



REWE GROUP SUSTAINABILITY REPORT 2015/2016

GRI report of REWE Group

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**Dear Ladies and Gentlemen,
Partners and Friends of REWE Group,**

An Indian fairy has an instructive lesson for each of us today: Once upon a time, a forest fire was raging through the woods, and all of the animals that inhabited the area were fleeing for their lives. Each of them felt incapable of doing something to battle this major disaster. Except for one little hummingbird. It flew off to the river and collected a few drops of water to fight the flames. The other birds started laughing and asked the diminutive firefighter a question: “What are you doing?” The bird replied: “I’m doing what I can.”

Today, the word “sustainability” has become the buzzword of the times. Within the context of sustainability, many people have correctly pointed out that we are using excessive amounts of the world’s precious resources. But, like the birds in the woods, we also feel we are too small or too weak to tackle this huge problem by ourselves. As a company that employs sustainable business practises, we also run up against the limits of what is feasible in a globalised world and realise we cannot change everything all by ourselves. Nonetheless, we have understood the message of the small hummingbird in the Indian fairy tale: Everyone does what he or she can. Togetherness produces success. You need courage and perseverance to steadily and resolutely pursue goals even when the progress is slow and the challenges are great.

For this reason, the title of this sustainability report is “Together”. It expresses the philosophy we use to foster sustainable changes: Always together with our partners, employees and customers; always in a dialogue designed to create an understanding of shared goals; and always with a passionate commitment to finding the best, most viable solution.

Even after the change in the company’s executive leadership in July 2017, REWE Group stands for continuity in its commitment to sustainability during these times of global challenges. I will continue to resolutely pursue this direction and ensure REWE Group will remain both a partner for sustainability and a pacesetter in the development of sustainable solutions for trade, travel and tourism. The challenges are significant. The international community has set some ambitious targets with the Sustainable Development Goals that should be reached by 2030.

As digitalisation spreads, sustainability management is also facing some challenges of its own to ensure everyone will profit from this change and new solutions will improve resource efficiency and the well-being of people.

the well-being of people.

In this report, we will show you just how far we have gone and what we are still planning to do. Please take this journey with us and continue to share your critical-constructive feedback with us as we move forward.

I hope you enjoy this exciting and inspiring report.

Lionel Souque

CEO

[BACK TO THE HOMEPAGE](#)



The Sustainability Strategy of REWE Group

The Sustainability Strategy of REWE Group

GRI 102-18: Governance structure

GRI 102-19: Delegating authority

GRI 102-20: Executive-level responsibility for economic, environmental, and social topics

The Management Board has clearly defined the company's position in its Guidelines for Sustainable Business Practices: "Sustainability is not a fleeting trend at REWE Group. Rather, it is a fundamental element of its business strategy." To REWE Group, this means: It promotes a more sustainable assortment and deals fairly with partners and suppliers. It does business with the environment and climate in mind. It assumes responsibility for its employees and works to prepare society for the future.

As a leading international trade and tourism company, REWE Group is keenly aware of the special role it plays as an interface among producers, suppliers and consumers. For this reason, the sustainability strategy encompasses all of the company's business operations in order to integrate more sustainable consumption and tourism into the entire marketplace. REWE Group formulates challenging goals and is not afraid to tackle complex issues. In many cases, it has been the pacesetter that introduced ideas that are now general standards. As it carries out its sustainability strategy, REWE Group conducts an intensive dialogue with stakeholders and enters binding, long-term partnerships. It does so because long-range improvements can be achieved only if all participants work together on the same goals. In applying this strategy, the company continuously expands its share of more sustainable products and services and introduces more sustainable consumption to larger and larger segments of the population.

In 2008, REWE Group added the following principle to its mission statement: "We are aware of our responsibility and act sustainably." At the same time, the company also introduced a system of strategic sustainability management. In 2010, it defined its Guidelines for Sustainable Business Practices and laid a binding foundation for REWE Group's comprehensive commitment to sustainability. The goal was clearly defined from the start: Sustainability should be brought "out of its niche" and introduced to mainstream society.

While introducing its sustainability strategy, REWE Group created four pillars of sustainability in 2008: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The company added areas of action within these pillars that outline the key issues of its commitment to sustainability.

Reorganisation of the Company's Structure since 2016

In 2016, REWE Group made several changes in its company structure that serve as the basis for further improvements in efficiency and long-term profitable growth. As part of the changes, it created a new central organisation in which the sales lines REWE and PENNY were merged. REWE Group refocused its sustainability strategy at the same time. It carried out a comprehensive strategy process in which the organisation and the focal points of its sustainability strategy were

evaluated and reformulated. The core element of this strategic realignment is the provision of increased freedom to individual sales lines to carry out the sustainability strategy and, thus, to facilitate added customisation of the strategy to the specific needs of each sales line. In taking this decision, the company addressed the different business models of food retail, travel and tourism, and DIY stores, each of which has different stakeholder expectations and sustainability challenges. Each sales line can focus on those places where it has the biggest lever for improvements. At the same time, it can better tailor more sustainable products and services to the needs of various customer groups. The more sustainability becomes a success factor in the sales lines' business, the faster and more effectively sustainability will become a fixture in the mass market. REWE Group's four pillars of sustainability continue to underpin its overarching strategy, and the Guidelines for Sustainable Business Practices continue to serve as the joint direction and canon of values for the company's commitment to sustainability.

During the reporting period, the sales lines REWE, PENNY and DER Touristik each carried out far-reaching strategy projects.

In 2016, DER Touristik reworked its sustainability strategy under the motto "DER Welt verpflichtet" (Committed to the World). As part of this work, a materiality analysis was conducted under consideration of the sales line's most important stakeholders. In the first step, the sales line conducted a baseline study and competitive analysis. Customers, employees and NGOs, among others, were surveyed online to identify and prioritise key issues. In addition, about 60 managers of DER Touristik took part in personal interviews in which they evaluated the issues in terms of opportunities and risks for the company as well as on the basis of the potential to exert influence. The identified issues were consolidated. They were then prioritised and approved by the International Board of DER Touristik.

REWE and PENNY also conducted far-reaching materiality analysis on continued strategy development. This work drew on findings from customer and market research and stakeholder surveys. Benchmark studies were conducted in the food retail sector, among other areas, and the political landscape was analysed. In addition, the sustainability strategy was reviewed in terms of its contribution to the company's Sustainable Development Goals (see below). The objective of this analysis was to identify potential opportunities and risks associated with the revision of the sustainability strategy. In the second stage of the work, the areas of action and the focal points of the company's commitment were reviewed on the basis of the results of the analysis and adjusted when necessary. Up to six workshops were conducted for each pillar in the sustainability strategy. These workshops were attended by experts in the particular field as well as representatives of the sales lines, the Department of Corporate Responsibility and the Strategy Department. The workshops facilitated a discussion about and an evaluation of the relevance of the identified issues and challenges in terms of the company's strategy and its operational business activities. As a result of this work, adjustments were made in the areas of action for the sales lines involved in food retail in Germany. The other sales lines were included in the process of materiality analysis during interviews and the workshops. They are now in the process of reviewing the new areas of action in food retail in Germany and introducing them either in whole or in part.

Pillars of sustainability and areas of action for food retail in Germany starting in mid-2016

Green Products	Energy, Climate and the Environment
<p style="text-align: center;">Areas of action:</p> <ol style="list-style-type: none"> 1. Fairness 2. Diet 3. Labour and social standards 4. Animal welfare and environmental protection 	<p style="text-align: center;">Areas of action:</p> <ol style="list-style-type: none"> 1. Energy efficiency 2. Climate-relevant emissions 3. Conservation of resources

Employees	Social Involvement
<p>Areas of action:</p> <ol style="list-style-type: none"> 1. Values and culture 2. Training and professional growth 3. Health and safety 4. Job and phases of life 5. Diversity and equal opportunity 	<p>Areas of action:</p> <ol style="list-style-type: none"> 1. Healthy diets and exercise 2. Opportunities for children and adolescents 3. Vigilant approach to food 4. Biodiversity and environmental protection

Sustainability Organisation

At REWE Group, the company's management has made sustainability its highest priority. Since the sustainability strategy was introduced in 2008, it had been directed by CEO Alain Caparros. This responsibility was passed to his successor, Lionel Souque, during the changing of the guard at the company on 1 July 2017. Like his predecessor, the new CEO believes that sustainable business practises are a precondition for the company's long-term success (see the foreword by Lionel Souque).

Until mid-2016, a high-ranking sustainability strategy committee had been responsible for managing REWE Group's sustainability strategy. The committee served as a decision-making body and idea generator for the strategy's implementation in all sales lines. It formulated the company's annual sustainability goals and oversaw the progress of projects and key performance indicators (KPIs). The Sustainability Strategy Committee was drawn from the entire REWE Group: It was composed of members of the Management Board, all fully authorised representatives of REWE Group, managers from all sales lines and holding organisations, the chairman of the Central Works Council and a representative of independent retailers.

As part of the recalibration of the strategy in 2016, REWE Group bolstered the sustainability organisation within the individual sales lines and further integrated sustainability into business processes. The responsibilities of the strategy committee were also transferred to the sales lines; the sustainability department and the pillars of sustainability were strengthened; and sustainability was integrated into regular decision-making processes. In taking these steps, REWE Group is determined to develop sustainability measures in closer proximity to its business operations and customers and to introduce them more rapidly.

For the pillar Green Products, the new department Sustainable Products was created at REWE and PENNY. This new unit was placed directly within purchasing and supports the development of sustainable assortments there. In other areas, project groups are continuing to work across sales lines, including for the pillar Energy, Climate and the Environment. This work will create agile structures in which project teams will be able to work together in a results-driven manner. Independent retailers are also included in these processes. This enables their ideas and experiences to flow into decisions regarding the development of sustainability at REWE Group.

Jan Kunath is the member of the Management Board who oversees sustainability at REWE and PENNY. Members of Division Management Boards are responsible for each pillar, thus underscoring the importance of the pillars of sustainability and the work on them. Measures based on the pillars of sustainability are developed to reflect the goals and the positioning of the sales lines. These steps are then approved during regular annual and strategy-planning sessions of REWE and PENNY. As a result, the responsibility is integrated into established decision-making processes all the way to the operational level.

The sustainability organisation of REWE International AG is led by the Holding Management Boards or managing directors, which is supported by a sustainability staff unit. Responsibility in the individual trade companies under the holding's umbrella is assigned to the respective board

members management teams and top executives. Working and project groups for each of the four pillars of sustainability are charged with putting the measures into effect. Sustainability plays an integrative role in business activities thanks to the inclusion of sustainability management in the strategies of the trade companies under the umbrella of REWE International AG.

At toom Baumarkt DIY stores, CEO Detlef Riesche assumes the main responsibility for sustainability. Like for the entire REWE Group, the sales line's sustainability management is based on the four pillars of sustainability. toom has created a department in purchasing that comprehensively coordinates the issue of sustainability in work that extends beyond the continued expansion of assortments that include more sustainable products. Decisions about the sales line's strategic focus and projects are taken during the regular meetings of its sustainability committee. This committee is composed of representatives of the management team, managers for the pillars and other nominated employees from relevant departments.

The central sustainability department of DER Touristik also bases its work on the four pillars of sustainability as well as carries out measures and projects. During the reporting period, DER Touristik initiated a strategic process in which the sustainability organisation will be analysed and restructured if necessary.

The Department of Corporate Responsibility at REWE Group works with the individual sales lines. It helps to implement the sustainability strategy of the entire REWE Group and serves as a central interface between the sales lines and dealings with external stakeholders. As part of sustainability reporting, the Department of Corporate Responsibility documents and analyses the progress being made by sustainability projects and in the KPIs. It also takes on an advisory role for project groups and sales lines.

Sustainable Development Goals

In 2015, the United Nations adopted Sustainable Development Goals (SDGs). These 17 objectives address the key challenges of sustainable development on a global level. The SDGs are to be reached by 2050 and are broken down into 169 targets. REWE Group is determined to support the effort to reach these goals by carrying out its sustainability strategy. To do so, it has compared its sustainability goals and business processes with the 17 UN development goals and the related 169 SDG targets. Following this analysis, sustainability managers at REWE Group prioritised the SDGs and targets. Their ranking of the most relevant SDGs was taken up during a podium discussion held as part of the REWE Group Dialogue Forum with stakeholders in 2016. The feedback provided by stakeholder flowed into an overall ranking in which the following SDGs were given a high priority for REWE Group:

1. Responsible Consumption and Production
2. Life on Land
3. Life Below Water
4. Decent Work and Economic Growth
5. Zero Hunger
6. Affordable and Clean Energy

The analysis shows that REWE Group's sustainability activities will help to achieve the SDGs ranked as relevant and identified additional potential for future activities.

You will find more information about work of the pillars of sustainability in this report:

- Management Approach **Green Products**
- Management Approach **Energy, Climate and the Environment**
- Management Approach **Employees**
- Management Approach **Social Involvement**



REWE Group Portrait

Company Structure

GRI 102-1: Name of the organization

GRI 102-2: Activities, brands, products, and services

GRI 102-3: Location of headquarters

GRI 102-5: Ownership and legal form

The cooperative REWE Group is an international trade and tourism group. REWE (Revisionsverband der Westkaufgenossenschaften) was established in 1927 by 17 purchasing cooperatives. Today, REWE Group consists of two lead companies: REWE-ZENTRALFINANZ eG (RZF) and REWE – Zentral-Aktiengesellschaft (RZAG). REWE Group is proud of its cooperative roots. The Supervisory Board, shareholders, retailers and the Management Board of REWE Group view the long-range cooperative structure as a guarantee of independence and self-determination. In 2007, this commitment was reaffirmed in the Travemünde Declaration. The headquarters of REWE Group have been located in Cologne ever since the company was established. As of 31 December 2016, the parent company and 385 subsidiaries (previous year: 369) were included in the Combined Financial Statements (see the **REWE Group Annual Report 2016**, page 3). About 1,400 independent partner retailers are also part of REWE Group.

REWE Group operates in various Business Segments, some of which are divided into different strategic business units.

BUSINESS SEGMENTS

NATIONAL FULL-RANGE STORES	INTERNATIONAL FULL-RANGE STORES	NATIONAL DISCOUNT STORES	INTERNATIONAL DISCOUNT STORES
NATIONAL SPECIALIST STORES	TRAVEL AND TOURISM	OTHER	

The sales lines included in the Business Segments range from the supermarkets and consumer stores of the brands REWE, REWE CITY, REWE CENTER as well as BILLA, MERKUR and ADEG and the discounter PENNY, to the DIY stores of toom Baumarkt and the special product ranges of the organic supermarkets of TEMMA, innovative convenience shops (REWE To Go), the gastronomic concept “Oh Angie!” and the online-business activities of REWE online, ZooRoyal, Gartenliebe.de and Weinfreunde.

The product range includes such well-known store brands as REWE Beste Wahl, REWE Bio, REWE Regional, REWE Feine Welt, ja!, VIVESS, TEMMA, PENNY, today, BILLA, Ja! Natürlich, clever, LOOK BY BIPA, iQ COSMETICS, MY, toom and B1. The company's own production operations Glocken Bäckerei and the quality butcher Wilhelm Brandenburg also provide excellent store-brand products.

Travel and tourism form the Group's second core business. These activities are performed under the umbrella of DER Touristik Group. Sixteen tour operators and 25 specialists offer a broad range of travel opportunities for various target groups. These trips can be booked in the combine's own sales channels such as travel agencies or online platforms. At travel destinations, the DER Touristik Group is represented by the combine's own destination agencies. The well-known brands in the tour operator business are ITS, Jahn Reisen and Travelix as well as Dertour, Meier's Weltreisen, ADAC Reisen, Kuoni, Helvetic Tours, Apollo and Exim Tours. FCM Travel Solutions focuses on business travellers. More than 2,400 travel agencies (including DER Reisebüro, DERPART and Kuoni) position the stationary sales operation of the DER Touristik Group. Travel portals like der.com, lastminute.ch or Your way to Go are examples of the company's online sales operation. Added to this are the hotel brands Iti, Club Calimera, Cooee, PrimaSol and Playitas Resort as well as the direct operator clevertours.com (for a detailed description of the individual Business Segments, see the **REWE Group Annual Report 2016** pages 3–4).

Markets and Countries With Significant Business Activities

GRI 102-4: Location of operations

GRI 102-6: Markets served

GRI 102-7: Scale of the organization

GRI 102-10: Significant changes to the organization and its supply chain

In 2016, REWE Group operated 14,728 stores in 19 European countries and employed 325,727 people. Total external revenue generated in 2016 – including the revenue produced by approximately 1,100 independent REWE retailers – totalled 54 billion euros. In its home market of Germany, REWE Group generated revenue of 38.96 billion euros in 10,178 stores and with a workforce of 235,911 people. REWE Group is the market leader in the food retail sector in Austria, where it operates BILLA supermarkets, MERKUR consumer markets and PENNY discount stores. The portfolio is rounded out by BIPA drugstores, which sell many items found in chemist shops except for medications, and the stores operated by independent ADEG retailers. With the BILLA supermarket format, International Full-Range Stores is also represented in Bulgaria, Russia, Slovakia, Czech Republic and Ukraine. In Croatia, the BIPA brand also operates drugstores.

In 2015, the Management Board decided to withdraw from the discount business in Bulgaria: Six of the 49 PENNY stores were transferred to BILLA Bulgaria. All of the other stores were closed. In Romania, 86 stores of the BILLA sales line were sold in 2015 as part of the company's focus on developing its discount business.

The DER Touristik Group does business in 14 European countries with its 16 tour operator brands, 25 specialists, sales brands and other companies. In addition to Germany, Austria, Switzerland, Eastern Europe and the Netherlands, the tour operator added the source markets Scandinavia, Finland, Great Britain and the Benelux by acquiring the sales activities of Kuoni in autumn 2015. The DER Touristik Group is represented with the combine's own agencies in 51 destinations around the world.



Employee Structure

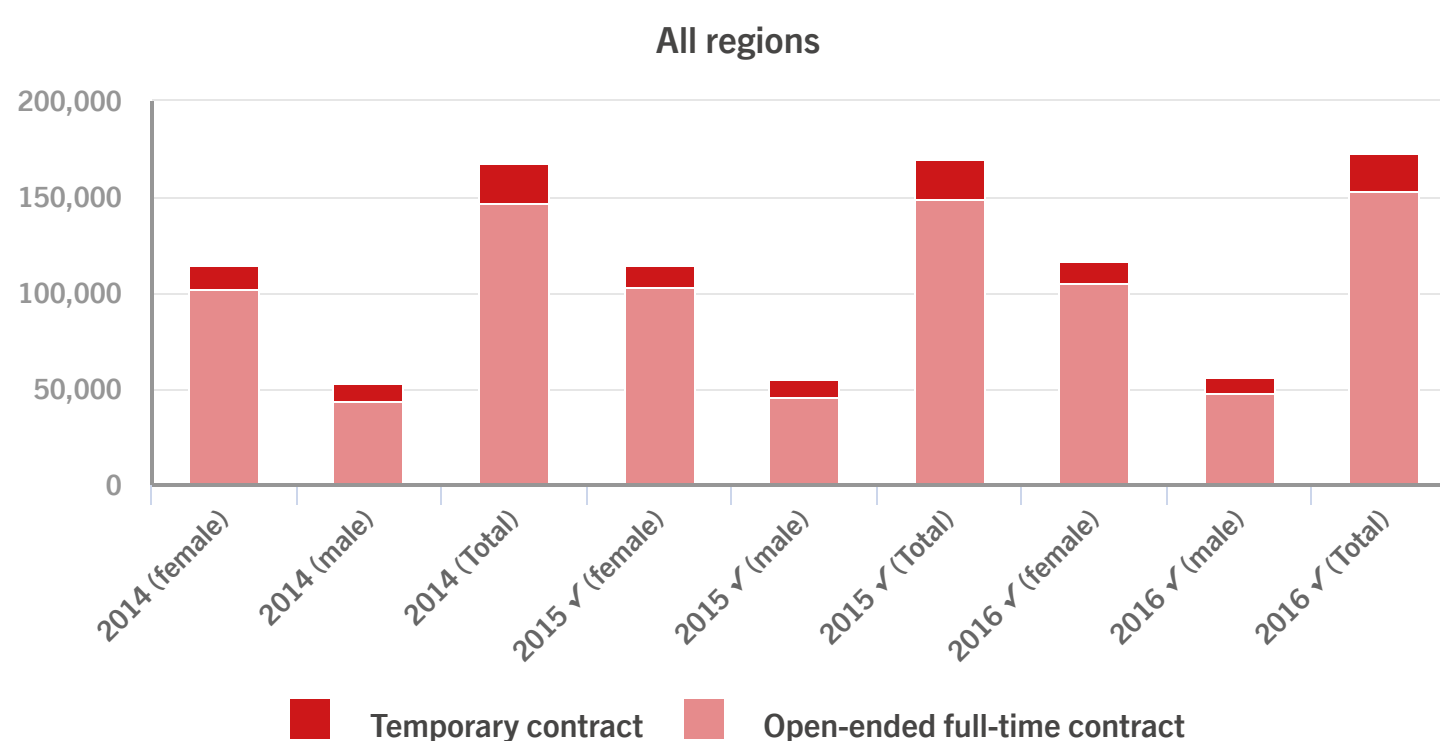
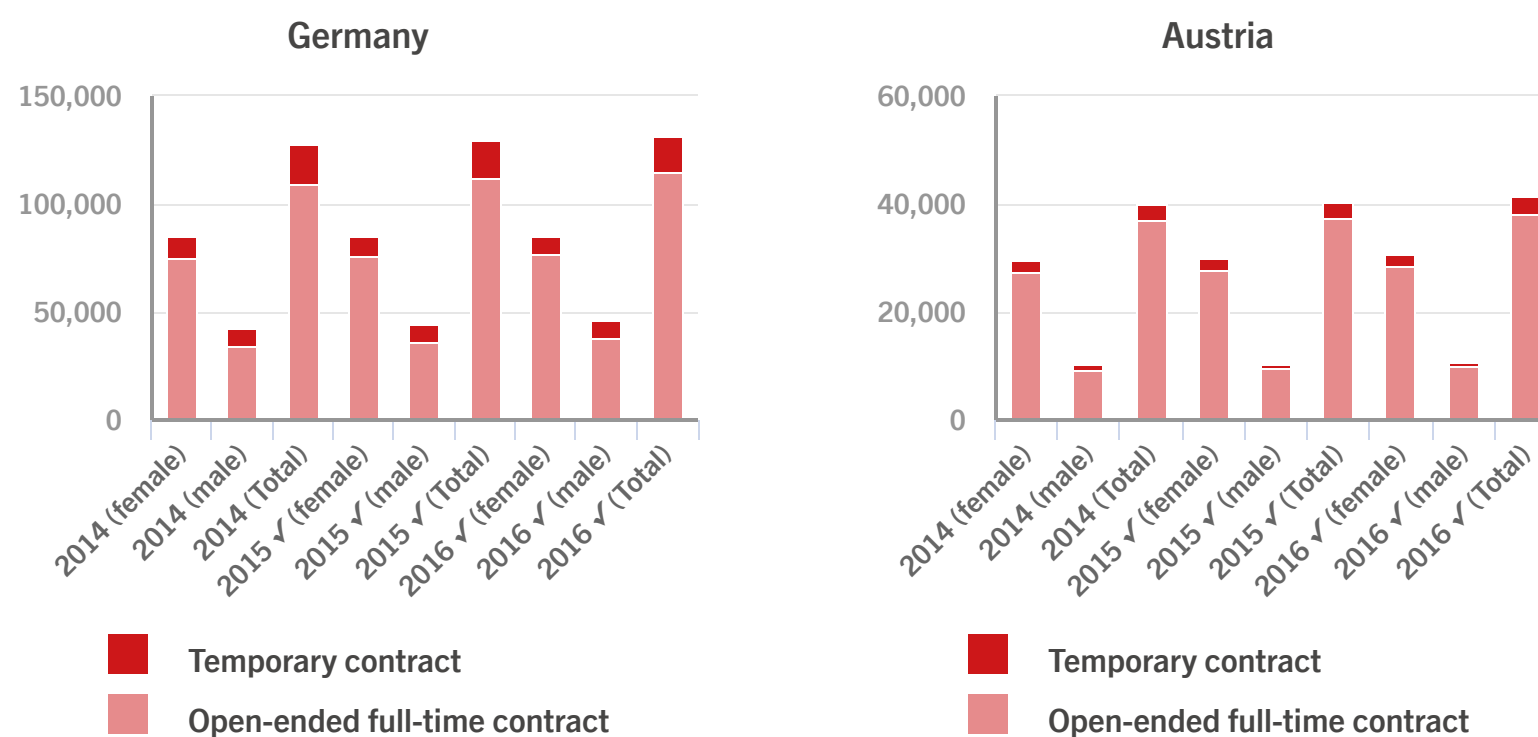
GRI 102-8: Information on employees and other workers

The total number of employees in REWE Combine in Germany and Austria (scope of the sustainability report) rose from 167,801 (2014) to 169,762 (2015) and to 173,108 (2016). Across Europe, REWE Group currently employs about 330,000 people.

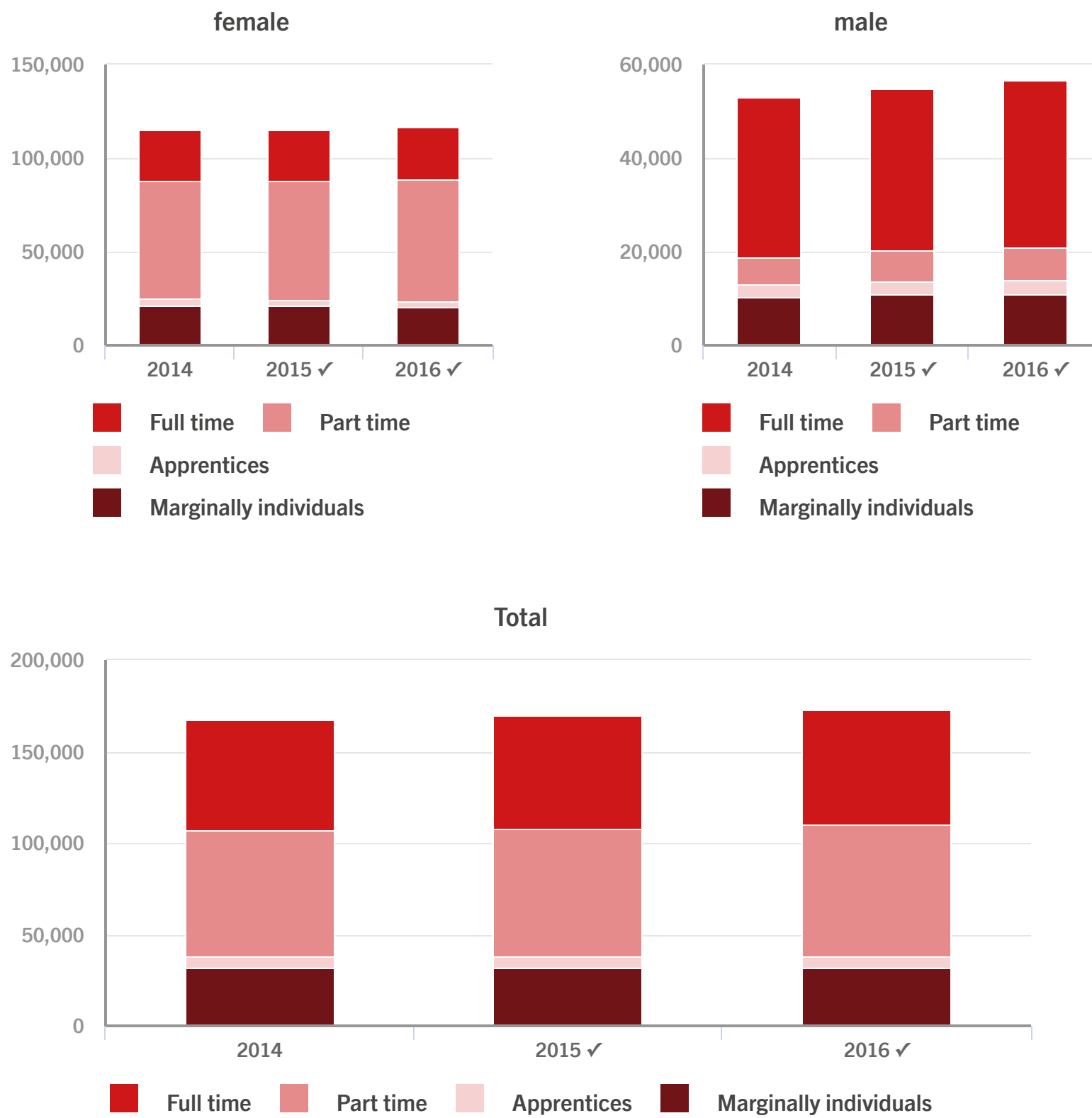
The scope of the report does not include the other international companies of REWE Group, non-combine national and international companies, independent retailers, partner retailers and the small companies Mayflor, Commercetools, ZooRoyal and EHA Austria.

The percentage of trainees among the workforce in Germany and Austria has been relatively stable for years. It remained 3.6 per cent from 2014 through 2016. The percentage of part-time employees (excluding marginally employed individuals and trainees) remained constant at about 41.2 per cent (2015) and 41.6 per cent (2016). The total of open-ended full-time employees was about 88 per cent in both 2015 and 2016. As a rule, all new employment contracts in Austria are fixed-term contracts. These country-specific limited contracts are included in the number of fixed-term employment contracts. Of the total number of limited employment contracts in Austria, 60 (2015) and 65 (2016) contracts have an explicitly fixed term.

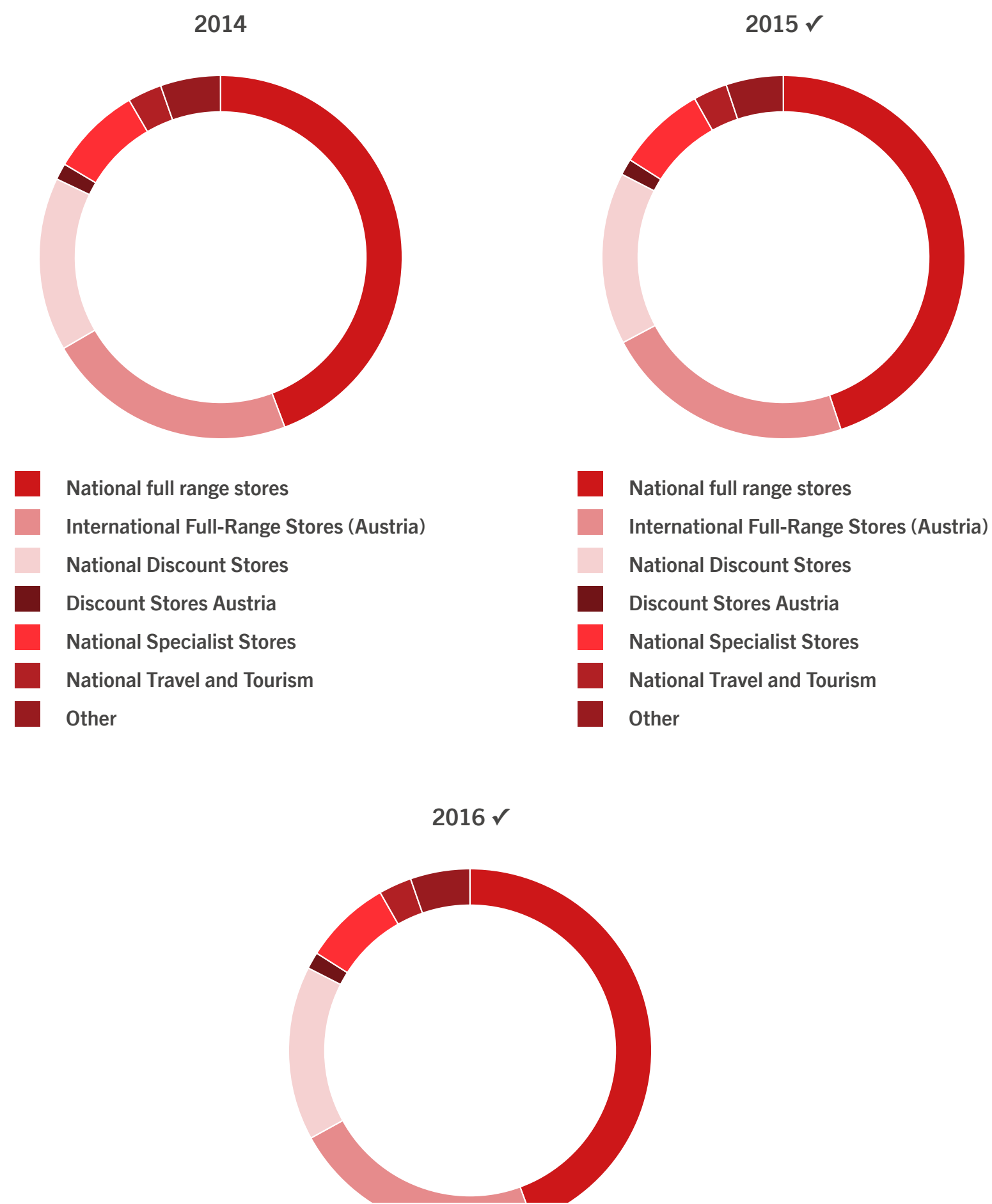
Employees by employment contract, gender and region











Employees by type of job and gender



Percentage distribution of employees by sales line



- 
-  National full range stores
 -  International Full-Range Stores (Austria)
 -  National Discount Stores
 -  Discount Stores Austria
 -  National Specialist Stores
 -  National Travel and Tourism
 -  Other

GRI 102-41: : Collective bargaining agreements

As of 31/12/2016, 169,088 of the 173,108 employees covered by the sustainability report were subject to collective bargaining agreements and/or employer/works council agreements. This amounts to 97.7 per cent. On the reporting day for 2014, this figure was 97.8 per cent.



REWE Group's Supply Chains

GRI 102-9: Supply chain

As a trade and tourism company, REWE Group gets its products and services from a large number of suppliers and the most diverse range of supply chains. This sustainability report includes a selection of particularly relevant supply chains in the form of an **interactive supply chain**.

Background information about the sustainability activities that REWE Group conducts in its supply chains is provided under the following GRI aspects:

Management Approach Green Products

- GRI 204: : Procurement Practices
- GRI 308: Supplier Environmental Assessment
- GRI 414: : Supplier Social Assessment



Risk Management

GRI 102-11: Precautionary Principle or approach

REWE Group strives to create a balance among the economic, environmental and social impacts of its business operations wherever possible. In this process, it continuously measures its own performance and progress. When different goals come into conflict with one another, the company calls on experts from its own ranks and from external stakeholder groups.

As an international trade and tourism company, REWE Group faces a number of economic risks related to its business activities. These risks include logistics risks, price trends, and amended laws and regulations that occasionally may have short reaction times. Uniform group-wide risk management successfully addresses these risks and ensures long-range opportunities. The company's management and supervisory bodies are informed annually about the combine's current risk situation in a standardised report. In inventories, risk managers report to the combine about relevant individual risks from the risk areas as of a given closing date. Risks with similar content and causes are subsequently aggregated at the combine level into risk categories and classified as high, medium or low with regard to their relevance to the combine based on the threat potential to the company's business activities, financial position, results of operations, cash flows and REWE Group's image.

In addition, REWE Group analyses sustainability-related risks in connection with its assortments (for more information, see **GRI 204: Procurement Practices**).

For more information on risk management, see the **REWE Group Annual Report 2016**, page 22–31.



Initiatives and Memberships

GRI 102-12: External initiatives

GRI 102-13: Memberships of associations

As a result of its determination to promote sustainability and end its niche existence, REWE Group supports many initiatives and organisations that promote sustainable actions, animal welfare, environmental protection, conscious diets and much more: see partners and memberships under **REWE Group sustainability**.



Ethics and Integrity

GRI 102-16: Values, principles, standards, and norms of behavior

With the goal of “The Best Performance – for Customers, Retailers and Employees”, the fundamental values of REWE Group were formulated in the mission statement drawn up in 2008:

- We act independently according to the ideas of community!
- We work for the customer – we are at the heart of the market!
- We welcome new directions. Standing still means going backwards!
- We act with integrity and treat one another with respect! We keep our word!
- We strive to find the best solution, make considered decisions and act consistently!
- We are aware of our responsibility and act sustainably!

Rules governing the upstanding behaviour of all employees and managers including the Management Board and the Supervisory Board members are specified and bindingly formulated in REWE Group’s **code of conduct**. The code is also designed to serve as a guide to those who work with REWE Group.

The foundation of sustainable activities at REWE Group are the **Guidelines for Sustainable Business Practises**. It takes concrete form in the principle “We are aware of our responsibility and act sustainably!” As a result, it provides binding orientation for employees, managers, business partners and suppliers.

GRI 102-17: Mechanisms for advice and concerns about ethics

After introducing a professional anti-corruption system in 2007, REWE Group decided in 2010 to set up an autonomous, decentral compliance organisation: The Corporate Department of Governance & Compliance bundles and coordinates all compliance-relevant activities in REWE Group. A compliance officer serves as an expert contact partner in each business unit and country company.

The aim of REWE Group’s Compliance Management System (CMS) is to prevent violations of laws and internal company rules and, thus, to preclude damage to the company and personal liability of the company’s bodies and employees. To achieve this objective, a compliance programme has been developed. This programme comprises a number of preventative measures, including risk assessments, training and consulting. Violations of legal regulations or internal rules, particularly regarding corruption, can be reported to compliance officers using a combine-wide whistleblower system or an external ombudsman. These individuals receive tips provided by all employees of REWE Group or third parties who have reason to think that such violations have occurred (for more information, see **Compliance in the GRI Report**).



Materiality Analysis

GRI 102-45: Entities included in the consolidated financial statements

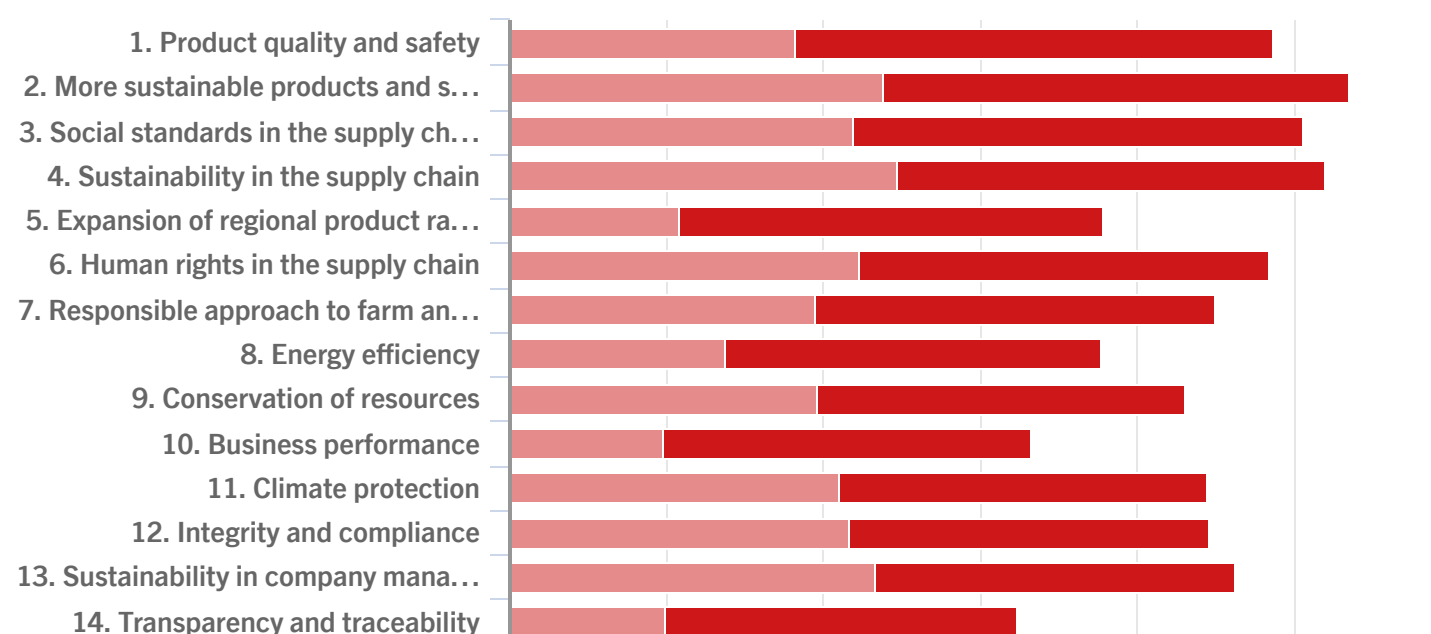
The report covers REWE Combine companies for Germany and Austria. The sustainability work undertaken by independent retailers is addressed and presented only in individual cases due to the large number of activities and the entrepreneurial autonomy of the retailers. This approach has also been taken for locations outside Germany and Austria. Nonetheless, more than 50 per cent of REWE Group’s employees have been covered. In reporting the data, a clear declaration has been made in those places where detection limits deviate. For instance, the data for the pillars of Energy, Climate and the Environment occasionally include independent retailers and locations outside Germany.

