as transport and logistics were assessed using the checklists provided by the organisation 'Biodiversity in Good Company' (<https://www.business-and-biodiversity.de/>). These were used as a basis to propose measures for reducing the negative impact on biodiversity. A need for training sessions in the purchasing division and for the staff in Nicaragua was established.

The hotspot analysis mentioned under point 1 is recorded in a handbook for all areas of raw material procurement. This handbook aims to quickly assess the sustainability of raw materials that have been newly procured or have not yet been analysed, and to recognise hotspots in order to provide employees with a basis for management decisions.

For example, the handbook could apply to the procurement of new raw materials. If a new raw material is needed, the purchasing department or the sustainability team could use the handbook to check its sustainability.

First, the raw materials are defined, then the analysis questions are answered and assessed before drawing a conclusion. The first step of the analysis is determining the raw material as well as various sources. These can be assessed and compared in the same way using the method in the handbook. The second step involves using the criteria developed in the evaluation model for the handbook by formulating them as questions. These should only be answered with 'yes' or 'no' and are used to establish

the state of the raw material for this criterion. The questions are phrased so that a positive answer to a question is classified as negative. Knockout questions that Alfred Ritter GmbH & Co. KG considered to be particularly critical are defined in advance.

If even one of these questions is answered positively, then the sustainability of the product should also be assessed as very critical.

**< 3 positive answers:** Sustainability of the product should be classified as less critical.

**3– 6 positive answers:** Sustainability should be classified as moderately critical.

**> 6 positive answers:** Sustainability should be classified as very critical.

The results are discussed in the conclusion. Any identified hotspots must be clearly emphasised and, where possible, improvements to make the hotspots less critical must be proposed and initiated. Furthermore, comparing alternative products, sources and certifications can also contribute to improving sustainability.

Cocoa cultivation on El Cacao is carried out in a diversified agroforestry system with integrated compost cultivation. Planting 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 bound over the long term.

This system of CO<sub>2</sub> binding was verified and validated in 2016 in cooperation with the Gold Standard. The Gold Standard (<https://www.goldstandard.org/>) is used to accelerate the achievement of the goals of the Paris Agreement and to implement the SDGs.

It offers the company a wide range of projects and programmes to quantify, certify and maximise their effects. Thanks in particular to compost cultivation, the CO<sub>2</sub>-binding system also forms a basis for optimal water and nutrient management. The abundance of trace elements and nutrients, as well as a high degree of biological activity, promote good soil health and the natural suppression of disease.

The decomposition of the continually accruing organic material from the cocoa tree and other species of trees creates a particularly nutrient-rich humus. Regular checks are carried out and recorded in order to track and measure the positive effects on the ecosystem and biodiversity. 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 Agrarian University of Nicaragua, as described in the last progress report.

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

Furthermore, saving resources was one of the highest priorities during the construction of the now completed new company building. Instead of increasing usable space, the focus here was on consolidating space that is already used. Details on this can be found in chapter 8.

Since 2009, the company has obtained satellite images of the El Cacao plantation in Nicaragua every one to two years in order to document progress. The latest images were obtained at the start of 2018.

The high-resolution images should make it possible to differentiate subplots visually and determine the degree to which biodiversity has been maintained or increased in these areas. Soil studies can then ascertain whether there is a correlation between site use and location with actual biodiversity.

These images also have a monitoring and control function with regard to the areas and their quality. They show the replanting of former pastures with cocoa and a large number of local shade trees as well as forest areas that have been retained.

The Code of Conduct requires business partners 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 the spring of 2013 and was expanded in 2016 to include animal welfare. Audits are carried out at least once

every four years, more often for suppliers from critical regions. Find out more about the implementation of the Code of Conduct under point 6.

The 'Biodiversity in Good Company' handbook was used to identify the need for training sessions in the purchasing division and for the staff at the company's own cocoa plantation in Nicaragua. The training courses have been held over the last two years.

In addition to the hotspot analysis for raw materials, a similar analysis is currently being developed for promotional items. While the range of products is comparatively small, the production of large quantities of these products has a significant impact on the environment and therefore on biodiversity. Thus, there are plans to develop a catalogue of questions over the coming months, which can be used to select suppliers on the basis of different raw materials.

