tegut... gute Lebensmittel GmbH & Co KG Commitment to the EU Code of Conduct on Responsible Food Business and Marketing Practices

Oktober 2021

tegut... gute Lebensmittel GmbH & Co. KG is a supermarket chain based in Germany and part of the Migros Group. We serve our customers at about 300 stores and online. We see ourselves as a full-range supplier of good food. In 1982, we included organic food in our product range for the first time, and today we generate 30.1% of our sales with over 3,800 organic products. For our private label lines we promise, among other things:
- The use of "real" ingredients and the renunciation of imitations
- The minimization of unnecessary ingredients and additives, especially those with ADI value
- The renunciation of flavor enhancers, yeast extract, colorings, sweeteners, sugar syrups with fructose content and hydrogenated fats.

We welcome the EU Code of Conduct on Responsible Food Business and Marketing Practices and are happy to join the initiative. To this end, we commit to the following goals:

Establishing a climate-neutral food chain in Europe by 2050
- Reaching net-zero own operations and value-chain emissions by 2050 and interim scope 3 targets in line with the SBTi criteria and recommendations.

Healthy, balanced and sustainable diets for all European consumers
- By 2040, there will be at least 40 seasonal garden locations spread across the entire tegut... catchment area. This gives all tegut... customers the opportunity to grow and harvest vegetables themselves.

Sustainable value creation in the European food supply chain through partnership
- By 2025 at the very latest, we will offer only verifiably GMO-free items at our meat and sausage service counters.
Sustainable sourcing in food supply chains
  • By 2025, only verifiably sustainable fish and seafood will be permitted in the tegut... product range. We accept MSC, ASC, Bio, Global GAP and Naturland Wild Fish as sustainable certifications. Fish and seafood without accepted certification are subject of individual assessment by an independent third party. For tuna products, we also accept the pole and line fishing method.

**Background and motivation:**

**A climate-neutral food chain in Europe by 2050**

The Earth is getting warmer. This warming is manmade. Climate change will have a global impact on all economic, social, and political areas of our society. For ecosystems and thus food production to still be able to adapt, global CO2 emissions must be halved.

We must shape the way we use our planet’s natural resources. For us as food retailer, this means knowing and adjusting our direct and indirect CO2 emissions. We generate greenhouse gases by burning fossil fuels such as oil, coal, and natural gas through the transportation of goods and the operation of our stores. In addition, our business indirectly contributes to greenhouse gas emissions by producing and transporting food and other goods for ourselves and our customers, which also requires the use of energy sources. Half of all the greenhouse gases emitted in Europe can be traced back to our diet. Animal-based foods, especially cattle farming, account for a significant share of this. Environmental destruction, such as the loss of woodland areas or the conversion of peat bogs, releases further greenhouse gases and reduces the Earth’s ability to bind CO2.

With our close ties to agriculture, it is obvious to us that how we treat our environment must secure the livelihoods of current and future generations. We would like to contribute to keeping global warming below 1.5°C. To achieve this, we want to become climate-neutral and are aligning our climate targets with the Paris Accords.

By 2025, we will reach net-zero own operations and value-chain emissions and interim scope 3 targets in line with the SBTi criteria and recommendations.
Healthy, balanced, and sustainable diets for all European consumers
The change in social structures, the living and working environment and
digitization favor an alienation from natural seasonal rhythms. Knowledge
about the origins and handling of food in everyday life is decreasing. At the
same time, nutrition is becoming a political and social statement.

We are proud to offer fresh and reliable high-quality fruit and vegetables
all year round, regardless of weather and season. This is the result of co-
operation with our suppliers and our passion for freshness. However, by
offering this, we encourage alienation from agricultural and natural
rhythms among our customers. The experience of growing and harvesting
vegetables has an impact on their appreciation. We therefore also see it as
our task to promote our customers' relationship to the origin and cultivation
of our food. This is particularly successful when nature is experienced
firsthand. That is why we operate the tegut... seasonal gardens. Our aim is
to give every customer in our catchment area the opportunity to observe
the cultivation of our food in the field and get involved. Anyone who has
stood on fallow ground in spring and followed the cycle of growth from the
initial germination through the seasons until autumn, automatically comes
closer to nature. The experience an understanding of what our farmers do.
Pulling potatoes out of the ground with our hands makes us feel the con-
cept of "nature's treasures." tegut... seasonal gardens are designed as a
place of encounter: Seasonal gardeners exchange ideas and help each oth-
er with the common challenge of cultivating a plot of land. About 30 differ-
ent types of vegetables are grown on plots of 20-40 square meters. The
vegetables are selected so that they can be harvested seasonally from early
summer onwards. On-site advice from supervising farmers and discussions
with experienced seasonal gardeners expand our understanding of the
production and the nature of our food and encourages us to both question
the effect on our own body and the environment and consider this when
making our next purchasing decision.