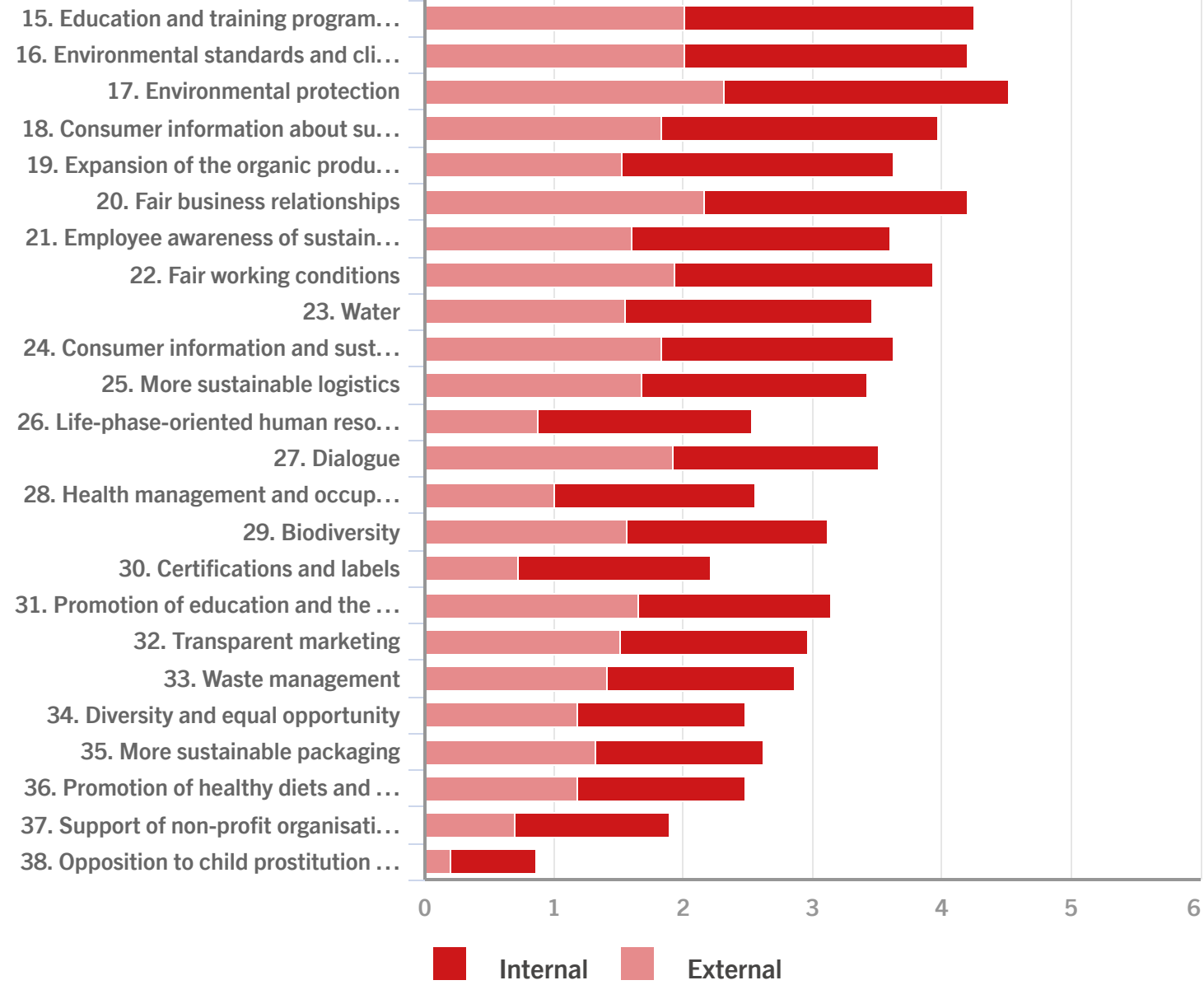
GRI 102-46: Defining report content and topic Boundaries

In 2014, REWE Group conducted a comprehensive materiality analysis that still applies for this report. In this work, a representative cross-section of relevant stakeholders was asked in personal interviews about their requirements, thoughts and strategic recommendations. In addition, an online questionnaire was filled out by 115 participants. The survey results were used to develop a ranking of 25 top-priority issues and 13 less critical issues. The latter group included various employee issues, topics of social involvement, transparent marketing, certification and labels, waste management, more sustainable packaging and biodiversity. These issues were intensely discussed in REWE Group project groups. It was concluded that all issues are critical to the combine’s continued involvement and to reporting. The only exception is biodiversity: It is not a top priority within the confines of the company’s business operations. But the issue is important in the supply chain. As a result, it will be monitored in this context and reported on.

In March 2015, the PRO PLANET Board of Advisers, in which many NGOs are represented, reviewed and approved the findings. Afterwards, the materiality analysis was discussed and approved by REWE Group’s Sustainability Strategy Committee chaired by the member of the Management Board Manfred Esser.

Relevance from the Perspective of Internal and External Stakeholders





Classification of Key Issues in GRI Aspects

GRI 102-47: List of material topics

GRI 102-49: Changes in reporting

A reclassification of the aspects to be reported was done for REWE Group's Sustainability Report 2015/2016. This work considered the fact that a comprehensive **strategy process** was conducted for REWE and PENNY in 2016. During this process, the topics of sustainability commitment were reworked in terms of stakeholder expectations and social development. To address the results in the reporting, new aspects like animal welfare, more sustainable procurement, Green Buildings and biodiversity were added as part of a comparison.

Topics of the stakeholder survey, partially combined	Classified GRI Aspects
Green Products	
<ul style="list-style-type: none"> • More sustainable products and services • Expansion of regional product ranges • Expansion of the organic product range • Certificates and labels 	Procurement practices (GRI 204)
<ul style="list-style-type: none"> • Responsibility in the supply chain • Social standards in the supply chain • Human rights in the supply chain • Environmental standards and climate protection in the supply chain 	Supplier social assessment (GRI 414), human rights assessment (GRI 412), supplier environmental assessment (GRI 308)
Product quality and safety	Customer health and safety (GRI 416)
Responsible handling of farm animals	Animal welfare (FP10)
<ul style="list-style-type: none"> • Consumer information on sustainability • Transparency and traceability • TTransparent marketing 	Marketing and labeling (GRI 417)
Biodiversity	Biodiversity (GRI 304)
Energy, Climate and the Environment	
Conservation of resources	Materials (GRI 301), Green Building (REWE Annual Report)
Climate protection	Emissions (GRI 305)
Energy efficiency	Energy (GRI 302)
Water	Water (GRI 303)
More sustainable logistics	Energy (GRI 302), emissions (GRI 305)
Waste management	Effluents and waste (GRI 306)

More sustainable packaging	Materials (GRI 301)
Employees	
Fair working conditions	Employment (GRI 401), labor/management relations (GRI 402)
<ul style="list-style-type: none"> • Education and training programmes • Sustainability awareness of employees 	Training and education (GRI 404)
Health management and occupational safety	Occupational health and safety (GRI 403)
Life-phase-oriented personnel policies	Employment (GRI 401)
Diversity and equal opportunity	Diversity and equal opportunity (GRI 405), non-discrimination (GRI 406)
Social Involvement	
Consumer information and sustainability training	Indirect economic impacts (GRI 203)
Promotion of healthy diets and exercise	Indirect economic impacts (GRI 203)
Education and personal growth of children and adolescents	Indirect economic impacts (GRI 203)
Support of non-profit organisations	Indirect economic impacts (GRI 203)
Fight against child prostitution and violence against minors at holiday destinations	Local communities (GRI 413)
Company Management	
Sustainability in company management	GRI Standard disclosures
Integrity and compliance	<ul style="list-style-type: none"> • Anti-corruption (GRI 205) • Public policy (GRI 415) • Socioeconomic compliance (GRI 419) • Customer privacy (GRI 418)
Fair business relationships	Anti-competitive behaviour (GRI 206)
Dialogue	GRI Standard disclosures
Business performance	Economic performance (GRI 201)

GRI 102-48: Restatements of information

Restatements of information were made in the indicator GRI 301.



Stakeholder Dialogue

Stakeholder Dialogue

GRI 102-40: List of stakeholder groups

GRI 102-42: Identifying and selecting stakeholders

GRI 102-43: Approach to stakeholder engagement

GRI 102-44: Key topics and concerns raised

Approach by REWE Group

The stakeholder groups that are relevant to REWE Group were determined as part of the sustainability strategy developed in 2008. The list is constantly modified on the basis of intense discussions in such places as the REWE Dialogue Forums, Sustainability Weeks, the PRO PLANET Board of Advisers and stakeholder surveys. The key stakeholder groups with which the company conducts a dialogue are suppliers, consumers, business partners, political leaders, government authorities, the academic community and non-government organisations (NGOs) as well as its own employees, the Works Council, managers and independent retailers. During the reporting period, REWE Group performed stakeholder mapping to gain an overview of relevant NGOs in the areas of social issues, the environment, consumers, animal welfare, climate protection, conscious eating and emergency assistance. The results flow into the planning of stakeholder communication activities.

Stakeholders	Form of Involvement
Customers	Dialogue forums Online platform Utopia.de, social media Sustainability Weeks Customer satisfaction surveys Market research Kundenservice
Employees	Dialogue forums Internal communications Employee survey Sustainability Weeks
Partner retailers	Dialogue forums Joint projects Committee issue experts partner retailers
Suppliers	Dialogue forums Communication of guidelines Joint projects
Business partners	Communication of guidelines
Political leaders	Dialogue forums Membership in trade associations Offices in Berlin and Brussels
NGOs	Dialogue forums Continuous discussions PRO PLANET Board of Advisers Strategic partnership with the environmental group NABU (since 2015)
The academic community	Dialogue forums University partnerships Execution of studies
Media	Dialogue forums Answers for journalists' queries Blogger events (including visits to producers) Sustainability Weeks

Formats of Stakeholder Dialogues

As a trade, travel and tourism company with millions of customer contacts each day, REWE Group has both a special opportunity and an obligation to lead sustainability out of its niche existence. Important momentum is generated during direct and personal conversations with a range of stakeholders. In this activity, REWE Group views itself as an idea generator at events, podium discussions and talks. It shares the experience it has gained in sustainability activities during these discussions. The holding areas are responsible for the institutionalised dialogue with stakeholders and communications with leading media and the trade press. They create umbrella brand campaigns and measures, including the company's own sustainability label PRO PLANET.

In 2010, REWE Group began to hold dialogue forums where it can have a personal, candid and intense discussion with stakeholder groups. These forums also consider how trade and industry can encourage customers to become more sustainable consumers. In 2015 and 2016, about 500 people attended two dialogue forums. In 2015, about 270 people came to the forum "The Future of Sustainable Consumption". In 2016, about 200 people were invited to the dialogue forum that was held as part of REWE Green Days 2.0. These individuals included representatives of political groups, NGOs, the academic community and industry as well as REWE Group employees and customers. The topics discussed included the UN Sustainable Development Goals, protection of the seas, packaging and plastic, food waste, work/life balance, animal welfare and the future of sustainable consumption (for more information, see dialog.rewe-group.com). The stakeholders' central concerns were discussed on site. They will shape the refinement of REWE Group's sustainability strategy. Expert dialogues on specific topics were also held throughout the year.

One key organisational unit of the stakeholder dialogue is the PRO PLANET Board of Advisers. This board serves as a professional and technical adviser who supports the activities of REWE Group and is consulted about communications issues (see GRI 204: **Procurement Practices**).

Strategic Partnership with NABU

In 2015, REWE Group set up a strategic partnership with the environmental group Naturschutzbund Deutschland e.V. (NABU). In doing so, it intensified a working relationship initiated in 2009. As a result of the change, the two parties' joint project work has been expanded to specific areas of cooperation, including protection of the seas, plastic bags, protection of forests, paper, conservation of resources and the fostering of biological diversity. In working groups and strategy workshops, NABU and REWE Group develop roadmaps leading to the achievement of jointly defined sustainability goals. A key aspect of the partnership is a constructive, but critical discussion that is conducted both on the work level and between the CEO of REWE Group and the president of NABU. As a result of these discussions, NABU has become an important idea generator for the refinement of the sustainability strategy.

Customer and Employee Communications

The sales lines conduct communications with customers by doing such things as discussing sustainability in weekly fliers, on their websites and during Sustainability Weeks. The Sustainability Weeks are held annually and raise consumers' awareness levels about more environmentally and socially acceptable products by taking individual steps.

In addition, all employees are informed, stimulated and energised about the issue. And there is a clear reason for this: Employees serve as the interface with customers and suppliers. As a result, they play the role of sustainability partner and become a key competitive factor. To bolster this effort, the concept of sustainability ambassador was developed. The aim is for the ambassadors to communicate sustainability issues in stores, develop their own ideas and excite customers and other employees for the topic. As part of their jobs, ambassadors answer questions raised by customers and colleagues and can demonstrate in the stores themselves the sensible and positive aspects of sustainability.



Report Profile

GRI 102-50: Reporting period

REWE Group's Sustainability Report 2015/2016 covers business years 2015 and 2016 (1 January 2015 to 31 December 2016).

GRI 102-51: Date of most recent previous report

REWE Group's Sustainability Report 2013/2014 was released on 30 September 2015.

GRI 102-52: Reporting cycle

REWE Group has been issuing a comprehensive sustainability report every two years since 2009.

GRI 102-53: Contact point for questions regarding the report

A broad range of experts from different units at REWE Group contributed to this sustainability report. They work on sustainability in various departments, countries and subject matter areas. The Corporate Responsibility Department led by Nicola Tanaskovic is responsible for preparing the report and serves as the contact partner for all questions related to it:

E-Mail: nachhaltigkeit@rewe-group.com

Telephone: +49 221 149-1791

Editorial Note: In the interest of readability, the entire report speaks only of employees, customers, participants, etc. All references to persons are to be understood to be gender-neutral, even if they are not given in a gender-neutral form.

GRI 102-54: Claims of reporting in accordance with the GRI Standards

This Sustainability Report has been prepared in accordance with the GRI Standards: Core option.

GRI 102-55: GRI Content Index



Disclosures

Link

Organizational Profile

GRI 102-1: Name of the organization	REWE Group Portrait
GRI 102-2: Activities, brands, products, and services	REWE Group Portrait
GRI 102-3: Location of headquarters	REWE Group Portrait
GRI 102-4: Location of operations	REWE Group Portrait
GRI 102-5: Ownership and legal form	REWE Group Portrait
GRI 102-6: Markets served	REWE Group Portrait
GRI 102-7: Scale of the organization	REWE Group Portrait
GRI 102-8: Information on employees and other workers	Employee Structure
GRI 102-9: Supply chain	Supply chain
GRI 102-10: Significant changes to the organization and its supply chain	REWE Group Portrait
GRI 102-11: Precautionary Principle or approach	Risk Management
GRI 102-12: External initiatives	Initiatives and Memberships
GRI 102-13: Membership of associations	Initiatives and Memberships

Strategy

GRI 102-14: Statement from senior decision-maker	Statement Lionel Souque
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Ethics and integrity

GRI 102-16: Values, principles, standards, and norms of behavior	Ethics and Integrity
GRI 102-17: Mechanisms for advice and concerns about ethics	Ethics and Integrity

Governance Structure

GRI 102-18: Governance structure	Sustainability Strategy
GRI 102-19: Delegating authority	Sustainability Strategy
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	Sustainability Strategy
GRI 102-21 Consulting stakeholders on economic, environmental, and social topics	Sustainability Strategy

Stakeholder Engagement

GRI 102-40: List of stakeholder groups	Stakeholder Dialogue
GRI 102-41: Collective bargaining agreements	Employee Structure
GRI 102-42: Identifying and selecting stakeholders	Stakeholder Dialogue
GRI 102-43: Approach to stakeholder engagement	Stakeholder Dialogue
GRI 102-44: Key topics and concerns raised	Stakeholder Dialogue

Reporting practice

GRI 102-45: Entities included in the consolidated financial statement	Materiality
GRI 102-46: Defining report content and topic Boundaries	Materiality
GRI 102-47: List of material topics	Materiality
GRI 102-48: Restatements of information	Materiality
GRI 102-49: Changes in reporting	Materiality
GRI 102-50: Reporting periode	Report Profile
GRI 102-51: Date of most recent report	Report Profile
GRI 102-52: Reporting cycle	Report Profile
GRI 102-53: Contact point for questions regarding the report	Report Profile
GRI 102-54: Claims of reporting in accordance to the GRI Standards	Report Profile
GRI 102-55: GRI content index	Report Profile
GRI 102-56: External assurance	Report Profile

Material Topics

GRI 201 Economic Performance 2016

GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Economic Performance
GRI 201-1: Direct economic value generated and distributed	Economic Performance
GRI 201-3: Defined benefit plan obligations and other retirement plans	Economic Performance

GRI 203 Indirect Economic Impacts 2016

GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Projects and Sponsorships
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GRI 203-1: Infrastructure investments and services supported	Projects and Sponsorships
GRI 203-2: Significant indirect economic impacts	Projects and Sponsorships
GRI 204 Procurement Practices 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	More Sustainable Product Range
GRI 204-1: Proportion of spending on local suppliers	Regional Products
FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy	Raw materials
FP2: Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Organic and PRO PLANET
GRI 205 Anti-Corruption 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 205-1: Operations assessed for risks related to corruption	Compliance
GRI 205-2: Communication and training about anti-corruption policies and procedures	Compliance
GRI 205-3: Confirmed incidents of corruption and actions taken	Compliance
GRI 206 Anti-competitive Behavior 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Compliance
GRI 301 Materials 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Materials
GRI 301-1: Materials used by weight or volume	Materials
GRI 301-2: Recycled input materials used	Materials
GRI 302 Energy 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Energy
GRI 302-1: Energy consumption within the organisation	Energy
GRI 302-3: Energy intensity	Energy
GRI 302-4: Reduction of energy consumption	Energy
GRI 303 Water 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Water
GRI 303-1: Water withdrawal by source	Water
GRI 304 Biodiversity 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Biodiversity
GRI 304-2: Significant impacts of activities, products, and services on biodiversity	Biodiversity
GRI 305 Emissions 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Climate Protection
GRI 305-1: Direct (Scope 1) GHG emissions	Climate Protection
GRI 305-2: Energy indirect (Scope 2) GHG emissions	Climate Protection
GRI 305-3: Other indirect (Scope 3) GHG emissions	Climate Protection
GRI 305-4: GHG emissions intensity	Climate Protection
GRI 305-5: Reduction of GHG emissions	Climate Protection
GRI 305-6: Emissions of ozone-depleting substances (ODS)	Climate Protection
GRI 305-7: Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	Climate Protection
REW 1: Green Building	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Green Building
GRI 306 Effluents and Waste 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Waste
GRI 306-2: Waste by type and disposal method	Waste
GRI 307 Environmental Compliance 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 307-1: Non-compliance with environmental laws and regulations	Compliance

GRI 308 Supplier Environmental Assessment 2016

GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Environmental Standards in the Supply Chain
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	Environmental Standards in the Supply Chain
Animal Welfare	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Animal Welfare
GRI 401 Employment 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Employment
GRI 401-1: New employee hires and employee turnover	Employment
GRI 401-2: Parental leave	Employment
GRI 402 Labor/Management Relations 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Labor/Management Relations
GRI 402-1: Minimum notice periods regarding operational changes	Labor/Management Relations
GRI 403 Occupational Health and Safety 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Occupational Health and Safety
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational Health and Safety
GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation	Occupational Health and Safety
GRI 404 Training and Education 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Education and Training Programmes
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	Education and Training Programmes
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	Education and Training Programmes
GRI 405 Diversity and Equal Opportunity 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Diversity and Equal Opportunity
GRI 405-1: Diversity of governance bodies and employees	Diversity and Equal Opportunity
GRI 406 Non-discrimination 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Equal Treatment
GRI 406-1: Incidents of discrimination and corrective actions taken	Equal Treatment
GRI 412 Human Rights Assessment 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Social Standards in the Supply Chain
GRI 412-2: Employee training on human rights policies or procedures	Social Standards in the Supply Chain
GRI 413 Local Communities 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Child Protection
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	Child Protection
GRI 414 Supplier Social Assessment 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Social Standards in the Supply Chain
GRI 414-2: Negative social impacts in the supply chain and actions taken	Social Standards in the Supply Chain
GRI 415 Public Policy 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Public Policy
GRI 415-1: Political contributions	Public Policy
Disclosures	GRI 416 Customer Health and Safety 2016
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Link
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Customer Health and Safety
GRI 416-1: Assessment of the health and safety impacts of product and service categories	Customer Health and Safety
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of	Customer Health and Safety

GRI 418-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety
GRI 417 Marketing and Labeling 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Promoting Sustainable Consumption
GRI 417-1: Requirements for product and service information and labeling	Promoting Sustainable Consumption
GRI 417-3: Incidents of non-compliance concerning marketing communications	Promoting Sustainable Consumption
GRI 418 Customer Privacy 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Data Protection
GRI 418-1: substantiated complaints regarding concerning breaches of customer privacy and losses of customer data	Data Protection
GRI 419 Socioeconomic Compliance 2016	
GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	Compliance

GRI 102-56: External assurance

To ensure quality and credibility, REWE Group engaged the PricewaterhouseCoopers auditing firm to conduct a limited assurance review of this report. The reviewed sections of the report are identified by this symbol . The assurance review summarises the content and guidelines of the review as well as recommendations to the Management Board (see **Independent Assurance Report**). The input data of climate balance were also verified by the INFRAS AG and the Austrian Federal Environment Agency.



Economic Performance

GRI 201: Economic Performance

Management Approach (GRI 103-1, 103-2, 103-3)

The long-term business success of REWE Group is based on a cooperative structure that has given life to such company values as solidarity, unity and sustainability. The cooperative philosophy, the management culture that has arisen from it and the related long-term, cross-generational direction of the company create security and stability for all stakeholders, extending from members and employees to customers, suppliers and the entire socioeconomic environment. For this reason, the Supervisory Board, shareholders, retailers and the Management Board of REWE Group consider the long-range cooperative structure to be a guarantee of independence and self-determination.

REWE Group is determined to generate long-term business success and to conduct its business activities in an environmentally and socially conscious manner. This commitment is spelled out in the **Guidelines for Sustainable Business Practices** that apply to all employees and contract partners of REWE Group. In the Guidelines, the company expresses its determination to reduce greenhouse gas emissions generated by business processes, use renewable energy sources and conserve natural resources, among other actions. By developing socially and environmentally acceptable products and services as well as expanding its more sustainable product range, the company is also helping to minimise the negative impacts created by its business operations.

GRI 201-1: Direct economic value generated and distributed

In 2016, total external revenue of REWE Group – including revenue produced by independent retailers – grew from 51.59 billion euros in 2015 to 54.14 billion euros. Total revenue of REWE Combine was 45.64 billion euros in 2016 (for more information, see the **Annual Report 2016**, pages 11 and 13).

REWE Combine ¹		2016	2015	Change 2016/2015
Combine Revenue (from continuing operations)²	In billion euros	45,64	43,51	+4,9 % (+5,0 %*)
National Full-Range Stores	In billion euros	18,36	17,67	+3,9 %
International Full-Range Stores	In billion euros	8,47	8,16	+3,8 % (+4,4 %*)
National Discount Stores	In billion euros	7,20	7,04	+2,3 %
International Discount Stores	In billion euros	4,24	4,08	+4,1 % (+4,1 %*)
National Specialist Stores	In billion euros	2,09	2,12	-1,5 %
Travel and Tourism³	In billion euros	6,32	5,43	+16,5 %
Other⁴	In billion euros	0,70	0,60	+17,8 %
EBITDA from continuing operations	In million	2.003	1.493	+34,1 %

	euros			
EBITA from continuing operations	In million euros	997	616	+61,9 %
Annual profit	In million euros	463	383	+20,6 %
Cash flow (operating activities before working capital effects)	In million euros	1.701	1.500	+13,4 %
Investment⁵	In million euros	1.579	1.299	+21,6 %
Net debt without a finance lease	In million euros	135	397	-66,0 %

¹ Pursuant to IFRS.

² The revenue of Travel and Tourism was included here.

³ The reported revenue corresponds to the invoiced external revenue of Travel and Tourism at REWE Group.

⁴ The reported revenue was calculated on the basis of the revenue generated by the combine's headquarters, REWE production operations, IT, REWE Digital and EHA.

⁵ In property and intangible assets.

* Revenue development adjusted for currency effects.

GRI 201-3: Defined benefit plan obligations and other retirement plans

REWE Group Pension Fund

As a result of demographic change, supplemental retirement planning is becoming increasingly important. REWE Group understands this need. Through its REWE Group pension fund, it provides employees with a company pension scheme that is designed especially with the needs of retail employees in mind.

The REWE Group pension fund also provides benefits that are paid out in cases of invalidity and death in addition to the pension payments themselves. An employee may remain in the REWE Group's pension fund even if he or she leaves the company. In addition, REWE Group assumes liability for the funds paid into the system and supports employees with an employer-financed payment of up to 300 euros each year. The company provides a supplement of up to 15 per cent to employees' own contributions to the pre-tax deferred compensation scheme. REWE International AG offers a similar programme in Austria.

REWE Group Voluntary Pension Benefits

The benefits of the German government's basic pension scheme are limited to the so-called pension contribution assessment ceiling. The need to have a supplementary retirement plan is particularly high for employees with incomes that exceed this ceiling because the difference between their final salary and the highest basic pension entitlement of the government scheme can be very high. To address the needs of this target group, REWE Group offers its own retirement scheme model called "REWE Group Voluntary Pension Benefits". The benefit of this model is its tax-free contributions, which can include large amounts of employee-financed contributions through the pre-tax deferred compensation scheme. Outside Germany, special retirement schemes are offered because national social security and tax laws set the conditions for company pension plans.

Historic Pension Models

In addition to the active pension models described above, both defined-contribution and defined-benefit plans of employees who worked at companies that were acquired in the past are continued. They are also listed among pension provisions in the Annual Report if necessary.

In 2016, the fair value of the defined-benefit obligation (DBO) for the entire REWE Group was

624.7 million euros (in addition to 242.8 million euros of pension-like obligations 2015).

954.7 million euros (in addition to 245.8 million euros of pension-like obligations, 2015: 773.4 million euros and 225.8 million euros, respectively). You will find additional information in the REWE Group Annual Report 2016 starting on page 114.

Other Benefits:

Other employee benefits include voluntary special payments above the general pay scale and voluntary social benefits like survivor benefits and retirement allowances, the volume of which is listed as a component of “pension-like obligations”.

Voluntary special payments above the general pay scale by region, in euros

Sales line	Year	Euro
National Full-Range Stores	2014	24,013,501
	2015	24,549,464
	2016	25,029,640
International Full-Range Stores (Austria)	2014	-
	2015	-
	2016	-
National Discount Stores	2014	7,767,103
	2015	7,838,387
	2016	8,216,477
Discount Stores Austria	2014	-
	2015	-
	2016	-
National Specialist Stores	2014	2,597,927
	2015	2,569,898
	2016	2,655,272
National Travel and Tourism	2014	241,000
	2015	245,000
	2016	234,000
Other	2014	9,621,924
	2015	10,325,002
	2016	11,342,734
Total (area of application of the sustainability report)	2014	44,241,455
	2015	45,527,751
	2016	47,478,123

The 13th and 14th monthly salary payments (holiday pay and Christmas bonus) are covered by collective bargaining agreements in Austria and, as a result, do not constitute add-ons

Company pension scheme in euros, by region

Sales line	Year	Share of participants in the company pension scheme (of all eligible employees) in %	Contributions to the company pension scheme (employee + employer) in euros
National Full-Range Stores	2015	30.4	15,436,869
	2016	30.0	15,681,127
International Full-Range Stores (Austria)	2015	5.3	562,500
	2016	5.3	578,700
National Discount Stores	2015	31.1	6,656,524
	2016	30.0	5,626,192
Discount Stores Austria	2015	2.2	15,600
	2016	2.3	16,500
National Specialist Stores	2015	36.4	3,567,451
	2016	35.8	3,607,749
National Travel and Tourism	2015	61.9	5,329,000

	2016	63.3	5,487,000
Other	2015	51.9	12,690,172
	2016	54.6	15,391,763
Total (area of application of the sustainability report)	2015	26.4	44,258,116
	2016	26.2	46,389,031

Austria has had a company pension scheme for employees since September 2010. The company pension for managers in Austria is not included in the table.

Unlike for the Sustainability Report 2013/2014, contributions to the company pension scheme (employee and employer) contain contributions to voluntary pension benefits in addition to contributions to the pension fund.



Compliance

GRI 205: Anti-corruption

GRI 206: Anti-competitive Behaviour

GRI 307: Environmental Compliance

GRI 419: Socioeconomic Compliance

Combined Management Approach (GRI 103-1, 103-2, 103-3)

Violations of regulations can have personal consequences (including claims for damages or criminal charges) for individual employees or board members of REWE Group. This, in turn, could hurt the image of companies in REWE Group. A trade and tourism company faces particular compliance risks in the areas of price-fixing, the exercise of market power against suppliers and personal gain. For this reason, integrity and fairness in business transactions as well as in interaction with others are important fundamental principles in the mission statement of REWE Group. With the **code of conduct** of REWE Group, the company has defined standards of behaviour that are obligatory for all individuals who work on behalf of REWE Group.

An anti-corruption system was introduced in 2007. As part of this effort, various codes of conduct were implemented for managers and employees. In addition, an internal anti-corruption officer and an external ombudsman were appointed. In February 2009, REWE Group named a chief compliance officer. And, in June 2010, the Corporate Department of Governance & Compliance began to combine and coordinate the activities of REWE Group. Since 2011, the department has been supported in its work by decentralised compliance officers in the respective business units and country companies. As part of an efficient compliance management system (CMS) drawn from the standard IDW PS 980, REWE Group has set up a compliance programme that comprises a number of preventive steps. Since mid-2011, regular compliance risk analyses have been conducted with the goal of developing further preventive measures. Training for employees and special rules governing ways to handle gifts made to top executives or purchasing departments are also included. In 2015, the CMS was submitted to an external readiness check by a highly respected auditing firm. As a follow-up step, the CMS has been reviewed on the basis of the recognised audit standard (PS 980) of the Institute of Public Auditors in Germany since 2016. The objective of the audit is to continuously improve the existing system. As part of this effort, the new organisation of policy management at REWE Group was added to the Corporate Department of Governance & Compliance. In January 2016, work began in particular to reformulate compliance-relevant combine policies as part of the restructuring. The project will be completed in 2018.

Formal complaints can be addressed to a number of different departments at REWE Group, including management, compliance, quality management and purchasing. They can also be sent directly to the stores themselves.

Legal violations have not been comprehensively and centrally tracked by REWE Group. For this reason, no assurances can be given regarding the completeness of the information in the following categories.

GRI 205-1: Operations assessed for risks related to

GRI 205-1: Operations assessed for risks related to corruption

With the help of an IT-supported tool, corruption risks are systematically recorded and evaluated in REWE Group. Appropriate measures are then developed on the basis of this information. This represents complete coverage of strategic business units, both national and international. “Commercial bribery” was identified as a key corruption risk in the business areas of purchasing and logistics.

On the basis of a compliance risk analysis in 2012, the focal point addressed during the reporting period was refinement and implementation of appropriate risk management measures. As part of the integration projects Governance Risk & Compliance (GRC), business operation risks and compliance risks were jointly collected, evaluated according to the same criteria and integrated into a group-wide system solution (for more information about risk management, see the **REWE Group Annual Report 2016**, pages 24–29).

GRI 205-2: Communication and training about anti-corruption policies and procedure

In 2013, a mandatory e-learning course called “Compliance Basics” was rolled out across Germany for all administrative employees. The course focused on the correct approach to gifts (anti-corruption). The course was voluntary for top executives. In addition, classroom training and advisory sessions were conducted in 2015 and 2016 for areas susceptible to corruption like purchasing and expansion (national/international). In-depth compliance training for members of the Supervisory Boards of leading companies of REWE Group was offered as well. The training concept applies a risk-focused approach that calls for training to be held on a regular basis. As a result, nearly all relevant employees will have received the training within a period of two years to three years.

REWE Group has been providing information about compliance, particularly tip-off management, on its website since 2013. Its code of conduct can also be downloaded. Every employee of REWE Group can find basic compliance information in the intranet and in various team rooms.

The total number of employees who have undergone anti-corruption and procedure training of the organisation.

	2015		2016	
	Non-managerial level	Managerial level	Non-managerial level	Managerial level
	Total	Total	Total	Total
National Full-Range Stores	442	55	201	16
International Full-Range Stores	588	27	1,929	621
National Discount Stores	72	8	117	19
International Discount Stores	1,327	112	1,750	16
Specialist Stores and Partnerships	64	2	33	9
Travel and Tourism	145	64	506	15
Other	490	200	461	93
Total	3,128	468	4,997	789

GRI 205-3: Confirmed incidents of corruption and actions taken

Whistleblower tips received by compliance officers are systematically compiled in the compliance tip tool. They are then reviewed and forwarded to the appropriate department, in particular auditing. This department examines the allegations and reports the results and measures to be taken as a

result to the Corporate Department of Governance & Compliance. It is the responsibility of the operative units to implement these measures, which can involve such matters as labour or criminal issues. In 2015, three significant tips about corruption were received by Governance & Compliance. Two were submitted in 2016. Each case involved “commercial bribery”. Labour-law disciplinary steps were taken in each case. REWE Group protects the names of whistleblowers and affected individuals as part of its tip-off management system.

Together with decentralised compliance officers, the Corporate Department of Governance & Compliance holds annual workshops for the purpose of modifying the compliance programme and implementing preventive measures to minimise compliance risks.

GRI 206-1: Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

REWE Group does not report legal actions or the results of such actions as this information is subject to confidentiality obligations.

GRI 307-1: Non-compliance with environmental laws and regulations

REWE Group does not provide disclosures about non-compliance with environmental laws and regulations as this information does not have the necessary level of quality available throughout the combine. In addition, no plans exist to gather this information in future as the effort to acquire the data is not proportional to the benefits obtained from gathering it.

GRI 419-1: Non-compliance with laws and regulations in the social and economic area

REWE Group does not provide disclosures about non-compliance with laws and regulations as this information does not have the necessary level of quality available throughout the combine. In addition, no plans exist to gather this information in future as the effort to acquire the data is not proportional to the benefits obtained from gathering it. We report on legal risks on page 28 and the following in the **Combined Management Report** for the 2016 business year and disclose the other provisions for court, litigation and legal consulting costs in note 34 on page 119.



Public Policy

GRI 415: Public Policy

Management Approach (GRI 103-1, 103-2, 103-3)

To support future-oriented economic, nutritional and environmental policies, REWE Group conducts a dialogue with political leaders on various levels. The company maintains offices in Berlin and Brussels that serve as platforms for dialogue and discussions with key stakeholders for trade, travel and tourism as well as REWE Group. REWE Group excludes no one who shares its values and principles from this dialogue. During the reporting period, a number of background meetings and events were held. Invitations to these meetings were extended to many different leaders from a range of parties. The topics of sustainability, local supply and healthy diets were addressed in a number of events. Representatives of REWE Group also met with officeholders and officials from government authorities to inform them about relevant issues and to explain the company's interests. Representatives of REWE Group also served as speakers and discussion partners at events that were organised by government authorities, political parties and trade associations and that explored political and social issues that apply to REWE Group.

Donations made to parties or political groups, elected representatives, government authorities, churches and other religious groups must be approved by the Management Board member responsible for the particular area and the Chief Compliance Officer of REWE Group. Every donation must comply with legal regulations and regulatory guidelines at REWE Group, including the code of conduct.

GRI 415-1: : Political contributions

REWE Group-Combine conducted no political party sponsoring during the reporting period. In 2016, REWE Group joined a Social Democratic business group, Wirtschaftsforum der SPD e.V., and a Christian Democratic Union business group, Wirtschaftsrat der CDU e.V. The annual dues for both memberships are about 33,000 euros.



Data Protection

GRI 418: Customer Privacy

Management Approach (GRI 103-1, 103-2, 103-3)

As a matter of principle, the companies of REWE Group handle personal data confidentially. REWE Group secures these data in accordance with current legal requirements. REWE Group has made this practise a high priority, particularly in light of the growing online business being conducted by its sales brands.

Every data protection inquiry that is submitted to the companies of REWE Group by customers or oversight authorities is documented, reviewed and processed. Data protection officers (DPO) (eight DPOs for 58 companies in 2016) address legally compliant approaches to personal data and the processing programmes that have been put into place regarding it. In addition, they work on the modification of company-specific data protection and data security measures and advise organisational units and departments. The data protection officers report directly to the top management level of the companies or to the Managing Board of REWE Group.

Important areas addressed during the reporting period on the basis of the work put into them were:

- The use of external IT service providers as part of contract data processing and
- Video surveillance in stores that is subject to prior checking by the DPOs.

The EU General Data Protection Regulation (EU-GDPR) that took effect in 2016 requires REWE Group to take a range of steps, including the reformulation of existing policies, training documents and templates. Specifically, this work will involve expanded documentation and information requirements, privacy impact assessments and the right of affected individuals to information, correction, deletion and data portability. REWE Group is preparing to implement the requirements of the EU regulation on data protection with external support. The work is scheduled to be completed by May 2018.

GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data

During the reporting period of 2015/2016, seven justified complaints (one authorised by the organisation and six by supervisory authorities) related to data protection violations at companies in REWE Group were filed. But none of these cases involved data leaks, data theft or data losses. Six complaints were filed during the same period at REWE Group in Austria.

The allegations made in the complaints are analysed, technical or organisational processes are changed where necessary and the complaining party – either an affected individual or supervisory authority – is notified about the findings and potential measures to be taken as a result.



Green Products

Pillar of Sustainability: Green Products

The concept of sustainability has entered the mainstream of society. It is reflected in both dietary and consumption behaviour as well as in the selection of holiday destinations. Recent surveys have found that about two-thirds of Germans buy organic products on occasion at the very least (source: German Ministry of Food and Agriculture: Environmental Barometer 2017; the German Environmental and Protection Agency: Attitudes About the Environment in Germany 2016). In addition, more than one-third of Germans want to take more sustainable trips (source: German Ministry of Environment, Nature Conservation, Building and Nuclear Safety: Travel Analysis 2014). More and more people are interested in knowing how their actions impact society and the environment. In particular, they want to know that products and services are made or offered under good working conditions and that the environment is not damaged in the process. Nonetheless, one principle still applies: Sustainability is never the sole criteria used to take a decision. Quality and the price are just as important. At the same time, consumers interpret the term “sustainability” in different ways. Some define it as protecting nature and the environment. Others view it from the perspective of social conditions and animal welfare.

