

**REWE GROUP SUSTAINABILITY REPORT 2017**

# GRI report of REWE Group

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

A long tradition is the strongest foundation for a secure future. As a traditional, cooperative company, we have made sustainability a fixed part of our culture for the past 90 years. At the same time, we have served as a pacesetter in biodiversity who has worked intensely for more than a decade to protect the animal kingdom.

The successful monitoring work we performed in the Lake Constance area of Germany in 2017 clearly demonstrated the positive impact that close collaboration among environmentalists, farmers and retailers can have on the habitats of wild bees. With the help of nesting adds, flowering strips and tree planting in and around fruit farms, we succeeded in doubling the number of species.

By contrast, a PENNY store demonstrated to us in May just what can happen if producers, environmentalists, retailers and consumers fail to work together. All products that no longer would exist without bees and other pollinating insects were removed from the store's shelves. The result: 60 per cent of all products were missing. As you see, our only recourse is to intensify our commitment.

In our current Sustainability Report under the motto "Tradition. Diversity. Future." we provide you, our readers, with a detailed look at what we achieved last year in terms of sustainability and, above all, where we intend to go.

In a reflection of this topic's high priority at our company, we are now issuing our sustainability report annually.

I hope you enjoy this interesting report.

Lionel Souque  
CEO

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# Sustainability Strategy

GRI 102-18: Governance structure

GRI 102-19: Delegating authority

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

GRI 102-21: Consulting stakeholders on 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." REWE Group considers this to mean one thing: 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 a pacesetter introducing 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 established 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. In 2016, it carried out a comprehensive strategy process in which the organisation and the focal points of its sustainability strategy were evaluated and developed further. 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. 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. To implement the strategic focuses, effective measures will now be developed and measurable goals will be set.

REWE and PENNY also conducted a far-reaching materiality analysis on continued strategy development in 2016. 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 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 by representatives of the sales lines, the Corporate Responsibility department 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. Since then, the sustainability strategy has been subject to an annual review in which all the available information, such as customer surveys, analyses of the competition, stakeholders topics and the political environment are considered.

The other sales lines were included in the process of the materiality analysis during interviews and 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. At the end of 2017, the areas of action from the pillars Energy, Climate and the Environment, Employees and Social Involvement will be adopted by the other sales lines. The Green Products pillar is still in the coordination phase. Within the areas of action, each sales line focuses on the topics that are important for it.

For more information about the areas of action and the key performance indicators, see the higher-level management approaches for **“Green Products”**, **“Energy, Climate and the Environment”**, **“Employees”** and **“Social Involvement”**.

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

### Green Products

Areas of action:

1. Fairness
2. Conservation of resources
3. Animal welfare
4. Diet

## Energy, Climate and the Environment

### Areas of action:

1. Energy efficiency
2. Climate-relevant emissions
3. Conservation of resources

## Employees

### Areas of action:

1. Values and culture
2. Training and professional growth
3. Health and safety
4. Job and phases of life
5. Diversity and equal opportunity

## Social Involvement

### Areas of action:

1. Promotion of healthy diets and exercise
2. Opportunities for children and adolescents
3. Vigilant approach to food
4. Biodiversity and environmental protection

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# 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, with the change of leadership 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 statement by Lionel Souque**).

Until mid-2016, a high-ranking sustainability strategy group 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 group 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 areas, the chairman of the Central Works Council and a representative of the 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 group 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. From 2017, a group-wide sustainability information event will be held at least once per year so that sustainability issues and best practices can be discussed among the management and divisional management levels of the individual sales lines (REWE, PENNY, Travel and Tourism, toom Baumarkt DIY stores and REWE International AG).

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 pillars Energy, Climate and the Environment and Social Involvement. 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.



The members of Division Management Boards or managing directors 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.

Each sales line has a sustainability unit to develop the sustainability strategy of the sales line. Corporate Responsibility, based in Cologne, develops the sustainability strategy of REWE and PENNY in Germany in agreement with the respective strategy units. It also supports and coordinates implementation of the sustainability strategy of the entire REWE Group and acts as a central interface between the sales lines and dealings with external stakeholders. As part of sustainability reporting, 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.

