



Progress Report Alfred Ritter GmbH & Co. KG 2011/2012

On the Leadership-Declaration of the 'Biodiversity in Good Company' Initiative

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. Analyzing corporate activities with regard to their impacts on biological diversity;
2. Including the protection of biological diversity within their environmental managementsystem;
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 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 organizations (NGOs) and/ or governmental institutions with the aim of deepening dialogue and continuously improving the corporate management system vis-à-vis the biodiversity domain.

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

Alfred Ritter GmbH & Co. KG, with the Ritter Sport brand, is one of the most successful German confectionery companies of modern times.

The brand Ritter Sport enjoys great trust and affection on the part of consumers. As the "other chocolate concept", Ritter Sport distinguishes itself from market competitors with a clear brand profile. Ritter Sport also ensures top quality by using only high-grade ingredients in its products.



The company is currently managed by the third generation of the Ritter family, by Alfred T. Ritter and his sister Marli Hoppe-Ritter, and sells its products in around 90 countries.

Despite its successful growth in recent years, Ritter Sport is a company that has retained its family character. This is also felt by the roughly 800 employees at the production site in Waldenbuch.

The protection of the natural environment is for the company one of the most urgent issues of our time. Ritter Sport is committed to environment-friendly activity.

1. Analysis of the impact of corporate activities on biodiversity

The exploitation of natural resources forms the basis of all economic activity. However, human activity is frequently accompanied by a loss in biodiversity among animals and plants.

As a producer of high-quality chocolate, Alfred Ritter GmbH & Co. KG depends on an intact environment and the responsible exploitation of resources. Thanks to the development and successful implementation of its own hot-spot analysis, the company itself successfully analyses a large part of the raw materials used in order to obtain an overview of the ecological, social and economic effects of the raw material procurement. The hot-spot analysis is a quality evaluation instrument that, rapidly and for specific life-cycles, analyses critical points in complex value-added chains from the perspective of sustainability. Taking this analysis as a basis, critical aspects are identified and, if necessary, appropriate measures are taken within the value-added chain to ensure ecological and social improvement.

In order to analyse how the corporate activity of Ritter Sport affects the environment, in 2009 and in cooperation with the company Soil & More International, a study was carried out to determine the requirement for CO₂ certificates. On the basis of this study, Ritter Sport set itself the target of achieving the CO₂-neutrality of the Waldenbuch location, as far as possible through its own efforts by means of emission-reduction projects within its own value-added chain. To attain this target, Ritter Sport is starting a project on its own ground in Nicaragua based on a combined cocoa and agroforestry economy with integrated compost production. Thanks to the combination of tree planting, compost production, avoidance of artificial fertilisers and CO₂ retention in the soil, emission-reducing effects are thus achieved to prevent or to bind CO₂.

Here, in particular by means of the compost production, a basis is created for optimum water and nutrient management, which promotes healthy soil and natural disease prevention due to its abundance of trace elements and nutrients, as well as its high microbial activity. On account of the microbial decomposition of the organic material in the form of biomass of the cocoa trees, particularly nutrient-rich humus is generated. This serves as a means of



nutrition for many plants and soil organisms, which results in a closed circulatory system and thus an excellent basis for the habitat of numerous animal and plant species.

Not only the critical analysis of raw material procurement, but also the environmentally compatible disposal of product packaging's, constitutes an important contribution to the preservation of biodiversity for Ritter Sport. For these reasons, Ritter Sport, in cooperation with the company EPEA, is investigating the eco-toxicological and toxicological effects of primary foil on humans and the environment. The objective of this cooperation is to identify the effects of current packaging components and, if necessary, to initiate appropriate measures to protect humans and the environment. The founder of EPEA is at the same time the inventor of the Cradle to Cradle® concept, whose further development is one of the main objectives of EPEA.

2. Inclusion of biodiversity and sustainable exploitation in the environmental management system

In order to ensure the preservation of biodiversity not only in our own company, but also at our business partners, the protection of biodiversity constitutes a fixed component of the Ritter Sport Code of Conduct. This involves an obligation on the part of each business partner that, within his sphere of activity, he will contribute to the preservation of the natural biodiversity of animals and plants. After preparations in 2012, the Code of Conduct will be introduced for all business partners of Ritter Sport in spring 2013.

3. Appointment of a person in the company to control all activities relating to biodiversity and to report to Management

The harmonisation of economy, ecology and responsible social activity is a fundamental principle in the company concept of Ritter Sport.

Since 2011, Mr Georg Hoffmann has been the official Sustainability Manager at Ritter Sport. He is responsible for coordinating all ecology and environmental protection projects, brings together ideas and initiates new projects. The Sustainability Manager also reports directly to Management.

In addition, the Sustainability Manager is supported in the initiation and implementation of projects by a team of sustainability officers from the individual departments. The team meets several times each year to provide a framework for the exchange of ideas and experience relating to current sustainability activities at Ritter Sport, as well as regarding company-relevant ecological, economic and social developments.

A further task of the Sustainability Officer is to provide the individual departments with information on new sustainability activities at the company.



4. Specification of measurable and realistic objectives for improved protection of biodiversity and its sustainable exploitation, to be reviewed and adjusted every two to three years

A company-internal sustainability schedule for 2013 has been approved by Ritter Sport. With its commitment to ambitious but realistic objectives, Ritter Sport has set itself the task of further promoting the harmonisation of ecology, economy and social responsibility. With regard to the contribution to biodiversity, no explicit objectives have been set for 2013. Nevertheless, the company aspires to achieve continuous development in this field.