REWE Group intends to address these needs and excite growing numbers of people about more sustainable products and services. REWE Group considers sustainability to be a part of its business strategy, an area that contributes to the company’s success in business and serves as a major driver of growth. The focal points of the strategic objective of the pillar Green Products are:

1. Creating more sustainable product ranges
2. Improving social and environmental standards in the supply chain
3. Promoting the consumption of more sustainable products and services

Strategic Approach

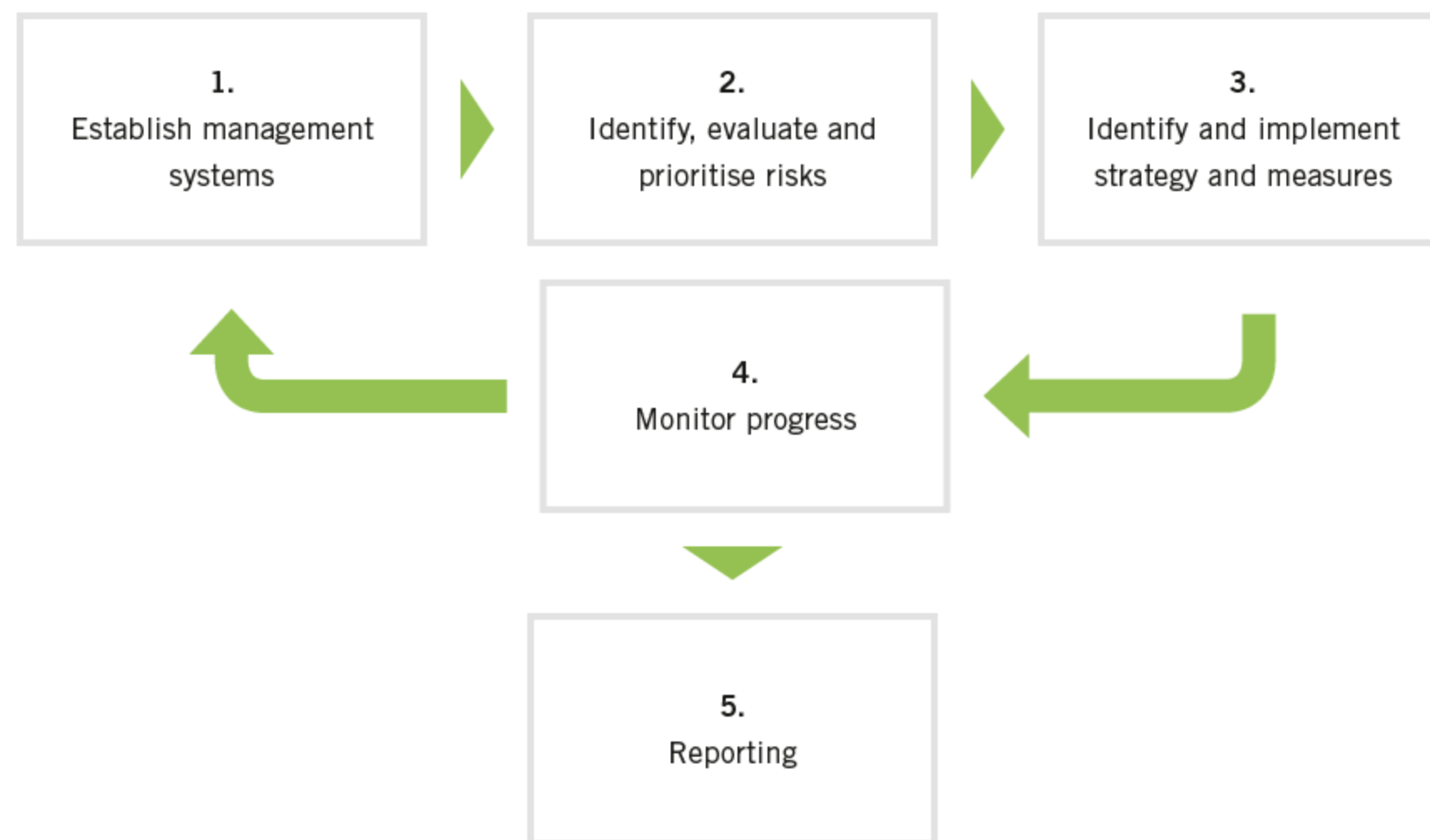
In Germany, REWE Group takes a due-diligence approach that is based on OECD guidelines for responsible agricultural supply chains and combines the activities of the pillar Green Products into a five-step process:

1. **Management Systems:** Sustainability is an integrated component of regular business processes. The aim is for sustainability aspects to be considered in every purchasing decision.
2. **Risk Analysis:** REWE Group continuously analyses social and environmental risks in the supply chains of its products. As part of this activity, the company conducts hot spot analysis and works closely with stakeholders, including the PRO PLANET Board of Advisers and dialogue forums. REWE Group substantially expanded this effort in 2016 and 2017. In one aspect of these activities, it conducted formalised risk analysis for food and non-food store-brand products that covered all key product groups. As a result, sustainability risks could be evaluated and prioritised on the basis of product clusters.
3. **Strategy:** The findings of the analysis are used to develop recommended courses of action and measures, including a range of instruments that have proven themselves under real-world business conditions. These programmes include the sustainability label PRO PLANET for the

business conditions. These programmes include the sustainability label PRO PLANET for the store-brand products sold by REWE Group, the company's own guidelines for numerous raw materials and certifications from independent organisations to ensure that sustainability standards are being met. In terms of holistic solutions and general standards, REWE Group plays an active role in industry initiatives, some of which it has launched itself.

4. **Review:** Audits and goal verification of the guidelines are used to measure progress. The effectiveness of measures is also regularly reviewed.
5. **Reporting:** To provide transparency to stakeholders, REWE Group reports about the programmes and results of its sustainability activities. In addition to the sustainability report, this work includes the PRO PLANET website and the REWE Group's homepage.

Due diligence process of REWE Group



The following areas of action have been defined for the pillar Green Products: “expansion of sustainable product ranges”, “social standards in the supply chain”, “product quality and safety” and “biodiversity”.

The areas of action for food retail in Germany were recalibrated as part of the strategic process for sustainability in 2016. The new areas of action were redefined as: “fairness”, “diet”, “labour and social standards” and “animal welfare and environmental protection” (for more information, see the [chapter Strategy](#)).

The project group Green Products has been led by Jan-Peer Brenneke (Managing Director for Store Brands Purchasing & Development national / international) since 2016.

Key Performance Indicators (KPI)

As a way of measuring the progress being achieved in the pillar Green Products, REWE Group defined key performance indicators (KPIs) in 2010:

KPI 1 : Expanding the number of more sustainable store-brand and branded products

KPI 2 : Boosting the number of non-food suppliers with social audits (BSCI) from developing countries to 85 per cent by 2015

The central components of the first KPI are the number of organic, regional and PRO PLANET products in the assortment. Since 2010, this area has grown without exception. The number of PRO PLANET products in Germany has risen from 256 in 2010 to 957 in 2016. At the same time, the share of REWE organic products climbed from 2.8 per cent in 2010 to 4.2 per cent in 2016 (measured by sales value).

For the second KPI, the total reached 85 per cent in 2014 and then hit 99.4 per cent in 2015

For the second KPI, the total reached 95 per cent in 2014 and then hit 99.4 per cent in 2019.
As part of the company's strategy process, the KPIs are currently being reviewed and modified.

Sustainable Development Goals

The activities conducted in the pillar Green Products also focus on the global goals of sustainable development. During the reporting period, REWE Group measured its sustainability strategy against the Sustainable Development Goals (SDGs). It then identified and prioritised the SDGs that are relevant to the company (see the [chapter Strategy](#)). Three of the highest-priority SDGs apply to the pillar Green Products: SDG 12: responsible consumption and production, SDG 15: life on land, SDG 14: life below water.

Reporting

The GRI report contains all measures, data and topics related to the pillar Green Products:

- [GRI 204: Procurement Practices](#)
- [GRI FP10: Animal welfare](#)
- [GRI 304: Biodiversity](#)
- [GRI 308: Supplier Environmental Assessment](#)
- [GRI 414: Supplier Social Assessment](#)
- [GRI 417: Marketing and Labeling](#)



More Sustainable Product Range

GRI 204: Procurement Practices

Management Approach (GRI 103-1, 103-2, 103-3)

Expanding its sustainable product range is one of REWE Group's major strategic goals. In striving to achieve this goal, the company focuses on improving the social and environmental aspects of its products and services and on positively influencing value chains. As part of these efforts, REWE Group helps to protect and sustainably use the natural basis of life.

REWE Group works closely with its suppliers in the process and continuously refines the environmental and social requirements for its product ranges. Step by step, sustainability is joining freshness, quality and price as an important factor in the shopping process. The expansion of sustainable product ranges must be in line with demand by customers. REWE Group focuses its activities on its store brands, for which it plays a key role in product design. In systematically working to achieve its goals, REWE Group in Germany has developed a strategic approach that bundles the different approaches used for the pillar Green Products (see the [Management Approach Green Products](#)).

The following text outlines the relevant approaches being taken to create sustainable product ranges:

- Expansion of organic and regional assortments
- The PRO PLANET label for store-brand products
- The definition of guidelines and more sustainable procurement practices for raw materials
- The strengthening of more sustainable branded products
- Activities in industry initiatives.

More information about collaboration with suppliers is available in the standards

- [GRI 414: Supplier Social Assessment](#) and
- [GRI 308: Supplier Environmental Assessment](#).

Organic and Regional

REWE Group continuously works to expand the organic product ranges of its sales lines. With the [Guideline for Ecological Products](#) it approved in 2014, REWE Group formulated requirements for suppliers and companies that exceed organic standards like the EU organic farming label in many cases. More than 150 organic products sold by the REWE sales line are subject to the significantly stricter criteria of the farming organisation Naturland.

In addition to organic products, local and regional suppliers play an important role at REWE Group. To consumers, this group of suppliers represents freshness, short transport distances, trustworthy production and support of local economies. REWE Group has markedly expanded its regional product range in recent years. The foundation of this effort is formed by long-term relationships of the REWE sales line with suppliers and direct marketers in the region as well as transparent,

attention-grabbing communication about the special quality of these products to consumers for example by introducing the brand REWE Regional.

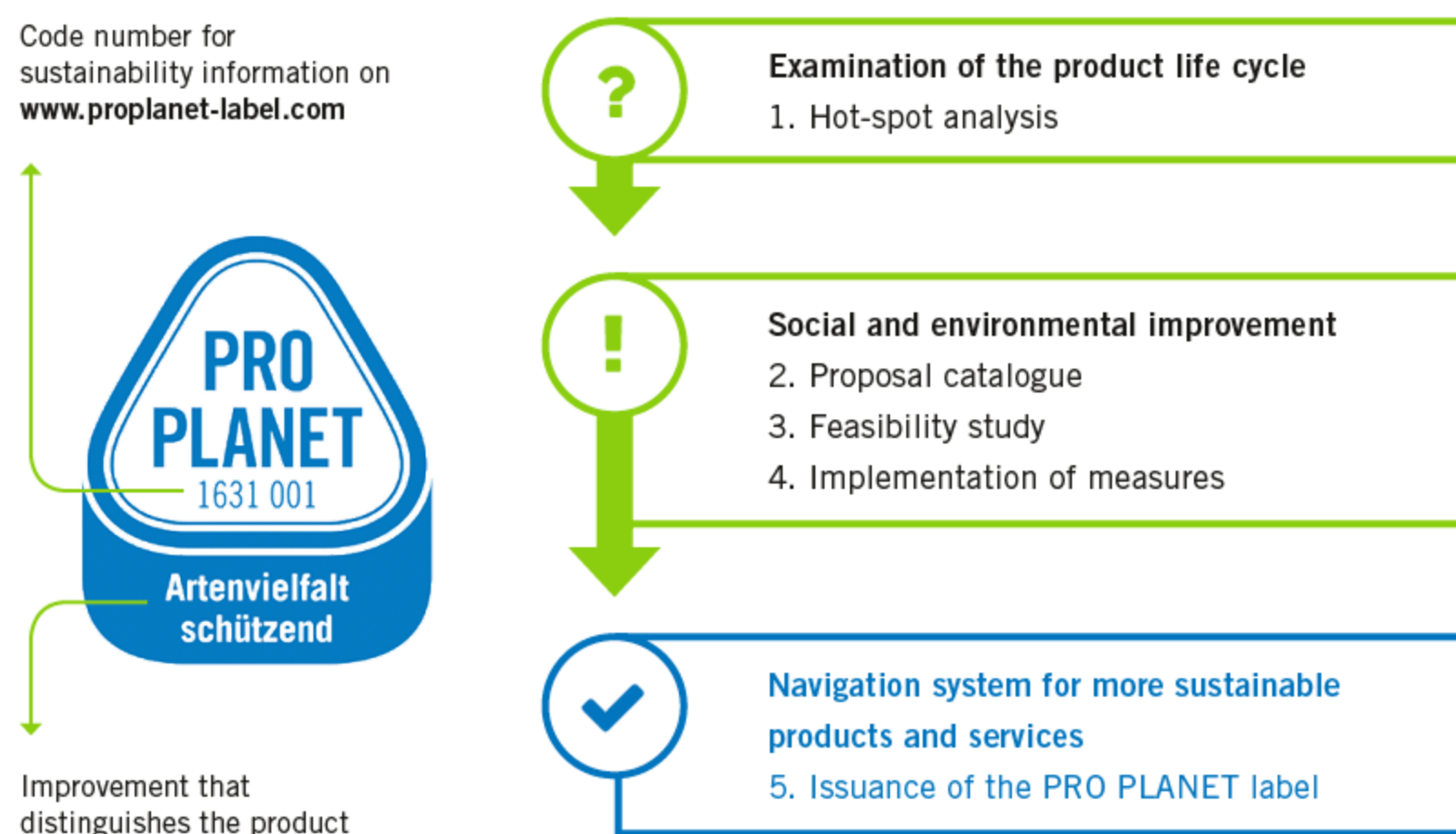
Information about the development of regional product ranges is available in [GRI 204-1](#) and about organic products in [GRI FP2](#).

PRO PLANET

PRO PLANET represents one major goal of REWE Group: to make conventional products in the mass market more sustainable and to promote sustainable consumption among the general public. As part of its broad Green Products strategy, the company has devised the PRO PLANET process: With the PRO PLANET label, REWE Group provides its customers with a comprehensible and transparent guide to more sustainable products. In the process, it promotes increased sustainability in production and processing through specific PRO PLANET projects.

As a rule, the PRO PLANET process can be applied to all products of REWE Group. A specially modified process has been developed for the DIY business to cover intricately produced items like LED lamps that are frequently part of complex value chains. All products sold under the PRO PLANET label in DIY stores must go through this process or the original PRO PLANET system.

The PRO PLANET process of REWE Group



Every PRO PLANET process begins with careful analysis in which independent experts examine the entire life cycle of the selected product group. This analysis can identify problematic social or environmental impacts (hot spots). Product- and raw-material-related recommendations are developed for significant hot spots. These recommendations are carried out following a successful feasibility study during PRO PLANET projects. As an alternative, an existing label can be applied if the hot spot can be reduced or eliminated with it. The product will then bear both labels. For instance, store-brand chocolate bears both the PRO PLANET label and the UTZ label for sustainable cocoa, a seal based on conservation of resources and social criteria. If existing standards do not eliminate the hot spot, further steps must be taken before the PRO PLANET label is awarded.

The entire process is supported by an independent group of stakeholders: The PRO PLANET Board of Advisers was set up in 2009. It consists of five NGO experts who contribute their knowledge and approve the issuance of the PRO PLANET label. The board's members get together up to six times a year during two-day meetings. In addition, REWE Group draws on the project-specific expertise of external partners during the issuance process.

The members of the PRO PLANET Board of Advisers during the reporting period were:

- Bernward Geier (COLABORA)
- Georg Abel (VERBRAUCHER INITIATIVE e.V.)

- Friedel Hütz-Adams (SÜDWIND e.V.)
- Dr Eick von Ruschkowski (NABU Bundesverband e.V.; replaced Florian Schöne, NABU Bundesverband e.V., in 2016)
- Barbara Studeny (Global 2000)

The label is designed to serve as a navigation system for more sustainable products. It provides information to customers about which hot spot was improved for each respective product. Additional information can be obtained by using a code number on the website www.proplanet-label.com. It describes the added value offered by PRO PLANET products and identifies the hot spots that were reduced or eliminated. The label applies for a period of three years. The product then must undergo a review before the label is issued again.

The following seals are among the established labels used in the PRO PLANET process: ASC, Cotton made in Africa, Blauer Engel (Blue Angel), Fairtrade, FSC®, MSC, PEFC™, Rainforest Alliance, UTZ Certified, GOTS and VLOG.

Information on the development of PRO PLANET products is found under [GRI FP2](#).

Guidelines of REWE Group

The guidelines of the REWE Group represent an important instrument in the work aimed at making the supply chains of critical raw materials more sustainable. In these guidelines, REWE Group sets standards covering the supply of raw materials like cocoa, palm oil and fish. It also establishes a deadline for the transition to more sustainable raw materials. REWE Group had approved the following guidelines by the end of 2016:

- **Guideline for Ecological Products** Defines standards for organic store brands that exceed the requirements of the EU organic farming label in many cases ([download](#)).
- **Guideline for Soy in Animal Feed:** Requires imported soybean meal to be non-genetically modified and calls for the examination of potential replacements with domestic protein sources as key requirements ([download](#)).
- **Guideline for Fish, Crustacean and Shellfish:** Defines standards for wild fish and fish from aquaculture, including demanding transparency criteria([download](#)).
- **Guideline for Natural Stone Products:** Defines an implementation framework for improving social and environmental standards in the production of natural stone ([download](#)).
- **Guideline for Palm Oil and Palm Kernel Oil Products:** Sets an implementation schedule for the transition to sustainable palm oil and defines requirements that go beyond established standards ([download](#)).
- **Guideline for Cocoa:** Defines requirements for the procurement of cocoa and sets a schedule for the transition to certified sources ([download](#)).
- **Mission Statement on Animal Husbandry of the Future:** Formulates fundamental principles and goals for implementing species-appropriate animal-husbandry practises ([download](#)).

Information on the status and goal achievement for the guidelines is available under [GRI FP1](#).

Sector Initiatives

Strategies that change entire sectors over the long term are required for many sustainability challenges in global value chains. This is why REWE Group plays an active role in sector initiatives and launches them itself on occasion. This multi-stakeholder approach is designed to include as many players as possible throughout value chains and to jointly create solutions that will lead to long-term positive developments throughout the supply chain.

[Forum for Sustainable Palm Oil](#)

REWE Group is an initiative partner of the Forum for Sustainable Palm Oil (FONAP) that was created in 2013. The forum's mission is to strengthen demand for certified palm oil and to bring about long-term changes in the palm oil sector as a result. Members of the forum have committed themselves to using only sustainably certified palm oil, palm kernel oil and their derivatives and distillates in their products. With the group's founding in November 2015, REWE Group became part of the forum's Steering Committee. It plays an active part in a working group that monitors and reviews the members' pledge and in a working group that is developing a project in producer countries.

German Initiative on Sustainable Cocoa

As a charter member of the multi-stakeholder initiative German Initiative on Sustainable Cocoa (GISCO), REWE Group joins other companies to support the PRO-PLANTEURS project, a joint, five-year cocoa programme being conducted in Côte d'Ivoire. The project strives to professionalise the work of 20,000 cocoa farmers, their families and producer organisations. The aim is to improve the lives of the families by boosting incomes and upgrading diets. The project is aimed in particular at women and young farmers with the goal of increasing the appeal of cocoa farming.

Textile Alliance

In June 2015, REWE Group joined the Alliance for Sustainable Textiles. The multi-stakeholder initiative was started in October 2014 and works to bring about social, environmental and commercial improvements throughout the textile supply chain. As part of this work, an action plan outlining the process for reaching the alliance's goals was approved. REWE Group is a member of the working group on chemical and environmental management, one of three professional committees in the group. As an alliance member, REWE Group has developed an ambitious roadmap for 2017 that contributes to the achievement of the organisation's objectives. In addition, all alliance members are working in 2017 to implement their individual goals and to release progress reports in 2018.

Futouris

DER Touristik joined Futouris, the sustainability initiative of the German travel and tourism industry, in 2015. The organisation's primary objective is to promote destinations over the long term by supporting environmental, biodiversity and corporate responsibility projects on behalf of society and culture. During the reporting period, DER Touristik was actively involved in three initiative projects: The industry project Sustainable Food developed guidelines for providers of tourism services to improve the range of sustainable food and beverages offered in holiday regions. Follow-up projects on the topics of food waste and communication with guests have been planned as well. The KAZA project is designed to develop a standard for sustainably operated lodges in the KAZA region of Africa (Kavango-Zambezi Transfrontier Conservation Area). The project Green Travel Transformation is working to raise awareness levels about sustainable travel opportunities (for more information about this project, see [GRI 417: Marketing and Labeling](#)).

Fruit Juice Platform

In June 2016, REWE Group became a member of the European Fruit Juice Platform and works to improve the social and environmental aspects of the industry's supply chain.

REWE Group also plays an active role in other initiatives and campaigns:

- The Business Social Compliance Initiative (BSCI) (for more information, see [GRI 414: Supplier Social Assessment](#)).
- Detox campaign for textile production without hazardous chemical (for more information, see [GRI 308: Supplier Environmental Assessment](#)).
- Bangladesh Accord on Fire and Building Safety (for more information, see [GRI 414: Supplier Social Assessment](#)).
- The Animal Welfare Initiative (for more information, see [GRI FP10: animal welfare](#)).

- Initiative Biodiversity in Good Company (for more information, see [GRI 304: Biodiversity](#)).
- German Association of Non-Genetically Modified Foods (Verein Lebensmittel ohne Gentechnik e.V., VLOG)

Branded Products

In addition to its store brands, REWE Group is also committed to more sustainable branded products. This pledge is reflected in the Sustainability Weeks held at REWE Group each year. During a defined period of time, the company focuses on more sustainable products in addition to organising participatory activities. A selection of these more sustainable branded products is offered each year as part of an online consumer voting campaign. REWE Group and the sustainability foundation Stiftung Deutscher Nachhaltigkeitspreis e.V. also present the German Sustainability Award in the category Germany's Most Sustainable Products (Food and Non-Food). The sustainable qualities of all products that are part of the voting are reviewed in advance by the Collaborating Centre on Sustainable Consumption and Production (CSCP) in Wuppertal, Germany. The jury of the German Sustainability Award then confirms them (for more information about Sustainability Weeks, see [GRI 417: Marketing and Labeling](#)).



Regional Products

GRI 204-1: Proportion of spending on local suppliers

REWE Group defines regional suppliers as those individuals who are included in one of various regional concepts. The regional assortments include a high percentage of fresh fruit and vegetable products that are sold in stores on a seasonal basis.

With the REWE Regional concept, a Germany-wide brand for regional products was created in 2012 as a way of clearly identifying these products. The region from which a product comes is shown on the packaging: as a politically defined area (i.e., a German state), a cultural region (i.e., the Franconia area of northern Bavaria) or a traditional cultivation region (i.e., the Altes Land area that straddles parts of Lower Saxony and Hamburg). Examples include sausage and eggs from North Rhine-Westphalia or Bavaria, apples from Altes Land and North Sea shrimp from Dithmarschen. The regional assortment performed very well during the reporting period. The number of products rose sharply, and revenue as measured by sales value jumped by more than 80 per cent from 2014 to 2016.

REWE Regional (Germany)	2014	2015 ✓	2016 ✓
REWE stores that sell REWE Regional items	3,369	3,445	3,532
Customer contacts ¹	65,580,860	76,190,402	105,371,626
Sales value (gross, in euros)	113,031,937	140,725,457	206,354,705
Number of products ²	262	314	465

¹ Customer contacts are based on scan totals for individual products.

² Applies only to products of which more than 200 items were sold.

Regionalfenster (Regional Window)

As another way of promoting regional products, REWE Group became a charter member of the Trägerverein Regionalfenster e.V. in 2012. Following a test phase in February 2013, REWE Group has been applying the group's regional window concept to selected products in PENNY and REWE stores since 2014. The label provides consumers with verified information about the origin of ingredients and the processing location. In this manner, the regional window creates transparency for customers that complements store-brand-specific information. At REWE, the number of regional window items rose from 216 in 2014 to 288 in 2016.

REWE Regionalfenster Items (Germany)	2014	2015 ✓	2016 ✓
Number of products ¹	216	260	288

¹ Applies only to products of which more than 200 items were sold/REWE.

PENNY expands the regional window to about 30 items when they are available in Germany. These products include cucumbers, carrots, asparagus and tomatoes that frequently come from one supplier per region. As a result, nearly all items produced in Germany are identified as regional window products. As an additional way of highlighting a product's origin, PENNY identifies regional fruit and vegetables by German state or agricultural or "pleasure region" like the Oldenburger

Münsterland area of northwestern Germany. Transparency about a product's origin is one part of PENNY's regionality pledge, a promise that also covers its commitment to freshness by employing short transport distances and promoting domestic producers.

In Austria, an array of regional concepts is also being employed. In 2010, the A+A label began to be used. It identifies products that are entirely produced and processed in Austria and that use only ingredients from Austria (a deviation of 2 per cent is permitted to address such issues as the use of spices). A+A is used in BILLA, Merkur and PENNY stores in Austria.

Regional Concept A+A (Austria)	2014	2015 ✓	2016 ✓
Stores that sell A+A products ¹	1,356	1,352	1,350
Customer contacts ²	942,984,781	1,016,435,302	1,042,598,403
Sales value (gross, in euros)	1,276,473,584	1,392,162,608	1,435,381,895
Number of products ³	5,086	5,881	5,945

¹ Only BILLA, Merkur and PENNY in Austria.

² Customer contacts are based on scan totals for individual products.

³ In 2014, only products that produce more than 100 euros in revenue annually and in 2015 and 2016 only products of which more than 1,000 items were sold

Since September 2014, another regional concept for fruit and vegetables has been used in the stores of BILLA, MERKUR and Sutterlüty. It is called "Da komm ich her" (I'm from Here). During the reporting period, the fruit and vegetable items sold on a seasonal and regional basis was expanded to 244. In 2016, 1,635 stores were part of the programme, and the products generated more than 80 million customer contacts.

Regional Concept "Da komm ich her" ¹ (Austria)	2015 ✓	2016 ✓
Customer contacts ²	61,169,000	80,025,000
Sales value (gross, in euros)	92,116,000	131,852,000
Number of products ³	214	223

¹ BILLA, Merkur and Sutterlüty in Austria.

² Customer contacts are based on scan totals for individual products.

³ Only products that produce more than 50 euros in revenue annually.

Under the PENNY store brand "Ich bin Österreich" (I'm Austria), products that are made according to typical Austrian recipes and contain only Austrian ingredients are sold. At the end of 2016, the range had 713 products, compared with 676 in 2015. The products generated total revenue of more than 130 million euros in 2016.

Local

When the word "local" is used, it refers to products that generally come from small suppliers or sellers of agricultural items who directly serve a regionally limited number of stores. To further boost the number of items produced locally, REWE Group has appointed locality officers. These officers establish contacts between REWE stores and local producers and suppliers. They also perform such jobs as attend locality conferences where suppliers can present their goods. During the reporting period, the number of locality officers rose from six to 12. One successful example of the promotion of local suppliers is the REWE Landmarkt (country store) concept in the Region Middle. Farmers in the central German organisation Vereinigung der Hessischen Direktvermarkter e.V. (VHD) sell their products under this name throughout the state of Hesse. At the end of 2016, 258 stores sold more than 2,900 Landmarkt items.

Landmarkt, Hesse (Germany)	2014	2015 ✓	2016 ✓
Stores that sell Landmarkt items	214	242	246
Customer contacts ¹	7,140,168	7,880,515	8,077,505
Sales value (gross, in euros)	21,745,718	24,170,486	26,428,966
Number of products ²	more than 2,800	more than 2,900	more than 2,900

¹ Customer contacts are based on scan totals for individual products.

In addition, some retailers have created their own regional product ranges. In the 13 REWE Richrath stores in the Cologne area, for example, consumers find a large number of products that bear the label “Wir aus der Region” (We from the Region).



Raw materials

GRI FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy

REWE Group continuously works to make its supply chains more social and environmentally conscious. In this effort, REWE Group draws on internationally recognised certification standards and formulates its own requirements as part of its guidelines and its PRO PLANET process. The following text outlines the approaches that the company takes to individual raw materials.

Palm Oil

The increased cultivation of palm oil is destroying peat forests and rainforests. In the process, the basis of local populations' lives is frequently being taken away, and the habitats of valuable species are being lost. The clearing of rainforests is also releasing huge amounts of CO₂.

Against this backdrop, REWE Group developed its **Guideline for Palm Oil and Palm Kernel Oil Products** at the beginning of 2011. The goal of this guideline is to use only more sustainably produced palm oil in all store-brand products. To achieve this objective, REWE Group primarily employs the certification standard developed by the Roundtable on Sustainable Palm Oil (RSPO), an organisation it joined in 2011. Four trade models are applied in supply chains for the purchase of certified palm oil. Each employs different requirements regarding the traceability of the raw material to the farm. With the help of all trade models, REWE Group has been able to use only certified palm oil since 2013. In Austria, REWE Group has been using only certified palm oil since 2014.

The objectives of the REWE Group guideline are part of a company pledge that the company signed in 2015 as a member of the Forum for Sustainable Palm Oil. The ambitious goals of this commitment are designed to facilitate the traceability of palm oil over the long term through compliance with defined supplemental criteria. This work also involves purchasing palm oil that is subject to the demanding trade model of segregation. In this process, sustainably produced oil is continuously separated from non-certified oil along the entire supply chain. In consideration of the individual goals for each palm (kernel) oil product, REWE Group attained a total achievement level of 99 per cent with all store-brand products in Germany in 2016. The requirements pose a special challenge to small suppliers with complex supply chain structures. For instance, some suppliers could not make the switch to the segregation trade model until 2016 because of the very complex and expensive work that goes into setting up separate product streams. This is particularly the case when a supplier switches only a small amount of his total production. REWE Group in Germany is working with its suppliers to achieve the last few per cent needed to achieve the goal. In Austria, REWE Group has made major strides in its effort to use certified palm oil. At the end of 2016, more than 50 per cent of products in the food and non-food area had been switched to segregation.

Cocoa

A major amount of global raw cocoa comes from Western Africa. It is work that is primarily done on small, family-run farms. Cocoa farmers have to battle difficult business conditions there and frequently live with their families below the poverty level. As a result, they lack investment funds and

generally have poor working conditions, which can also include exploitative child labour. In its **Guideline for Cocoa**, REWE Group formulated the goal of purchasing all raw cocoa supplies for its store brands from more sustainable farming structures by the end of 2015. This is assured by applying the standards Fairtrade, Fairtrade Sourcing Programme, Rainforest Alliance and UTZ. By the end of the deadline on 1 January 2016, REWE Group in Germany had raised its share of certified cocoa to 90 per cent. The share of certified cocoa climbed to 94 per cent in 2016. As a result, REWE Group has not achieved its target. The primary reason for this delay was the inability of some suppliers to meet transition deadlines. One major challenge involves switching small amounts of the total production to the certified product. REWE Group is continuing efforts to reach its 100 per cent goal and is working closely with its suppliers to ensure that this target is hit as quickly as possible. In Austria, REWE Group has more than 400 certified cocoa products among the store brands and branded items in its assortment.

REWE Group is also an initiative member of the German Initiative on Sustainable Cocoa (GISCO). The objective of this multi-stakeholder initiative is to improve living conditions of cocoa farmers and their families as well as to increase the production and marketing of sustainably produced cocoa.

Bananas and Pineapples

The cultivation of the tropical fruits bananas and pineapples may result in negative environmental and social impacts in production countries. These include poor working conditions at fruit farms, the widespread use of pesticides and damage to ecosystems. In 2015 and 2016, REWE Group and its sales lines in Germany completely switched their purchasing of non-organic pineapples and bananas to Rainforest Alliance. As a result, all pineapples and bananas came from farms certified by the Rainforest Alliance at the end of 2016.

Cotton

Cotton is the most important raw material used in the textile industry. It is primarily grown in India, China and the United States. Conventional cotton cultivation practises use extensive amounts of water, pesticides and fertilisers. To boost its percentage of textile products made with more sustainably cotton, REWE Group in Germany uses Cotton made in Africa (CmiA) and supports the Global Organic Textile Standard (GOTS). REWE Group has set the goal of increasing its share of store-brand textile products made of more sustainable cotton from 56 per cent in 2015 to 70 per cent by the end of 2017.

Coffee

The farming of coffee as a globally traded product is an important economic sector in many countries of Latin America, Asia and Africa. But the yields of the small farms that produce the beans are frequently too tiny to produce an income from which coffee farmers and their families can live. Added to this are the health and environmental risks posed by the incorrect use of pesticides. To improve the lot of coffee farmers, REWE Group is switching to certified coffee on a step-by-step basis. In 2015, the share of coffee certified by UTZ, Bio or Fairtrade was 33.3 per cent. The total rose to 61.7 per cent in 2016. All store-brand coffee products at REWE Group in Austria are Fairtrade certified.

Tea

Conventional tea farms are frequently monocultures that use large amount of pesticides. This endangers biodiversity and the supplies of drinking water for people who live in the cultivation areas. Local workers also face a number of challenges, including low wages and inadequate occupational health and safety practises. To address such issues, REWE Group promotes sustainable agriculture in tea production and orders certified products that bear the Rainforest Alliance seal and the PRO PLANET label. The share of certified tea products was 14 per cent at REWE and PENNY in 2016.

Due to the limited number of certified farms, the black and green PRO PLANET teas contain 50 per cent certified raw tea at market entry. REWE Group is striving to continuously increase this percentage. For 2017, PENNY set the goal of switching the entire segment of green tea and Earl Grey to raw products certified by the Rainforest Alliance.

Fish

Rising demand for fish and seafood has put the world's fish stocks under severe pressure and resulted in over-fishing in some regions. In its **Guideline for Fish, Crustacean and Shellfish**, REWE Group has pledged to purchase increasingly more fish products from sustainable and certified fishing operations and aquaculture and to transparently inform consumers about this effort.

Share of More Sustainable Store-Brand Fish Products of REWE Group in Germany (in Per Cent)

	2016
Share of MSC products	86 %
Share of PRO PLANET products	45 %
Share of store-brand fish products with tracking code	85 %

The assortment of REWE Group in Austria has about 400 MSC-certified fish products.

Soybeans as Animal Feed

In conventional animal-husbandry practises, soybean meal imported from overseas countries is used to provide animals with sufficient amounts of protein. This meal frequently includes genetically modified types of beans. For this reason, REWE Group has drawn up a **Guideline for Soy in Animal Feed** that requires producers of store-brand products to abandon the use of genetically modified soybeans, among other requirements. This requirement is implemented on an individual basis for each species of farm animal. As proof that no GMO feed is being used, REWE Group in Germany works with the German Association of Non-Genetically Modified Foods (VLOG). In 2016, the entire range of fresh eggs at REWE Group in Germany had been certified by the group. For fresh milk, the share rose from 20 per cent in 2015 to 77 per cent in 2016. The entire range of fresh eggs at REWE Group in Austria comes from non-GMO feed.

Wood and Paper

REWE Group is committed to protecting the forests of the world and the animals and plants that live there. For this reason, it supports environmentally and socially conscious forest management by increasingly procuring wood and paper for its products and packaging from sustainably operated sources. REWE Group uses the seal of the Forest Stewardship Council (FSC®) and of the Programme for the Endorsement of Forest Certification Schemes (PEFC™) as well as the German environmental seal Blauer Engel (Blue Angel). A large number of REWE Group products already bear these seals. For instance, nearly 80 per cent of hygienic paper products at REWE and PENNY have the FSC label. All other hygienic paper bears either the PEFC™ label or the Blauer Engel seal. All paper shopping bags and all packaging used for the Vivess store brand are made exclusively with FSC-certified paper. Nearly all store-brand stationery products have the Blauer Engel seal. toom Baumarkt DIY stores offer a continuously expanding range of certified items from many different product categories. toom Baumarkt DIY stores are officially FSC® and PEFC™ certified. As a result, they meet the high standards that apply to transparency and the control of the product chain in both systems for sustainable forest management.

Peat-Free Soils

toom Baumarkt DIY stores plan to stop selling peat soils by 2025. This commitment applies to both store brands and branded products. As part of this transition, the percentage of peat in the entire

store brands and branded products as part of this transition, the percentage of peat in the entire assortment is being continuously reduced and replaced with renewable raw materials. At the same time, the range of peat-free soil products is rising each year. In spring 2017, the assortment of peat-free toom Naturtalent potting soil was expanded to five items that also bear the PRO PLANET label. The REWE and PENNY sales lines have also added peat-free and peat-reduced alternatives to their season range of soils.

Natural Stone

toom Baumarkt DIY stores work to ensure that social standards and environmental requirements are met in the extraction and production of natural stone products. To achieve this goal, toom has been working for several years with the independent experts of XertifiX to seamlessly track the supply chain of natural stone all the way back to the quarry and to monitor compliance with social and environmental criteria. In 2016, toom Baumarkt DIY stores began to sell the first certified natural stone products that bear both the XertifiX Plus and PRO PLANET labels. This range of certified products is being continuously expanded (for more information, see the [chapter Natural Stone](#) in the magazine).



Organic and PRO PLANET

GRI FP2: Percentage of purchased volume which is verified as being in accordance with recognized standards

PRO PLANET

In 2015 and 2016, the PRO PLANET products in individual product groups generated different results. Overall, a sharp increase in the number of PRO PLANET products was seen in Germany. But this fact was not reflected to the same degree in customer contacts and percentage of sales. There was one reason for this development: A number of high-volume products lost the PRO PLANET label as part of the review process used by the PRO PLANET label. Many of the newly added products are also found in the assortment of toom Baumarkt DIY stores. As a result, they are available in a smaller number of stores. In 2016, the percentage of sales for PRO PLANET products in Germany was about 11.6 per cent, slightly below the level recorded in the previous year. Overall, however, this metric has moved in a positive direction over the years.

A similar trend for PRO PLANET was seen at REWE Group in Austria. Just like Germany, high-volume products lost the PRO PLANET label, a development that resulted in fewer customer contacts and a lower percentage of sales even as the number of products continued to grow.

The population used for calculating the share of PRO PLANET products in gross sales value for Germany has been modified. It now comprises all store-brand products of the sales lines REWE, PENNY and toom Baumarkt DIY stores. In the past, the population was made up of only the product groups of the three sales lines where PRO PLANET products are sold. As a result of the larger population now being used, the total fell slightly in comparison with the REWE Group Sustainability Report 2013/2014.

PRO PLANET

	2014	2015	2016
Customer contacts¹ of PRO PLANET products Germany (G) and Austria (AT)			
PRO PLANET (G)	662,068,981	886,566,228	879,086,573
PRO PLANET (AT)	47,693,350	43,473,741	43,974,874
Number of PRO PLANET products Germany (G) and Austria (AT)			
PRO PLANET total (G) ²	622	874	957
PRO PLANET (AT)	251	280	260
Share of gross sales value Germany (G) and Austria (AT) (in per cent)			
PRO PLANET (G) ³	10.1 %	11.2 %	11.0 %
PRO PLANET (AT) ⁴	1.59 %	1.33 %	1.34 %

¹

Customer contacts are based on scan totals for individual products. Exceptions are fruit, vegetables and flower products. As a result of different data-management practises in IT systems, customer contacts here are determined on the basis of purchased items.

²

As a result of slight modification of data-collection practises for the number of PRO PLANET products, the figures for 2014 can be compared with those for 2015 and 2016 only to a limited degree.

³

3
The percentage is based on all store-brand products and industry brands in product groups where industry brands were given the PRO PLANET label. This applies to the product groups fruit, vegetables and flowers for all three years as well as to non-food product groups subsequently determined in 2015 and 2016.

4
The percentage is based on total revenue in food retailing in Austria (including PENNY and wholesale, but excluding ITS and BIPA). Area of application Germany: REWE including partner retailers, PENNY stores, toom Baumarkt DIY stores Area of application Austria: Total food retailing (including PENNY and wholesale, excluding ITS and BIPA)

Organic Products

The various organic product ranges offered by the sales lines of REWE Group all performed well during the reporting period. These gains were reflected in both the number of products and the percentage within the assortment. This positive trend in organic farming can also be seen across Germany: The percentage of organic products in Germany was 4.8 per cent in 2016. For food retailing overall, the figure rose by 14.6 per cent from 2015 to 2016 (German Alliance of Organic Farming: organic sector 2017).

REWE

REWE Bio replaced Füllhorn as REWE's organic store brand in 2013. The product range has been continuously expanded since then. During the reporting period, the number of items was markedly increased once again, from about 200 products in 2014 to more than 500 in 2016 (average during the entire year). As a result, REWE Bio products made up about 4.2 per cent of the assortment in 2016. The total rose to 5.7 per cent when the organic products of branded manufacturers are included. As measured on sales value, revenue rose by more than 30 per cent in 2016 compared with 2014.

PENNY

At PENNY, the Naturgut brand replaced the organic store brand B!O in 2014. With Naturgut, PENNY unites regional, vegetarian and organic products under one brand name. The Naturgut assortment performed well during the reporting period. The share of organic products in the entire range rose from about 1.6 per cent in 2014 to 2.3 per cent in 2016, a jump of 40 per cent. For fruit and vegetables, the share fell from about 7 per cent in 2014 to 6.6 per cent in 2015. But it later climbed to 7.3 per cent, an increase that reflects the introduction of Naturgut Bio-Helden (organic heroes).