The sustainability organisation of REWE International AG is led by the Holding Management Board which is supported by the Sustainability executive department. 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 responsible for 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.

During the reporting period, CEO Detlef Riesche had the main responsibility for sustainability at toom Baumarkt DIY stores. As in 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, even 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.

As Chief Executive Officer of DER Touristik Group, REWE Group Board Member Sören Hartmann was mainly responsible for its sustainability. The central sustainability department helps the international Executive Board of DER Touristik Group develop the strategy and coordinates and controls the implementation measures. In 2018, a Sustainability Advisory Board will be established to advise management with regard to strategic priorities and initiatives, make

decisions about operational implementation of the strategy and implement the sustainability goals in the individual business units.

## 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 stakeholders was used in an overall ranking in which the following SDGs were given a high priority for REWE Group:

- Responsible Consumption and Production
- Life on Land
- Life Below Water
- Decent Work and Economic Growth
- Zero Hunger
- Affordable and Clean Energy

The analysis shows that REWE Group's sustainability activities will help to achieve the SDGs ranked as relevant and identifies 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 independent combines with the parent company REWE-ZENTRALFINANZ eG, Cologne, Germany, (RZF) and REWE-Zentral-Aktiengesellschaft, Cologne, (RZAG). REWE Group is proud of its cooperative roots. The Supervisory Board, shareholders, retailers and the Management Board of REWE Group view the long-term 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 2017, the parent company and 396 subsidiaries (previous year: 385 ) are included in the Combined Financial Statements (see also the **Combined Management Report for the 2017 Business Year**, page 3). About 1,400 independent partner retailers are also part of REWE Group.

REWE Group is active in various business segments:

AT A GLANCE

RETAIL GERMANY	REWE, REWE.de, REWE To Go, REWE, nahkauf, toom, aligenta, PENNY, TEMMA, ALDI, LIDL, PARSIFAL, Markt Brandenburg, S&B
RETAIL INTERNATIONAL	BILLA, MERKUR, ADEG, BIPA, Penny, Aldi
NATIONAL SPECIALIST STORES	toom, B. BRANDENBURG
TRAVEL AND TOURISM	DER, DER, DERPART, DERTOUR, ITS, MEIER'S, ADAC, KUONI, ITS COOP, ITS BILLA, Apollo, EXIM, HELVETIC, ITI, Club Calimera, COOEE, PRIMA SOL, PLAYITAS, WEINFREUNDE
OTHER	REWE digital, ZooRoyal, FÖRSIE, REWE SYSTEM, EHA, commercetools, WEINFREUNDE
FOREIGN COUNTRIES	AUSTRIA: BILLA, MERKUR, PENNY, BIPA, ADEG, DERTOUR, JAHN REISEN, MEIER'S WELTREISEN, ADAC REISEN, ITS BILLA REISEN; BELGIUM: KONING A&P, PRIJZVRIJ.NL; BULGARIA: BILLA; CROATIA: BIPA; CZECH REPUBLIC: BILLA, PENNY, DERTOUR, JAHN REISEN, MEIER'S WELTREISEN, ITS BILLA REISEN, EXIM HOLDING; DENMARK: APOLLO; FINLAND: APOLLO; GREAT BRITAIN: KUONI; HUNGARY: PENNY, DERTOUR, JAHN REISEN, MEIER'S WELTREISEN, ITS BILLA REISEN, EXIM HOLDING; ITALY: PENNY; NETHERLANDS: KONING A&P, PRIJZVRIJ.NL; NORWAY: APOLLO; POLAND: DERTOUR, JAHN REISEN, MEIER'S WELTREISEN, ITS BILLA REISEN, EXIM HOLDING; ROMANIA: PENNY; RUSSIA: BILLA; SWEDEN: APOLLO; SWITZERLAND: KUONI, HELVETIC TOURS, ITS COOP TRAVEL; SLOVAKIA: BILLA, DERTOUR, JAHN REISEN, MEIER'S WELTREISEN, ITS BILLA REISEN, EXIM HOLDING; UKRAINE: BILLA

As of December 2017

The new management structure was implemented conclusively on 1 January 2017. The business segments National Full-Range Stores and National Discount Stores were merged in the newly created business segment Retail Germany; the business segments International Full-Range Stores and International Discount Stores were merged in the new business segment Retail International.