Our living and working environment should be preserved and developed.
We want to promote the quality of life of the people in our catchment area,
including rural areas. In addition, we want to facilitate diverse encounters
and participation and provide our customers with access to food produc-
tion.
Our goal:
By 2040, there will be at least 40 seasonal gardens spread across the entire tegut... catchment area. This will give every tegut... customer the opportunity to grow and harvest their own vegetables.

Sustainable value creation in the European food supply chain through partnership
Genetic engineering is direct intervention in the genome of a plant or living thing to create a mutation. Natural boundaries between species and even between animals and plants can be overcome, or mutations within a species can be accelerated and directed. Negative effects of genetic engineering are the subject of research and are observed in the environment and in relation to consumer health. The risks and opportunities of genetic engineering are the subject of public debate. In our view, the risks outweigh the benefits, especially for green genetic engineering, so we do not want to promote the use of genetic engineering and do not accept the use of genetically modified plants for the production of our own brands. Nature is an open system, and changes to it are irreversible. In the wild, genetically modified plants seed, reproduce and cross-pollinate. The natural balance is disturbed when accelerated mutations prevent the environment adapting. Plants are our livelihood and should not be patented. Monocultures, which when combined with total herbicides put biodiversity under pressure and do not offer a solution to the challenge of food security. We reject processes that have not been clearly researched and may pose a health risk to humans and a danger to our ecosystems. This applies to food and animal feed. Aside from the debate about risks and opportunities, consumers should be free to decide whether genetically modified products end up in their shopping baskets. Labeling genetically modified ingredients is a prerequisite for this. Against this background, we welcome the EU legislation on genetic engineering and the clarification by the ECJ on the classification of genome editing as subject to labeling, regardless of whether or not the genetic modification is detectable in the product. Unfortunately, it is impossible to guarantee that something is absolutely "GMO-free." Unintentional, minor GMO inclusion can occur even in organic products. The threshold for unintentional, technically unavoidable GMO inclusion is currently the same for organic and conventional products.
Incidental, technically unavoidable GMO impurities of up to 0.9% are permitted. These unavoidable impurities show that we must commit to GMO-free food beyond our corporate boundaries so that we do not approach the 0.9% limit any further. We support initiatives to secure GMO-free agriculture and are involved in trade associations. Our private brands are already demonstrably GMO-free, which is why we are extending our commitment to branded products.

Our goal:
From 2025 at the very latest, we will offer only verifiably GMO-free products at our meat and sausage service counters.

Sustainable sourcing in food supply chains
The sea is not an inexhaustible source. Growing human consumption of fish is putting pressure on the marine ecosystem. According to the FAO's 2020 assessment, 34% of the world's fish stocks are overexploited and another 60% are at breaking point. The overexploitation of stocks threatens the livelihoods of parts of the world. Public debates and scientific findings point to the need for action in dealing with the maritime ecosystem. Not only ecological damage is discussed but also violations of human rights in the fishing industry. According to the FAO, fish from aquaculture now accounts for 40% of global fish consumption. However, the expansion of aquaculture brings new challenges. Environmental damage occurs during the establishment of aquacultures, e.g., ecosystem changes, habitat loss, the deforestation of mangroves, as well as during operation, e.g., using antibiotics and chemicals or feeding wild fish from unsustainable fisheries. The potential negative impacts are many, and assessing sustainable fish and seafood requires expertise. We share the assessment of NGOs that retail must take an active role in protecting the oceans. We include fish and seafood in our product range and do not want to participate in the negative impacts. Our customers should rest assured that they are getting a good food product when buying fish and seafood from our private label and service counters. Our claim is to have only sustainable fish species in our product range. We consider the state of the stocks and the environmental impact of fishing and aquaculture. We refrain from selling acutely threatened and critical species for years. Acutely threatened species and groups of species are all those that feature on the red list of the
International Union for Conservation of Nature (IUCN) in the categories Critically Endangered (CR) and Endangered (EN).

Our goal:
By 2025, only verifiably sustainable fish and seafood will be permitted in the tegut... product range. We accept MSC, ASC, Bio, Global GAP and Naturland Wild Fish as sustainable certifications. Fish and seafood without accepted certification are subject of individual assessment by an independent third party. For tuna products, we also accept the pole and line fishing method.

We will report publicly on our progress toward these and other goals on our website.

Fulda, 12.10.2021

Thomas Gutberlet
Managing Director