In April 2016, PENNY introduced the Naturgut Bio-Helden as a way to boost organic farming. The brand comprises organic fruit and vegetables that have minor flaws in their shape or skin. Such problems are more common with organic products. But they do not reduce the quality of the products in any way. In the past, farmers have been unable to sell this part of their harvest via food retailers. Instead, they marketed the products to industry at comparatively lower prices. Or they simply destroyed them. The Naturgut Bio-Helden are not packed in any special way or sold at a lower price. They are simply a fixed part of the organic product range offered by PENNY stores. By selling these products, PENNY plays an active role in the fight against food waste in the upstream production stage. Organic farmers can sell a greater amount of the crops that they produced with so much hard work through retailers and strengthen their economic base in the process. At the same time, consumers are being successfully shown that products with outer blemishes can still be perfect in terms of taste and quality. The positive sales figures demonstrate the success of the concept and its high acceptance among customers: Since the Bio-Helden were launched, the sold volume in the corresponding product category has risen by 12 per cent compared with the previous year (see the chapter on Bio-Helden in the magazine).

toom Baumarkt DIY stores

toom Baumarkt DIY stores have been selling organic-certified store-brand products for kitchen gardens since 2014. These products include peat-free soils certified by the Bio-Grünstempel (organic green seal), organic fertiliser, organic herbs and organic vegetables. The assortment comprised 128 products in 2016.

TEMMA

With TEMMA, REWE Group is applying a successful organic store concept. In addition to more than 5,000 organic products, these organic specialist stores have culinary offerings. Nine TEMMA stores are currently in operation, primarily in the Cologne/Düsseldorf metropolitan areas, the Rhine-Main Region of central Germany, Hamburg and Berlin.

REWE Group in Austria

With the creation of Ja! Natürlich in 1994, REWE International AG became a pacesetter in Austria. Today, the organic brand generates more than 90 per cent of revenue produced by organic products. PENNY Austria sells organic products under the store brand Echt B!O. The strategic goal of REWE Group in Austria is to produce above-average growth of the organic assortment in comparison with conventional products. This object was markedly exceeded during the reporting period: Revenue generated by organic products at REWE International AG rose by 22 per cent from 2014 to 2016. The main reason for the huge jump was the inclusion of products from Alnatura, a Germany-based chain of organic supermarkets.

Performance of Organic products (in per cent)

	2014	2015 ✓	2016 ✓
Organic products (store brands and industry brands in gross sales value ¹ , REWE Markt GmbH)	4.84 %	5.14 %	5.72 %
REWE Bio (in gross sales value ¹ , REWE Markt GmbH)	3.51 %	3.74 %	4.15 %
REWE organic fruit and vegetables (in gross sales value of fruit and vegetables, REWE Markt GmbH)	9.94 %	9.94 %	10.86 %
PENNY B!O/Naturgut (in gross sales value ¹ , PENNY)	1.64 %	2.20 %	2.30 %
PENNY B!O/Naturgut fruit and vegetables (in gross sales value of fruit and vegetables, PENNY)	6.96 %	6.61 %	7.26 %
Ja! Natürlich (in gross sales value, Austria Full-Range Stores)	5.69 %	6.62 %	6.81 %
Ja! Natürlich fruit and vegetables (in gross sales value fruit and vegetables, Austria Full- Range Stores)	14.69 %	16.35 %	17.27 %
Echt B!O (in gross sales value, PENNY Austria)	1.70 %	1.63 %	1.58 %
Echt B!O fruit and vegetables (in gross sales value of fruit and vegetables, PENNY Austria)	6.68 %	5.66 %	5.57 %

¹ Excluding near food and non-food, tobacco and alcoholic beverages



Biodiversity

GRI 304: Biodiversity

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group is a trade and tourism company whose business operations have a broad impact on biodiversity. In addition to direct effects on the company's business locations and the transport of goods, the key areas are primarily the upstream and downstream stages of the value chain. The impact here is created by the non-sustainable use of natural ecosystems in such areas as the mining of natural resources, the manufacture of products and activities for tourists.

In the Guideline for Sustainable Business Practises, REWE Group has made a firm commitment to preserving and protecting natural ecosystems. It has also endorsed the objectives of the UN Convention on Biological Diversity. In addition, as part of an initiative called **Biodiversity in Good Company** REWE Group has pledged to integrate protection and sustainable use of biodiversity into the company's sustainability management. During the reporting period, a biodiversity guideline was developed for the purpose of establishing a holistic biodiversity management system in the entire company.

Maintaining biodiversity is an important criterion used to design more sustainable product ranges. This is particularly the case for store brands. The reason: REWE Group has the most leverage to bring about change here. Biodiversity criteria can be addressed through systems of standards like Bio, the Forest Stewardship Council (FSC), UTZ, the Rainforest Alliance and the Marine Stewardship Council (MSC). They are also used in the guidelines that REWE Group has drawn up for such raw materials as palm oil, fish and cocoa. Impacts on biodiversity are examined during product-related analysis conducted in the PRO PLANET programme as well. As a result, negative impacts can be identified and steps taken to reduce or eliminate them (for a detailed description of these instruments, see **GRI 204: Procurement Practices**).

REWE Group works in alliances to advance biodiversity with the help of partners. In one aspect of this work, the company carries out projects designed to promote biodiversity in agriculture with the help of a strategic partner, the German environmental organisation NABU. This collaborative work includes the PRO PLANET apple project that aims to increase the biodiversity of apple orchards.

GRI 304-2: Significant impacts of activities, products, and services on biodiversity

REWE Group's store-brand production is the area where the company has its greatest opportunity to protect biodiversity. The following projects illustrate the focal points of the company's activities during the reporting period. Progress and impacts are evaluated on a project basis and described within the context of the projects being presented.

PRO PLANET Apple Project

This project is being conducted jointly with the German environmental organisation NABU. Its goal is to increase the biodiversity of apple orchards by forming an alliance between farmers and the environmental protection. Since the project was launched, the number of participating apple

environmental protection. Since the project was launched, the number of participating apple farmers has increased to well more than 250. The project has been successfully conducted for several years now. In 2016, it won the German CSR Award in the category of Model Collaboration Between a Company and NGOs/NPOs.

The project is having a broad range of positive effects: In 2016, 475 (2015: 1,831) trees and shrubs were planted, and 268 (2015: 179) old fruit trees were preserved. Nearly 30 hectares (2015: 25 hectares) of flowering strips and wide-ranging forms of structural enhancements like dry stone walls and small bodies of water were added. Another focus of this work is bees. A wild-bee monitoring programme initiated in 2013 found that the types of bees had grown significantly in orchards. Compared with 2010, the types had increased by about 50 per cent from 56 to 84, including eight (2010: five) endangered species. The wide range of nesting aids and species-protection measures for birds, bats and insects are also having a positive impact. In 2016, a record number of 16 kestrel breeding pairs were counted in the southern Rhineland region.

In 2015, the measures were monitored by the University of Bonn: the measures were evaluated in a point-based system that weighed their suitability for promoting biodiversity. In 2016, pilot projects in vegetable and potato farming were planned and conducted on the basis of the evaluations. The objective is to integrate additional cultures into biodiversity projects. The project is to be expanded in 2017.

Projects in Banana-Growing Regions

Since 2008, REWE Group has been striving to improve the environmental and social conditions of banana farming in Central America. Working with the banana producer Chiquita and the German Corporation for International Cooperation (GIZ), REWE Group conducted the Tropical Project in banana-growing regions of Panama from 2009 to 2013. In addition to environmental protection measures, the project focused on winning the support of the local population. Thanks to environmental training and improved economic outlooks, members of the local population were taught to use valuable ecosystems more carefully and to maintain biodiversity over the long term. The project's volume totalled 1.2 million euros.

As a result of the positive results, the Tropical Project was expanded to other banana-growing areas, for example Costa Rica. More than 1 million euros were provided for this effort by the REWE Group Central America Fund – or banana fund – from 2013 to 2016. The fund is designed for local organisations whose project ideas compete to win the financial support. The GIZ coordinates the project applications and monitors local project implementation. The funding is approved by a board of trustees on which representatives of Chiquita, Dole, Fyffes, Caritas and REWE Group serve.

The measures are complemented by strict production requirements. All farms that grow bananas to be sold by the sales lines of REWE Group in Germany must be certified by the Rainforest Alliance or according to Bio guidelines to ensure that social standards are followed and to keep negative environmental impacts to a minimum. The bananas of the store brand “REWE Beste Wahl” also have been awarded the PRO PLANET label of REWE Group. As a result, they also meet sustainability criteria that exceed the requirements of the Rainforest Alliance.

The Environmental Protection Programme “Blooming Austria”

In a project called “Blühendes Österreich” (Blooming Austria), REWE International AG began in 2014 to work with the nature protection organisation BirdLife Österreich to create environmental habitats. The initiative provides funding for use in preserving and maintaining endangered natural areas and extensive agricultural sites as well as projects for environmental and sustainability training, thus promoting domestic biodiversity. The aim is to protect a total of 1,000 hectares of endangered environmental areas by 2020. In 2016, 325 hectares were maintained, and about 150,000 euros in premiums were paid to the 113 participating farms.

In 2015, REWE International AG converted the initiative into a charitable private foundation. As an

independent organisation with its own staff and clearly regulated financing, the foundation represents a long-term commitment and credibility to customers. The foundation's financing and project activities have been linked to certain products. The foundation receives one cent from every sold product in the store brands "Da komm ich her" (I'm from Here) (available at BILLA, MERKUR, ADEG and AGM), "immer grün" (always green) (MERKUR), bigood (BIPA) and "Ich bin Österreich" (I Am Austria) (PENNY). As a result, customers of the trade companies are actively integrated into project support. In addition, conscious buying decisions are encouraged. The foundation's budget totals about one million euros. The Stiftung Blühendes Österreich has been evaluating and reviewing activities conducted from 2014 to 2016 with BirdLife Österreich. The results will flow into strategic planning for 2017–2021. The process was scheduled to be completed in June 2017.

Peat-Free Soils

To harvest peat, centuries-old moors were and are drained. The process destroys the habitat of animals and plants. It also releases the carbon trapped in the moors as climate-killing CO₂. For this reason, toom Baumarkt DIY stores became the first German DIY store chain in 2016 to decide to convert its entire line of soils, both store brands and branded products, to peat-free alternatives by no later than 2025. By spring 2016, the store-brand assortment of peat-free soils had been expanded to five products. The peat-free soil bears the PRO PLANET label and the organic seal Bio-Grünstempel®. In addition to expanding the number of peat-free products, toom Baumarkt DIY stores will gradually increase the amount of peat-replacement materials from renewable resources in all soils they sell. In taking these steps, toom Baumarkt DIY stores is fighting climate change and fostering biodiversity. The REWE and PENNY sales lines have also added peat-free and peat-reduced alternatives to their season range of soils.

Glyphosate

Glyphosate, the most widely used pesticide in farming around the world, is the target of continuous criticism. A widely read study done by the International Agency for Research on Cancer (IARC) concluded in 2015 that glyphosate was probably carcinogenic to humans. The improper use of the pesticide can also pose a threat to the environment, particularly for bodies of water and the organisms that live in them.

In light of this risk to humans and the environment, toom Baumarkt DIY stores became Germany's first DIY store chain in 2015 to drop products containing glyphosate from its product range. The company took this decision even though it was generating annual revenue of 2.1 million euros (2014) with this pesticide. By the end of 2013, toom Baumarkt DIY stores had removed about 60 per cent of products containing glyphosate from its assortment.



Environmental Standards in the Supply Chain

GRI 308: Supplier Environmental Assessment

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group obtains a broad range of products and product components from sources located inside and outside Germany. To improve the environmental impact along the supply chain, REWE Group considers observance of environmental standards when it selects its suppliers and business partners. It also works with its suppliers and business partners to make supply chains more transparent and production more environmentally conscious. With the Guideline for Sustainable Business Practices, REWE Group has formulated the principles of its business relationships. Its environmental principles include:

- Prudent use of such resources as land, air, water and natural raw materials,
- Protection and preservation of natural ecosystems and biodiversity as well as
- Avoidance and reduction of environmental risks.

The principles apply both to the company's own business processes and to those of REWE Group's business partners and suppliers. REWE Group reserves the right to apply sanctions when the values contained in the guidelines are deliberately and flagrantly breached.

To identify significant environmental impacts and to take appropriate steps in product supply chains that, on occasion, can be both complex and global, REWE Group has set up a strategic process that bundles the various strategies related to the pillar of Green Products (see the [Management Approach Green Products](#)). In 2016, REWE Group broadly expanded its efforts to assess risks within this framework. As a result, all relevant product groups are now covered. The results of this risk assessment are used to develop measures based on the particular risk for the various product groups. As part of this work, REWE Group plans to test an environmental management programme for non-food factories.

In addition, REWE Group completed the pilot phase of a self-assessment tool for suppliers during the reporting period. The supplier questionnaire developed by REWE Group was tested by store-brand suppliers in a range of product groups and validated by audits. The results flow into the refinement of supplier management.

When it implements improvements, REWE Group applies internationally recognised standards like the GOTS logo for sustainable textiles or FSC® and PEFC™ certification for sustainable forest management. REWE Group also plays an active role in platforms like the Forum for Sustainable Palm Oil and the German Initiative on Sustainable Cocoa as a way of refining standards and initiating industry-wide improvements in environmental conditions (see [GRI 204: Procurement Practices](#)).

GRI 308-2: Negative environmental impacts in the supply chain and actions taken

Pesticide Use in Conventional Fruit and Vegetable Farming

REWE Group has set the goal of continuously reducing the amount of pesticides used in the conventional cultivation of fruit and vegetables. In this effort, REWE Group works with farmers, NGOs and scientific experts to develop solutions that have the lowest-possible impact on the environment and assure production and yield certainty for farmers. REWE Group has drawn up a black list that contains substances that farmers may not use. The list was significantly expanded during the reporting period. REWE Group regularly monitors the progress being made in its pesticide-reduction programme. As part of this work, REWE Group has commissioned the environmental group GLOBAL 2000 to prepare an annual pesticide-impact report since 2009. This report includes three impact indices based on a defined methodology. The results show that a reduction in the indices has occurred since the base year of 2009. In 2016, two indices rose as a result of adjustments made to thresholds (the status report 8 of chemical pesticides can be downloaded [here](#)).

Detox Programme for Safe Textiles

To improve the environmental impact of the textile supply chain, REWE Group joined Greenpeace's detox campaign in 2014. In addition, it has set up a related programme for products with REWE Group as the production company in the product groups clothing, shoes and household textiles. The goal is to create safe textile production that eliminates hazardous chemicals by 2020. To achieve this objective, REWE Group is working with its suppliers to systematically remove hazardous chemicals from textile production.

Chemicals are primarily used in textile production during so-called wet processes that involve dyeing, bleaching and washing. The health of factory workers can be endangered when hazardous substances are used in these production steps. In addition, bodies of water and other ecosystems can be negatively impacted if chemicals contained in wastewater enter the environment.

As part of the implementation of the detox programme, a roadmap pointing the way to 2020 was approved in 2014. The current status of the roadmap is documented in annual progress reports (the progress reports can be downloaded here: [Progress report 2015](#), [Progress report 2016](#)). REWE Group's strategy comprises three elements:

1. Chemical Management

Chemical management includes the continuous development of requirements for suppliers and products. REWE Group has developed the following instruments to perform this work:

- The Manufacturing Restricted Substances List (MRSL) contains chemicals that REWE Group has rated as hazardous and that may not be used in production operations. It also includes thresholds, testing methodologies and schedules for eliminating the chemicals. The MRSL is updated annually. The methods used to perform the updating were enhanced in 2016 as well. As part of a new screening process, 35 new substances were rated as hazardous and added to the MRSL. The new MRSL 2.0 was released in January 2017 (more information on the testing methodology is available [here](#) the current MRSL can be downloaded [here](#)).
- REWE Group has conducted five pilot projects in which suppliers and wet-process factories were assisted in their efforts to eliminate selected chemicals. The fifth project is currently being implemented. The results are available to other suppliers as case studies.
- A ban on the hazardous chemical groups polyfluorinated and perfluorinated chemicals (PFCs), alkylphenol ethoxylates (APEOS) and alkylphenols (APs) took effect on 31 December 2016. Information about these chemicals was provided to the suppliers in the form of chemical fact sheets. REWE Group has also conducted training about the substitution of these chemicals.
- Wastewater tests are used to determine the current status of wet-process factories and to verify whether substitutions have been made. As a way of initiating improvements, REWE Group helps factories introduce systematic chemical management.

2. Supplier Management

An important pre-condition for the success of the detox programme is collaboration along the supply chain. This is necessary in particular because hazardous chemicals are generally used by the upstream suppliers of REWE Group's direct business partners and not the direct business partners themselves. For this reason, supplier management aims to create close relationships with strategic suppliers and to gain them as partners for the detox programme. REWE Group has already reached an important goal: All suppliers in the supply chain have committed themselves to the detox programme. REWE Group carried out the following measures during the reporting period:

- In the first step, REWE Group developed a brochure containing the most important information and had it translated into four languages.
- In 2015 and 2016, REWE Group organised a number of meetings, events and workshops, including a supplier conference that was held in August 2015 in Bangkok.
- REWE Group has developed a manual for suppliers. This supplier tool kit contains the most important information related to the implementation of the detox programme.
- A capacity-building programme was developed for wet-process factories. This programme is designed to enable the factories to adapt their chemical management practises to the detox requirements. For this purpose, local advisory structures are to be set up in China and Bangladesh to provide practical guidance to the factories. Experts will be trained as part of this work with local organisations, and a tailored training programme will be developed. The programme will enter the pilot phase in 2017. During this effort, 110 producers will undergo training and be advised. REWE Group is working with the German Corporation for International Cooperation and the Tchibo company as part of this effort.
- To ensure that the detox programme is carried out effectively, REWE Group and its strategic suppliers are jointly creating a pool of wet-process factories with which they are intensely working to reach the detox goals.
- The detox requirements are a binding stipulation in the business agreements reached with suppliers. Suppliers must sign the detox commitment, a pledge in which they are required to eliminate hazardous chemicals and to list wet production sites in the supply chain that must also agree to adhere to the detox commitment. Suppliers must provide valid water test reports to document their successful substitution work and their observance of pre-defined thresholds. These reports must be posted on the publicly accessible IPE platform. The supplier must present this proof before products may be shipped. If these requirements are not met, an action plan to eliminate the causes will be developed.

3. Stakeholder Commitment

Given the nature of complex supply chains and the variety of chemicals being used, a joint approach to the issue of safer textile production is imperative. REWE Group plays an active role in the dialogue with stakeholders on a number of different levels:

- It talks about its experiences and describes best practices in discussions with other retailers and textile companies.
- In its position in the Chemicals Working Group of the Alliance for Sustainable Textiles, REWE Group is working to refine standards.
- In cooperation with testing institutions, tests are being conducted to determine whether the thresholds set for chemicals reflect the current state of technology.
- REWE Group continuously evaluates the data from wastewater tests to track overall progress in the work to substitute hazardous chemicals and publicly releases this analysis as discharge data reports.
- To transparently inform stakeholders, REWE Group releases an annual detox progress report and posts information on the REWE Group's website (the progress reports can be downloaded here: [Progress report 2015, Progress report 2016](#)).

4. Closed Loop

As part of its detox commitment, REWE Group is developing measures to promote closed loops in textiles. The company took the following steps in this effort during the reporting period:

- Completion of an academic study on the topic of closed loops in cooperation with Hong Kong University of Science and Technology.
- For this reason, REWE Group decided in 2016 to establish a textile return system in future.
- Assortments of products with recycle fibres.
- Customer communications on the topics of environmentally conscious washing and upcycling.



Social Standards in the Supply Chain

GRI 414: Supplier Social Assessment

GRI 412: Human Rights Assessment

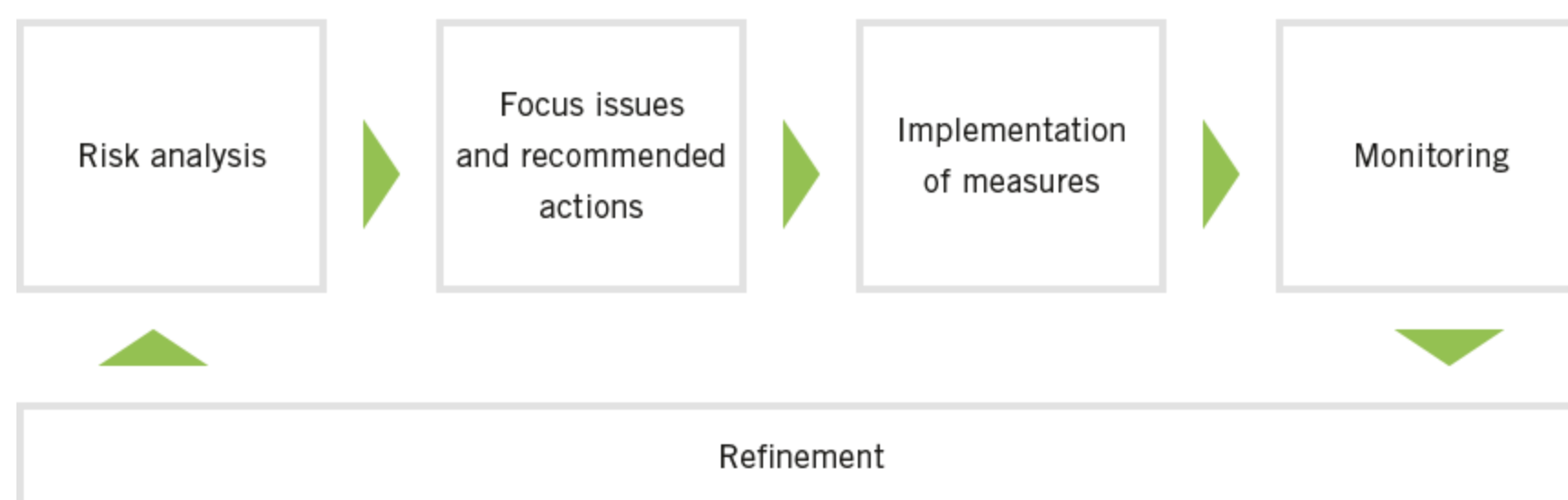
Combined Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group obtains a large number of products and product components through supply chains that extend across several countries. The company's goal is to work together with business partners and suppliers to implement binding standards that apply to their joint supply chain and to further improve labour and social standards in production operations.

The **Guideline for Sustainable Business Practices** of REWE Group applies to all business relationships. The guideline is based on the UN Universal Declaration of Human Rights and the conventions of the International Labour Association (ILO). It addresses such issues as a ban on forced labour and exploitative child labour practises as well as fair employee policies. REWE Group reserves the right to apply sanctions when the principles contained in the guideline are deliberately and flagrantly breached.

In 2008, REWE Group joined the Business Social Compliance Initiative (BSCI), an alliance of companies that are committed to improving labour and social standards in risk countries. To achieve this goal, BSCI members have developed the BSCI code of conduct. This code was revised in 2014. Its requirements include a renunciation of exploitative child and forced labour practises as well as freedom of association and collective bargaining.

Social compliance process



The issue of social compliance is put into practise by the Department of Sustainable Products in close cooperation with the departments responsible for purchasing and assortment composition. The social compliance process develops measures on the basis of an analysis of social risks. It also uses a monitoring system to observe and evaluate them. The findings then flow back into the further development of social compliance activities. As a result, other product groups and links in the supply chain are continuously added. In 2016, REWE Group markedly expanded its effort to identify and systemise risks (for more information about risk analysis, see the overarching Management Approach **Green Products**).

In Asia, the sourcing office REWE Far East (RFE) is responsible for purchasing food and non-food products. As a result, it plays a key role in the improvement of working conditions in the supply

chain. The Corporate Responsibility Department of the RFE maintains direct contact with suppliers and assists with the social compliance process on site.

A key aspect of the work to implement improvements is the information that suppliers provide themselves. In 2016, the pilot phase of a self-assessment tool for suppliers (food/non-food) was completed. The questionnaire developed by REWE Group was tested by store-brand suppliers in a range of product groups and validated by audits. The results flow into the refinement of supplier management.

GRI 414-2: Negative social impacts in the supply chain and actions taken

In general, REWE Group has developed three different approaches to social impacts in the supply chain. Measures are carried out within each approach:

1. Boosting the Percentage of Socially Audited Production Sites from Risk Countries

REWE Group purchases food and non-food products through the combine's own trading company REWE Far East (RFE) or through other importers. REWE Group obtains non-food products, including household goods and textiles, primarily from Asian countries. The BSCI has rated many of these countries as risk countries in terms of compliance with labour and social standards (the complete list of BSCI risk countries can be downloaded [here](#)).

Suppliers and production sites in risk countries are required to present confirmation of a valid social audit. Recognised social audits include those based on the BSCI standard or the SA8000 standard. SMETA audits of the Supplier Ethical Data Exchange were added in 2017. Textile production sites in Bangladesh must also undergo an inspection based on the Bangladesh Accord on Fire and Building Safety. To continue improving labour and social standards, REWE Group documents the audit results, tracks improvements and urges production sites and suppliers to attend BSCI training courses.

In recent years, REWE Group has focused its social compliance activities on non-food suppliers because a large number of them – including textiles – are based in BSCI risk countries. By 2015, a nearly complete coverage rate for socially audited production sites was achieved, with 99.4 per cent of revenue of REWE Far East (RFE) being generated with non-food suppliers. About 95 per cent of the audit results received a grade of C or better in the BSCI rating system. The results show that suppliers and production sites are working to improve social standards and that the assistance and support provided by REWE Group and the RFE staff in particular are paying off.

In 2016, this effort was expanded to suppliers of store-brand food products in risk countries. The aim is to integrate all production sites of non-food and store-brand food providers in risk countries into REWE Group's social compliance process. The food category covers all foods with the exception of ultra-fresh products like fruits, vegetables, meat and sausages. With the addition of food producers, data collection for the share of audited production sites was modified. The calculation is now done on the basis of production sites instead of revenue percentage. In addition to suppliers of REWE Far East, it tracks all other importers in risk countries. The new data were collected for the first time in 2016. The revenue percentage of audited production sites in the non-food area was collected for the last time in 2015.

	2014	2015 ✓	2016 ✓
Non-Food (Store Brands): Revenue percentage of audited production sites			
Revenue percentage of products from socially audited ¹ production sites in the non-food area in risk countries through REWE Far East	89 %	99.4 %	-
Food and Non-Food (Store Brands): Share of audited production sites			
Share of socially audited ¹ production sites in the food and non-	-	-	86 %

2. Improving Social Standards in the Supply Chains of Raw Materials

REWE Group analyses the risks of violation of social and labour standards in the supply chains of critical raw materials. If social risks are identified, REWE Group will define requirements in such documents as guidelines or within the context of the PRO PLANET process. It implements them through audits and certifications, in industry initiatives or in local projects. Examples of risk-related raw materials include cocoa, palm oil, bananas, pineapple, hazelnuts and cotton (for more information, [see GRI 204: Procurement Practices](#)).

Since 2013, REWE Group has required suppliers of primary fruit and vegetable products to pledge that they will pay statutory, negotiated or contractually set wages within the context of their national code of laws as part of the framework agreement on compliance with the core labour standards of the International Labour Organisation (ILO). The suppliers must also demonstrate this compliance to the company. The suppliers are also required to ensure that their own suppliers also meet these standards. All producers of fruit and vegetable products must demonstrate that they meet the requirements cited above by undergoing external audits (such as the GLOBALG.A.P Risk Assessment on Social Practice (GRASP), SA8000, Sustainable Agriculture Network (SAN), BSCI). Compliance with these requirements is checked during spot audits.

In June 2010, REWE International AG began to require PRO PLANET suppliers of fruit, vegetables and eggs to have the social aspects of their operations evaluated on the basis of GRASP standards. All producers (with the exception of family-run operations) undergo GRASP audits.

In the reporting period, REWE Group conducted the following projects to improve social standards in the supply chains of raw materials, among other things:

Cocoa

As a charter member of the multi-stakeholder German Initiative on Sustainable Cocoa, REWE Group joins other companies in supporting the PRO-PLANTEURS project, a joint, five-year cocoa programme being conducted in Côte d'Ivoire. The project strives to professionalise the work of 20,000 cocoa farmers, their families and producer organisations. The aim is to improve the lives of the families by boosting incomes and upgrading diets. The project is aimed in particular at women and young farmers with the goal of increasing the appeal of cocoa farming.

Hazelnuts

The largest share of hazelnuts consumed around the world comes from the Turkish cultivation region on the Black Sea. Each year, thousands of migrant workers travel to the region to harvest the crop. The normal conditions of the hazel nut farms include poor housing and child labour. Working with the humanitarian organisation Support to Life (STL), REWE Group is striving to improve the situation of the migrant workers. To achieve this, REWE Group also uses a UTZ certification process for hazelnut production. The standard defines minimal requirements for migrant workers' health and safety, their rights, living conditions and accommodations. It also calls for training programmes. The standard prohibits child labour as well. Serving as the main partner, REWE Group has joined forces with other companies to play a major role in the development of the UTZ hazelnut standard. Products meeting this standard are also awarded the PRO PLANET label.

3. Refining Social and Labour Standards

REWE Group is actively working to upgrade social and labour standards. In the process, the company works intensely with standards organisations. Examples in the reporting period included the development of the UTZ standard for hazelnuts, Rainforest Alliance Plus and the creation of the Fairtrade programme for supplies of individual raw materials. REWE Group also lobbied for the addition of criteria of the International Labour Organization (ILO) to the standard of the Marine

GRI 412: Employee training on human rights policies or procedures

Employees of REWE Group who work in food, near-food and non-food purchasing in Germany and at REWE Far East receive regular training about relevant labour and social standards issues. This ensures that the defined social standards, including the demand for social audits, are considered in the selection of suppliers and in the purchasing process. Most recently, purchasing employees in food and near-food received training once again about the social compliance requirements of REWE Group at the end of 2016.



Customer Health and Safety

GRI 416: Customer Health and Safety

Management Approach (GRI 103-1, 103-2, 103-3)

To ensure the quality and safety of its products, REWE Group has introduced a comprehensive, cross-stage quality assurance system that extends along the entire value chain in its core business of trade. The system comprises such preventive measures as the preparation of product guidelines, systematic issue monitoring, controls, audits and consumer tips about the proper way to use products at home. A system of key performance indicators introduced in 2010 makes compliance with legal and company quality standards more measurable and transparent. The key performance indicators, including the results of internal microbiological analyses or rates of complaints, are prepared quarterly, evaluated and presented in the management report of REWE Group's quality management.

A special focal point of quality management is store-brand products: The combine defines special requirements for the products and suppliers to meet in all steps along the value chain – from raw materials and recipes to labelling and packaging. These specifications form the basis for regular spot checks conducted by independent accredited testing institutes. The spot checks are determined on the basis of supplier and product risk. Foods like fresh fruit and vegetables are tested more frequently than products like salt and sugar. For fruit and vegetables, the combine has an annual "Status Report on Chemical Pesticides" prepared for Germany. The reports have been compiled and released by the Austrian environmental organisation GLOBAL 2000 since 2009.

In addition to the products themselves, other links in the value chain are examined: All store brand suppliers in the food area must be certified according to the internationally recognised standard IFS Food or the standard of the British Retail Consortium (BRC). Furthermore, REWE Group conducts additional supplier audits on the basis of a risk analysis. This involves evaluating a number of key performance indicators like dissatisfaction with products, customer complaints and the risk classification of the product group. Manufacturers and suppliers who fail to meet REWE Group's quality standards are asked to remedy the situation. Otherwise, they face the possibility of being delisted.

Annual audits of the company's warehouses are conducted by internal auditors as well as by independent external organisations. All areas of the warehouse are included in these audits, from goods receipt to transport to stores. In addition, special audits that focus on the implementation of quality guidelines for fruit and vegetables are conducted in warehouses.

Regular internal and external inspections are also conducted in REWE Group's food stores. The external inspections are conducted on the basis of checklists prepared by QS GmbH, Bonn. The lists focus on meat, meat products, fruit, vegetables and potatoes. Products made in REWE stores themselves, including ground meat (at the service counter) or fruit and convenience products are subject to microbiological monitoring. These samples are examined by independent laboratories.

Crisis and Safety Management at DER Touristik

The Department of Crisis and Safety Management at DER Touristik is responsible for traveller well-being in emergency situations. During crises like natural disasters, accidents or terrorist attacks, Help Teams go into action. The specially trained team members take care of the safety of and provisions for travellers and employees at the particular site. They provide support to individuals and organise transportation to hospitals, alternative hotels and return trips to home if necessary. To quickly reach mission locations, the Help Teams are based at a number of different places, including Bangkok, Miami and Costa Rica.

The crisis and safety management office is based at the headquarters of DER Touristik in Frankfurt. As part of crisis-prevention work, employees there monitor developments in travel regions around the clock. If one of the team's early-warning systems raises an alarm, steps can be quickly taken to manage the crisis. These steps include crisis hotlines for direct contact with affected individuals and close working relationships with destination agencies, government authorities, airlines and airports. Another focus is creating an up-to-date and qualified flow of information for all affected individuals and the general public.

Continuous advanced training of relevant employees is another important aspect of crisis management. This involves training for Help Team members and for employees of travel agencies. The training programme won the Willy Scharnow Award for innovative advanced training concepts in 2009. In 2016, the programme comprised 27 crisis and safety training courses that were developed individually for sales. The programme is scheduled to be expanded even more in 2017.

A sharp rise in crisis situations occurred in 2016. The crisis management work involved 579 crisis events – nearly 100 more than the previous year. In response to the increased need, DER Touristik doubled the number of Help Team members from 36 to 72 during the reporting period. It plans to raise the total to 100 during 2017.

GRI 416-1: Assessment of the health and safety impacts of product and service categories

As part of its quality management, REWE Group systematically conducts health and safety audits through the entire product lifecycle.

Health and Safety Audits (Absolute Figures)	2014	2015	2016
Supplier audits	434	409	446
Independent product tests (own brands)	22,784	39,267	43,274
External warehouse audits	65	71	92
External store audits	3,468	3,371	3,433
Tests of products made in stores	5,671	6,251	8,149
Total number of audits	32,422	49,369	55,394

All figures apply to REWE Group in Germany. In addition, the results are reviewed by external control organisations (IFS, QS GmbH, etc.).

GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services, by type of consequences

In 2015, nine public recalls of store-brand products were conducted in Germany and Austria. Four of the recalls involved foreign objects. Each recall affected a different product. Reviews of the cases concluded that each was an isolated incident. No trend among products or producers could be found. A separate recall involved the suspected presence of listeria in soft cheese. Two products

found. A separate recall involved the suspected presence of listeria in soft cheese. Two products were recalled because the label failed to include an allergen, and two recalls were initiated because of microbiological deviations.

Eleven public recalls involving store-brand products occurred in 2016. Six recalls involved foreign objects. Three other products were recalled because of microbiological deviations. Two other products were recalled because of label problems – in one case, an allergen was not listed. In the other one, an item was packed in the wrong package.

In every case, customers were able to return the product and get their money back.



Promoting Sustainable Consumption

GRI 417: Marketing and Labeling

Management Approach (GRI 103-1, 103-2, 103-3)

Promoting the use of sustainable products and services is an important part of REWE Group's sustainability strategy. To make more sustainable product ranges a success, their social and environmental added value must be communicated to consumers in an understandable and credible manner. Consideration must also be given to the fact that other criteria like price, quality and freshness go into purchasing decisions as well. Retail plays an important intermediary part in this context. Without adequate demand and a willingness to pay on the part of the customer, responsible providers can run into financial difficulties. And without a broad range of sustainable products, consumers are unable to act in an ethically responsible way. For this reason, REWE Group has committed itself to moving sustainability from a niche role and rather incorporating it as part of the mass market.

As part of its sustainability communication effort, REWE Group takes a number of different steps that are designed to facilitate informed purchasing decisions and to excite consumers about more sustainable products and services. The key principles of communications are credibility, transparency and messages aimed at specific target groups.

Increasing Awareness of Sustainability

REWE Group works to promote sustainable consumption and to put an end to its "niche existence". Part of this effort involves getting consumers excited about sustainability and making them aware of sustainability issues in their everyday lives.

Sustainability Weeks

One key aspect of this effort is REWE Group's Sustainability Weeks. During a defined campaign period, the company's various sales lines explore the issue of more sustainable consumption with their customers within the context of an overarching societal topic like conscious diets, social involvement and regionality. One fixed part of Sustainability Weeks is participatory activities that encourage people to take action and that frequently bring abstract sustainability topics to life by providing specific examples. In addition, the company increases the advertising of the more sustainable products in the sales lines' product ranges, including branded products. In the process, REWE Group creates awareness about sustainability in purchasing decisions and promotes responsible consumption among its customers. In 2016, REWE and PENNY each conducted three Sustainability Weeks, just as they did in 2015. As part of its Sustainability Weeks, DER Touristik explained biodiversity to its customers. toom Baumarkt DIY stores focused on biodiversity, climate protection and inclusion during the reporting period. At REWE Group in Austria, the annual Sustainability Weeks were conducted under the motto of "Gemeinsam an morgen denken" (Thinking Together About Tomorrow).

German Sustainability Award

Each year, REWE Group and the sustainability foundation Stiftung Deutscher Nachhaltigkeitspreis

e.V. present the German Sustainability Award in the category Germany's Most Sustainable Products (Food and Non-Food). In this competition, consumers have an opportunity to vote on the most sustainable branded products. The producers of branded products can compete for this award. In 2016, the competition was opened to all listed suppliers of REWE Group for the first time. In a short-listing process, the sustainable contribution of the selected products is reviewed by the Centre on Sustainable Consumption and Production in Wuppertal, Germany. The products are then nominated for the online voting competition by the jury of the German Sustainability Award.

The winners during the reporting period were:

- Food category: BIONADE elderberry soft drink (2016); iglo cream spinach (2015)
- Non-food category: Frosch citrus shower and bathroom cleaner (2016); Omniflora Fairtrade roses (2015)

Customer communications

The sales lines of REWE Group conduct sustainability-related communication activities to sensitise consumers about its sustainability involvement and sustainable consumption. During the reporting period, PENNY launched a sustainability campaign that featured the frog figure "Günter Kastenforsch" invented by Janosch, a German author and illustrator of children's book. Under the motto of "grün sparen" (the Green Way to Save), "grün genießen" (the Green Way to Enjoy) and "grün engagieren" (the Green Way to Get Involved), the cute sustainability ambassador provided clear, down-to-earth information about the ways that sustainability benefits the environment, society and customers themselves.

REWE made regionality the focus of its national campaign in Germany. Customers were informed in a widely broadcast TV ad. Regional suppliers were introduced on interactive website, and customers were encouraged to upload their own regional recipes.

GRI 417-1 Requirements for product and service information and labeling

The products of REWE Group are labelled in accordance with legal requirements regarding their origin, composition and usage (including the expiration date). In addition to facts required by law, REWE Group labels the sustainability aspects of its products and provides detailed information about the origin of many of them.

Use of Sustainability Labels

With its PRO PLANET process, REWE Group has created a system that enables it to clearly and transparently provide sustainability information on products. The PRO PLANET website includes additional information about individual products that can be directly accessed by entering a product-specific code on the label. The PRO PLANET label serves as a navigation system for consumers (for an overview of these products in the assortment and a description of the PRO PLANET process, see [GRI 204: Procurement Practices](#)).

In addition, REWE Group uses recognized external labels to mark its store brands and adds branded products with these labels to its assortments. These labels include the Blauer Engel (Blue Angel), Fairtrade, the Forest Stewardship Council (FSC®), the Programme for the Endorsement of Forest Certification Schemes (PEFC™), the Rainforest Alliance, the German Association of Non-Genetically Modified Foods (VLOG), the Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC) and UTZ. Organic and regional products also have their own labels. Nearly all fresh fish counters at REWE stores have been certified by the Marine Stewardship Council (MSC) since 2009 and by the Aquaculture Stewardship Council (ASC) since 2012.

To enable consumers to take informed buying decisions amid this maze of labels, REWE and PENNY

have posted the most important information about the labels and certifications that they use on their websites ([REWE](#); [PENNY](#)).

toom Baumarkt DIY stores worked with the consumer group Verbraucher Initiative e.V. to develop a guideline for sustainability labels. The guideline is designed to provide customers with a map to more sustainable purchases and provides information about recommended labels found on products in the DIY store. The selection of labels is based on ratings by the consumer portal [label-online.de](#). The guideline is distributed in stores as a printed leaflet and can be downloaded [here](#). For its non-food products, REWE Group uses the TÜV Exklusiv seal that applies to the quality and safety of products. Every product certified by the technical services company is given an individual ID number that can be used to obtain additional information. In 2015, 348 products were awarded the seal for the first time. A total of 225 were added in 2016. By the end of 2016, 3,707 products had been awarded the TÜV Exklusiv seal.

To provide travellers interested in sustainability with transparent decision-making assistance, DER Touristik is working on a strategy to clearly label sustainable travel opportunities. As part of this work, the number of labels used in the catalogues of the tour operator was reduced from 23 to one – the sustainability seal Travelife. Travelife is an industry-wide, internationally recognised label that rates such criteria as energy efficiency, waste avoidance and fair working conditions. The labelled hotels use green power, pay the minimum wage to their employees and train them about child protection. As part of the project Green Travel Transformation being conducted by the sustainability initiative Futouris, DER Touristik is also helping to develop an industry-wide label for sustainable travel opportunities that can be directly used in the information and booking system of tour operators. DER Touristik plans to consider a larger number of labels under the uniform logo once again in the future.