The sales lines include the supermarkets and consumer stores operated by the brands REWE, REWE CENTER, REWE CITY and BILLA and MERKUR, the discounter PENNY as well as the toom DIY stores. These are supplemented by the convenience stores (REWE To Go) and the e-commerce activities of REWE Lieferservice as well as ZooRoyal, Weinfreunde and Kölner Weinkeller. The company's own production operations Glocken Bäckerei and the quality butcher Wilhelm Brandenburg also supply premium store-brand products.

Travel and tourism form the Group's second core business. These activities are performed under the umbrella of DER Touristik Group. Seventeen tour operators and 31 specialists offer a broad range of travel opportunities for various target groups. These include brands such as Dertour and ITS in Germany, Kuoni and Helvetic Tours in Switzerland, Exim Tours and Kartago Tours in Eastern Europe, Apollo in Scandinavia and Kuoni in the UK and France. On top of this are 2,400 travel agencies – including the German market leader DER Reisebüro – and online sales. DER Touristik Group includes the hotel brands Iti, Club Calimera, Cooee, PrimaSol and Playitas Resort, the

direct organiser clevertours.com, the business travel provider DER Business Travel and the airline company Novair. In the target regions, the group is currently represented worldwide with offices at 57 destinations (for a detailed description of the individual business segments, see the **Combined Management Report for the 2017 Business Year**, 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 2017, REWE Group operated about 15,300 stores in 21 European countries and employed 345,434 people (previous year: 325,727), Total external revenue generated in 2017 – including the revenue produced by approximately 1,150 independent REWE retailers – increased to 57.8 billion euros (previous year: 54 billion euros). In its home market of Germany, REWE Group generated revenue of 41.72 billion euros (previous year: 38.96 billion euros) in 10,695 stores and with a workforce of 254,097 people (previous year: 235,897).

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, Retail International is also represented in Bulgaria, the Czech Republic, Russia, Slovakia and Ukraine. In Croatia, the BIPA brand also operates drug stores.

DER Touristik Group is now an international holding and has optimised its collaboration within Travel and Tourism in REWE Group. For this purpose, the six German organisers were combined in DER Touristik Deutschland GmbH in August 2017.

The network of the combine's destination agencies increased again in 2017: Go Vacation Africa and Go Vacation India cover the destinations India, South Africa, Namibia, Kenya, Tanzania and Zanzibar. Consequently, the group currently has offices at 57 destinations worldwide. In March 2018, DER Touristik Group entered the French market and bought Travel Lab SAS, known as Kuoni France. As a result, Travel and Tourism is active in 15 countries and has expanded its brands in the premium segment.



## 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 166,778 (2015) to 174,527 (2017). Across Europe, REWE Group currently employs about 345,000 people.

Not included in this are the other foreign companies of REWE Group, national and international companies that are not part of the combine, REWE Dortmund SE, akzenta, Petz REWE GmbH, REWE Spedition und Logistik GmbH, the REWE Supermärkte Nord, the independent retailers and partner retailers and the small companies Mayflor, commercetools, Zoo Royal, Eurogroup Deutschland GmbH and EHA Austria. Due to a change in the scope of consolidation, this no longer corresponds to that in the 2015/2016 sustainability report; accordingly, the personnel key figures were changed retrospectively.

The percentage of trainees among the workforce in Germany and Austria has been relatively stable for years. In 2017, the share was 3.4 per cent, while in 2016 it was 3.5 per cent. In the reporting period, the share of part-time employees (excluding marginally employed individuals and trainees) was 42 per cent (2016: 41.8 per cent). The share of open-ended full-time employees was about 88 per cent in 2017. 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, or temporary, employment contracts. Of the total number of limited employment contracts in Austria, 92 (2017) contracts have an explicitly fixed term.