Thus, in particular the preservation of resources constitutes one of the top priorities for the construction of the new Ritter Sport company building.

Also through the cultivation and management of its own cocoa plantations, Ritter Sport has set itself the target of making a contribution to the preservation of biodiversity by planting trees and producing compost. In this regard, an evaluation method for the growth of the various prevalent populations is currently under discussion.

5. Publication of all activities and successes in the field of biodiversity in the annual, environment and sustainability reports

It is the objective of Alfred Ritter GmbH & Co. KG to publish the company's first sustainability report in 2014. The sustainability report will describe the ecological, economic and socially responsible activity of the company, and provide the readers with detailed information on future targets, measures and projects of Alfred Ritter GmbH & Co. KG. An important component of the sustainability report will be the section on the contribution of Ritter Sport to the preservation of biodiversity. In addition, this will result in an overview of current Ritter Sport activities aimed at protecting biodiversity.

6. Informing and involving suppliers with regard to the biodiversity objectives of Alfred Ritter GmbH & Co. KG

Biodiversity is a fixed component of the Ritter Sport Code of Conduct. In this way, Ritter Sport makes its business partners aware of the importance that the company attaches to the preservation of biodiversity. Through the successful implementation of the Code of Conduct, the business partners are also committed to making a contribution in this respect. By carrying out regular audits, the company determines the extent to which the agreed obligations on the part of the business partners are being met.



Also the information on the contribution to the preservation of biodiversity provides an important basis for good, trustworthy cooperation with suppliers, who can request the information in a personal meeting at any time.

7. Cooperation with potential partners, such as nature preservation organisations, science or state facilities, in order to increase technical knowledge and further develop the management system

The continual further development of internal knowledge of sustainability and environmental protection through external competence partners and the integration of such knowledge in our own company process is an important principle at Ritter Sport.

As an active member in the **Zentrum für Nachhaltige Unternehmensführung** (Centre for Sustainable Corporate Management, <http://mehrwert-nachhaltigkeit.de/home.html>), Ritter Sport regularly participates in the meetings of the "Raw Materials" work group. Within this framework, the company, together with other representatives from the food industry, conducts a critical dialogue on the topic of sustainability in raw material procurement.

With its participation in **the Forum on Sustainable Palm Oil** (initiated by the Deutsche Gesellschaft für internationale Zusammenarbeit (GIZ), Henkel, REWE Group and WWF Germany), the company actively advocates dealing with the ecological, social and developmental challenges involved with the great potential of this plant-based raw material in the countries of production.

Also our membership in the **Forum on Sustainable Cocoa Cultivation** of the Association of the German Confectionery Industry contributes to the expansion of company-internal knowledge regarding current developments in the field of sustainable cocoa cultivation, and the resulting initiation of appropriate measures.

8. Examples for Projects of Ritter Sport

Since 1990, Ritter Sport, together with the CACAONICA cooperative, has contributed to the preservation of biodiversity and the support of small farmers in Nicaragua. The objective of the CACAONICA project is the exemplary and realistic demonstration of sustainable agricultural exploitation, which protects the forests, promotes reforestation and secures the fertility of the soils to the greatest possible extent in a natural way. Thanks to the concept of agroforestry and the associated use of various location-specific crop plants, for example bananas, cocoa, maize and beans, a multi-layer soil covering is



ensured, contributing to a reduction of the risk of erosion and at the same time protecting the soil from desiccation and nutrient loss.

Ritter Sport also considers the idea of the 9-year-old schoolboy Felix Finkbeiner — that children all around the world should plant one million trees in every country and thus balance out the CO₂ emissions — to be so commendable that the company is going to support the organisation "Plant for the Planet" by taking part in a cooperation venture for the plantation of new trees continuously.

Protection of biodiversity at the Waldenbuch location

The protection of biodiversity is also a matter of course for Ritter Sport directly at the production site in Waldenbuch. Thus, in recent months a number of measures have been decided to make a contribution to the preservation of biodiversity.

One of these measures is that at the production site in Waldenbuch the Green Care products of the brand Tana Professional, which have particularly good biodegradable properties and thus do not damage the ecological system, will primarily be used.

For the construction of the new Ritter Sport company building, the intention is to further increase the share of green spaces on the site and as far as possible to avoid soil sealing. Also the maximum exploitation of renewable energy sources feasible for Ritter Sport, and thus the greatest possible saving of resources, is a matter of course for Ritter Sport for the construction of the new company building.

As a further measure to support regional food production, Ritter Sport is planning to cover the catering requirements for the new company canteen exclusively using regional food suppliers. Here, the focus is in particular on the purchase of regional and seasonal fruit and vegetables, as well as on careful and environment-friendly soil treatment. In this regard, the conversion of breakfast and evening catering will take place already in spring 2013.

In order to make a contribution to preserving the ecological balance of the seas, Ritter Sport is also planning to purchase exclusively MSC-certified fish for the canteen catering.

To increase the biodiversity on the company site, directly behind the Ritter Museum café an extensive flower meadow has been created to provide a habitat for birds, bees, butterflies and soil organisms.

Also, a biotope created on the Ritter Sport site serves as a refuge for amphibians and water insects, plants and micro-organisms, thus contributing to the preservation of the biological balance.