Transparency About Information on Origin

Many consumers want to know something about the origin of the products they buy. REWE Group responds to this wish by taking such steps as highlighting the origin of its regional products and having information about many products certified according to the criteria of the programme Regionalfenster (Regional Window) (see, [GRI 204: Procurement Practices](#)).

As part of its Guideline for Fish, Crustacean and Shellfish (formerly the Guideline for Purchasing Sustainable Wild Fish), REWE Group introduced a tracking code for store-brand fish products in 2012. With this code, consumers can go to the websites of the REWE and PENNY sales lines and learn about the supply chain of fish products. In addition, the first aquaculture products can now be tracked online all the way back to the farming region. More than 70 fish products now have the tracking code. This represents a share of 85 per cent.

In 2014, the name of the actual production company began to be included on the store-brand products sold by PENNY and REWE. This provides consumers with additional transparency about the supply chain. REWE Group continues to be listed as the production company in only a few exceptions, including the products of the brand Feine Welt (Fine World) that are made by small suppliers.

GRI 417-3: Incidents of non-compliance concerning marketing communications

As a matter of principle, REWE Group advertises its products and services in strict conformity with legal requirements as well as with ethical and cultural standards. It expressly avoids the use of sexist, discriminatory, political, pornographic, extremist and violence-glorifying advertising. Truth, precision and transparency are the fundamental advertising principles employed by the company. In addition, REWE Group adheres to its own company-wide code of conduct, regulations, guidelines and rules laid down by national advertising boards. To succeed, communications of sustainability issues require a significant amount of credibility. In its [Guideline for Sustainable Business](#)

Practises, REWE Group expresses its explicit commitment to complying with applicable consumer-protection regulations and to employing appropriate sales, marketing and information practises in communications with consumers. As a way of considering these factors in the advertising concepts, the company's ads are approved by the Sustainability Department before being published.

In the reporting period 2015/2016, no significant violations were known.



Animal Welfare

Animal Welfare

Management Approach (GRI 103-1, 103-2, 103-3)

Animal husbandry is a key branch of agricultural production. Animal-based products like meat and eggs are fixed parts of our diets as well. The ongoing public discussion about the issue of animal welfare also demonstrates that consumers are placing an increasingly high priority on proper care of farm animals.

Improving the Welfare of Farm Animals

In its **Guideline for Sustainable Business Practises**, REWE Group commits itself to following and improving animal protection standards. It carries out this commitment as part of its sustainability strategy. The company has been working for years to improve animal welfare, health and protection. As part of this effort, REWE Group develops programmes that are designed with specific animal breeds in mind and that take the conditions of various value chains into consideration.

The programmes are carried out in PRO PLANET projects, among other places. In one such project, the feeding and husbandry conditions for chicken and laying hens were improved. The company's work also focuses on the production of pork, poultry and rabbit meat as well as fresh milk. A key focus of the company's commitment to animal welfare involves painful procedures performed on animals, including the castration of piglets and the trimming of laying hens' beaks. REWE Group has set challenging goals related to ending such practises. As it carries out its programmes, REWE Group conducts an intense dialogue with relevant stakeholders, like suppliers, scientists and NGOs.

Animal Welfare Initiative

As a charter member of the Animal Welfare Initiative, REWE Group also works to improve industry-wide animal welfare standards. This alliance of representatives from farming, the meat-packing industry and food retail is striving to create a more animal-conscious form of meat production. Participating companies from the German retail sector make a financial contribution to the initiative. They donate four cents (6.25 cents beginning on 1 January 2018) to the Animal Welfare Initiative for each kilogram of pork and poultry they sell. These contributions will generate about 255 million euros in the next three years. As a result, around 85 million euros are currently available each year to finance animal-welfare measures that extend beyond legal requirements. This figure will rise to 130 million euros beginning in 2018. As a result of the participation of more than 3,000 farms, husbandry conditions for more than 255 million pigs, chickens and turkeys could be improved. The initiative's plans call for financial resources to be increased to 100 million euros each year to enable more pig farms to take part.

Mission Statement on Animal Husbandry of the Future

In 2015, REWE Group released its Mission Statement on Animal Husbandry of the Future, a position paper that describes the overarching objectives of REWE Group in terms of more sustainable animal husbandry. The mission statement outlines the range of requirements that sustainable agriculture must address. In addition to animal welfare, these requirements comprise environmental and climate protection, resource efficiency, food safety and efficiency. As part of this mission statement,

REWE Group formulated a canon of values for its commitment to animal welfare. This canon is based on the “Five Freedoms” of responsible animal husbandry that were defined by the Farm Animal Welfare Council of the British Department for Environment, Food and Rural Affairs:

1. Freedom from hunger, thirst and malnutrition
2. Freedom from discomfort
3. Freedom from fear and distress
4. Freedom from pain, injury or disease
5. Freedom to express normal behaviour

The mission statement is designed to promote the enhancement of ongoing projects and requirements. As part of this work, the company plans to issue guidelines about specific husbandry and management systems that include specific requirements.

The complete mission statement can be downloaded [here](#) .

In December 2016, REWE International AG issued its own [animal welfare guideline](#) that outlines key measures and areas of action in this area.

In addition, Germany and all other countries that serve as potential suppliers for animal source raw materials have developed regulations governing livestock-management practices. REWE Group only adds those partners who completely fulfil their home country’s regulations to the company’s supply chain.

Animal Welfare at DER Touristik

As a responsible tour operator that is committed to sustainable activities, DER Touristik has made the protection of nature and animals a high priority. In many holiday destinations, interaction with animals is part of local entertainment activities. In order to make such tourist attractions possible, wild animals are often seized from their natural habitats, held in captivity and forced to serve as tourist attractions. The impact of such activities may not be obvious on first glance for tourists.

DER Touristik believes that animal-friendly tourism is possible. Such practises include protecting animals from abuse, preserving natural habitats and ensuring species-correct husbandry activities if necessary. For this reason, the company primarily supports travel experiences that focus on watching wild animals in their natural habitat.

Animal Protection Guideline

In November 2016, DER Touristik Central Europe issued an animal protection guideline that applies to all related products of the tour operator brands and destination agencies as well as to all purchased, offered or conveyed services, including those provided by third parties. The company guideline governs the approach to tourism products that include interaction with animals. Its goal is to remove all offerings in which animals are used to entertain tourists from the programme of DER Touristik by 2020 if they do not comply with DER Touristik’s animal protection guideline. Where possible, the entertainment programmes will be replaced with animal-friendly alternatives. The company has also pledged to inform customers about the appropriate way to deal with animals and about animal-friendly tourism opportunities. The implementation of the guideline was initiated at the beginning of 2017. The requirements will be introduced step by step beginning with the winter season 2017/2018. The focus of the first phase will be elephants, predatory cats and marine mammals. To ensure that the defined animal protection criteria and recognised animal protection standards are applied, the company plans to have the animal sites undergo an independent audit.

DER Touristik has joined forces with non-government organisations and other industry actors in an effort called the Proving Demand for Higher Welfare Elephant Venues Working Group. The objective of this work is to increase demand for elephant-friendly touristic sites and to support the

development of consistent, transparent and high animal protection standards.

Indicator: Projects and Measures to Improve Animal Welfare

In the area of animal welfare, REWE Group is taking a number of steps that are based on the individual species and the conditions of farm animal husbandry. The following section explores a few selected projects involved in this work.

Rejection of Piglet Castration Without Anaesthesia

Boars, or non-castrated pigs, can develop a foul odour that permeates the meat after the animals reach sexual maturity. For this reason, male piglets are castrated about seven days after birth, usually without anaesthesia. REWE Group has set the goal of selling only fresh pork that comes from pigs that were castrated with anaesthesia beginning in 2017. At the end of 2016, about 70 per cent of the pork it sold met this requirement. The majority of farms that supply REWE Group have already switched to alternative methods like castration with anaesthesia, boar fattening and immunization against boar taint, or odour. Nonetheless, small farms in particular face some major challenges in this work. To help to maintain small farm structures, REWE Group is working with suppliers to develop economically viable ways to facilitate the conversion of these farms.

Rejection of Routine Shortening of Pigs' Ring Tails

In conventional animal husbandry, the tails of most piglets are docked, or trimmed, within four days after birth. This step is taken to prevent pigs from biting one another's tails. Such actions can occur when pigs are subjected to intense stress. If the ring tail is not docked and remains intact during the animal's life, this can be used as an indicator of humane husbandry conditions.

In 2016, REWE Group worked closely with both farmer associations in the German state of North Rhine-Westphalia, the State Ministry of Agriculture and the State Chamber of Agriculture to conduct a lighthouse project on the topic of ring tails. About 60 pig farms took part in it. During the project, the farms did not trim the ring tails. Instead, they altered husbandry conditions by providing pigs with rooting earth, hay or straw as well as open drinking sources. This approach provided additional activity opportunities and helped to improve the animals' health. Observation of the animals was increased, and their feed was modified as well. As compensation for their work, the farmers were paid 18 euros per animal and a one-time payment of 500 euros for more extensive examinations or special consultations.

Rejection of Eggs from Caged Hens

The husbandry conditions of caged laying hens are unacceptable to REWE Group. Ever since 2010, REWE Group in Germany has been selling eggs from free-run and free-range hens that meet the requirements of the German Association for Controlled Alternative Husbandry Methods (KAT). In 2012, the decision was taken to ban the use of eggs from caged hens and small groups also in processed products. By 2025 at the latest, all international companies in trade should have stopped using eggs from caged hens. In 2016, REWE Group was honoured with the Good Egg Award of the organisation Compassion in World Farming for the company's early decision to drop eggs from caged hens from its assortment.

Rejection of Beak Trimming and the Slaughter of Male Chicks

Until the beginning of 2017, conventionally run farms generally trimmed the beaks of laying hens as a way to prevent the animals from picking at and injuring one another. Male chicks are also slaughtered a day after birth because they are ill-suited for fattening.

REWE Group has set the goal of becoming the first trade company in Germany to stop selling conventional store-brand eggs from laying hens with trimmed beaks in all stores of the REWE and PENNY sales lines by 31 December 2017. This goal is expected to be reached in September 2017. In doing so, REWE Group will fulfil an agreement of poultry farming associations and the German Ministry of Food and Agriculture ahead of schedule. This agreement calls for such sales to end by

mid-2018. Organic eggs are exempt from this requirement because farms have to reject the practise of beak trimming in order to qualify for organic certification.

In a pilot project, the REWE sales line has already stopped beak trimming and the slaughter of male chicks. The eggs sold in about 600 stores in North Rhine-Westphalia, in the northern region of Rhineland-Palatinate and in parts of REWE Region East are being sold under the exclusive brand “Spitz & Bube”. This brand is scheduled to be introduced in all stores in Germany by August 2017. The product is being received very well by customers.

At the beginning of 2017, PENNY became the first discounter in Germany to introduce fresh free-run eggs under the brand HERZBUBE. In this programme, the beaks of laying hens are not trimmed and the male chicks are raised.

Creating a New Turkey Breed

Poultry breeding done under organic guidelines has to meet high requirements and creates tough challenges as a result. Currently, 95 per cent of global turkey breeding is done by two companies that exclusively use hybrid turkeys. These breeding lines are suitable for organic poultry breeding only to a limited degree because health problems can arise as a result of the turkeys’ fast growth and they are not suitable for reproduction. This creates a dependency on the breeder.

REWE Bio is providing pace-setting breeding support to Biofino GmbH. A new breed is being created by crossbreeding English free-range turkeys of the Auburn breed and a conventional hybrid breed. This new breed is characterised by its special robustness and vitality. It is also very well-suited for farms that employ free-range practises and use organic feed. Every animal has about 12 square metres of space in the barn, in the open air and in the covered outdoor area. The longer fattening period is consciously accepted. In 2016, 30 per cent of the turkey meat produced by Biofino GmbH came from these turkeys. In 2017, the share will rise to 70 per cent and should reach 100 per cent by 2019.

Systematic Conversion to Free-Run Practises for Rabbits

In 2010, REWE Group began to work with the animal protection foundation VIER PFOTEN International on plans to convert rabbit breeding from caged to free-run practises. In addition to providing rabbits with more freedom to move about, the animals are given materials to occupy themselves. Moreover, the floor is covered with plastic sheets to protect the balls of the animals’ feet. In the first step, REWE Group converted its assortment of frozen rabbit to animals produced on free-run farms at the end of 2012. Since 1 July 2016, fresh rabbit meat also comes exclusively from animals raised on free-run farms. In taking this step, REWE Group kept the pledge it made in 2014. In recognition of the company’s years-long commitment to species-appropriate animal-husbandry practises, REWE Group was presented the Good Rabbit Commendation by the animal protection group Compassion in World Farming in 2016.

Marketing of Grass-Fed Cow’s Milk

By selling larger amounts of grass-fed cow’s milk, REWE Group is making a strong contribution to increased animal welfare in dairy farming. Pasture farming practises come closest to cows’ natural way of life, both in terms of their diets as well as their movement and social behaviour. In pasture farming practices, animals spend at least six hours a day on at least 120 days a year in pastures. For the extended-shelf life milk (ESL milk) in REWE’s assortment, the share of grass-fed milk was 37.2 per cent. In August 2017, REWE began to offer certified grass-fed milk with the seal “PRO WEIDELAND – Deutsche Weidecharta” in a number of German states. In addition to fresh milk, the first cheese products have been converted to grass-fed milk. Plans to convert other products have already been made.

DER Touristik: Chili Against Elephants

As part of the work done by the non-profit organisation DER Touristik Foundation e.V. DER Touristik

As part of the work done by the non-profit organisation DER Touristik Foundation e.V., DER Touristik supports the project Chili Against Elephants. The conflict between wild animals and human beings is becoming a bigger and bigger problem as populations grow and as people migrate to regions bordering on nature conservation areas. Elephants frequently destroy the annual harvest of entire villages and are often killed as a result.

A sensibilisation campaign is designed to raise the awareness level of people in Tanzania about the promotion of sustainable habitats and biodiversity. There is one simple way to solve the conflict with elephants: The animals have a strong sense of smell and stay away from chili plants. By surrounding crops with so-called chili fences, about 75 per cent of the original damage can be avoided. The local population is taught how to grow and maintain the chili fences. The work being carried out with the project partners Upendo e.V. and the PAMS Foundation is helping both animals and people, as it can ease the conflict over living space and habitat.



Energy, Climate and the Environment

Pillar of Sustainability: Energy, Climate and the Environment

Climate change is one of the biggest challenges facing the community of nations. In an acknowledgement of this fact, countries that are part of the UN Framework Convention on Climate Change signed the Paris climate agreement on December 12, 2015. In taking this step, they pledged to launch efforts designed to keep the rise of global warming well below 2 degrees Celsius compared with preindustrial levels and to take steps to limit the increase to 1.5 degrees. A rise of 2 degrees would threaten the Earth's ecosystems and endanger biological diversity and foundation of life for millions of people.

REWE Group understands its responsibility for the climate: A large portion of global CO₂ emissions is created during the production and consumption of products as well as the provision of services. Greenhouse gases are also produced in stores, logistics and business locations. On the other hand, the business operations of REWE Group are also affected to different degrees by climate change. Climate change, increased rainfall and storms can negatively impact its business locations and affect the products and services of REWE Group, whose business depends on the long-term and reliable availability of food. Extreme weather events and changing climate conditions can threaten the cultivation and harvest of raw materials, a development that could drive up prices. In travel and tourism, climate change can pose a threat to entire destinations over the long term. In particular, these areas include islands, coastal regions and ski resorts.

Strategic Approach

The strategic goal will be to make an active contribution to climate and resource protection or, at the very least, to keep impacts on the climate and environment to a minimum. This commitment is clearly spelled out in the Guidelines for Sustainable Business Practices of REWE Group. The pillar of sustainability Energy, Climate and the Environment focuses in essence on environmentally relevant activities that lie in REWE Group's individual area of responsibility. These include: the construction and operation of stores, warehouses, administration offices, production sites, logistics operations, resources and materials needed for the company's business needs. In these areas, REWE Group strives to sparingly use resources and to increase the amount of recycled and sustainable materials it employs. Saving energy and avoiding the use of climate-damaging emissions have been made top priorities at REWE Group. In a reflection of this, REWE Group has introduced a central energy management system to oversee its efficiency measures, has used green power since 2008, taps the optimisation potential of logistics and has applied a holistic sustainability strategy since 2009 with its Green Building concept. In 2013, REWE Group modified the climate goals its set in 2009. As a result, the company is now working to cut its greenhouse gas emissions per square metre of sales area in half by 2022 compared with the base year 2006. Each year, REWE Group reviews its progress in a carbon footprint report, a document that is prepared by independent experts. The management of all areas of activity is conducted by the project group Energy, Climate and the Environment. All sales lines and relevant holding areas are represented in the group. The project group was created in 2016 and has been led since then by Mr Telerik Schischmanow (Divisional Management Board Trade Germany - Administration and Services)

Areas of Action

Three areas of action have been identified in the pillar “Energy, Climate and the Environment”. These areas were reviewed in the strategy process for food retail in Germany and approved in principle for the entire REWE Group. The name of the areas of action has been slightly changed. They are now called: “energy efficiency”, “climate-relevant emissions”, “conservation of resources”.

The review of the areas of action is part of a comprehensive strategy project in which individual sales lines more carefully adapt their sustainability activities to the specific requirements of their different business models (for more information, see [section Strategy](#)).

Key Performance Indicators (KPI)

In addition to setting the overarching climate goal, REWE Group has defined two KPIs that are used to monitor measures to achieve energy efficiency and to reduce greenhouse gas emissions:

KPI 1 : lowering electricity usage per square metre of sales area (as measured in kWh/m²) by 7.5 per cent between 2012 and 2022.

Status 2016 : The company lowered its specific energy consumption level in Germany and Austria by 4.8 per cent between 2012 and 2016.

KPI 2 : Reducing refrigerant-related greenhouse gas emissions per square metre of sales area (in kilograms of CO₂ equivalent/m²) by 35 per cent between 2012 and 2022

Status 2016 : The company lowered its refrigerant-related greenhouse gas emissions per square metre of sales area in Germany and Austria by 30.4 per cent between 2012 and 2016.

The KPIs focus on activities in energy, climate and the environment. These are areas where significant levels of consumption occur and where REWE Group can have a direct impact by taking its own measures: energy efficiency (lighting and refrigeration) and refrigerant-related greenhouse gas emissions.

The goals of each strategic business unit and holding area in Germany and Austria include its own specific binding targets and are a major focus of the units’ commercial operations. The investments that must be made in new technologies and processes to achieve this goal are determined by the strategic business units and the holding areas themselves. On the basis of this work, steps for future reporting periods are coordinated. The progress made towards reaching the goals and the impact of the measures are reviewed annually.

Sustainable Development Goals

With its commitment to the pillars of Energy, Climate and the Environment, REWE Group is also contributing to global goals of sustainable development. A comparison of the sustainability strategy and the Sustainable Development Goals (SDGs) (see [section Strategy](#)) shows that, above all, SDG 7: Affordable and Clean Energy, SDG 11: Sustainable Cities and Communities and SDG 13: Climate Action apply to the pillar Energy, Climate and the Environment.

Reporting

The GRI Report contains all measures, data and topics related to the pillar Energy, Climate and the Environment:

- GRI 301: Materials
- GRI 302: Energy
- GRI 303: Water
- GRI 305: Emissions
- GRI 306: Effluents and Waste



Materials

GRI 301: Materials

Management Approach (GRI 103-1, 103-2, 103-3)

In its [Guideline for Sustainable Business Practises](#), REWE Group has committed itself to the efficient use of the natural resources soil, air and water as well as of raw materials and fuels. As part of this effort, REWE Group optimises the use of relevant resources in its business processes and takes product- and raw-material-related steps aimed at both the upstream and downstream links in the value chain. This work includes the PRO PLANET process in which resource-conservation activities are addressed (for more information about PRO PLANET, see [GRI 204: Procurement Practices](#)).

Product-related measures are also implemented in the areas of packaging, recycling materials and optimisation of closed loops. In its own business process, REWE Group focuses on energy management, optimisation of logistics processes and the use of environmentally conscious paper.

Making Packaging More Sustainable

To make product packaging more sustainable, REWE Group has worked with stakeholders and held internal workshops to identify improvement ideas and potential. The results of these efforts then produced momentum for the development of a packaging guideline. In the first step, a comprehensive overview of packaging used for fruit and vegetables was conducted and ways to more sustainably design packaging were generated. The first pilot projects were initiated in 2016. The focus of this optimisation effort was initially placed on the packaging used for fruit and vegetables. It will later be extended to other parts of the product range. One idea being considered is “natural branding”, that is, the use of a laser to directly apply a logo to the skin of fruit and vegetables. This new label for organic fruit and vegetables could eliminate the need for packaging whose only purpose is to draw a distinction between organically and conventionally grown products. As a result, it can help to conserve plastic, paper and metal.

To help reduce plastic rubbish, REWE Group has stopped selling plastic shopping bags. In Germany, this step was initiated by the sales lines REWE in 2016 and PENNY in 2017. In Austria, it was also taken by BILLA, MERKUR, PENNY, BIPA and ADEG in 2017 (for more information, see the chapter on [plastic shopping bags](#) in the magazine).

Use of Recycling Materials

REWE Group promotes recycling of plastics by separating packaging waste in stores and warehouses and by using recycled plastics for packaging and products.

Working with its suppliers and other partners, toom Baumarkt DIY stores have developed packaging made of nearly 100 per cent recycled plastic. Since 2011, the DIY stores have been selling their white store-brand paint in containers made from recycled plastic. This range was expanded during the reporting period. As a result, 77 products were offered in paint containers made of recycled plastic (Procyklen®) in 2015 and 2016. The CO₂ emissions attributed to containers made of recycled material are up to 50 per cent lower than the levels generated in the production of buckets made of primary materials. The containers can also be reused as frequently as desired. In January 2015, toom Baumarkt DIY stores added a paint tray made of recycled plastic to its product range.

They are also continuously expanding their range of products made with recycled materials.

REWE Group is a member of the Recyclat Initiative, an alliance of partners from a range of different industries that promotes effective recycling and practises the principle of a circular flow economy. Their shared goal is to develop sustainable closed loops and to use materials produced by Germany's "Gelber Sack" (Yellow Bag) programme in which plastic rubbish is collected from private households in the country. Packaging for a portion of store-brand products in the product groups "washing, cleaning, scrubbing" at REWE and PENNY is being gradually switched to materials made entirely of recycled material. Twenty per cent of this material will come from Gelber Sack collections. The use of the Gelber Sack material is made possible by sorting technology based on laser optics. The next goal is to increase the percentage of Gelber Sack material.

In 2014, the BIPA sales line in Austria introduced a new line of cosmetics called bi:good whose packaging is made of recycled plastic and recycled cardboard.

Optimisation of Closed Loops

REWE Group is committed to efforts to create closed loops for materials. In textiles, REWE Group uses a strategy designed to close loops along the entire value chain. Among other steps, REWE Group is planning to set up textile return systems at the stores operated by the PENNY sales line (for detailed information, see the closed-loop report of REWE Group that can be downloaded [here](#)).

Since 2012, toom Baumarkt DIY stores and its partner Lightcycle have been offering a return system for energy-saving lamps and other types of lighting. toom Baumarkt DIY stores also actively inform customers about the disposal and recycling of lighting. This campaign included the appearance of Fabian Hambüchen, the 2016 Olympic horizontal bar champion, at a DIY store in Cologne. With this initially voluntary service, toom Baumarkt DIY stores are also fulfilling a portion of legal requirements regarding the return of used electric devices that are included in the new version of the German Electrical and Electronic Equipment Act (Elektrogesetz).

Reusable Systems in Logistics

To reduce the amount of transport packaging rubbish, the logistics operation of REWE Group employs reusable containers for such products as fruits and vegetables. In addition, conventional wooden palettes are being replaced by plastic alternatives. The percentage of these palettes among all palettes used by the company rose to 16 per cent in 2016 compared with 2014. Plastic palettes are lighter and have more capacity in terms of transportable packaging volume. This, in turn, has a positive impact on the energy efficiency of transports. The plastic palettes can also be completely recycled and are returned to the recovered substance cycle when a defect occurs.

Low Aromatic Inks for Printed Fliers

In the intense work it has done with printers and ink producers over the years, REWE Group has worked to replace conventional inks containing mineral oil with low aromatic alternatives. And the work has paid off: Since January 2016, only low aromatic inks have been used to produce REWE Group fliers. In accomplishing this, REWE Group fulfilled the requirements of the environmental seal Blauer Engel (Blue Angel) for printed products (RAL 195) ahead of schedule. The seal called for the use of low emission paints and inks to start in 2017.

This switch has led to sustainable changes in the industry. It prompted leading ink producers in Germany, Austria and Switzerland to primarily supply low aromatic ink for heatset printing processes.

The switch by the printing companies represents a key step in efforts to use recycled paper for food packaging. Recycling paper may not be used for packaging if conventional inks containing mineral oil are used on the original paper. The reason: The aromatic substances in inks containing mineral oil could be transferred to the food. This transfer is considered to be a health threat. REWE Group is working to turn the use of aromatic free ink into a printing industry standard. This would represent a

working to turn the use of aromatic-free ink into a printing-industry standard. This would represent a critical step in the use of recycled paper for food packaging.

Use of Environmentally Conscious Paper

Paper is a key resource that all business fields of REWE Group use extensively. As a result, REWE Group encourages the use of recycled paper, which is utilised in particular for fliers and other printed matter as well as in its administration work. In 2009, the company began to make a transition to more environmentally conscious paper, a key component of its sustainability strategy. This effort focuses on using recycled paper (with or without the German environmental seal Blauer Engel) and paper from sustainable forestry that has been certified by the Forest Stewardship Council® (FSC®) or the Programme for the Endorsement of Forest Certification Schemes (PEFC™).

GRI 301-1: Materials used by weight or volume

Paper is a key resource for a trade and tourism company, one that plays a major role particularly in product advertising. Total paper consumption by REWE Group rose from about 144,300 tonnes in 2014 to nearly 175,600 tonnes in 2016. Flier production is the primary cause of paper consumption. The rise is also reflected in specific paper consumption, which totalled 18.3 kilograms per square metre of sales area in 2016. The primary reason for the rise in paper consumption was increased advertising conducted as part of the competition for customers. This increase was reflected in the higher print runs of products like fliers, catalogues and company publications.

Absolute Paper Consumption (tonnes)			Specific Paper Consumption (kg/m ²)		
2014	2015	2016	2014	2015	2016
144,315	168,278	175,606	15.22	17.61	18.33

Scope: REWE Group Germany and Austria, including partner retailers. As part of an improved data collection process, the total for paper consumption for 2014 was adjusted downwards.

GRI 301-2: Recycled input materials used

The share of more environmentally conscious paper in total consumption at REWE Group is nearly 100 per cent. The share of recycled paper among environmentally conscious paper exceeds 80 per cent. For the remaining total of nearly 20 per cent, the company uses virgin fibre paper from sustainable forestry that has been certified by the Forest Stewardship Council® (FSC®) or the Programme for the Endorsement of Forest Certification Schemes (PEFC™).

Share of More Environmentally Conscious Paper (%)

2014	2015	2016
95.8%	97.9%	99.9%

Scope: REWE Group Germany and Austria, including partner retailers.



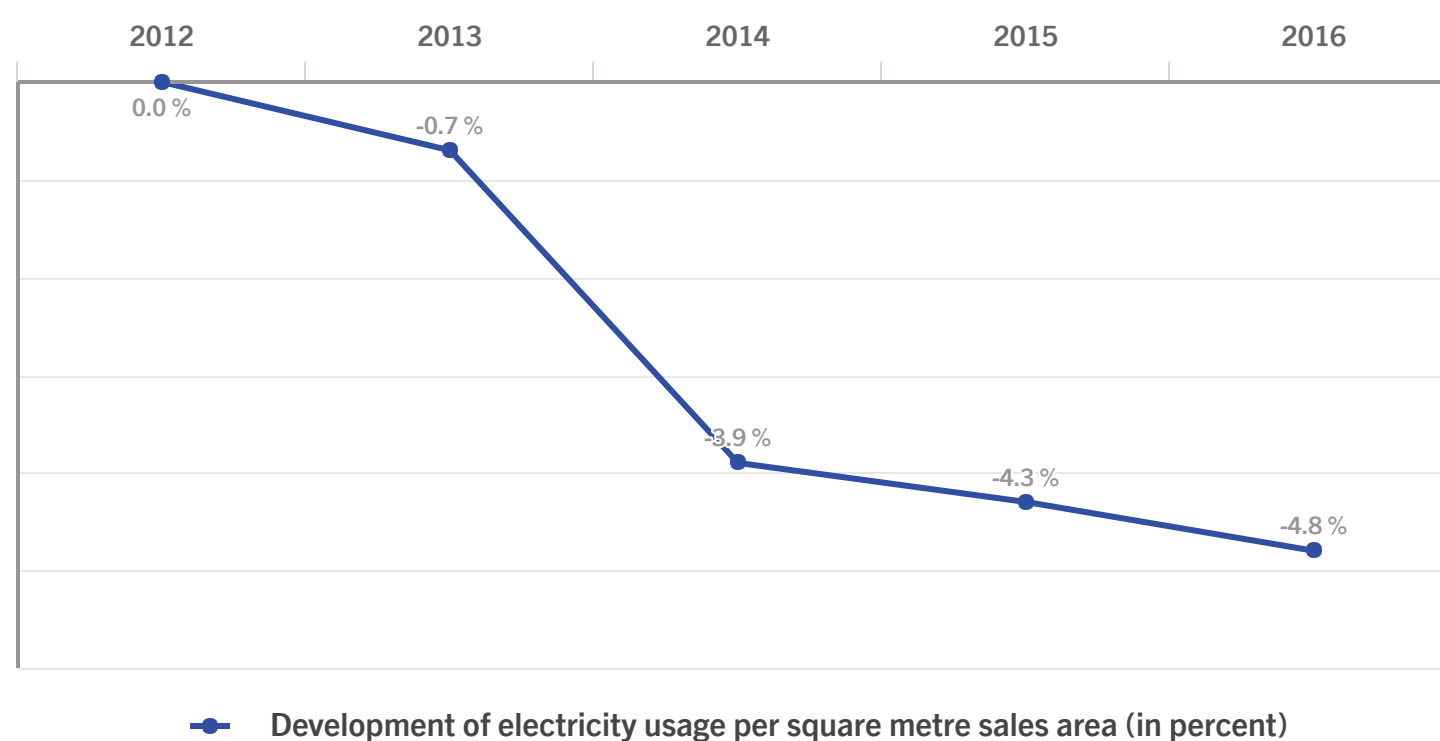
Energy

GRI 302: Energy

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group continuously works to reduce its energy consumption per square metre of sales area. This is one of the key contributions that REWE Group makes to environmental protection and the conservation of resources. REWE Group primarily uses energy for refrigeration and lighting purposes in its stores. Energy is also used to transport goods. REWE Group has set a goal and defined a key performance indicator (KPI) regarding its consumption of electricity, the largest source of energy usage at nearly 60 per cent:

- KPI 1: lowering electricity usage per square metre of sales area (as measured in kWh/m²) by 7.5 per cent between 2012 and 2022.



Scope: REWE Group Germany and Austria including partners. Units that left REWE Group during the reporting period were excluded: Rothermel.

The company lowered its specific energy consumption level in Germany and Austria by 4.8 per cent between 2012 and 2016.

The reduction of energy usage per square metre of sales area plays a key role in efforts to reach REWE Group's **climate goal**. The foundation of REWE Group's systematic energy-efficiency activities is the group-wide energy management system that the company has been implementing since 2008 in conjunction with Energie-Handels-Gesellschaft (EHA) of Hamburg. The energy service provider – which became a wholly owned subsidiary of REWE Group in 2014 – installs measuring devices in the company's stores and warehouses that facilitate central, up-to-the-minute monitoring of energy usage. In addition, a monitoring platform called FRIGODATA keeps close watch on temperature and energy data.

During the reporting period, REWE Group in Germany and Austria introduced a central energy management system based on ISO 50001. This system was certified at the end of 2016. The system covers the entire REWE Combine in Germany with 150 companies and about 4,800 locations. These companies and locations range from food retail stores, DIY stores and travel agencies to logistics centres, administrative offices and online shops. The production operations Wilhelm Brandenburg and Glockenbrot Bäckerei have been operating an energy management system certified in

accordance with ISO 50001 since 2014. In April 2016, REWE International AG in Austria received ISO 50001 certification for about 2,100 stores (BILLA, MERKUR, PENNY Austria and BIPA) and the entire logistics operation. In taking this approach, REWE Group is bundling its many energy-related activities. At the same time, it is meeting the standards of the European Energy Efficiency Directive and fulfilling legal requirements in individual countries (the amended version of the German Energy Services Act (Energiedienstleistungsgesetz)).

The new management structure is a key aspect of work to further optimise energy consumption. The detailed tracking of energy consumption will enable central energy goals and subgoals to be set. In addition, the link between measured energy usage and implemented programmes can be better understood and monitored. High-impact solutions can be identified and refined. Local employees play an important role in addition to administrative employees and energy managers. Through their actions on the job, they can make a key contribution to the success of the measures and serve as influential providers of improvement ideas. REWE Group has set up a central e-mail address to which employees can send their questions, ideas and suggestions.

GRI 302-1: Energy consumption within the organization

Energy consumption involves electricity, especially the power used for refrigeration and lighting purposes, and the petrol consumed to transport products from warehouses to stores and to deliver goods to online customers. This part of logistics is a category that the company can influence directly. As a result, consumption by the group's own vehicles as well as those of external service providers in Germany and Austria is addressed here.

Absolute energy usage by REWE Group rose by about 8.3 per cent between 2014 and 2016. A key reason for this rise was the acquisition of Kuoni Travel Holding Ltd. in 2015. Among other things, Kuoni owns the aeroplanes used by the airline Novair. These planes were the cause of a 4.8 per cent rise in energy consumption between 2014 and 2016. The expansion of locations and sales area also contributed to the rise in absolute energy consumption.

The largest amount of total energy consumption in 2016 was attributed to electricity, at about 58 per cent. It was followed by natural gas at 16 per cent and petrol for cars and lorries at 15 per cent.

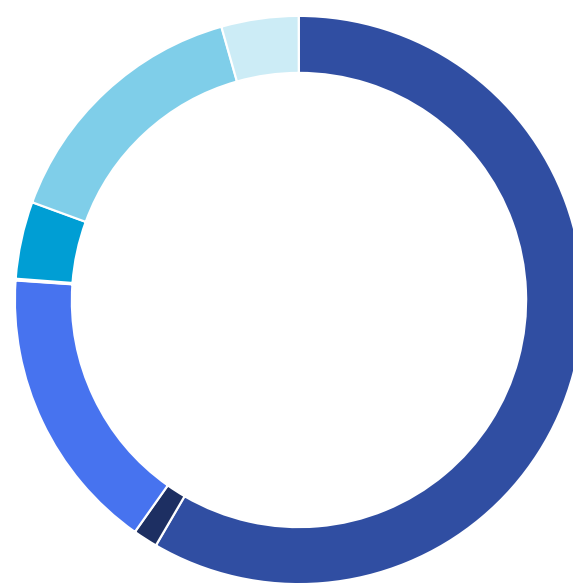
Energy consumption within the organisation (in GWh)

	2014	2015 ✓	2016 ✓	Change 2014–2016	
	Total	Total	Total	Total	Per cent
Electricity	3,807	3,852	3,893	+85.7	+2.25 %
Heating oil	94	92	92	-1.9	-2.03 %
Gas (natural and liquefied gas)	1,012	1,061	1,084	+72.1	+7.12 %
Self-produced renewable energies	16	15	9	-6.4	-41.43 %
District heating	288	298	293	+5.3	+1.83 %
Petrol (cars/lorries)	936	964	999	+63.0	+6.74 %
Jet fuel	0	153	295	+295.4	
Total	6,151	6,435	6,664	+513.1	+8.34 %
Total excluding jet fuel	6,151	6,281	6,369	+218.0	+3.54 %

1TJ | 0.2778GWh, 1MJ/m² | 0.2778kWh/m²

Scope: REWE Group, including partner retailers. Units that left REWE Group during the reporting period were excluded: Rothermel, BILLA Romania and PENNY Bulgaria. The usage data of Kuoni Travel Holding Ltd. have been included in the totals since September 2015.

Self-produced renewable energies are: solar power, photovoltaic energy, geothermal energy, wood pellets and organic heat.



- Electricity
- Heating oil
- Gas (natural and liquefied gas)
- Self-produced renewable energies
- District heating
- Fuel (cars/lorries)
- Jet fuel

Scope: REWE Group, including partner retailers. Units that left REWE Group during the reporting period were excluded: Rothermel, BILLA Romania and PENNY Bulgaria.

Self-produced renewable energies are: solar power, photovoltaic energy, geothermal energy, wood pellets and organic heat.

GRI 302-3: Energy intensity

Energy intensity covers location-related use of electricity and heat. Specific energy consumption (energy consumption per square metre of sales area) of REWE Group rose slightly during the reporting period, increasing by 1.2 per cent from 2014 to 2016. This rise can be attributed to altered sales concepts, including salad bars and fresh-food counters in convenience sections of stores. The acquisition of travel and tourism operations played a role as well.

A large number of electricity-efficiency steps were taken in both stores and warehouses (see KPI 1 and the table “Steps to lower power consumption”).

Energy intensity					
	Unit	2014	2015 ✓	2016 ✓	Change 2014–2016
Absolute energy consumption	in GWh	5,215	5,317	5,370	+2.97 %
Energy consumption per square metre of sales area	in kWh/m ²	476.1	480.7	482.0	+1.24 %

1TJ | 0.2778GWh, 1MJ/m² | 0.2778kWh/m²

Scope: REWE Group, including partner retailers. Units that left REWE Group during the reporting period were excluded: Rothermel, BILLA Romania and PENNY Bulgaria. The usage data of Kuoni Travel Holding Ltd. have been included in the totals since September 2015.

GRI 302-4: Reduction of energy consumption

To systematically save electricity and reduce emissions, the company works with Hamburger Energie-Handels-Gesellschaft (EHA) to monitor electricity and gas consumption in the stores supplied by EHA. In 2016, REWE Group began to use the new energy management system ISO 50001 in Germany and Austria. On the basis of collected data, the energy managers of REWE Group examine current and planned consumption levels and then propose optimisation recommendations. These measures are primarily designed to optimise lighting, refrigeration and heating systems. REWE Group is also working to reduce its use of heat. Since the end of 2015, REWE Markt GmbH has been conducting potential-identification analyses to develop optimisation measures. This work is also focusing on optimising petrol consumption for product transport and employee mobility.

Lighting

Interior lighting in stores affects customers' moods and product presentations. As a result, pleasing lighting becomes an essential part of the shopping experience. At the same time, lighting is responsible for about 25 per cent of electricity consumption in food stores and around 60 per cent in toom Baumarkt DIY stores. To reduce this total, energy management is devising efficient lighting concepts that address the lighting needs of the sales lines. LEDs play a major part in this effort by saving between 30 per cent and 45 per cent of the electricity required by lighting systems. In 2013 and 2014, the sales lines of REWE Group began to systematically switch to LED lighting in its stores. In this effort, a group-wide project was initiated during the reporting period to use LEDs (including retrofit solutions) for new and replacement systems. This project also involved developing special trade lighting concepts that occasionally required new technical solutions. Tremendous advances in the light colour and life span of LED lighting systems have been achieved in recent years. As a result, nothing stands in the way of their widespread use any longer. In future, REWE Group will use new LED lighting concepts in all new and remodelled stores.

Refrigeration

Refrigeration systems consume the most power in grocery stores. For this reason, they are a focal point of efforts to lower energy consumption. Optimised refrigerated display cases use 20 per cent to 40 per cent less electricity for cooling purposes. Glass doors installed on refrigerated display cases are a visible, highly effective way to cut energy consumption. Such doors are already standard for meat products. These systems will also be used for dairy products in new stores and large remodelling projects.

One other key factor is regular maintenance and professional management of refrigerating systems. These systems can be energy efficient only if the refrigeration equipment is optimally operated. As the range of fresh and convenience products grows in stores and as refrigerating needs rise with them, energy-efficient refrigerated display cases will become increasingly important in future.