### Employees by employment contract, gender and region



#### Germany

	2015 (female)	2015 (male)	2015 (Total)	2016 (female)	2016 (male)	2016 (Total)	2017 ✓ (female)	2017 ✓ (male)	2017 ✓ (Total)
<b>Temporary contract</b>	8846	7940	16786	8424	8104	16528	8343	8474	16817
<b>Open-ended full-time contract</b>	73714	35854	109568	74965	36968	111933	76591	38925	115516

#### Austria

	2015 (female)	2015 (male)	2015 (Total)	2016 (female)	2016 (male)	2016 (Total)	2017 ✓ (female)	2017 ✓ (male)	2017 ✓ (Total)
<b>Temporary contract</b>	2255	889	3144	2451	934	3385	2727	1057	3784
<b>Open-ended full-time contract</b>	27755	9525	37280	28360	9917	38277	28496	9914	38410

#### All regions

	2015 (female)	2015 (male)	2015 (Total)	2016 (female)	2016 (male)	2016 (Total)	2017 ✓ (female)	2017 ✓ (male)	2017 ✓ (Total)
<b>Temporary contract</b>	11101	8829	19930	10875	9038	19913	11070	9531	20601
<b>Open-ended full-time contract</b>	101469	45379	146848	103325	46885	150210	105087	48839	153926

## Employees by type of employment and gender

#### Female

	2015	2016	2017 ✓
<b>Full time</b>	26754	27275	28311
<b>Part time</b>	62611	64031	65588
<b>Apprentices</b>	3025	3039	3059
<b>Marginally employed</b>	20180	19855	19199

#### Male

	2015	2016	2017 ✓
<b>Full time</b>	34430	35368	36788
<b>Part time</b>	6479	7067	7723
<b>Apprentices</b>	2841	2882	2933
<b>Marginally employed</b>	10458	10606	10926

	Total		
	2015	2016	2017 ✓
Full time	61184	62643	65099
Part time	69090	71098	73311
Apprentices	5866	5921	5992
Marginally employed	30638	30461	30125

## Percentage distribution of employees by sales line

2015	
National Full-Range Stores: 43.9%	73190
International Full-Range Stores (Austria): 22.8%	37954
National Discount Stores: 15.6%	26001
Discount Stores Austria: 1.5%	2470
National Specialist Stores: 8.0%	13373
National Travel and Tourism: 3.1%	5128
Other: 5.2%	8662
Total (Scope Sustainability Report)	169762

2016	
National Full-Range Stores: 43.4%	73911
International Full-Range Stores (Austria): 23.0%	39078
National Discount Stores: 15.8%	26842
Discount Stores Austria: 1.5%	2584
National Specialist Stores: 7.9%	13449
National Travel and Tourism: 3.0%	5075
Other: 5.4%	9184
Total (Scope Sustainability Report)	173108

2017 ✓	
National Full-Range Stores: 43.5%	75951
International Full-Range Stores (Austria): 22.6%	39465
National Discount Stores: 15.5%	27075
Discount Stores Austria: 1.6%	2729
National Specialist Stores: 8.0%	14033
National Travel and Tourism: 3.1%	5179
Other: 5.8%	10095
Total (Scope Sustainability Report)	167801

## **GRI 102-41: Collective bargaining agreements**

As of 31 December 2017, 171,087 of the 174,527 employees covered by the sustainability report were subject to collective bargaining agreements and/or employer/works council agreements.

This amounts to 98 per cent. In 2016, this figure was 97.7 per cent.