Another topic impacting biodiversity is packaging. Alfred Ritter GmbH's main concern is developing sustainable packaging solutions and making them transparent throughout the entire procurement and manufacturing process. The origin, components and the reuse of materials play a key role in this.

Thus, since the start of 2018, the company has only bought FSC-certified products for fibre-based packaging such as carton or corrugated cardboard. This allows the company to ensure that the materials come from responsible and verified forest management.

For foil packaging, the company uses the Cradle to Cradle® concept, which considers the cycle: Which raw materials are needed to make the foil and what is the best way to recycle them afterwards.

More detailed information can be found at:  
<https://www.c2ccertified.org/products/mhcertificate/rittersport-chocolate-wrapping>

Furthermore, the company's membership of the Roundtable on Sustainable Palm Oil (RSPO) as well as switching from the "Book and Claim" system to "Mass Balance" in 2014 promotes the sustainable cultivation of palm oil.

### **3. Appointing an individual within the company with the responsibility of steering all activities in the area of biodiversity and reporting to the Management Board**

Reconciling economics, environment and corporate social responsibility is enshrined in the Alfred Ritter GmbH & Co. KG mission statement.

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. The sustainability manager also delivers reports directly to the management. The sustainability manager is supported in the initiation and implementation of projects by a team of sustainability officers from the different departments. This team meets several times a year.

The sustainability team discusses Alfred Ritter GmbH & Co.KG's current sustainability activities as well as environmental, economic and social developments relevant to the company. Another task of the sustainability officers is to disseminate information about the company's new sustainability activities to the individual departments. In order to continually optimise sustainability management, the Ritter mission statement has been used as the basis for the sustainability road map and organigram since 2015.

This means that sustainability objectives, individuals responsible for specific issues and patrons can 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.

In the next step, the objectives from the sustainability road map will be integrated in future process flow management. All of the company's projects will thus be coordinated by one system. The advantage is that sustainability becomes part of the daily work of every employee.

#### **4. Defining measurable and realistic objectives for increasing protection for biological diversity and its sustainable use, to be reviewed and adjusted every two to three years**

Based on the study conducted in 2009 by Soil & More, the company set itself the aim of achieving carbon neutrality at the Waldenbuch site, as much as possible by its own means, by establishing projects to reduce emissions within its value creation chain on El Cacao. The goal is for the company to be carbon neutral by 2022.

By 2022 at the latest, all packaging foil for the chocolate bars will be certified according to the Cradle to Cradle® concept in order to ensure transparency about the foil components and its recyclability.

Another aim of Alfred Ritter GmbH & Co. KG is to procure only certified “segregated” palm oil by 2020.

#### **5. Publishing all its 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 published 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.

Alfred Ritter GmbH & Co. KG's third sustainability report is set to be published at the start of 2019.

The sustainability report is available to download from the company website and is freely accessible to all.

#### **6. Informing suppliers about and involving them in 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

## Alfred Ritter GmbH & Co.KG Progress Report 2017/2018

Conduct successfully, business partners agree to make a contribution in this respect. Regular audits help the company ascertain to what extent business partners are adhering to their agreed responsibilities.

Activities that promote the conservation of biodiversity are an important component of the audit and form the basis for good and trusting 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, scientific or governmental institutions with the aim of deepening specialist knowledge through dialogue and continuously improving the corporate management system**

Constantly developing internal knowledge about sustainability and environmental protection in cooperation with external expert partners and integrating this knowledge 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 working group meetings that focus 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, the company successfully obtained 'ZNU More Sustainable Business Food' standard certification. The reaudit in 2016 went positively and there were no deviations from the standard.

A new, revised standard was published in 2018. In future, internal audits and reaudits will be conducted based on the new 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 biodiversity field of activity, effects on biodiversity and the objectives and measures aimed at promoting it are explicitly observed.

Alfred Ritter GmbH & Co. KG is a member 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 Association for International Cooperation, GIZ), the REWE Group, Henkel and WWF Germany.