Each year, the REWE sales line invites representatives of refrigerating companies and system suppliers to a refrigerating forum that gives participants an opportunity to discuss their experiences. During presentations and workshops, the participants delve into such topics as energy optimisation and operational and temperature reliability. The company also uses the occasion to recognise those companies that played a major role in energy conservation over the past year. The Austrian sales line BILLA also presents an energy efficiency award to refrigerating companies as part of its refrigerating partner conference.

	Steps to lower electricity usage	
	Steps	Reduced electricity consumption (GWh*)
		2015
Lighting Transition of lighting systems to LED, optimisation of light management, reduction of turn-on times	9.27	26.80
Refrigeration Use of glass on dairy-product display cases and doors on freezers, retrofitting of glass doors, optimisation/upgrading of system technology, replacement of refrigeration systems and energy-efficient display cases	16.25	12.45
Upgrading of technology of other systems, particularly those in production	0.56	0.06
Total savings	26.08	39.31

*1TJ | 0.2778GWh, 1MJ/m² | 0.2778kWh/m²

Scope: REWE Group Germany and Austria (REWE VS; REWE Lager; PENNY; PENNY Lager; toom Baumarkt DIY stores; headquarters locations; Travel and Tourism; REWE International (Austria); REWE Systems; Glockenbrot excluding Rothermel; and W. Brandenburg).

The measures taken by the units of REWE Group in Germany and Austria lowered electricity usage by about 39GWh in 2016 and by 26GWh in 2015. Refrigeration is responsible for more than half of electricity consumption at full-range and PENNY stores. Many refrigeration steps were taken during the reporting period to reduce cooling losses. The increased use of LED lighting was the chief reason for reduced electricity consumption in 2016. In grocery stores, lighting is responsible for about 25 per cent of power usage. In toom Baumarkt DIY stores, the total is almost 60 per cent.

Logistics and Product Transport

REWE Group Logistics ensures that the company's stores always have the products they need. This operation is supported by a complex transport and warehouse system that ensures product availability, quality and freshness. Transport-related emissions cause about 10 per cent of REWE Group's total greenhouse gas emissions in Germany and Austria. REWE Group is taking the following steps to cut these emissions: It has lowered the total of driven kilometres, increased vehicle utilisation, reduced emissions per kilometre through the use of different logistics concepts, employed efficient technology and modified driver behaviour.

In 2015 and 2016, the warehouse network structure of REWE Group was further optimised. As part of this work, two new cross-docking hubs for fruit and vegetables were opened. In addition, storage and logistics were restructured and reorganised at a number of locations. In addition to the improvements in the warehouse structure, forecast techniques and route planning are continuously improved. As a result, further gains were made in vehicle utilisation of the entire lorry fleet, reaching 91 per cent of the entire vehicle fleet in service. REWE Group conducts training programmes in which its drivers learn petrol-saving techniques. It is also implementing a company-wide system for monitoring petrol usage. During the reporting period, average petrol consumption fell by 3.8 per cent compared with the period of 2013–2014. To further reduce the carbon footprint of its vehicle fleet, REWE Group continuously upgrades its vehicles. At the end of 2016, the share of vehicles that meet the Euro 6 emission standard was 35 per cent of the company's entire fleet of lorries. Another key part of REWE Group's sustainability efforts involves testing alternative drive technologies to determine their suitability, practicability and efficiency within REWE Group Logistics. An electric lorry is being used in the Berlin metropolitan area, and REWE Region Central is employing five lorries powered by natural gas. In Austria, three lorries with organic-fuel drive systems and three e-hybrid lorries are being used.

REWE Group is also involved in research that is being conducted into promising logistics concepts. In the research project "Geräuscharme Nachtlogistik" (silent night logistics), existing processes have been modified with the goal of integrating electric commercial vehicles into the urban logistics chain. The aim is to reduce noise and environmental pollution as well as to decrease traffic congestion in urban areas. Three stores of REWE Group are being used to test the developed concept in real-world operations.

Employee Mobility

Another step being taken to reduce energy consumption is the Mobility Budget that replaced the Company Car Policy in 2014. Employees entitled to company cars can now flexibly use their budget and individually design it by doing such things as selecting a smaller model and investing the remaining budget in various other components. Users of electric vehicles receive a monthly bonus of 150 euros in addition to their mobility budget. The monthly supplement for hybrid vehicles is 25 euros. To encourage mobility with bicycles, all employees of REWE Group in Germany have been able to purchase a company bike since November 2016 as part of a deferred-compensation model. Employees can use the bicycles to commute to work and enjoy in the leisure time.



Water

GRI 303: Water

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group uses water in its stores, production sites, warehouses and administration locations. Water-saving equipment installed here reduces the company's low level of fresh water usage even further.

A bigger role is played by water withdrawal and disposal in the production of products. In this area, REWE Group conducts product-related projects in its supply chain (for more information, see [GRI 201: Procurement Practices](#)).

GRI 303-1: Water withdrawal by source

REWE Group uses water in its approximately 15,000 stores, at its production sites, warehouses and administration locations. Almost all water used by the company is obtained from public waterworks – with the exception of the rainwater used by some Green Buildings. Absolute water usage rose slightly from about 5.76 million cubic metres (m³) in 2014 to 6.72 million cubic metres in 2016. The rise was caused in part by the addition of companies to REWE Group. The travel and tourism provider Kuoni that was acquired in 2015 added 430,000 cubic metres to water consumption by itself. Water usage also rose in some units that were already part of REWE Group.

Water consumption of REWE Group

	Unit	2014	2015	2016	Change 2014–2015	Change 2015–2016
Absolute water consumption	1.000 m ³	5,915	6,390	6,721	+8.1 %	+5.2 %
Energy consumption per square metre of sales area	(m ³ /m ²)	0.53	0.58	0.60	+7.0 %	+4.42 %

Scope: REWE Group, including partner retailers. Units that left REWE Group during the reporting period were excluded: Rothermel, BILLA Romania and PENNY Bulgaria. The usage data of Kuoni Travel Holding Ltd. have been included in the totals since September 2015.



Climate Protection

GRI 305: Emissions

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group understands its responsibility for the climate: A large portion of global CO₂ emissions is created during the production and consumption of products as well as the provision of services. For this reason, REWE Group has made energy conservation and the avoidance of climatically harmful emissions a high priority. And this issue will become even more important as energy prices rise. Key challenges to be faced by REWE Group in future include cutting energy consumption while addressing rising needs in the areas of freshness and convenience, work that will require increased transports and refrigeration.

The Climate Target of REWE Group:

The declared strategic goal of REWE Group is to make a measurable contribution to climate and resource protection or, at the very least, to keep impacts on the climate and environment to a minimum. This commitment is clearly spelled out in the [Guidelines for Sustainable Business Practices](#) of REWE Group.

REWE Group defined its first climate goal in 2009. Thanks to the company's strong performance, this goal was reached ahead of time in the summer of 2013 and increased. The new goal is:

- REWE Group has set the goal of cutting its greenhouse gas emissions per square metre of sales area in half by 2022 compared with 2006.

Absolute greenhouse gas emissions for Germany and Austria have fallen from 2.37 million tonnes in the base year of 2006 to about 2.06 million tonnes in 2016. This represents a decrease of 13 per cent. Specific greenhouse gas emissions (unit: CO₂ equivalents per square metre of sales area) plunged by 38.7 per cent during the same period (see graphic). As this result demonstrates, REWE Group has made significant strides in its effort to cut its specific greenhouse gas emissions by 2022. In addition to this overarching environmental goal, REWE Group has defined two KPIs with related goals:

- KPI 1: lowering electricity usage per square metre of sales area (as measured in kWh/m²) by 7.5 per cent between 2012 and 2022 (see also [GRI 302: Energy](#))
- KPI 2: reducing refrigeration-related greenhouse gas emissions per square metre of sales area (in kg of CO₂ equivalents/m²) by 35 per cent between 2012 and 2022 (see also the chapter [Refrigerants](#)).

The KPIs focus on activities in energy, climate and the environment. These are areas where significant levels of consumption occur and where REWE Group can have a direct impact by taking its own measures: energy efficiency (refrigeration and lighting) and refrigerant-related greenhouse gas emissions. The goals of each strategic business unit and holding area in Germany and Austria include specific binding targets and are a major focus of their commercial operations. The investments that must be made in new technologies and processes to achieve this goal are determined by the strategic business units and the holding areas themselves.

The management of all areas of activity is conducted by the project group Energy, Climate and the Environment. All strategic sales lines and holding areas are represented in the group.

Carbon Footprint

To document the progress being made in reaching climate goals and to facilitate the monitoring of the emission-reducing steps, REWE Group has hired independent experts to prepare an annual carbon footprint report since 2009. During the reporting period, this report was prepared by INFRAS AG for Germany and by Umweltbundesamt GmbH for Austria. In addition to outlining the achieved savings, the Carbon Footprint Report highlights the fundamental levers that the company has at its disposal. The major causes of greenhouse gas emissions are electrical, heating and refrigeration systems (for information about energy-related steps, see GRI 302: Energy). During the reporting period, updated emission factors were added to the carbon footprint. One change made in 2016 involved the adjustment of emission factors for electricity in Germany. This change was applied retroactively and resulted in small changes in totals up to 2010. The basis of the updated emission factors is formed by new information about Germany's electricity mix from German energy statistics and revised power station data from the material-flow-analysis model GEMIS (global emission model of integrated systems).

Greenhouse gas emissions were calculated in accordance with the GHG Protocol. In determining CO₂ equivalent emission factors, data from the material-flow-analysis model GEMIS, the transport emission model TREMOD and the life-cycle analysis database Ecoinvent were used once again.

Alternative Energies

At the beginning of 2008, the company shifted the source of the electricity used by its stores, warehouses and travel agencies in Germany and Austria to certified green power. This power is acquired by the Hamburg-based Energie-Handels-Gesellschaft (EHA), a wholly owned subsidiary of REWE Group. The green power generated by REWE Group Germany meets the requirements of the Label EE01 of TÜV SÜD, a technical services company in Germany. In accordance with the convention of the German Environment Agency regarding the calculation of green power, a regulation that is designed to facilitate the expansion of power produced from renewable sources, REWE Group now applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint (about 25 per cent).

In 2016, 91.3 per cent of green power was produced by hydroelectric sources. The rest was generated by photovoltaics, biomass and wind power.

In addition, REWE Group employs photovoltaic technology and other regenerative technologies to produce its own energy. Photovoltaic systems are used in administrative offices, warehouses and stores in suitable locations (particularly Green Building stores). At the end of 2016, REWE Group operated photovoltaic systems at 40 locations in Germany. These units have a potential peak power output of 13,900kWp.

Refrigerants

The greenhouse gas emissions produced by refrigerating systems are largely the result of the refrigeration agents used in them. For this reason, REWE Group has defined its own KPI to cover this area:

KPI 2: reducing refrigerant-related greenhouse gas emissions per square metre of sales area by 35 per cent by 2022 compared with the base year 2012.

By 2016, a reduction of 30.4 per cent had already been achieved.

In its effort to cut emissions, REWE Group decided at an early stage to use the most environmentally conscious refrigeration agents. These agents have low greenhouse gas potential and increasingly

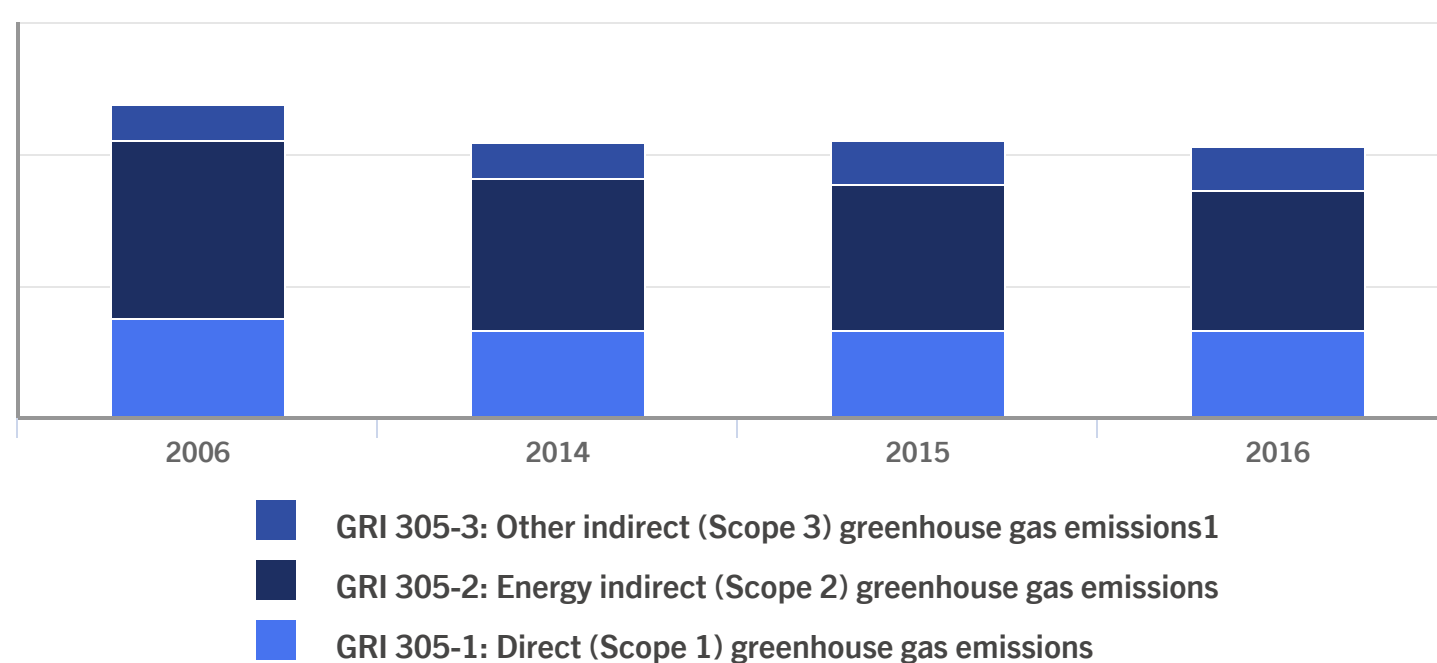
include natural refrigerants like propane and CO₂. As part of the company's work, it purchased about 14,000 refrigerating units that use the natural refrigerant propane for REWE and PENNY during the reporting period.

- GRI 305-1: Direct (Scope 1) greenhouse gas emissions
- GRI 305-2: Energy indirect (Scope 2) greenhouse gas emissions
- GRI 305-3: Other indirect (Scope 3) greenhouse gas emissions

Greenhouse gas emissions scopes 1–3 (tonnes of CO₂ equivalents)¹

	2006	2014	2015	2016	Change 2006–2016
GRI 305-1: Direct (Scope 1) greenhouse gas emissions	760,214	666,586	664,479	659,178	-13.3 %
GRI 305-2: Energy indirect (Scope 2) greenhouse gas emissions	1,343,056	1,149,033	1,115,133	1,065,779	-20.6 %
GRI 305-3: Other indirect (Scope 3) greenhouse gas emissions ¹	270,607	277,133	331,883	330,832	+22.3 %
Total greenhouse gas emissions ²	2,373,876	2,092,753	2,111,495	2,055,789	-13.4 %

Greenhouse gas emissions scopes 1–3 (tonnes of CO₂ equivalents)¹



Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

¹ The green power generated for companies of REWE Group Germany meets the requirements of the Label EE01 of TÜV SÜD, a technical services company in Germany. In accordance with the convention of the German Environment Agency regarding the calculation of green power, a regulation that is designed to facilitate the expansion of power produced from renewable sources, REWE Group now applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint (about 25 per cent).

² The following total for greenhouse gas emissions in 2016 was determined using emission factors for electricity, based on location-based methodologies (green power was not considered): 2,433,458 tonnes of CO₂ equivalent.

The following total for greenhouse gas emissions in 2016 was determined by using emission factors for electricity, based on market-based methodologies (100 per cent of green power is only considered with upstream chain emissions): 1,061,981 tonnes of CO₂ equivalent.

GRI 305-4: Greenhouse gas emissions intensity

During the reporting period, both the absolute and the specific greenhouse gas emissions (per square metre of sales area) of REWE Group decreased. Specific greenhouse gas emissions totalled 220.5 kilograms of CO₂ equivalents per square metre in 2014 and fell to 214.5 kilograms of CO₂ equivalents per square metre in 2016. Compared with the base year 2006, specific greenhouse gas emissions fell by 38.7 per cent in 2016. The calculation of emission intensity comprises direct and indirect energy-related emissions as well as other indirect emissions (scopes 1, 2 and 3).

Greenhouse gas emissions¹

	Unit	2006	2014	2015	2016
Absolute greenhouse gas emissions	tonnes CO ₂ equivalents	2,373,876	2,092,753	2,111,495	2,055,789
Specific greenhouse gas emissions per square metre of sales area	kg CO ₂ equivalents/m ²	350	221	221	215

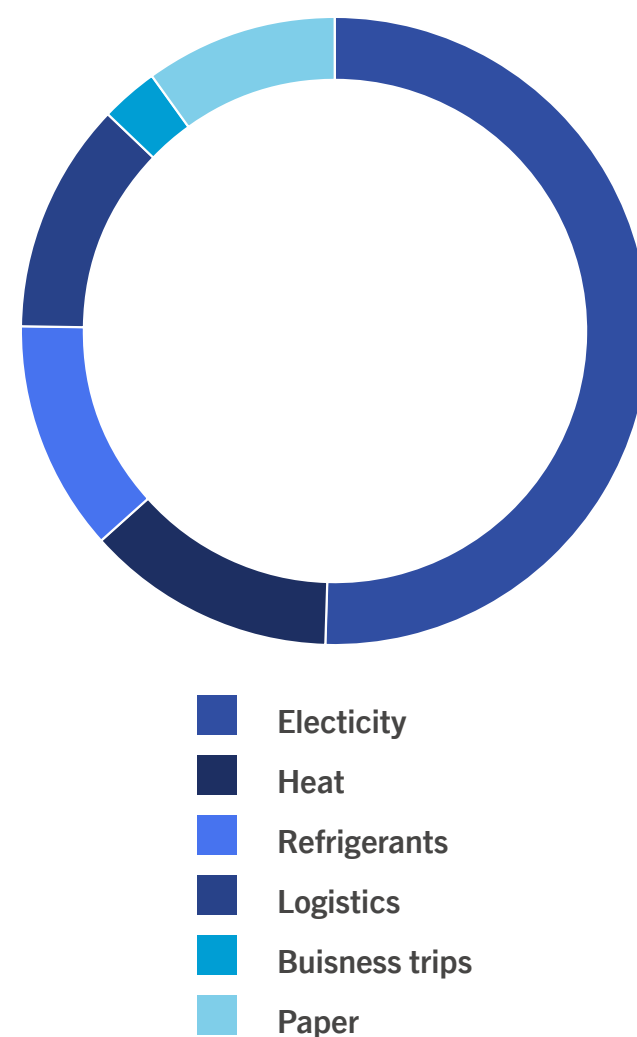
Of sales area	%	-36.9 %	-36.8 %	-38.7 %
Achieved savings of specific greenhouse gas emissions since the base year 2006				

Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

¹ The green power generated for companies of REWE Group Germany meets the requirements of the Label EE01 of TÜV SÜD, a technical services company in Germany. In accordance with the convention of the German Environment Agency regarding the calculation of green power, a regulation that is designed to facilitate the expansion of power produced from renewable sources, REWE Group now applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint (about 25 per cent).

The greenhouse gas emissions of REWE Group were broken down in the following manner for 2016:

Share of greenhouse gas emissions in 2016 by originator group (scope 1–3)



Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

GRI 305-5: Reduction of greenhouse gas emissions

REWE Group has launched a variety of electricity-saving initiatives designed to reduce greenhouse gas emissions. As a result of these efforts, about 15,400 tonnes of CO₂ equivalents were saved in 2015 and 23,000 tonnes were saved in 2016.

Steps to lower CO₂ emissions¹

Steps	Savings of CO ₂ equivalents (tonnes)	
	2015	2016
Lighting Transition of lighting systems to LED, optimisation of light management, reduction of turn-on times	2,725	8,043
Refrigeration Use of glass on dairy-product display cases and doors on freezers, retrofitting of glass doors, optimisation/upgrading of system technology, replacement of refrigeration systems and energy-efficient display cases	4,767	3,426
Technological improvements for other systems	224	24
Total Savings	15,431	22,984

Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

¹ The basis for the calculation is the energy-saving initiatives used for GRI 302-4.

GRI 305-6: Emissions of ozone-depleting substances

In recent years, REWE Group has systematically cut back on its use of ozone-depleting substances – since 2006 by about 99 per cent. The chief reason for this decline was the legally mandated

replacement of the refrigerant R22 with such non-ozone-depleting refrigerants as R404A, R134a and NH3. In 2014, the total amount of emissions of ozone-depleting substances from refilled refrigerants was 80 kilograms of CFC-11 equivalents and 10 kilograms of CFC-11 equivalents in 2016.

Emissions of ozone-depleting substances by weight (kg)

	Unit	2014	2015	2016
Total emissions of ozone-depleting substances from refilled refrigerants	kg of CFC-11 equivalents	80	12	10

Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

GRI 305-7: NO_x, SO_x, and other significant air emissions

The airborne pollutants associated with the business activities of REWE Group are primarily caused by the upstream combustion and production processes used to produce electricity, heat and paper. In addition, emissions generated by refrigerants, logistics and business trips have an impact on air quality.

Air emissions including upstream chains (tonnes)

	2014	2015	2016
NO_x	2,944,717	2,867,951	2,797,302
SO_x	1,526,317	1,584,303	1,578,697
Fine particulate matter (particle<10µm)	280,100	286,686	241,122
Non-methane volatile organic compounds	350,141	413,545	417,118

Scope: Companies of REWE Group Germany and Austria including partner retailers. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope: Rothermel.

Waste

GRI 306: Effluents and Waste

Management Approach (GRI 103-1, 103-2, 103-3)

In dealing with waste and reusable materials, REWE Group and its waste-disposal partners systematically apply the principle of recycling. In particular, the reusable material found in logistics is sorted to the greatest extent possible and can thus be optimally provided for further use.

This commitment is especially reflected in the high recycling percentage for non-hazardous waste that can be reused to a large degree.

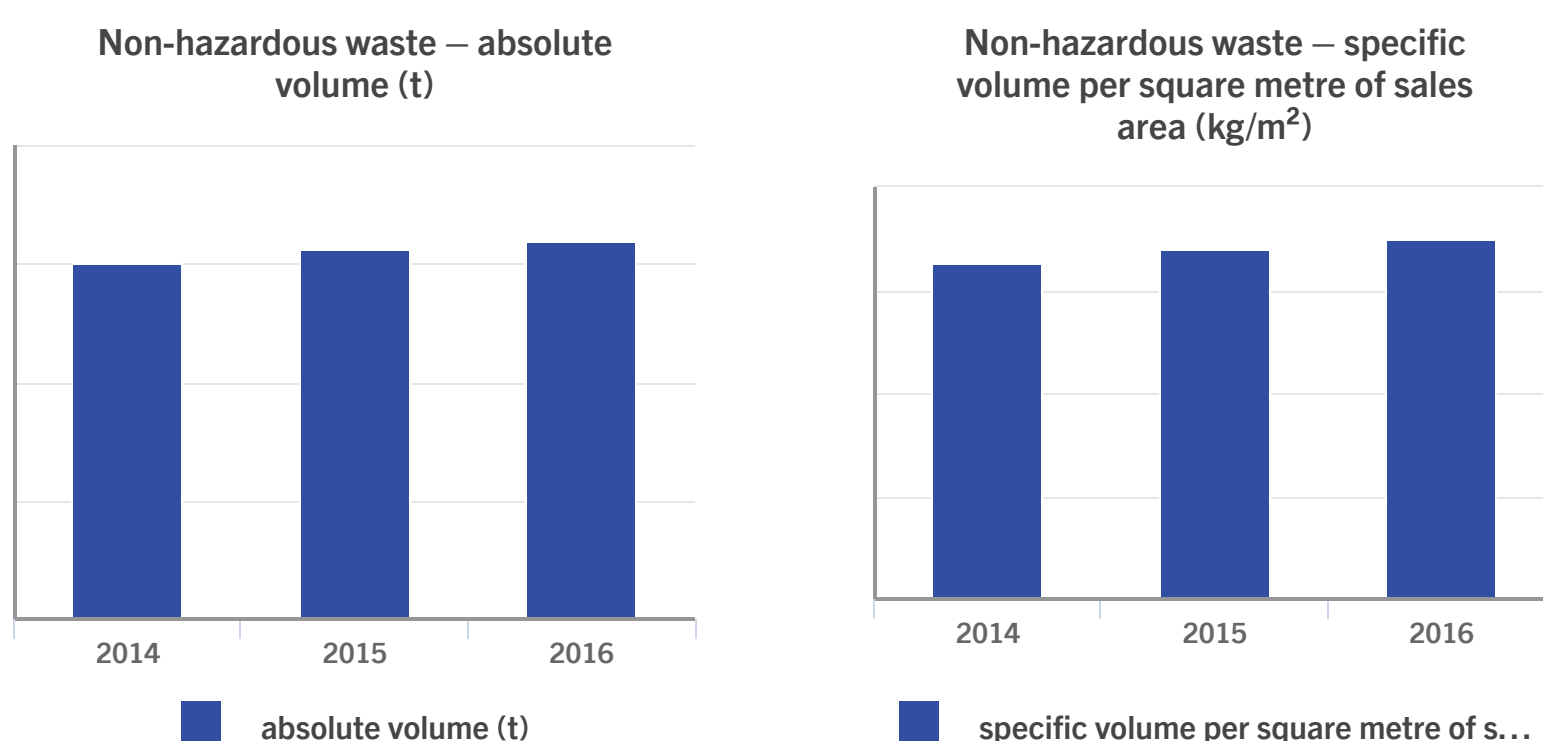
In 2008, this rate was more than 90 per cent. Since 2012, it has remained relatively constant at more than 95 per cent. Nearly all paper, cardboard and boxes are recycled. This group makes up the largest share of all waste at 45.8 per cent. A large amount of plastics, metals, glass and store rubbish is recycled as well. Organic waste produced in food stores is transported to biogas units, where it is converted into electricity and heat.

In the area of food, REWE Group strives to keep the percentage of losses to a minimum. State-of-the-art forecasting systems and automated order processes are combined with short transport distances and seamless refrigeration to create a needs-driven supply system for stores. As a result, the percentage of unsold goods can be kept at a low level. A key role in estimating need is the commercial experience of employees. REWE Group regularly provides training to them in this area.

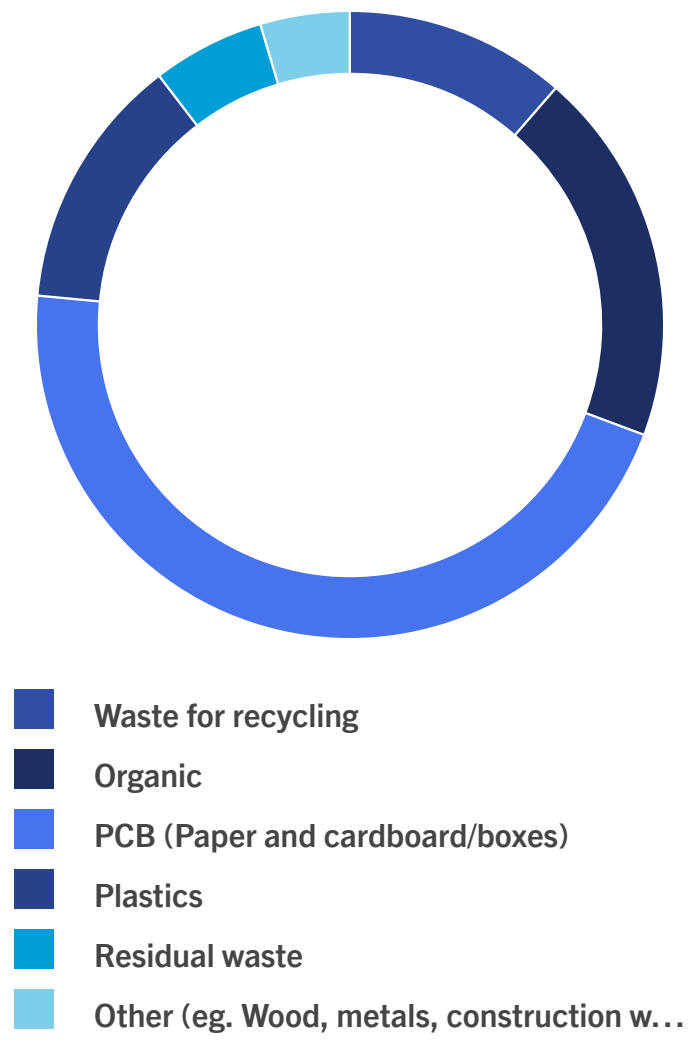
REWE Group obtains its water from public waterworks. The company does not introduce its effluents directly into any body of water. Instead, its business locations direct the effluents into normal public and private wastewater systems.

GRI 306-2: Waste by type and disposal method

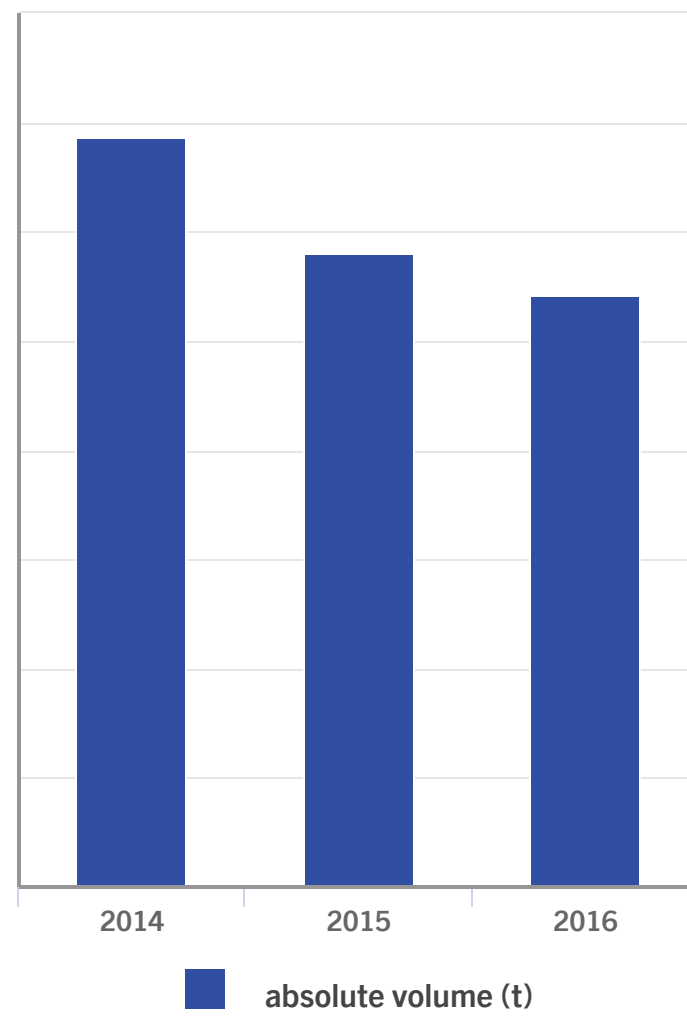
The amount of non-hazardous waste in the company group in Germany and Austria totalled about 637,000 tonnes in 2016. Hazardous waste, in particular certain types of used electric equipment, oils, vehicle batteries and fluorescent lamps, made up only a small portion of overall waste during the reporting period with an absolute total of 1,453 tonnes (2015) and 1,353 tonnes (2016). Compared with non-hazardous waste, the amount of hazardous waste totalled significantly less than 1 per cent.



Non-hazardous waste – by type



Hazardous waste – absolute volume (t)



Scope: Companies of REWE Group Germany and Austria excluding partner retailers. Units that left REWE Group during the reporting period were excluded: Rothermel.



Green Building

Management Approach (GRI 103-1, 103-2, 103-3)

“More sustainable products belong in more sustainable stores.” With this commitment in mind, REWE Group set about the task in 2008 to develop a new generation of supermarkets that would bring sustainability to life for customers and employees as well as foster sustainable progress.

The result of this work is the Green Building concept of REWE Group that combines modern architecture with energy-efficient technologies and the use of renewable energies. Introduction of the model concept in 2012 made it possible, for example, to cut primary energy consumption by up to 40 per cent compared with conventional markets. By successfully introducing the Green Building concept, REWE Group has made the environmental and business case for building and operating more sustainable retail properties. Because REWE generally leases its stores, the support of investors and landlords for more sustainable building concepts must be gained. Such criteria as economic value, a possible change of use and commercial development costs serve as key arguments for this proven construction concept. Evidence of customers’ positive responses to this concept can be seen in above-average customer frequency and the related rise in revenue. REWE Group informs customers about its Green Building strategy in fliers in weekly advertising, in special brochures and as part of annual Sustainability Weeks in stores.

Concept

The concept includes the following elements, which are applied in accordance with business locations’ needs:

1. **Daylight Architecture:** Ribbon windows on up to four sides of the building and additional dome roof lights facilitate the use of natural light, which is complemented by an energy-efficient LED lighting concept. The natural light tremendously enhances the quality of the time that customers and employees spend in the store.
2. **Organic Building Materials:** The characteristic structural frame of a Green Building is formed by the renewable resource wood. This is also the case with the front façade and, in many cases, with the roof shell as well. Environmentally friendly and recyclable building materials are also used in other areas.
3. **Renewable Energies:** Green Building stores use only green power that is 100 per cent certified. In instances where it makes sense, photovoltaic systems are installed as well.
4. **Heating:** For heating purposes, no fossil fuels are required thanks to the use of heat pumps and the waste heat of refrigeration systems.
5. **Use of Rain Water:** To clean floors, flush toilets and water outdoor areas, rain water is collected in containers.
6. **Refrigeration Systems and Units:** The natural coolant CO₂ is used for normal and combined refrigeration and deep-freeze systems, and the natural refrigerant propylene for plug-in freezers. Buffer-storage units are used to recover heat. Glass-door refrigerated display cases for meat and dairy products help to prevent losses of refrigerated air. The energy efficiency of refrigeration units is also increased by using integrated LED lighting systems and energy-saving

fans as well as forgoing the use of defrosters for glass panels on freezer units.

7. Sociocultural Factors: Green Building stores are largely barrier free. They are also equipped with restrooms for the physically disabled and diaper-changing tables. Such factors as visual comfort, ambient air and bicycle parking places near the entrance are considered as well.

Certification

REWE's Green Building concept has received multiple certifications at the "Gold"* level by the German Sustainable Building Council (DGNB) since 2012. In 2014, toom Baumarkt DIY stores received multiple certifications for its Green Buildings. The PENNY sales line earned multiple certifications in 2016. The seal of quality evaluates a wide range of building features. These include environmental aspects, the stages of the construction process and sociocultural factors regarding well-being, including visual comfort, ambient air, bicycle parking places and customer restrooms. Multiple certifications of the building specifications significantly smooth the certification process because the entire concept has already been subjected to a thorough examination. This is a key pre-condition for the fast, cost-efficient development of Green Building stores.

* Corresponds to the current classification following a change in the criteria by the building council in 2015.

Implementation

The first Green Building store was opened in 2009 in Berlin-Rudow and received platinum certification* from the German Sustainable Building Council. REWE has been honoured several times for the pioneering role it has played in sustainable construction. These honours include being named "Store of the year 2010" by the German Retail Association (HDE) and being listed among the world's 100 best sustainability concepts by the UN Commission on Sustainable Development in 2012. In the same year, the REWE Green Building specifications received the multiple certificate (MNHA12) in silver from the building council. This now corresponds to the gold level following changes made in the criteria in 2015.

In 2013, REWE Group decided to carry out all new building projects and all new leases on the basis of the Green Building concept, provided that conditions permit this. In 2014, PENNY also opened a Green Building store. toom Baumarkt DIY stores now have two Green Buildings that have been certified and seven stores that were built according to the Green Building criteria but have not yet received final certification. The Green Building criteria are also considered in the construction of new warehouses. The new structures are then certified according to the building council's standard. The warehouse RED 63 in Neu-Isenburg, Germany, that was completed in 2014 has received the council's certification in gold. When existing buildings are remodelled, REWE Group applies as many elements of the Green Building as possible to the stores' interior.

REWE stores that meet the requirements of the German Sustainable Building Council (Green Building)

REWE Green Building projects	Status 2015	Status 2016	Change 2015–2016
In planning	75	115	+ 53 %
Completed	43	79	+ 84 %
Total	118	194	+ 64 %



Employees

Pillar of Sustainability: Employees

REWE Group is facing a broad range of human-resources challenges. As a result of demographic trends, the number of older employees will rise through 2020, and the shortage of trainees and skilled workers continues to expand. In addition, the work world is being reshaped by globalisation and digitalisation – accompanied in part by technological change, the increasing complexity of markets, shifts in cultural values and growing individualisation. Work World 4.0 will be more digital, connected and flexible. The future work world for an individual is still up in the air (source: [German Ministry of Labour and Social Affairs 2015](#)).

Strategic Approach

REWE Group applies strategic personnel management in its efforts to position itself for the future as well as to attract talented individuals and turn them into loyal employees – by offering employee-driven job concepts, providing safe working conditions, giving tailored advanced training and respecting every individual.

The promotion of satisfaction, performance and productivity plays a major role in this process. To achieve this goal at such a large and diverse company, it takes a strong sense of togetherness among all employees and departments in which they work. Dedicated, well-qualified employees contribute immensely to the company's success. To gain their loyalty, the company offers fair pay, additional company benefits that extend beyond the level of negotiated wages, flexible working models that can be adjusted to meet individual employee needs and tailored ways to achieve a work/life balance. The corporate culture of REWE Group is characterised by a trusting and respectful relationship among employees, customers and business partners. The company is determined to create a diverse employee structure and to provide its staff, regardless of their gender, age, religion, origin, sexual identity or disability, with non-discriminating jobs that offer equal opportunities to each member of the workforce.

Areas of Action

The following areas of action have been defined for the pillar Employees: “fair working conditions”, “human resources development”, “health management and occupational safety”, “life-phase-oriented personnel policies” and “diversity and equal opportunity”.

The areas of action for food retail in Germany were recalibrated as part of the strategic process for sustainability in 2016. The new areas of action were redefined as: “values and culture”, “training and professional growth”, “health and safety”, “job and phases of life” and “diversity and equal opportunity”.

All areas of action are monitored by the “Employee” project group, a team that has been led by Dr Büchel, a member of the Divisional Management Board of Trade Germany who oversees HR and sustainability, since mid-2016.

Key Performance Indicators

As a way of measuring the progress being achieved in the pillar Employees, REWE Group defined key performance indicators (KPIs) in 2010 and set a deadline for their achievement by 2015: The objectives for three KPIs were not fully reached. But the desired number of internal hires for managerial positions was exceeded with a level of 76.2 per cent:

Key Performance Indicator (KPI)	Status 2015
KPI 1: Lowering accidents from 50.6 per 1,000 FTEs (full-time equivalents) in 2010 to 48.0 by 2015	49.8
KPI 2: Reducing paid sick leave from 3.6 per cent to 3.5 per cent by 2015	4.1 %
KPI 3: Increasing the share of trainees from 4.9 per cent in 2010 to 5.3 per cent by 2015	5.0 %
KPI 4: Boosting the share of internal hires for managerial positions from 65.1 per cent in 2010 to 68.4 per cent	76.2 %

The company's inability to fulfil KPI 1 was mainly due to areas related to labour organisation (including restructuring and new processes) that increasingly resulted in accidents that were caused by inattention. REWE Group is addressing this area by conducting exact analysis and increasing its provision of information (instructional briefings). As part of in-depth analysis, consideration must also be given to trends in commuting accidents. The company has very few ways of influencing such accidents. But these accidents can have a major impact on this metric (up to 15 per cent of accidents are commuting accidents).

The increase in paid sick leave (KPI 2) also reflects the rise of sick leave seen throughout the economy for years. One out of two employees took sick leave at least once in 2015, according to an analysis conducted by the German health insurer DAK Gesundheit. As a result of demographic change, employees are also becoming older. Health problems frequently recur and are chronic. They are thus more protracted than they are for younger employees.

The number of trainees did rise slightly. But the percentage increase in the number of trainees was not achieved because of the growth of overall staff figures (KPI 3). Structural conditions designed to further increase the percentage of trainees have been put into place.

As part of the company's strategy process, the KPIs are currently being reviewed and modified.

Sustainable Development Goals

During the reporting period, REWE Group measured its sustainability strategy against the Sustainable Development Goals (SDGs). It then identified and prioritised the SDGs that are relevant to the company (see the **chapter Strategy**). One of the highest-priority SDGs was included in the area of responsibility for the pillar Employees: SDG 8: decent work and economic growth.