# Supply chain

## GRI 102-9: Supply chain

As a trade and tourism company, REWE Group purchases 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**



# Initiatives and Memberships

## **GRI 102-12: External initiatives**

## **GRI 102-13: Membership 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, environmental protection, animal welfare, health-conscious nutrition 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 Practices**. 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, decentralised 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 or an external ombudsman using a combine-wide whistleblower system. The officers are contact points for 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**

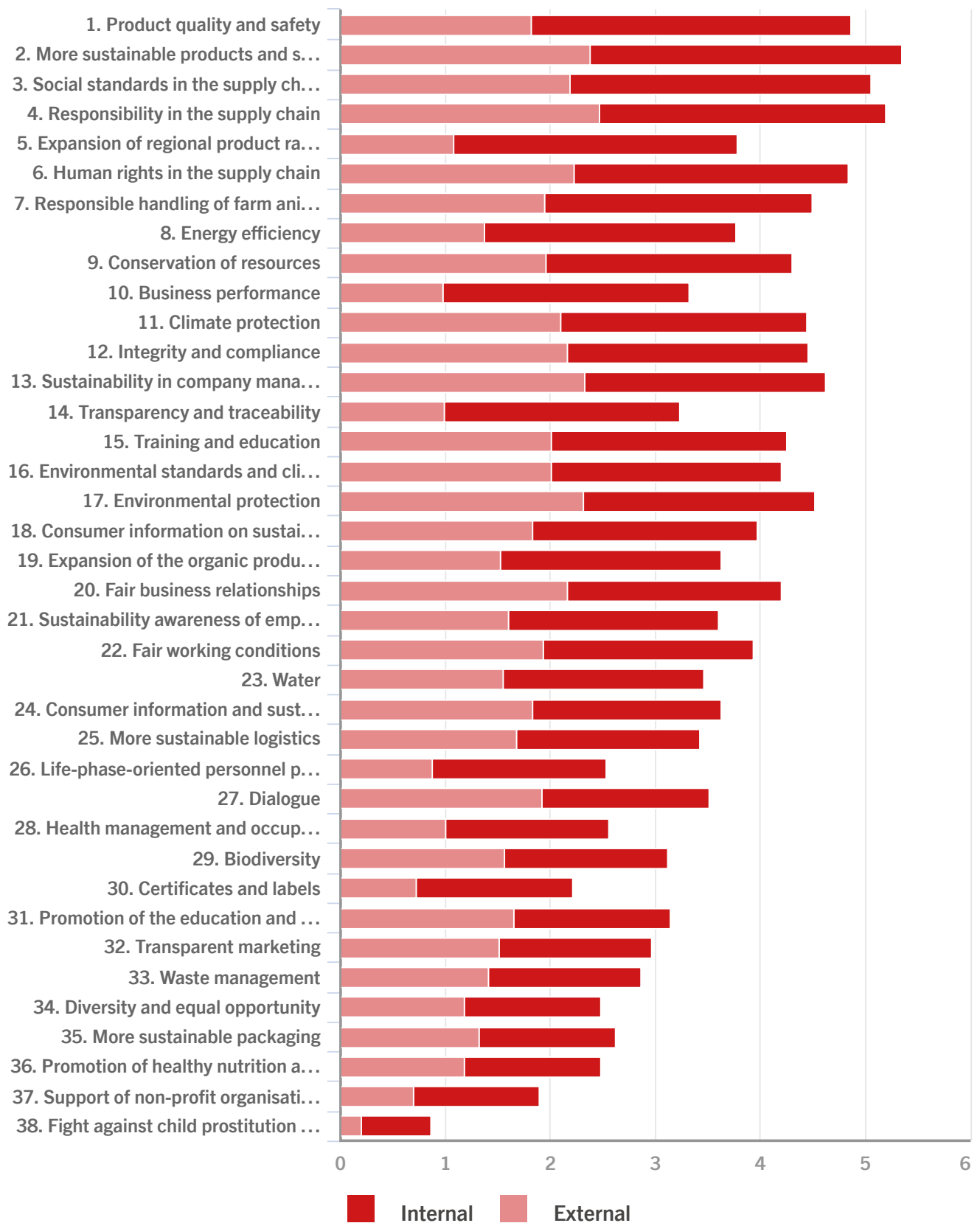
The report covers REWE Combine companies for Germany and Austria. The sustainability work undertaken by independent retailers is addressed and presented only in individual cases due to the large number of activities and the entrepreneurial autonomy of the retailers. This approach has also been taken for locations outside Germany and Austria. Nonetheless, more than 50 per cent of REWE Group's employees have been covered. In reporting the data, it is clearly explained where reporting 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, the circular economy, more sustainable packaging as well as 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. Because of current developments and scientific findings, more sustainable packaging and biodiversity have become increasingly important for all stakeholders. Therefore, these topics are very important for the involvement of REWE Group.