Alfred Ritter GmbH & Co. KG focuses on overcoming environmental, social and development policy challenges related to the huge potential of vegetable raw materials in production countries.

Membership of the BDSI Forum nachhaltiger Kakao (Forum for Sustainable Cocoa) also helps the company to pass on and increase its internal knowledge regarding current developments in the field of sustainable cocoa cultivation, and to adopt 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. The initial support has developed into a mutual cooperation that now comprises around 20 farmer 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 a multi-level ground cover that helps reduce the risk of erosion and also protects the soil from drying out and losing 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 and therefore on biodiversity (see 1. Analysis of the impact of corporate activities on biological diversity).

The idea of Felix Finkbeiner, now 21, 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 exemplary that it supports the organisation "Plant for the Planet" on an ongoing basis as part of a collaboration to plant new trees. Alfred Ritter GmbH & Co. KG had planted a total of 250,000 trees by the end of 2016.

## Alfred Ritter GmbH & Co.KG Progress Report 2017/2018

At the PlantAhead Conference in 2018, Alfred T. Ritter, the owner of Alfred Ritter GmbH & Co. KG, assured the organisation that one million trees would be planted by 2028. The majority of these trees will be planted in collaboration with cocoa cooperatives in Nicaragua and West Africa, in addition to the 1.5 million cocoa trees that grow on the company's own plantation, El Cacao.

### *Protecting biological diversity at Waldenbuch*

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

One of these measures concerns the predominant use of cleaning materials from the Green Care range by Tana Professional at the production site in Waldenbuch, as these are particularly biodegradable and thus have a lesser impact on the environment.

The gradual switch of all office materials to sustainable products has been continually rolled out since 2009 and has now been fully implemented. The company will continue to monitor the market for new technical developments and more environmentally friendly materials, as well as check for alternatives and integrate them where relevant.

In the now completed construction of the new company building and the new site matrix construction, which started operations in 2017, new surface sealing was avoided as far as possible. The focus was generally on consolidating usable space rather than increasing it, for example by adding a floor onto the building complex.

Green space was only required for the extension to the existing car park. A species conservation investigation was carried out by a landscape planning consultant in order to check for any negative impact on the existing range of animal species. This measure was required by the authorities, however, its scope exceeded the prescribed requirements.

The main focus here was to protect the existing animal species as much as possible and mitigate 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 practical use of renewable energies and thus the highest possible level of resource conservation was 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 combined heat and power unit (CHP), which was commissioned 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 particularly on procuring regional and seasonal organic fruit and vegetables. The change in breakfast and dinner catering took place 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 the recommendations made in the Greenpeace fish guide.

In 2017, a biodiversity campaign week was introduced in the canteen. Dishes with various old and traditional varieties such as parsley roots and parsnips were offered. Flyers and information cards were given to employees to teach them about the importance of biodiversity.

In 2006, a large-scale flower meadow was planted directly behind the Ritter Museum Café to serve 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 and aquatic insects, plants and microorganisms, thus helping to preserve biological equilibrium.

In order to raise awareness of the importance of biodiversity conservation among younger employees, trainees and students, the first environmental project was realised in spring 2018. The concept was developed in cooperation with the Naturschutzbund (NABU - Nature And Biodiversity Conservation Union) and a biologist from the Insect Respect Initiative.

Insect Respect is committed to protecting insects by setting up so-called insect-friendly compensation areas, e.g. on company roofs. Over two days, our trainees and students created such an area behind the museum in order to promote biodiversity. The wetlands were enhanced by planting various shrubs and woody plants, and setting up a large pile of deadwood and a variety of nesting boxes.

The highlight of the project is the 'living square', comprising approx. 70 pallets, 12,000 nesting tubes and dozens of bricks, bamboo tubes, straw and pine cones as well as a variety of other materials. Measuring over 2 metres in length, there is plenty of space for an abundance of living creatures.

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

In 2020, another office building is expected to be completed. Construction is set to begin at the end of 2018/the start of 2019. Extensive roof greening is also planned for this building, as well as a large photovoltaic system.