Reporting

The GRI report contains all measures, data and topics related to the pillar Employees:

- **GRI 401 – Employment**
- **GRI 402 – Labor/Management Relations**
- **GRI 403 – Occupational Health and Safety**
- **GRI 404 – Training and Education**
- **GRI 405 – Diversity and Equal Opportunity**
- **GRI 406 – Non-discrimination**



Employment

GRI 401: Employment

Management Approach (GRI 103-1, 103-2 and 103-3)

Satisfied, hard-working employees form the foundation of REWE Group's long-term business success. Understanding this, the company offers attractive and fair working conditions to its employees. These conditions include fair pay, additional company benefits that extend beyond the level of negotiated wages, flexible working models that can be adjusted to meet individual employee needs and tailored offers to facilitate a work/live balance.

During the reporting period, REWE Group received a large number of awards, including:

- Top Employer in 2015 and 2016, Best Place to Learn, Germany's 100 Top Employers in the category Student Barometer, Universum The Most Attractive Employers in Germany as well as, in 2016, Germany's 100 Top Employers in the category Young Professional Barometer and Graduate Barometer, Kununu Top Company, MINTminded Company, Focus Money Germany's best training companies, second place in the Female Recruiting Award.

For its social commitment, REWE Markt GmbH was presented with the CSR Jobs Award 2016 in the category Our Family Culture. In addition, REWE Markt GmbH was one of the finalists for the award Success Factor Family 2016 that is presented by the German Ministry for Family Affairs, Senior Citizens, Women and Youth. Moreover, the REWE Region South won the HR Excellence Award in the category Combine Diversity Management in 2016 for its integration concept "KIMAT". The concept is designed to foster the integration of migrants into the labour market and into teams. It builds bridges between migrants' home of origin and their future.

As a family-friendly company, REWE began to receive certification from the berufundfamilie Service GmbH, an initiative of the non-profit Hertie Foundation, based on the "audit berufundfamilie" in 2009. About 2,400 REWE stores, six administration sites and three logistics locations have been earning the certification for several years now. The stores, headquarters and logistics centres of toom Baumarkt DIY stores were added to the process on 31 October 2016. As a result, more than 104,500 employees of REWE Group across Germany are being reached and can profit from more flexible working models as well as more family- and life-phase-focused human resources policies. REWE is now the largest company in Germany that has received certification from "audit berufundfamilie". In Austria, BILLA, MERKUR, BIPA, PENNY and REWE Int. Services have also been awarded certification from "audit berufundfamilie".

REWE Group offers an array of programmes that are designed to put its family-friendly and life-phase-focused human resources policies into practice. These policies have been added to a number of binding labour-management agreements. They cover such issues as flexibilisation of work schedules and locations. In addition, REWE Group partners with external organisations like the employee welfare group Arbeiterwohlfahrt and the German Youth Hostel Association as a way of helping employees achieve a work/live balance.

REWE Group supports its employees in all phases of their lives in their reconciliation of work and family life. The support begins even before parental leave starts and continues once the leave

family life support begins even before parental leave starts and continues once the leave begins. It includes informational events and a contact-maintenance programme. To help employees as they return to work, the company's own child-care support and cooperation agreements for kindergarten slots in some regions have been markedly expanded in recent years. In 2016, company day-care centres in Cologne and Frankfurt were increased to a total of 115 slots. A day-care centre was also opened at the REWE headquarters of the Region South of Full-Range Stores. Cooperation agreements for kindergarten slots have been signed in some regions as well. The partnership set up in 2008 with the parental-support association ElternService der Arbeiterwohlfahrt (AWO) was expanded across Germany in 2016. The services are now available to all employees of headquarters and regional locations as well as stores and logistics sites. About 145,000 employees are reached with a broad range of programmes that offer counselling and facilitate the provision of services related to child care and nursing care. Specially furnished parent-child offices at all locations enable employees to bring their offspring to work in emergencies. As a result, employees can still perform their regular jobs while keeping an eye on their playing children.

A large number of support options related to child care are also available during holiday periods. REWE Group offers holiday leisure times, health trips and free youth hostel membership to all employees across Germany. Regional locations are also increasingly focusing on the issue of child care. These activities include special regional programmes like child care during company events, emergency child care, holiday activities and toy boxes and high chairs in canteens.

Support with nursing-care situations is also becoming a higher priority. To supplement the new German Family Caregiver Leave Act (Familienpflegezeitgesetz), REWE Group completed a new labour-management agreement that offers many benefits to employees in 2015/2016. These benefits include:

- Exceeding legal requirements, which specify nursing-care and family caregiver leave for employers with 25 or more employees, REWE Group provides employees of all companies with nursing-care and family caregiver leave.
- Employees are permitted to take two paid hours from work one time. They can use this time to take care of visits to government offices and prepare required applications for nursing care.
- Employees return to their original jobs after completing their nursing-care and family caregiver leave, as long as no important company-related situations arise.
- The first-contact offices staffed by internal advisers are being set up to assist affected employees. During meetings, initial information and emotional support are provided.

Employees also have the option of taking time off from work as part of a sabbatical. During such a sabbatical, employees can take up six months off from work without citing any reasons within a period of 12 months. During this period, employees receive an adjusted amount of salary as part of compensation that ensures that social insurance coverage is maintained.

Regular employee surveys are a key aspect of the appreciative human resources management practised by REWE Group. They reflect company morale and identify problem areas. During the reporting period, REWE Group wrote to nearly 150,000 employees from selected business units across Europe, or about 50 per cent of all employees. More than half of them responded to the survey. The evaluation of responses found that employees of REWE Group are satisfied with their jobs. The best grades were given for work environment, transparency and clarity, the mission statement and identification. Each business unit is evaluating the results of the employee surveys and is developing specific measures on the basis of them.

REWE Group welcomes the statutory minimum wage approved by the German government in 2014. In its work with contractors, REWE Group focuses on compliance with minimum social standards. In 2011, REWE Group introduced the "Guideline on Minimum Standards for the Use of Contractor Employees" on the national level. The guideline applies to the use of both temporary employment agencies and to work and service agreements. The company will work with only those contract partners who pledge to apply minimum social standards and to pay any minimum negotiated wages

as well as the statutory minimum wage for their employees. To ensure that the contract partners comply with the standards, REWE Group has worked with TÜV Rheinland, a leading international technical service provider in Germany, to develop an auditing process. The audits are conducted in the areas of product replenishment, picking and cleaning personnel. During the reporting period, audits were conducted in all strategic business units that work with contract partners.

Other Measures 2015/2016

Home office and new work schedule rules for the REWE headquarters organisation, REWE Markt GmbH Cologne and REWE Systems	Including: <ul style="list-style-type: none"> • Expansion of working hour windows • Elimination of core time • Flexible reduction of overtime (several consecutive comp-time days, also before or after holiday days) 	Introduced on 1/1/2015
Expansion of day-care centres	<ul style="list-style-type: none"> • 2016: eKITA REWE minis in Munich-Schwabing, Region South of REWE Headquarters Full-Range Stores 10 care slots • 2016: Expansion of the day-care centre in Cologne from 69 slots to 96 slots • 2016: Expansion of the day-care centre in Frankfurt am Main from nine slots to 19 slots • Expansion of cooperation agreements for kindergarten slots in some regions 	2016
REWE Markt GmbH: Blended learning for trainees	<ul style="list-style-type: none"> • Provision of tablet PCs that trainees can keep after they successfully complete their programmes • Fostering of individual learning, targeted follow-up work and discussions between students and with trainers 	2015
toom Baumarkt DIY stores: Tutoring for employees' children	<ul style="list-style-type: none"> • Objective: to make homework help affordable through financial support and to ease worries about grades • A salary supplement of 100 euros gross is paid each month for a period of six months to support tutoring for an employee's child. A total of 250 slots for employee children are available at the tutoring provider Studienkreis 	February 2015
REWE Markt GmbH: Introduction of a Snapchat channel	<ul style="list-style-type: none"> • Addition of a Snapchat channel in employer communications • Provision of deep insights into the world of work and authentic impressions of recruiting events, trade fairs and occupational images 	Beginning of 2016
REWE Markt GmbH: Logistics campaign	<ul style="list-style-type: none"> • Integration of target group logistics into the employer campaign • Communication via (regional) billboard campaigns and social media channels • Enhancing the appeal of logistics jobs 	2016
PENNY: Employer campaign	<ul style="list-style-type: none"> • Employer campaign "Das ist jetzt dein Job" (It's your job now) for all employees 	
toom Baumarkt DIY stores: Employer campaign	<ul style="list-style-type: none"> • Employer campaign "Heldenkampagne" (Heroes Campaign): Employees recruit new colleagues 	

GRI 401-1: Total number and rate of new employee

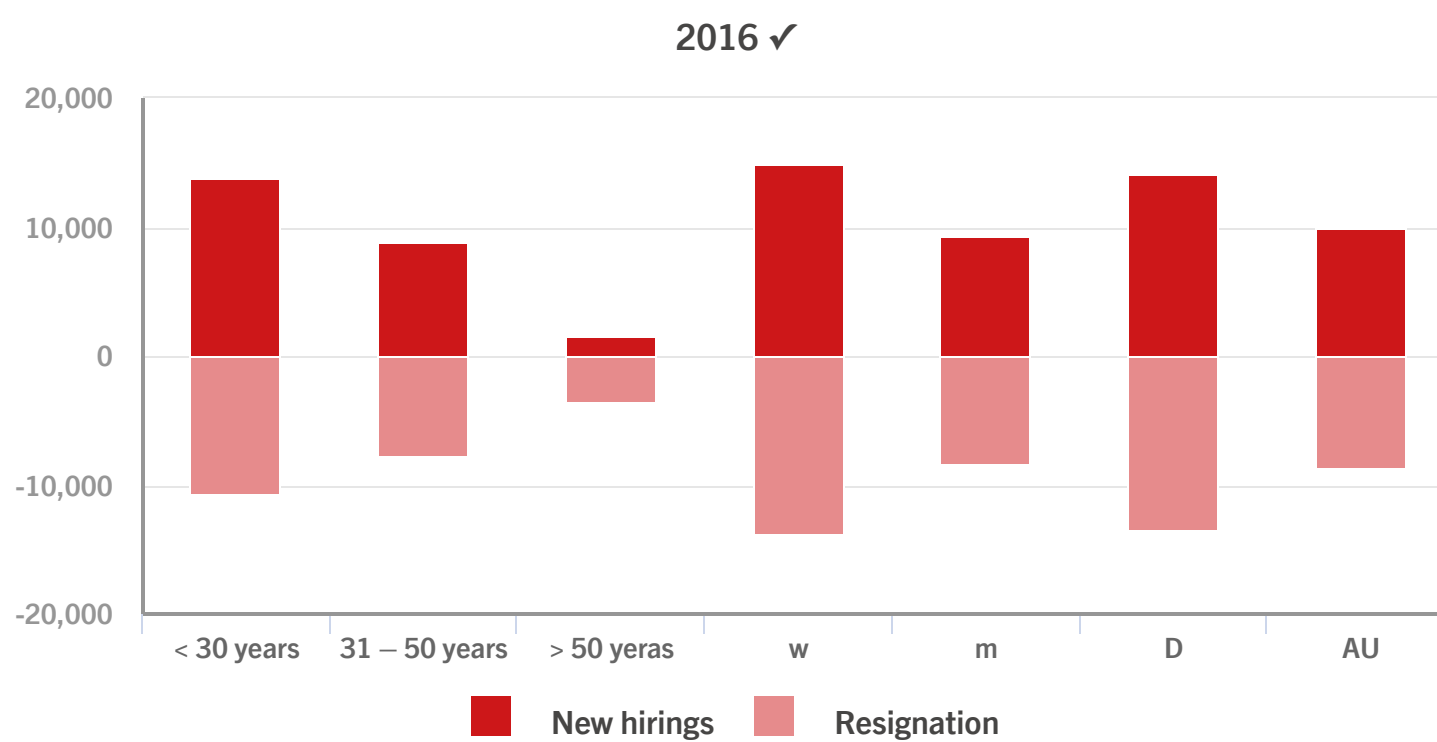
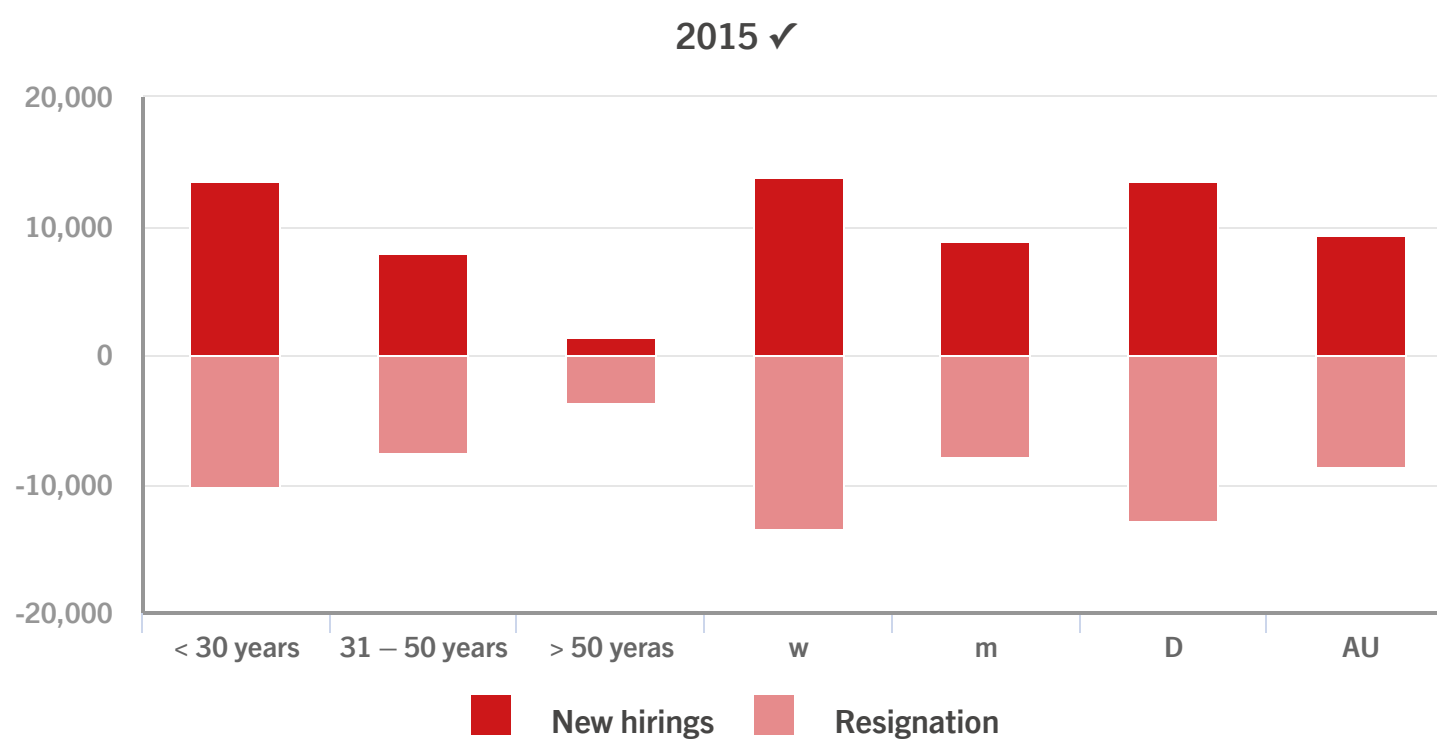
Employee turnover, total number and rate of new employee hires during the reporting period, by age group, gender and region

New employee hires and employee turnover

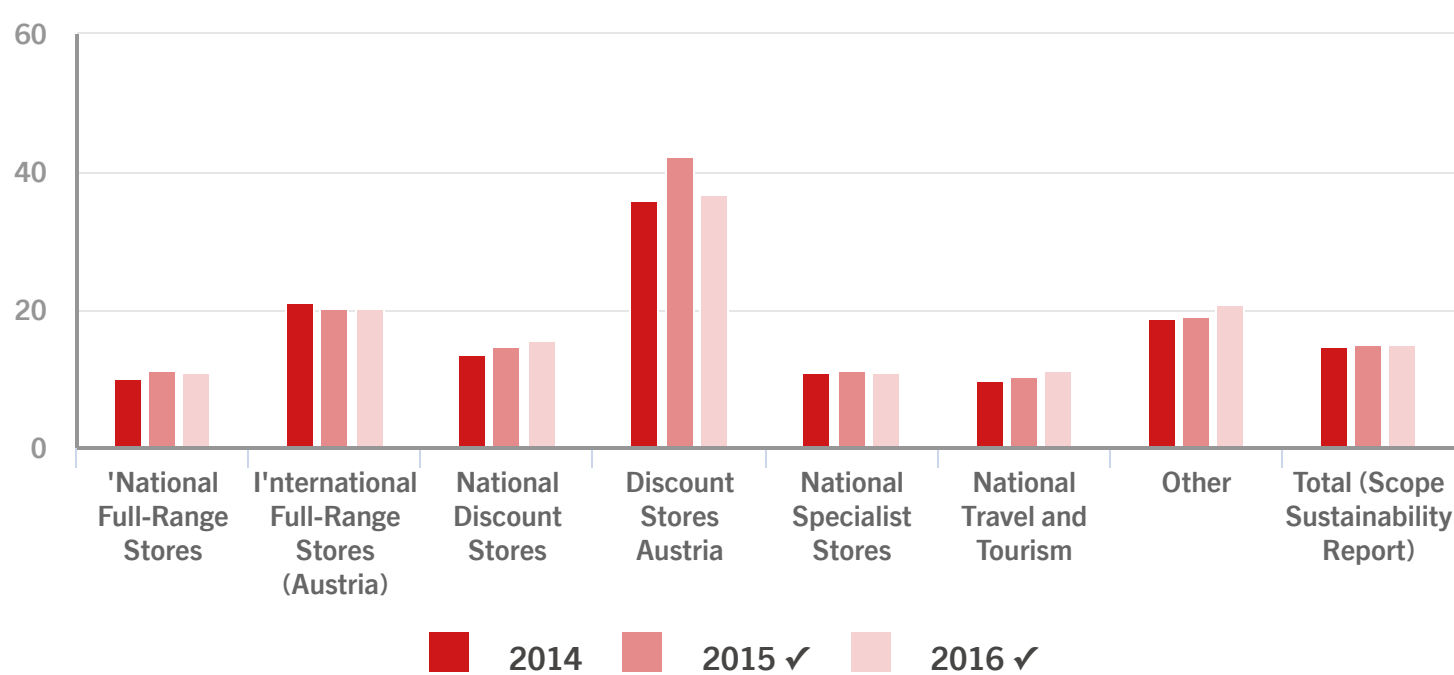
The turnover rate among REWE Group employees has been relatively stable between 14 per cent and 16 per cent for many years. The fluctuation rate rose slightly to 15.2 per cent (2016) from 2014 (14.7 per cent). During the same period, the hiring rate of new employees rose from 14.6 per cent (2014) to 16.6 per cent in 2016. The industry average in Germany was 27.9 per cent in both 2014 and 2015.*

* Information reported by the Cologne Institute of Economic Research, 20th edition. Period: Third quarter of 2014 to the second quarter of 2015. Key figure includes the industries of trade, maintenance and repair of vehicles.

New hiring and withdrawals



Personal turnover based on gender, age and region per cent



	2014	2015 ✓	2016 ✓
Total fluctuation	14.7	15.1	15.2

Fluctuation females	13.3	13.7	13.7
Fluctuation males	17.8	18.3	18.7
Fluctuation age group up to 30	29.3	29.7	30.9
Fluctuation age group 31 to 50	10.5	10.9	11.2
Fluctuation age group starting at 50	8.8	9.6	8.7

GRI 401-3: Parental leave

Return to work after parental leave

REWE Group is an advocate of work/life balance and makes it as easy as possible for employees to return to their jobs following parental leave. In 2016, 8,675 employees in Germany and Austria took parental leave. The group consisted of 644 male workers and 8,031 female employees. In 2015, 8,124 employees went on parental leave. This group consisted of 7,638 female employees and 486 male workers. The right to parental leave is legally regulated in Germany and Austria.

Number of employees who have taken parental leave

	2014	2015	2016
Females	7,404	7,638	8,031
Males	401	486	644
Total (area of application of the sustainability report)	7,805	8,124	8,675

Number of employees who returned to work following parental leave*

	2014	2015	2016
Females	1,867	2,043	2,349
Males	331	407	542
Total (area of application of the sustainability report)	2,198	2,450	2,891

* Full time, part time or marginally employed during parental leave

Number of workers who continued to be employed at the company 12 months after returning from parental leave (end of parental leave)

		Total	Percentage of all males/females who returned from parental leave in 2015
Females	Resignation within 12 months	233	12.4 %
	Still employed at the company after 12 months	1,652	87.6 %
Total number of females		1,885	
Males	Resignation within 12 months	67	16.8 %
	Still employed at the company after 12 months	332	83.2 %
Total number of males		399	
Total	Resignation within 12 months	300	13.1 %
	Still employed at the company after 12 months	1,984	86.9 %
Total		2,284	



Labor- Management Relations

GRI 402: Labor/Management Relations

Management Approach (GRI 103-1, 103-2 and 103-3)

Statutory, collective-bargaining and company rules are implemented in a trusting relationship with employee representatives. Employee co-determination is a high priority at REWE Group. Nearly all employees in the chain stores, logistics operation and administration are represented by works councils – an optimal structure for chain-store retailing. The Works Council and management maintain a trusting working relationship.

In addition, the combine-wide **Guidelines for Sustainable Business Practices** are applied. These guidelines are based on the UN Universal Declaration of Human Rights and the conventions of the International Labour Association (ILO). The Guidelines say: “We respect the right of employees to form free, independent employee organisations and to conduct free negotiations regarding wages and employee rights.”

GRI 402-1: Minimum number of weeks’ notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them.

Minimum notice periods regarding operational changes

In its position as elected employee representatives or through representatives on the Supervisory Board, the Works Council plays a role in nearly all decisions taken by REWE Group. In observance of co-determination and other participation rights, employee committees are provided with information in a timely manner, their views on issues are heard and agreements are reached with them. REWE Group maintains a dynamic, intense and trusting relationship with Works Councils. Their representatives are members of a large number of company bodies, including the IT and logistics committees. Company-related changes are jointly discussed at an early stage.



Occupational Health and Safety

GRI 403: Occupational Health and Safety

Management Approach (GRI 103-1, 103-2, 103-3)

In the summer of 2016, organisational responsibility for combine-wide health management was transferred from the holding area of Human Resources Combine to HR Services Labour and Health. This office coordinates concepts for occupational health management, occupational safety and occupational medicine. It provides the strategic business units with services in these areas as well as with assistance with occupational safety, preparation of screening topics for health protection, Fit.Netz activities and help with projects. During the reporting period, REWE Markt GmbH appointed its own officers for occupational health and safety. In REWE supermarkets, trained employees are responsible for occupational health and safety. This work is carefully coordinated by the manager of occupational health and safety. At REWE International AG, full-time specialists in occupational safety and external experts in occupational medicine provide support to the work sites of trade and headquarters companies in accordance with the German Occupational Safety Act (Arbeitnehmerschutzgesetz).

In compliance with governmental and employers' liability insurance association regulations, work sites are regularly inspected, systematic analysis of accidents is conducted, evaluations of occupational safety reports by government officials (including county governments, trade supervisory centres, the German Occupational Health and Safety Agency and an employers' liability insurance association) are performed and regular meetings of the Occupational Safety Committee are held. Another key goal is to increase employees' awareness levels about occupational safety as well as healthful working conditions and processes. As part of a continuous development process, focal points are regularly reviewed and expanded. One of the focal points is to develop "technically modern" and efficient risk assessment. The goal is to create a system that can be used to identify and evaluate risk areas and to develop recommendations for suitable implementation measures. Risk assessment is based on systematic store inspections using electronic measurement of risks. The system "Online Risk Assessment" of the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution was introduced by managers with the assistance of specialists in occupational health and safety. This system was designed in particular for PENNY, toom Baumarkt DIY stores and REWE Digital (as well as the logistics locations of these companies). With the help of tablet computers or store PCs, an electronic checklist of relevant factors is accessed in the process and evaluated in terms of potential risks.

In addition, employee surveys and checklists that are documented in IT systems to the greatest extent possible are used during psychological risk assessments. This process also uses employee-focused instruments like worker forums, (health) committees, work-situation analysis and other moderated workshop processes.

To serve as a fundamental instrument for training in REWE and PENNY stores, an e-learning programme on the topic of occupational health and safety was rolled out in all stores in 2012 and is attended by employees and managers. Annual reviews are held to ensure that employees retain

what they learned. Special topics, particularly local conditions and the operation and use of machines and devices, are discussed by managers with users. PENNY also trains fire safety and evacuation assistants in its stores. In every store, one to two employees and the store manager complete the e-learning course. They also receive regular practical training. PENNY's e-learning course on fire safety has been honoured by the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution.

In 2014 and 2015, PENNY developed an interactive programme (Azupoly) for use during initial training activities for trainees. The playful approach to conveying information in terms of an "instructional briefing" is designed to provide young people with comprehensible and practical knowledge about the topics of occupational health and safety promotion. In 2015, Azupoly was presented with the Prevention Award by the employers' liability insurance association. Since then, the programme has become an annual standard.

In addition to addressing "traditional" occupational health and safety issues, REWE Group systematically works to promote the good health of its employees. The company's goal is to further lower the number of paid sick days. To reach this goal, REWE Group has expanded an array of health-promotion programmes and projects as well as created new ones. In one reflection of this effort, a single company-wide service provider is responsible for occupational medicine support of the sales lines of REWE Group (REWE, PENNY, toom Baumarkt and DER Touristik). This work is overseen nationally by HR Services Labour and Health and is coordinated with the heads of the business units and occupational safety experts in a needs-based manner that corresponds to strategic objectives.

GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

The accident statistics tracked by REWE Group cover occupational accidents and the lost work days caused by them. They also facilitate an evaluation by gender and work area. Like the statistics of the employers' liability insurance association, the figures involve reportable accidents per 1,000 full-time equivalents (FTEs).

In 2015, the accident rate was 49.9 accidents per 1,000 FTEs. This total was 1.6 accidents per 1,000 FTEs higher than in 2014. In 2016, the rate fell to 46.3 accidents per 1,000 FTEs and was two accidents per 1,000 FTEs lower than in 2014. The number of occupational and commuting accidents declined during the reporting period. Regrettably, three fatalities were reported in both 2015 and 2016.

Sick leave at REWE Group rose once again during the reporting period. The total was 6.1 per cent in 2015 and 6.3 per cent in 2016 (2014: 5.9 per cent). Paid sick leave was about 4 per cent during the reporting period, a minimal rise since 2014 (2014: 3.9 per cent). In general, sick days are rising throughout Germany.

REWE Group has increasingly focused on the health report covering all types of health insurance schemes since its introduction in 2008 and discusses it in various committees. The health report covers cases of work incapacity in REWE Group reported to major health insurance providers. Data about occupational illnesses are not documented. But experience has shown that only a small number of recognised occupational diseases are found at REWE Group.

Like for the entire retail business, robberies remain an issue at REWE Group. The affected employees can suffer physical and psychological damage as a result of such incidents, causing them to miss work for a significant period of time. Acute intervention following traumatic events can provide major assistance. In 2014, 213 employees were victims of robberies in Germany and Austria. During the reporting period, this total fell to 192 (2015) and to 197 (2016). Use of acute intervention, a process that provides professional psychological support following a traumatic event.

rose above 60 per cent REWE and PENNY during the reporting period as a result of increased educational campaigns and process optimisation (the total throughout the area covered by the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution was about 20 per cent).

REWE Group service providers are generally independent, decentralised contract partners. As a result, data about accident rates, sick days and fatalities involving external service providers are not collected currently.

Accidents, robberies and fatalities

Type	Gender	Total (area of application of the sustainability report)			Germany			Austria		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Accidents per 1,000 FTEs	Female		47.5	43.4		59.5	54.6		18.5	16.1
	Male		54.0	51.2		60.6	56.6		30.1	31.9
	Result	48.3	49.9	46.3	57.0	59.9	55.4	24.3	22.0	20.9
Number of employees injured in accidents (occupational and commuting accidents)	Female		3,627	3,338		3,215	2,974		412	364
	Male		2,370	2,318		2,084	2,005		286	313
	Result	5,758	5,997	5,656	4,987	5,299	4,979	771	698	677
Number of employees injured in accidents (occupational accidents)	Female		2,731	2,518		2,731	2,518	n/a	n/a	n/a
	Male		1,847	1,792		1,847	1,792	n/a	n/a	n/a
	Result	4,337	4,578	4,310	4,337	4,578	4,310	n/a	n/a	n/a
Number of employees injured in accidents (commuting accidents)	Female		484	456		484	456	n/a	n/a	n/a
	Male		237	213		237	213	n/a	n/a	n/a
	Result	650	721	669	650	721	669	n/a	n/a	n/a
Employees who experienced robberies	Female		116	117		116	117	n/a	n/a	n/a
	Male		60	58		60	58	n/a	n/a	n/a
	Result	213	192	197	178	176	175	35	16	22
Fatal accidents	Female	4	1	1		1	1		0	0
	Male	1	2	2		2	1		0	1
	Result	5	3	3		3	2		0	1

Austrian law does not require a distinction to be drawn between occupational and commuting accidents. For this reason, this distinction is not available in the systems and cannot be evaluated. Only the total number of accidents (both occupational and commuting accidents) are reported for Austria. As a result, the figures for Austria are not included in the total for the area of application of the sustainability report in the columns occupational accidents and commuting accidents.

*FTE = full-time equivalent

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal.

Data from 2014 exclude EHA Austria and Hamburg.

Total number of missed workdays due to accidents

Total number of missed workdays due to accidents	Gender	2014	2015	2016
		Missed workdays	Missed workdays	Missed workdays
Total (area of application of the sustainability report)	Female		66,974	68,923
	Male		40,282	38,206
	Result	103,582	107,258	107,128
Germany	Female		61,343	63,467
	Male		36,017	33,976
	Result	92,167	97,362	97,442
Austria	Female		5,631	5,456
	Male		4,265	4,230
	Result	11,415	9,896	9,686

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal. / Data from 2014 exclude EHA Austria and Hamburg. As a result of the redefinition of "region", no separate data for female and male are available for 2014. Due to rounding, there are deviations in totals.

Sick days

		2014	2015 ✓	2016 ✓
		Total number of sick days	Total number of sick days	Total number of sick days
Region	Gender	%	%	%
Total (area of application of the sustainability report)	Female		6.5	6.8
	Male		5.5	5.6
	Result	5.9	6.1	6.3
Germany	Female		7.3	7.8
	Male		6.0	6.1
	Result	6.6	6.8	7.1
Austria	Female		4.6	4.6
	Male		3.8	3.9
	Result	4.4	4.4	4.4

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal. / Data from 2014 exclude EHA Austria and Hamburg. As a result of the redefinition of "region", no separate data for female and male are available for 2014.

GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation

There is no indication that employees have a high illness rate or health risks as a result of their jobs.

To encourage health-conscious behaviour among the company's employees, a range of projects was carried out during the reporting period. The prevention courses offered by Fit.Netz Köln, the company's occupational health management, enjoyed high levels of participation: In 2015 and 2016, a total of about 3,000 course slots were filled. The issue of workplace ergonomics plays a major role in the company's stores and logistics operations. The repetitive movements that employees perform in these areas as well incorrect ways of lifting, carrying and standing frequently result in pain and missed days at work. For this reason, the ergonomics training courses "lifting and carrying" and "cash register" were conducted in many regions during the reporting period with the aim of promoting the proper arrangement and design of workstations. Special days promoting back health were held as well.

In health promotion activities, dealing with stress and mental strain plays an important role. Mental strain can sometimes have a devastating effect on people's employability, motivation and job performance. For this reason, REWE Group worked with the Institute for Health Promotion in 2011 to develop a project called "LoS! – Lebensphasenorientierte Selbsthilfekompetenz" (Life Phase-Oriented Self-Help Skills). From 2013 to 2016, additional colleague-level initial advisers were trained during nine courses. As a result, the company now has 138 LoS! programme advisers who can serve as points of contact for employees going through difficult phases in their lives. In addition, REWE Group provides flu shots, cancer screening and health-focused trips in many sales lines.

The activities of the company health-promotion programmes in REWE headquarters companies in Austria focus on the biopsychosocial health of employees and managers. They are broken down into the categories of workplace ergonomics, nutrition, psyche/relaxation, sports/exercise, prevention and work-schedule flexibility.

On the regional level, REWE – and PENNY on occasion – offered a broad range of preventive programmes. These included personal consultation at all administrative locations, health days, fitness checks, individual courses and workshops as well as online coaching courses in connection with the German health insurer DAK Gesundheit. In addition, in 2015 and 2016, the "Tour de REWE" was organised in a number of regions. In this programme, the REWE Health Vehicle visited

various stores and offered check-up and information modules like cardiovascular and vein scans for employees.

In 2016, the “Tour de REWE” campaign in the Lehrte region won the Prevention Award of the employers’ liability insurance association Berufsgenossenschaft Handel und Warendistribution. In 2015, the company was given gold status as part of a campaign called “Healthy Companies Hesse” that was conducted in the central German state of the same name. In 2016, the Healthy Companies Initiative named it one of “Germany’s most active companies”.

In 2016, PENNY organised workshops on the topic of “managing healthfully” for about 350 of its managers.

During the reporting period, toom Baumarkt DIY stores decentralised health promotion. As part of this effort, local addiction counselling provided by trained experts was offered in all regions, and meetings for personal consultation were introduced at the administrative office of the headquarters. In addition, the health-promotion programmes include seminars on “managing healthfully”, health days and a health olympics.

The pilot project “Voll im Leben – Kenn Dein Limit” (Living Life to Its Fullest – Know Your Limit) aims its addiction prevention activities directly at adolescents and young employees in the full-range region Southwest. It was conducted in 2013 for the first time with about 350 trainees and was honoured as a “project with role model character” by the employers’ liability insurance association Berufsgenossenschaft Handel und Warendistribution (BGHW). As a result of the strong response among young employees, “Voll im Leben – Kenn Dein Limit” became a permanent part of training at REWE Southwest in 2014.

Company integration management assists employees who return to work after long health-related absences. It is aligned with legal regulations and takes account of company conditions like location and employee structures. Furthermore, all employees in the Region South can use the rehabilitation network Netzwerk Reha REWE – a partnership project organised by REWE, the German State Pension Agency Bavaria South, Swabia and Northern Bavaria as well as a number of rehabilitation centres. The network enables employees to receive systematic, high-quality and work-related rehabilitation.



Education and Training Programmes

GRI 404: Training and Education

Management Approach (GRI 103-1, 103-2, 103-3)

Positioning REWE Group as an attractive employer in order to recruit talented individuals is an important goal of the company. The demographic shift and the shortage of skilled employees arising from this trend have turned this goal into an even higher priority. The company is working to recruit as many skilled employees and executives from its own ranks as possible and to create a long-term relationship with qualified and motivated employees.

Training

REWE Group offers training opportunities that extend from retailing, wholesale and international trade to food production, IT and logistics. And, not least, REWE Group also offers exciting training programmes in the multifaceted world of travel and tourism.

REWE Group Offers More Than 20 Different Training Occupations

As part of its training activities, the company offers classroom instruction and extensively applies e-learning and blended-learning concepts that combine classroom and online training. This special learning concept has been applied successfully by the company for years. By employing it, REWE in Germany focuses in particular on promoting the professional growth of its trainees. As part of their programmes, they receive a free tablet computer at the beginning of their apprenticeship that they can keep after completing the programme. With this tablet computer – or their own smartphone – and the company's proprietary learning app, the trainees can study for tests anywhere.

During the reporting period, all product-related subjects taught to all trainees of REWE Markt GmbH were digitalized and offered via their own e-learning app. In addition, the training programmes of PENNY launched a partnership with prozubi – an online learning platform for trainees in commercial occupations. As a result, PENNY's trainees can prepare for their final exams with the help of a large number of quiz questions based on original tests administered by the German Chamber of Industry and Commerce.

Dual Study Programme With REWE Group

In addition to traditional trainee occupations, REWE Group gives people an opportunity to take part in a college-level programme that combines theory and practice. It conducts this programme in conjunction with such institutions of higher education as the European University of Applied Sciences (EUFH), the Baden-Württemberg Cooperative State University (DHBW), the University of Applied Sciences for Business (FHDW) and the Frankfurt University of Applied Sciences. The courses of study focus in particular on the areas of trade management and tourism management as well as business information technology.

Trainee Programme as an Entry-Level Opportunity for University Graduates

The trainee programmes of REWE Group provide university graduates who have studied a broad range of topics with interesting and multifaceted career-launching positions. The work performed

during the 18-month to 24-month training programme generally focuses on the particular job area. Assignments in relevant interface areas are also involved, including those abroad. During the reporting period, approximately 29 university graduates began their on-the-job training:

- PENNY: Purchasing (two trainees), marketing (three trainees), national sales (one trainee)
- REWE: Regional expansion (three trainees), regional sales (eight trainees), regional human resources (two trainees)
- - toom Baumarkt DIY stores: Sales and category management (five to ten trainees)

A trainee programme for independent retailers was launched in 2016. It consists of a 24-month training phase and a subsequent 12-month assignment as a store manager. The goal is to become an independent REWE retailer. The programme is aimed at university graduates who want to be self-employed and have a strong interest in trade. The training includes specific job assignments in a number of different stores. It also involves work on the field sales forces as well as in the respective regional headquarters and the company's main office in Cologne.

Development of Young Employees at REWE Group

The association REWE-Nachwuchsförderung e.V. began to conduct the sustainability competition "REWE Group Star" in 2013: In a combine-wide team competition, trainees and young employees can jointly plan and carry out sustainability projects based on one of the company's four pillars of sustainability. In doing so, they gain an understanding of the importance of sustainability in trade.

The finals of the REWE Group Star, including the recognition of the top projects, are held as part of a ceremony honouring the best work. During the annual ceremony, the best trainees of a training class throughout the company (all trainees including dual programme students and graduates of programmes to develop young employees) are honoured by their trainers and members of the Management Board during a major event that includes an evening programme. All trainees who complete their programme with a grade of at least 1.9 (upper second-class or 2:1) are invited to the ceremony.

In 2015 and 2016, a total of 517 trainees and 204 graduates of programmes to develop young employees were honoured.

In 2012, the individual strategic business units became solely responsible for trainee marketing. These units can recruit new trainees more systematically and cover the need for skilled employees in the process.

In 2015/16, new employer campaigns for trainees in many strategic business units were launched, including one in the job portal "Whatchado". The question that Whatchado is designed to clarify in the target group is: What do I want to do later? Both REWE Group and REWE Markt GmbH present their training and career opportunities there. In separate videos, trainees, managers and representatives of the company's management team talk about their everyday jobs. Other employer campaigns for REWE Group, PENNY and toom Baumarkt DIY stores are also widely communicated.

GRI 404-2: Programs for upgrading employee skills and transition assistance programs

Programmes that support the continued employability of employees

REWE Group provides all employees and managers with a broad range of internal education and training programmes that are designed to help these individuals to grow in both personal and professional terms.

REWE Group constantly expands its range of employee development activities. The challenge of this work is to design the training courses in such a way that they meet the sale lines' broad range of needs while also considering the employees' individual requirements. This is done by offering

needs while also considering the employees' individual requirements. This is done by offering comprehensive seminar programmes, individual advanced training and coaching sessions to all employees throughout their entire careers at REWE Group.

As a rule, external training programmes attended while an employee is still working are arranged on an individual basis and financially supported.

Education

A multifaceted range of seminars is also offered to all employees. This program is centrally managed by a learning centre for REWE Group, REWE Markt GmbH, PENNY, toom Baumarkt DIY stores and all other companies in Cologne. In all regions, regional programmes are offered in addition to specific courses in other strategic business units. The education offerings are complemented by supplemental topic-specific academies for particular company areas. These seminars are designed with the (future) needs of the particular target group in mind, including the Human Resources Academy with a specific course programme for (prospective) HR employees or the Real Estate Academy.

In addition to the broad range of training opportunities for all employees of REWE Group, the company provides executives with special education programmes like myCampus. This demanding internal education programme provides needs-based knowledge and fosters cross-company networking among managers. With classroom courses, lectures, coaching and further learning opportunities, myCampus supports the continuous professional growth of upper-level managers. Among other things, managers attend an annual seminar called "Sustainability 2.0" where they have an opportunity to discuss how sustainability can be integrated into the company's management and culture. In 2018, the topic "The Profitability of Sustainability" will be studied during a follow-up workshop.