In March 2015, the PRO PLANET Board of Advisers, in which many NGOs are represented, reviewed and approved the results of the materiality analysis from 2014. The materiality analysis was then discussed and approved by REWE Group's sustainability strategy group chaired by the former member of the Management Board, Manfred Esser.

## **Relevance from the Perspective of Internal and External Stakeholders**



## Classification of significant issues in GRI aspects

GRI 102-47: List of material topics

GRI 102-49: Changes in reporting

For the 2017 sustainability report of REWE Group, the allocation of the aspects to be reported from the 2015/2016 financial year were used again, as a comprehensive **strategy process** was carried out for REWE and PENNY only in 2016. As part of this, various issues of sustainability involvement with regard to stakeholder expectations and social developments were revised. 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.

## Green Products

<ul style="list-style-type: none"> <li>• More sustainable products and services</li> <li>• Expansion of regional product ranges</li> <li>• Expansion of the organic product range</li> <li>• Certificates and labels</li> </ul>	Procurement Practices (GRI 204)
<ul style="list-style-type: none"> <li>• Responsibility in the supply chain</li> <li>• Social standards in the supply chain</li> <li>• Human rights in the supply chain</li> <li>• Environmental standards and climate protection in the supply chain</li> </ul>	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"> <li>• Consumer information on sustainability</li> <li>• Transparency and traceability</li> <li>• Transparent marketing</li> </ul>	Marketing and Labeling (GRI 417)
Biodiversity	Biodiversity (GRI 304)
More sustainable packaging	Materials and Packaging (GRI 301)

## Energy, Climate and the Environment

Conservation of resources	Materials and Packaging (GRI 301), Green Building (RG1)
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)

## Employees

Fair working conditions	Employment (GRI 401), Labor/Management Relations (GRI 402)
<ul style="list-style-type: none"> <li>• Training and education</li> <li>• Sustainability awareness of employees</li> </ul>	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 nutrition 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"> <li>• Anti-corruption (GRI 205)</li> <li>• Public Policy (GRI 415)</li> <li>• Socio Economic Compliance (GRI 419)</li> </ul>



- Customer Privacy (GRI 418)

Fair business relationships	Anti-competitive Behaviour (GRI 206)
Dialogue	GRI Standard disclosures
Business performance	Economic Performance (GRI 201)



# Stakeholder Dialogue

## Approach by REWE Group

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

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. In 2015/2016, 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, health-conscious nutrition and emergency assistance, which is still valid. The results flow into the planning of stakeholder communication activities.

Stakeholders	Form of Involvement
Customers	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Online platform Utopia.de, social media</li> <li>Sustainability Weeks</li> <li>Customer satisfaction surveys</li> <li>Market research</li> <li>Customer service</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Works council</li> <li>Internal communications</li> <li>Employee survey</li> <li>Sustainability Weeks</li> </ul>
Partner retailers	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Joint projects</li> <li>Committees with partner retailers</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Communication of guidelines</li> <li>Joint projects</li> </ul>
Business partners	<ul style="list-style-type: none"> <li>Communication of guidelines</li> </ul>
Political leaders	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Memberships of associations</li> <li>Offices in Berlin and Brussels</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Continuous discussions</li> <li>PRO PLANET Board of Advisers</li> <li>Strategic partnership with NABU (since 2015)</li> <li>Joint projects</li> <li>Answering inquiries</li> </ul>
The academic community	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Cooperation with universities</li> <li>Preparation of studies</li> </ul>
Media	<ul style="list-style-type: none"> <li>Dialogue forums</li> <li>Answering inquiries from journalists</li> <li>Blogger events (including producer visits)</li> <li>Sustainability Weeks</li> </ul>

## Formats of Stakeholder Dialogues

As a trade 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 is responsible for the institutionalised dialogue with stakeholders and communications with leading media and the trade press. 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 2017, about 220 people took part in the REWE Group dialogue forum Change of Perspective in Berlin. These individuals included representatives of political groups, NGOs, the academic community and industry as well as REWE Group employees. The topics included animal welfare, healthy diets, the workplace of the future, the common good economy, and the circular economy. The stakeholders' key concerns were discussed there. Within the scope of the dialogue forum, REWE Group presented a trend exhibition in which participants could obtain information about sustainability trends at more than 20 stations. For

instance, they could find out about cultured meat, a networked refrigerator and gender identification in hatching eggs with the SELEGGT process. 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 initiator for the advancement 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 of more environmentally and socially acceptable products through individual measures.

In addition, all employees are informed, sensitised and inspired in regard to this issue. And there is a clear reason for this: Employees are the interface to customers and suppliers. They are an important contact for sustainability issues and a key factor in the differentiation towards competitors. To bolster this effort, the concept of sustainability ambassadors was developed. The aim is for the ambassadors to communicate sustainability issues in stores, develop their own ideas and get customers and other employees interested in the topic. As part of their task, ambassadors answer questions raised by customers and colleagues and can demonstrate in the stores that sustainability is sensible and something positive.



## Report Profile

### **GRI 102-48: Restatements of information**

Information is restated in the indicators GRI FP10, GRI 204-1, GRI 204-FP2 and GRI 102-8.

### **GRI 102-50: Reporting period**

REWE Group's 2017 sustainability report covers the 2017 business year (1 January 2017 to 31 December 2017). The editorial deadline was 15 May 2018.

### **GRI 102-51: Date of most recent report**

REWE Group's sustainability report 2015/2016 was released on 2 October 2017.

### **GRI 102-52: Reporting cycle**

REWE Group has been issuing a comprehensive sustainability report every two years since 2009. With the 2017 sustainability report, the company is changing its reporting cycle to an annual report.

### **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](mailto: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

Like last year, the 2017 sustainability report complies with the GRI Standards (2016). It was prepared in accordance with the GRI Standards: Core option. For the GRI Materiality Disclosure Service, the Global Reporting Initiative (GRI) had the “2017 sustainability report” available. The GRI confirmed that the materiality disclosures (102-40 – 102-49) were positioned correctly.

## GRI 102-55: GRI Content Index





## GRI 101: Foundation 2016

## GRI 102: General Disclosures

### 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	Foreword by Lionel Souque and Jan Kunath
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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

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 statements	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	Report Profile
GRI 102-49: Changes in reporting	Materiality
GRI 102-50: Reporting period	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 with 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 Impact 2016

GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Projects and Sponsorships
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
GRI 204-FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy	Raw materials
GRI 204-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 and Packaging
GRI 301-1: Materials used by weight or volume	Materials and Packaging
GRI 301-2: Recycled input materials used	Materials and Packaging

### 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 organization	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 <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Climate Protection

## RG1: Green Building

GRI 103 Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Green Building
RG1-1: REWE stores that meet the requirements of the German Sustainable Building Council (Green Building)	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 FP10: Physical alterations	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 401-3: 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

## GRI 416 Customer Health and Safety 2016

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 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)	Customer Privacy
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy
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 PricewaterhouseCoopers GmbH to conduct a limited assurance review of this report. The reviewed sections of the report are identified by this symbol . The audit opinion includes general data about the engagement and the presentation of the review results (see **Independent Assurance Report**).

The input data of the carbon footprint report were also reviewed by INFRAS AG and the Austrian Federal Environment Agency.



## Economic Performance

### GRI 201: Economic Performance

## Management Approach

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 socio-economic 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 2017, total external revenue of REWE Group increased by 6.7 per cent to 57.8 billion euros. Total revenue of REWE Combine was 49.4 billion euros in 2017 (previous year: 45.64 billion

euros) (for more information, see also the **Combined Management Report for the 2017 Business Year**, pages 11 and 13).