Other Educational Opportunities

New, innovative course concepts are continuously tested and implemented in work that extends beyond the current educational programmes. They include:

- "Lunch & Learn" – a programme for Cologne headquarters departments: Interested employees can attend talks or take part in discussions about various topics during their lunch break.
- toom Baumarkt DIY stores: Web conferences and virtual classrooms used for teaching purposes.
- REWE Markt GmbH: Training courses and coaching sessions done in cooperation with seminar actors or boot camps whose content is based on attendees' needs or is developed in advance by the students themselves. In addition, the first fireside chats with managers and independent retailers were organised.

Personnel Development Programmes

As part of systematic personnel development activities, every strategic business unit offers programmes aimed at particular target groups. These courses teach valuable skills to employees who work in sales or have administrative positions or prepare them for future jobs or roles as managers, store managers or store-management employees. With its Management Academy, REWE Group provides programmatic and individual support to high potential candidates working on the management level below the top executive group. The courses offered by the Management Academy address the topic of sustainability on a number of different levels: Reflection and discussion about an individual's own attitude in the introductory programme and practical activities during excursions (including on "Sustainability Day").

Examples:

- On the store level, the strategic business unit PENNY develops and fosters prospective and new store managers with the programme "Manager Development DISCOUNT", or "FeDI". This programme prepares these individuals in professional and personal terms to assume the

programme prepares these individuals in professional and personal terms to assume the responsibilities of a store manager. The company also offers targeted programmes to prepare employees and managers to assume specific positions.

- REWE Markt GmbH operates a Junior Campus that helps young independent retailers to prepare for self-employment. Twenty-one people began the programme in 2015, 19 of them completed it in 2016.
- Many strategic business units also provide trainers with “train the trainer” programmes certified by the Chamber of Industry and Commerce as well as with regular trainer workshops.

Digital Learning

REWE Group is increasingly employing digital learning and blended-learning concepts because digital learning has proven to be an efficient way to reach all employees and gives employees of some business units the opportunity to study at home. With blended learning, a combination of classroom seminars and digital courses, knowledge is retained for a longer period of time and the practical transfer is facilitated by repetition and follow-up work. Furthermore, significantly more training can be offered on the store level than was provided during the pre-digitalization age.

The training portfolio includes obligatory units, some of which are required by law. It covers such topics as food and personal hygiene as well as contains voluntary courses that include career and successor planning for employees.

A number of individual e-learning platforms for individual national and international business units are operated: for the employees of REWE/PENNY (stores) and toom Baumarkt (DIY stores), for headquarters employees of the strategic business units in Germany (REWE, PENNY, REWE headquarters organisation, toom Baumarkt DIY stores, REWE Digital, FÜR SIE, Glockenbrot, DER Touristik) and for regional employees of DER Touristik (including travel agencies and travel directors). A range of e-learning platforms for different business units in Austria has also been developed. About 100 e-learning courses are currently being offered throughout the company.

An overview of participants and online courses 2015/2016:

	Number of trainees (rounded)	Completed online courses
REWE headquarters organisation	8,400	12,300
REWE	100,000	476,224
PENNY	27,000	127,000
toom Baumarkt DIY stores	14,500	22,824
DER Touristik	6,300	*
Glockenbrot	1,000	*
REWE Digital	1,300	*
FÜR SIE	17	*

* The number of completed courses cannot be determined from the system for DER Touristik, Glockenbrot, REWE Digital and FÜR SIE.

The objective of the e-learning courses is to teach practical knowledge, occasionally by taking a playful approach. The appealing and interactively prepared training units are designed to support and educate employees through the use of an intuitive learning format.

The innovative training concepts have already received a number of awards, including the E-Learning Award 2015 in the category of video training that is presented by the eLearning Journal, the E-Learning Award 2016 in the category of learning app for the trainee app “Frisches Wissen” (fresh knowledge) and the HR Excellence Award 2015 in the category of learning and development strategy.

During the reporting period, several additions were tested and implemented on occasion as part of the work done to continuously improve the training concepts. This effort included conceiving and

testing a new cloud-based IT platform for the strategic business units of REWE, PENNY and headquarters departments in Cologne and the regions. The rollout will be done step by step in 2017 and 2018. In addition, semi-annual roundtable discussions with all e-learning managers were held to discuss projects, challenges and improvement opportunities and to create an internal network.

Sustainability Training

All employees of REWE stores and toom Baumärkte DIY stores take e-learning courses on sustainability. In addition, all purchasers at REWE Far East and in the non-food area receive training in relevant sustainability issues, including the Code of Conduct of the Business Social Compliance Initiative (BSCI). Other courses address raw materials, an area about which REWE Group has prepared guidelines. These raw materials include fish, palm oil and soybeans. In addition, the training focuses on special issues that apply to REWE Group like ways to avoid environmentally harmful chemicals.

Redundancies

For employees whom REWE Group declares redundant, the company works with employee representatives to develop a redundancy programme when necessary. Such programmes frequently include qualification activities for the employee that are designed to help him or her find another position.

GRI 404-3: Percentage of employees receiving regular performance and career development reviews

With its systematic career and succession planning (CSP), REWE Group ensures that the right employees are at the right place at the right time. It is a key aspect of company-wide talent management. The career and succession planning process is designed to recruit skilled workers and managers from the company's own ranks, to identify high-potential employees at an early stage, to create a long-term relationship with qualified and motivated employees and to develop these individuals' skills.

To meet these goals, regular performance and job-potential assessments, job-potential conferences and professional-development dialogues are conducted in the strategic business units and in company headquarters.

In each strategic business unit as well as in the headquarters, the CSP process begins with a review of the responsibilities contained in the job description. A manager will evaluate the performance of an employee on the basis of task fulfilment and abilities from the REWE Group skill model. In addition, a job-potential evaluation is conducted and future professional-growth measures are agreed upon. This appraisal and the employee's own self-assessment are then discussed during so-called potential conferences held by management.

During the potential conferences, managers on a particular hierarchical level or in a segment/department discuss employees whom they directly supervise. The aim is to develop joint standards for evaluating performance and potential, to set up targeted and effective development planning and to create the basis for systematic succession planning. The potential conferences for top executives and for managers on the levels directly below them are held annually. Potential conferences for other managerial and employee levels can be held every two years.

The subsequent annual development meeting ensures that feedback about work results, aspects of the working relationship and questions about personal and professional growth are discussed, documented and systematically addressed. The immediate supervisor conducts the confidential development meeting with each of his or her employees once a year.

In 2015, the CSP process was conducted for 18,893 employees, from top executives to sales and logistics managers. The total rose to 20,016 in 2016.

logistics managers. The total rose to 20,010 in 2010.

The employee groups covered by the CSP are being expanded annually. During the reporting period, selected employee groups of the REWE Digital strategic business units were added.

In addition, the conception and implementation of a cloud-based IT platform were initiated for the strategic business units REWE and PENNY, for headquarters departments in Cologne as well as for all top executives throughout the company. With the introduction of the Talent Suite, work on the topic of integrated talent management (ITM) is being intensified and processes related to recruiting, learning and talent management linked – with the goal of simplifying the search for talented individuals, internal hiring and the professional growth of employees. In future, the CSP will be integrated into a new software. The pilot phase is planned for 2017, followed by rollout at the end of 2018.

The goal of increasing the share of internal hirings of managers to 68.4 per cent by 2015 was already achieved in 2012. The total was 76.2 per cent in 2015 and 77.3 per cent in 2016.



Diversity and Equal Opportunity

GRI 405: Diversity and Equal Opportunity

Management Approach (GRI 103-1, 103-2, 103-3)

The promotion of diversity in the company is a critical factor in its business success. As a company that focuses on diversity, REWE Group improves its ability to adapt to changing market conditions and enhances its competitive position in the race to recruit qualified skilled employees. With this in mind, REWE Group focuses its personnel management work on creating a diverse employee structure and on maintaining a discrimination-free workplace for employees irrespective of their gender, age, religion, sexual identity, origin or disability in which all employees have equal opportunities. This also includes equal pay for men and women.

In this effort, the company focuses on the following issues:

- Generation mainstreaming encompasses respect for all generations in the company's culture and the promotion of good working relationships among various age groups. In light of the growing number of older employees in the company, this work plays an important role.
- Disability mainstreaming ensures that employees with disabilities are treated equally. This effort includes work areas and work stations adapted to the needs of the disabled. People with disabilities and people at risk of disability can turn to the company's representative for the disabled at any time. This representative assists them with the preparation of applications to the German Office for Social Services, reintegration into the work world following a long absence due to illness and all other legal questions.
- Appreciation of cultural diversity is the focal point of cultural mainstreaming, an effort in which REWE Group promotes intercultural and open structures and processes.
- The gender balance is designed to further the gender-specific promotion of professional and personal abilities and development opportunities.

The commitment to the discrimination-free formulation of company human resources policies is a fundamental part of the **Guidelines for Sustainable Business Practices** at REWE Group. It is also a fundamental component of the code of conduct that applies to all employees and managers.

In 2014, a network called different together, or di.to, was created by Cologne-based employees of REWE Group. The network is designed to help homosexual employees to network in the work world and to foster a dialogue outside their own sales lines. A ten-employee working group is responsible for setting up the network and organising regular meetings and events, among other things. With a successful rainbow-sticker campaign in June 2016, di.to encouraged all REWE stores to demonstrate tolerance and diversity by displaying the symbol on the stores' front doors. di.to also serves as a contact partner for employees who feel that they are being discriminated against as a result of their sexual identity. The network now has about 130 members, and more and more regional networks are being added to it. The Full-Range Store Region South set up di.to South in 2016.

Respectful and responsible interactions with one another are also a fundamental aspect of the corporate culture of toom Baumarkt DIY stores. toom has been working closely with the

organisations of Lebenshilfe, a group that helps people with disabilities, since 2014. The focus of this effort involves active diversity and respectful relationships among people with and without disabilities that are practised as part of joint projects done within the framework of local partnerships, internships and outsourced workshop jobs.

Integration of Refugees

In response to the refugee situation, REWE Group has intensified its social commitment. With the help of the company, refugees could be quickly and unbureaucratically assisted during the initial arrival process and later with their integration into society and work life.

When the large number of refugees arrived in Germany during the fall of 2015, the business group and store regions provided fast assistance. As part of this effort, REWE Group donated 11,000 jackets, 2,000 pairs of warm trousers and about 10,000 blankets to a number of cities through the German Red Cross. It also arranged for and donated care and food packages. Direct local assistance was provided through the German sales regions of REWE Group. The focus of this work was supplying initial reception facilities with hygienic and drug store items. A large number of REWE and PENNY stores also organised spontaneous help campaigns conducted by employees and customers to provide fast local support to refugees.

REWE International AG expanded its social commitment as well and addressed a number of different areas, with a focus on children and young refugees. A total of 500,000 euros was donated to the refugee support programme of the Catholic charity Caritas to support children and young people. The funds were used to set up shared accommodations for minors who came to Germany without their parents. In addition, the initiative “Lernen macht Schule” (Learning Catches On) was expanded by adding such things as special German-language courses.

To enable young refugees to more systematically enter the labour market, trainee positions were filled by refugees between the ages of 18 and 25 across Germany. REWE Group also continues to support its partnership with JOBLINGE – an initiative that supports young unemployed individuals. At the beginning of 2016, a programme called JOBLINGE Kompass was launched as a way of providing qualifications to young refugees as early as possible and integrating them into the labour market. In this effort, employees of REWE Group act as mentors to the young people. As a result, employees of REWE, DER Touristik, PENNY and toom Baumarkt DIY stores can easily work as volunteers (programme “Ehrensache”, or Act of Honour). The company also initiated a language café for the first time in 2016: Volunteer employees and refugees meet in the company headquarters in Cologne to speak German with one another and to help the refugees to gain and find a lingual home.

The integration initiative “KIMAT” was launched in the REWE Region South to help to improve the integration of migrants into the labour market and to foster intercultural exchanges. The initiative was presented the HR Excellence Award of Quadriga University and the trade journal Human Resources Manager in 2016.

In 2017, a pilot project called “REWE Trainees Support Refugees All the Way to Training” will be launched in the REWE Region Central.

European Recruiting

In future, prospective trainees in full-range stores and college graduates will be systematically recruited as PENNY store managers in European countries outside Germany as part of the “European Recruiting” programme. REWE Group intends to provide new employees with a long-term career opportunity in Germany. In this process, the company will offer both groups a training or job opportunity. In this connection, PENNY recruited ten employees from Croatia and successfully assisted them with an intensive orientation programme that included language training.

Advancement of Women

Like many companies, REWE Group continues to focus on the issue of inequality among women and men in top management positions. REWE Group intends to address this question by conducting a project called “Equal Opportunity for Women” that is part of the initiative “Diversity at REWE Group”. In 2016, about 100 female employees from all sales lines attended a series of workshops. The objective was to determine how female employees of REWE Group view the company’s (management) culture, what they consider to be factors that foster and hamper career development and which steps they think should be taken. On the basis of these results, the company developed measures that are designed to help women to join its managerial ranks and increase the appeal of managerial positions. In 2017, the related human resources measures will be introduced. Organisational work/life balance programmes will increasingly support this effort.

GRI 405-1: Diversity of governance bodies and employees

Women made up 69.4 per cent of the total workforce of REWE Group in 2015 and 69.0 per cent in 2016. They also composed about 48 per cent of the company’s managers (2015: 48.0 per cent, 2016: 48.4 per cent). The share of women among the company’s top management was 11.0 per cent and 10.3 per cent.

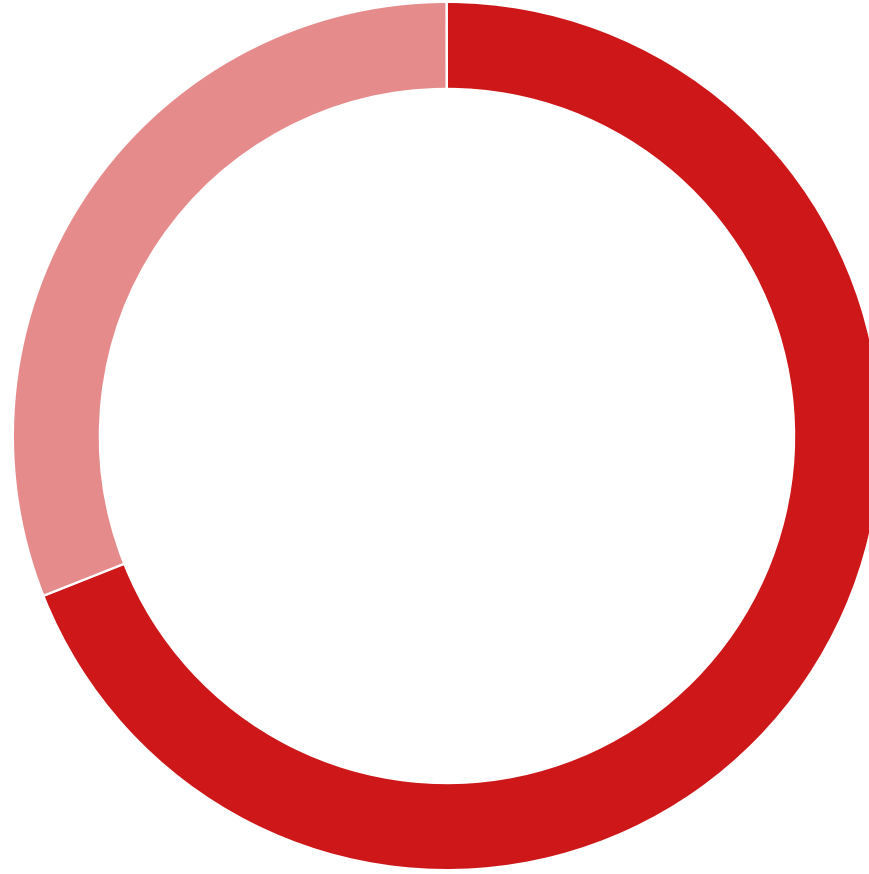
The Supervisory Board of REWE-Zentral-Aktiengesellschaft (RZAG) had 18 ordinary members (17 men and one woman) in 2015. The total was 18 (16 men and two women) in 2016. The Supervisory Board of REWE-ZENTRALFINANZ eG (RZF) had 20 ordinary members (18 men and two women) in both 2015 and 2016. No women were members of the Management Board in the reporting period. No women were members of the Managing Board or the Supervisory Board of REWE International AG.

REWE Group determines the employment rate of people with disabilities in accordance with section 2 of the German Social Welfare Code (Sozialgesetzbuch) and in Austria in accordance with the Disabled Persons Employment Act (Behinderteneinstellungsgesetz). Under this definition, the employment rate of employees with disabilities at REWE Group was 3.1 per cent in 2016, a slight increase from previous years (2014: 2.9 per cent, 2015: 3.0 per cent). In Germany, no comprehensive reporting requirement applies to people with disabilities. For this reason, all employees with a reported disability are included in this calculation.

Share of female employees by employee category ✓



Employees



■ Females
■ Males

Composition of employees by employee categories

	Region	Employees			Managers			Top execut		
		2014	2015 ✓	2016 ✓	2014	2015 ✓	2016 ✓	2014	2015 ✓	2016 ✓
Total staff	Total	153,934	156,082	159,195	13,644	13,453	13,680	223	227	2
	Germany		120,900	122,840		8,244	8,405		194	2
	Austria		35,182	36,355		5,209	5,275		33	3
Females %	Total	70.4	69.4	69.0	47.6	48.0	48.4	10.3	11.0	1
	Germany		67.5	67.0		38.4	39.0		9.8	9
	Austria		75.9	75.5		63.1	63.3		18.2	1
Males %	Total	29.6	30.6	31.0	52.4	52.0	51.6	89.7	89.0	8
	Germany		32.5	33.0		61.6	61.0		90.2	9
	Austria		24.1	24.5		36.9	36.7		81.8	8
Up to 30 years old %	Total	30.7	31.0	30.5	14.6	14.5	14.2	0.0	0.0	0
	Germany		29.8	29.3		14.3	13.8		0.0	0
	Austria		35.0	34.7		14.7	14.8		0.0	0
31-50 years old %	Total	43.4	42.6	42.2	60.0	59.0	58.7	54.7	52.0	4
	Germany		41.2	40.8		57.1	57.2		53.1	5
	Austria		47.5	46.8		61.9	60.9		45.5	4
Older than 50 years %	Total	25.9	26.4	27.3	25.4	26.6	27.1	45.3	48.0	5
	Germany		29.0	29.9		28.6	28.9		46.9	4
	Austria		17.5	18.5		23.4	24.3		54.5	5
Employment rate of people with disabilities by headcount*	Total	2.9	3.0	3.1	1.9	2.1	2.0	2.3	2.0	1
	Germany		3.6	3.7		2.6	2.7		1.9	1
	Austria		1.0	1.0		1.2	1.0		3.0	3

* Individuals with disabilities under section 2 of the German Social Welfare Code and the Austrian Disabled Persons Employment Act. As a result of the redefinition of "region", no separate data for Germany and Austria are available for 2014.

Composition of leading control bodies

	Year	Number	Females %	Males %	Up to 30 years old %	31-50 years old %	Older than 50 years %	Membership of a minority*
Management Board GER	2014	6	0	100	0	33	67	0
	2015 ✓	6	0	100	0	33	67	0
	2016 ✓	6	0	100	0	17	73	0
Supervisory Board GER	2014	28	14	86	0	21	79	0

	2015 ✓	28	11	89	0	25	75	0
	2016 ✓	28	14	86	0	29	71	0
Management Board (Austria)	2014	4	0	100	0	0	100	0
	2015 ✓	5	0	100	0	20	80	0
	2016 ✓	6	0	100	0	33	67	0
Supervisory Board (Austria)	2014	7	0	100	0	29	71	0
	2015 ✓	7	0	100	0	30	70	0
	2016 ✓	7	0	100	0	14	86	0

* Individuals with disabilities under section 2 of the German Social Welfare Code and the Austrian Disabled Persons Employment Act.

Share of employees with non-German nationality

	Region	Employees			Managers			Top executives		
		2014	2015	2016	2014	2015	2016	2014	2015	2016
Total staff	Total	153,934	156,082	159,195	13,644	13,453	13,680	223	227	227
	Germany		120,900	122,840		8,244	8,405		194	194
	Austria		35,182	36,355		5,209	5,275		33	33
Headcount of non-German nationality	Total	19,931	21,372	22,935	1,107	1,109	1,247	13	14	14
	Germany		13,445	14,458		421	485		9	9
	Austria		7,927	8,477		688	762		5	5
Share of non-German nationalities %	Total	12.9	13.7	14.4	8.1	8.2	9.1	5.8	6.2	6.2
	Germany		11.1	11.8		5.1	5.8		4.6	4.6
	Austria		22.5	23.3		13.2	14.4		15.2	15.2



Equal Treatment

GRI 406: Equal Treatment

Management Approach (GRI 103-1, 103-2, 103-3)

The corporate culture of REWE Group is characterised by a trusting and respectful relationship among customers, employees and business partners. This commitment is spelled out in the company's fundamental values. In addition, the **Guidelines for Sustainable Business Practices** apply to all employees and business partners. These guidelines include a clearly formulated ban on discrimination: "We do not tolerate discrimination in employment and in the workplace for reasons of gender, race, religion, ethnic heritage, age, nationality, marital status, sexual orientation, disability, social background or political orientation." This principle applies to the hiring of new employees, current employees and business partners.

Each strategic business unit has a contact partner to whom employees can turn in cases of discrimination. These advisers are found in compliance sections, the Works Council and the di.to network (you will find more information on the topic of di.to (different together) in section **GRI 405: Diversity and Equal Opportunity**). In addition, employees can consult with managers and the HR Department. Any report of discrimination will be thoroughly investigated. Each case will be treated confidentially. When a case is investigated, personal meetings with the affected employee or employees are held and the Works Council is consulted.

In 2015, REWE International AG worked with the social company DisAbility Performance to devise a DisAbility strategy. The DisAbility strategy is a component of the sustainability strategy and includes specific goals that are to be achieved by 2019. During the reporting period, a number of steps were taken, including the creation of the position of "DisAbility manager" who is responsible for reaching goals and introducing programmes throughout the combine, setting up an internal DisAbility network and developing a DisAbility charter. The number of people with disabilities (preferential disability) in the company is to rise from 350 employees to 800.

GRI 406-1: Incidents of discrimination and corrective actions taken

Incidents of discrimination and corrective actions taken

REWE Group conducts a thorough investigation of discrimination allegations. Should the allegations turn out to be true, disciplinary and possibly personnel measures are taken. No discrimination cases were reported in Germany during the reporting period. In Austria, nine cases were reported in 2015 and three in 2016. Meetings were held with the affected individuals in all cases. Some of the cases resulted in termination of employment. With a campaign called "Sexual Harassment and Discrimination – NO Thanks!" REWE Group in Austria showed employees how they can fight such behaviour. Specially trained employees can provide support to affected individuals at any time – by doing such things as having a confidential conversation with them or actively taking steps.



Social Involvement

Pillar of Sustainability: Social Involvement

In its role as a reliable partner, REWE Group commits its resources to areas where it does business and to the world's more destitute regions. In the process, the company works with strong partners who can deliver high-impact support as a result of their local experience. One major objective of REWE Group's involvement is to create long-term, reliable partnerships for all players. When possible, REWE Group integrates its customers and employees into its projects. This approach strengthens the sense of community and expands the projects' reach.

In its involvement, REWE Group places a high priority on promoting the development of children and adolescents. One aim of the company's efforts is to eliminate unequal opportunities. In this work, the company helps socially disadvantaged young people while they are attending school and taking steps to enter the work world. REWE Group also plays an active role in projects designed to inform children and adolescents at an early age about the need to get plenty of exercise and eat balanced meals. Access to education also plays a major role in the international involvement of REWE Group. The company supports school construction projects, thus helping to improve educational opportunities of children and adolescents.

For the concept of sustainability to take root in society, we need well-informed consumers. And it is easy to understand why: They will be the only individuals who will explore the issue and integrate it into their shopping decisions. For this reason, REWE Group strives to raise the awareness levels of children and adults about more sustainable consumption and balanced diets. The company also integrates these people into its involvement in biodiversity and environmental protection. The company reaches large numbers of customers in the campaigns it conducts in its stores, sharpening their focus on more sustainable lifestyles. REWE Group draws on a wide range of formats in this process – from participatory events and informative action weeks to fund-raising drives conducted through the sale of selected products.

Areas of Action

REWE Group has identified five areas of action as the focal points of its social involvement: the “support of non-profit organisations and projects”, the “promotion of healthy diets and exercise”, the “promotion of education and personal growth of children and adolescents”, the “fight against child prostitution and violence against minors” and “consumer education and information”.

In 2016, the areas of action were redefined and a preamble was added to them: “REWE and PENNY support non-profit organisations and projects as well as groups that provide consumer education.” The new areas of action are called “healthy diets and exercise”, “opportunities for children and adolescents”, “vigilant approach to food” and “biodiversity and environmental protection”. The areas of action apply to the entire REWE Group. Every sales line covers at least two areas of action with its involvement.

All areas of action are monitored by the “Social Involvement” project group, a team that has been led by Dr Büchel, the member of the Divisional Management Board of Trade Germany who oversees

the areas of HR and sustainability, since mid-2016.

Key Performance Indicators (KPI)

As a way of measuring the progress being achieved in the pillar Social Involvement, REWE Group defined key performance indicators (KPIs) in 2010:

KPI 1: The number of long-term projects should total at least 65 per cent by the end of 2014 and afterwards.

KPI 2: All long-term projects and measures with budgets of more than 50,000 euros during their planned terms began to be regularly evaluated by sustainability controlling in 2014.

As part of the company's strategy process, the KPIs were reviewed in 2016 and modified in the following manner:

KPI 1: The number of long-term projects should total at least 70 per cent by the end of 2022 and afterwards.

Status 2016: The number of long-term projects (covering at least two years) equals 72 per cent.

KPI 2: The most important projects and measures as well as those with budgets of more than 30,000 euros are regularly evaluated by a sustainability controlling unit.

Status 2016: Ongoing

Sustainable Development Goals

The social involvement of REWE Group also contributes to the global goals of sustainable development, including SDG 12: responsible consumption and production; SDG 4: quality education; and SDG 1: no poverty. This was demonstrated by an analysis in which REWE Group measured its sustainability strategy against the Sustainable Development Goals (SDGs) during the reporting period. It then identified and prioritised the SDGs that are relevant to the company (see the [chapter Strategy](#)).

Reporting

The GRI report contains all measures, data and topics related to the pillar Social Involvement:

- **GRI 203: Indirect Economic Impacts**
- **GRI 417: Local Communities**



Projects and Sponsorships

GRI 203: Indirect Economic Impacts

Management Approach (GRI 103-1, 103-2, 103-3)

REWE Group considers itself to be a good corporate citizen – this means that it assumes responsibility within the context of its own capabilities in the places where it does business and where help is needed. It works in particular on behalf of children and young people, promoting healthy diets and a conscious approach to food (see the Management Approach under the [Pillar of Social Involvement](#)).

GRI 203-1: Infrastructure investments and services supported

REWE Group invests in the infrastructure and services of its business locations, travel destinations and countries where special support is critically needed. One focus of this effort is long-term partnerships with non-profit organisations. As part of this work, REWE Group has been one of the main sponsors of the more than 900 local Tafeln food banks across Germany and the national organisation since 1996 (see the [chapter on the Tafeln food banks](#) in the magazine). The national partnership that toom Baumarkt DIY stores have forged with Lebenshilfe, an organisation that helps the handicapped in Germany, is a long-term relationship (see [the chapter on Lebenshilfe in the magazine](#)). Another focal point of the company's support is improving access to education by taking such steps as building schools and supporting educational institutions. The following section reports on selected projects undertaken during the reporting period.

Project: “Together for Haiti“

Ever since the devastating earthquake struck in 2010, REWE Group has been working to provide children and young people with greater access to education as part of a partnership with the German children's support organisation Kindernothilfe Haiti.

Thanks to the support of REWE Group and to, above all, the hard work of its employees, more than 3 million euros has been collected. The money was primarily used to rebuild the destroyed Collège Véréna, a school located in a slum of Port-au-Prince that is attended by 1,500 children from the area. In April 2015, the primary school became the first member of the building complex to be completed. The secondary-school building was opened in autumn 2016. In addition, two new education projects for Restavek children – children from rural areas whose impoverished families sent them to guest families in the city – were initiated to provide them with a basic education. REWE Group also created a scholarship programme designed for suitable graduates of Collège Véréna who are in desperate need of assistance and Restavek children to provide them with an opportunity to learn an occupation or attend university.

In January 2016, REWE Group extended its partnership with Kindernothilfe through 2020 as a way of providing further support to the new school and of expanding its commitment to other educational projects.

In 2014, DER Touristik established the non-profit organisation DER Touristik Foundation e.V. that is dedicated solely to charitable work, including training support to children and young people, environmental protection and sustainable developmental aid. In particular, DER Touristik has committed itself to the task of creating school infrastructure and the teaching of children and young people with its initiative “DER Welt verpflichtet – DER Bildung ein Zuhause geben” (Committed to the World – Giving Education a Home).

Since DER Touristik Foundation was created, financial aid has been provided to the construction of more than 30 schools for over 5,500 children. In 2015/2016, 19 school construction projects were carried out in 12 countries around the world – in Africa (Kenya, Namibia and Tanzania), Asia (Cambodia, Vietnam, the Philippines, Sri Lanka, Myanmar and Nepal) and Central America (Guatemala and Nicaragua) – with the help of donations. More than 3,500 new school slots were created in the process.

DER Touristik Foundation also supports the reconstruction and renovation of school infrastructure in regions affected by natural disasters. As part of this activity, two school projects destroyed by the catastrophic earthquake that struck Nepal in 2015 were rebuilt with the help of financial aid.

In 2016, the sustainability work that DER Touristik does under the banner of “DER Welt verpflichtet” was honoured with the World Tourism Award initiated by the World Travel Market.

Key Charitable Projects During the Reporting Period

1. Kindergarten Piyawara/Sri Lanka

At the beginning of 2016, the Piyawara kindergarten financed by DER Touristik Foundation opened in Maduraketiya, a town in southern Sri Lanka. Following a construction period of about nine months, 50 children between the ages of three and five can be playfully cared for and prepared for school life. The new building has two classrooms, access to clean drinking water produced by the school’s own well and sanitary facilities.

2. Education project KOTO/Vietnam

Financial support began to be provided to KOTO, an educational institution near Hanoi, Vietnam, in 2016. The project “GROWING SPACES: YOUTH PROJECT” involves the construction of learning and training centres for extremely disadvantaged and at-risk adolescents who come from impoverished families and have no futures. The new facilities provide the young people with a protected space and support with their occupational development by offering learning materials, coaching and vocational activities.

Project: REWE Far East – WASH Project/India

REWE Far East Ltd. understands its responsibility as a purchasing organisation of REWE Group. In addition to its sourcing activities, it has been supporting the “Water, Sanitation and Hygiene” project – or WASH – organised by Save the Children in India since January 2017.

The goal of the project is to provide children and their families in Delhi with access to sanitary facilities and clean drinking water and to educate them about hygienic practices. As part of the programme, children learn about hygienic practices and the correct way to use water – things like washing their hands before they eat meals and after they use the toilet – in primary schools and in centres of the Indian government’s Integrated Child Development Services programme (ICDS). In addition, sanitary facilities like toilets and sinks are being installed or upgraded.

The project is being carried out in three slum areas, in seven ICDS centres and four primary schools in southern Delhi. An additional 40 primary schools and ICDS centres will be included thanks to further training. As a result, 3,000 children will be directly reached during the three-year project. An additional 20,000 children and just as many relatives and residents will profit indirectly from the

programme.

The combination of clean water, sanitary facilities and hygienic practices is designed to prevent avoidable diseases over the long term and maintain the health of children and their families.

Project: Germany and Austria Round Up

A partnership with the non-profit initiative “Deutschland rundet auf” (Germany Rounds Up) has been maintained since 2012. Customers of PENNY and toom Baumarkt DIY stores can round up their purchase total at the cash register by a maximum of 10 cents. All donated money is provided to social projects for children and adolescents in Germany. In 2015, well-known actors, moderators and comedians provided their support once again at cash registers of various PENNY stores and toom Baumärkte DIY stores during a donation week. Since the initiative was begun, PENNY customers have rounded up more than 100 million times and donated about 5 million euros in the process.

In Austria, REWE International AG has taken part in a similar programme, “Woche des Aufrundens” (The Week of Rounding Up). “Aufrunden, bitte” (Round Up, Please) has been the motto at BILLA, MERKUR, BIPA and PENNY as well as at LIBRO since April 2015. Thanks to customers’ many years of support, the donation level of 500,000 euros was broken in May 2016. The money is used to support projects by the Catholic charity Caritas, Learning Cafés, special education programmes and mother-child homes.

GRI 203-2: Significant indirect economic impacts

With its approximately 15,000 stores and travel agencies, REWE Group employs about 330,000 people inside and outside Germany. When new stores are opened, communities benefit from infrastructure investments, taxes and fees as well as from a broad range of social activities undertaken by employees, store managers and independent retailers. In doing so, REWE Group generates important momentum for the development and growth of the regions where its stores do business. REWE Group also actively supports children and young people, focusing on areas related to its business operations.

Promotion of Healthy Diets and Exercise

REWE Group works with a range of organisations to pique children’s interest in healthy lifestyles. REWE Group has been supporting the group “Klasse in Sport – Initiative für täglichen Schulsport e.V.” since 2008. This initiative promotes the well-being and athletic activities of children at selected schools. As a charter member of the group “5 am Tag” (5 a day) REWE Group encourages efforts to boost consumption of fruit and vegetables to five portions a day and to promote healthy diets for children. As part of this work, REWE stores do such things as distribute fruit-filled bags to first-graders. To help children get their days off to a healthy start, REWE Group has joined forces with the food bank organisation Bundesverband Deutsche Tafel e.V. and other partners to distribute so-called Power Kisten (power boxes) to schools. These boxes contain a rotating array of foods selected by nutrition experts that individual classes use to prepare breakfast. At the end of 2016, eight schools and about 1,000 children were receiving the power boxes from Monday to Friday. The project is supported with donations by Chiquita, Danone, Ehrmann, FrieslandCampina, Mondelez, Nestlé, Unilever, Zentis and the REWE Group production operations Glocken Bäckerei and Wilhelm Brandenburg, among others.

Opportunities for Children and Adolescents

For years, REWE Group has systematically taken part in projects that promote the development of children and young people. One important aspect of this work is the support provided by volunteers who pass on their knowledge and experience in direct relationships. In the education project “Lernen macht Schule” (Learning Catches On), REWE International AG works with the Catholic charity Caritas and the Vienna University of Economics and Business to help children and young

people who need additional encouragement. The project is conducted by volunteer “learning buddies” – individuals who are frequently students at the university or employees of REWE International AG. These buddies help with school work for two to three hours once a week and can answer any other questions as well. In another mentoring project, REWE Group takes part in the sponsorship programme EHRENSACHE (Act of Honour) in cooperation with the non-profit employment organisation Joblinge to provide internships and job-entry qualification training to socially disadvantaged young people. As part of the education initiative ROCK YOUR LIFE!, the PENNY sales line conducts a two-year training programme called “Zukunftskick” (Future Kick) (for more information about this work, see the magazine chapter “Joblinge”). The sales line uses the PENNY Goodwill Basket largely for the purpose of supporting small organisations and projects that are being conducted in areas near its stores and are designed to encourage children and young people (for more information about this work, see the chapter on the [promotion of projects](#) in the magazine).

Vigilant Approach to Food

REWE Group strives to keep food waste to a minimum. In doing so, it works with upstream producers (see [the chapter on Naturgut Bio-Helden \(Organic Heroes\)](#) in the magazine) and in its own stores. PENNY and REWE sell up to 99 per cent of their foods on average each year. Most of the remaining 1 per cent is donated across Germany to around 900 local Tafel food bank initiatives. REWE has been making such donations since 1996 and PENNY since 2007 (for more information about this work, see [the chapter on the Tafeln in the magazine](#)). Even though these foods cannot be sold, they are perfectly good for consumption.

Because consumers are responsible for most food waste, REWE Group conducts information and educational campaigns aimed at its customers. For years now, the PENNY sales line has played an active role in this work. It distributed a brochure called “Spar doch grün” (The Green Way to Save) that contains clever household tips and tricks in 2016 and conducted an educational campaign about the sell-by date in 2015.



Child Protection

GRI 413: Local Communities

Management Approach (GRI 103-1, 103-2, 103-3)

The holiday is the loveliest time of the year for many people. They enjoy the sun and beach, breathtaking landscapes and exciting new impressions. That means their trip should be carefree, both for themselves and for the local population. Unfortunately, tourism also has its dark side. More than 2 million children a year become victims of sexual violence and exploitation. In many cases, the tourism infrastructure is misused for these purposes by sexual offenders. Consequently, the travel industry has a responsibility to address the issue of child protection.

DER Touristik has introduced a very ambitious child protection policy, one that makes the company a pacesetter in the tourism industry. DER Touristik has been playing an active role in the child protection since 2001, when the German Tourism Association (DRV) acted on behalf of all its members and initiated “The Code”, a document based on the UN Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. ECPAT Deutschland e.V. – a working group for the protection of children from sexual exploitation – oversees the implementation of the code and serves as an expert partner for DER Touristik.

In 2012, DER Touristik Hotels & Investments GmbH (DTH) defined a set of principles within its child protection policy. These principles are designed to protect the children of the holiday country and those of guests and to observe their rights within the tourism industry. The child protection policy is widely communicated in all destinations and is a key topic in the training concept used for employees in destination areas (hotel employees and travel guides). They are sensitised about the topic and learn what to do if they suspect that something is amiss. Under plans for 2017, the training concept is to be expanded to employees in headquarters locations, at destination agencies and for important partners.

Sören Hartmann, CEO of the DER Touristik Group, signed “The Code” at ITB Berlin tourism trade fair on 11 March 2016. With his signature, DER Touristik expressed its commitment to the code and pledge to observe and implement the following aspects, most of which have already been introduced:

- **Implementation of guidelines and measures** to prevent the sexual exploitation of children
- **Provision of employee training** about the rights of children, the prevention of sexual exploitation and reporting of suspected cases
- **Acceptance of a clause in hotel agreements** rejecting sexual exploitation and refusing to tolerate it in any way
- **Provision of information to travellers** about the rights of children, the prevention of sexual exploitation and reporting of suspected cases
- **Support of and collaboration with stakeholders** in the fight against the sexual exploitation of children
- **An annual report** about the implementation of “The Code”

DER Touristik also vigorously carries out activities as part of its information and prevention concept.

As part of this effort, travellers learn about the protection of children from sexual exploitation during holiday, tourism students are sensitised about the issue and DER Touristik plays an active role in the preparations of the programme for an annual destination workshops organised by the German Travel Association and ECPAT. The workshop is designed for hotels, agencies and tour operators in holiday locations that have a high risk of sexual exploitation of children. It is conducted in cooperation with local organisations and authorities. In recent years, workshops have been held in the Dominican Republic, Thailand, Sri Lanka, Vietnam and Kenya. The most recent ones were held in Bulgaria in 2016 and in Sri Lanka in 2017.

GRI 413-2: Operations with significant actual and potential negative impacts on local communities

In the area of Travel and Tourism, REWE Group has joined the fight against sexual exploitation of minors and violence against children. In cooperation with the non-government organisation ECPAT Deutschland e.V., DER Touristik and especially the business travel specialist FCM Travel Solutions work to prevent children from being sexually exploited. In 2011, FCM became the first business travel provider to sign the Child Protection Code in Germany. The following activities were conducted in 2015 and 2016:

- Training courses in DER Touristik hotels (Gran Canaria, Ibiza and Fuerteventura)
- Training courses and presentations as part of destination workshops organised by the German Travel Association and ECPAT Deutschland e.V. (in Bulgaria in 2016)
- Intensive public relations work (fliers, presence at trade fairs, customer events and press releases)
- Promotion of the international platform <http://www.nicht-wegsehen.net> where people can report real and suspected cases of criminal activity
- Participation in train-the-trainer seminars organised by ECPAT Deutschland e.V. designed to present the special qualities of such places as the business travel area
- Membership in the working group on child protection of the German Travel Association

During the reporting period, DER Touristik conducted ten seminars about child protection in five destinations. In addition, training was provided to the hosts of DER Touristik Hotels.

In 2015 and 2016, FCM Travel Solutions provided information about this issue at such places as trade fairs, conferences and train-the-trainer seminars. The subject of child protection was also added to the orientation plan for new headquarters employees. In recognition of their efforts, the business travel experts have been named a “top member” of the Child Protection Code since 2014. The wide range of activities in the area of business travel was honoured here.