## Revenue development

in million €	2017	2016	Change in absolute figures	Change in %
<b>Retail Germany</b>	<b>28,621.1</b>	<b>25,588.8</b>	<b>3,032.3</b>	<b>11.9</b>
<b>Retail International</b>	<b>13,353.5</b>	<b>12,710.0</b>	<b>643.5</b>	<b>5.1</b>
<b>Travel and Tourism</b>	<b>4,649.6</b>	<b>4,576.4</b>	<b>73.2</b>	<b>1.6</b>
<b>National Specialist Stores</b>	<b>2,130.8</b>	<b>2,088.5</b>	<b>42.3</b>	<b>2.0</b>
<b>Other</b>	<b>669.3</b>	<b>672.3</b>	<b>-3.0</b>	<b>-0.4</b>
<b>Total</b>	<b>49,424.3</b>	<b>45,636.0</b>	<b>3,788.3</b>	<b>8.3</b>

## Result, key figures

in million €	2017	2016	Change in absolute figures	Change in %
<b>Revenue</b>	<b>49,424.3</b>	<b>45,636.0</b>	<b>3,788.3</b>	<b>8.3</b>
<b>Cost of materials, incl. changes in inventories</b>	<b>-36,948.6</b>	<b>-33,954.4</b>	<b>-2,994.2</b>	<b>-8.8</b>
<b>Gross profit</b>	<b>12,475.7</b>	<b>11,681.6</b>	<b>794.1</b>	<b>6.8</b>
<b>Gross profit ratio</b>	<b>25.2%</b>	<b>25.6%</b>		
<b>EBITDA</b>	<b>1,594.9</b>	<b>2,002.6</b>	<b>-407.7</b>	<b>-20.4</b>
<b>Depreciation, amortisation and impairments/reversals of impairment losses and impairment losses (excl. goodwill)</b>	<b>-1,103.5</b>	<b>-1,006.0</b>	<b>-97.5</b>	<b>-9.7</b>
<b>EBITA</b>	<b>491.4</b>	<b>996.6</b>	<b>-505.2</b>	<b>-50.7</b>
<b>Goodwill impairments</b>	<b>0.0</b>	<b>-137.0</b>	<b>137.0</b>	<b>100.0</b>
<b>EBIT</b>	<b>491.4</b>	<b>859.6</b>	<b>-368.2</b>	<b>-42.8</b>
<b>Financial result</b>	<b>-16.6</b>	<b>28.8</b>	<b>-45.4</b>	<b>&lt; -100.0</b>
<b>EBT</b>	<b>474.8</b>	<b>888.4</b>	<b>-413.6</b>	<b>-46.6</b>
<b>Taxes on income</b>	<b>-133.0</b>	<b>-396.1</b>	<b>263.1</b>	<b>66.4</b>
<b>Results from continuing operations</b>	<b>341.8</b>	<b>492.3</b>	<b>-150.5</b>	<b>-30.6</b>
<b>Results from discontinued operations</b>	<b>-4.0</b>	<b>-29.8</b>	<b>25.8</b>	<b>86.6</b>
<b>EAT/net income for the year</b>	<b>337.8</b>	<b>462.5</b>	<b>-124.7</b>	<b>-27.0</b>

# 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 2017, the fair value of the defined-benefit obligation (DBO) for the entire REWE Group was 998.1 million euros (in addition to 243.5 million euros of pension-like obligations; 2016: 934.7 million euros and 243.8 million euros, respectively). More information can be found in the **Combined Management Report for the 2017 Business Year**, from page 118.

### **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
<b>National Full-Range Stores</b>	2015	24,324,514
	2016	24,802,240
	2017	25,046,462
<b>International Full-Range Stores (Austria)</b>	2015	-
	2016	-
	2017	-
<b>Retail Germany Central Companies</b>	2015	1,950,080
	2016	2,975,003
	2017	3,467,743
<b>National Discount Stores</b>	2015	7,874,067
	2016	8,262,509
	2017	8,391,562
<b>Discount Stores Austria</b>	2015	-
	2016	-
	2017	-
<b>National Specialist Stores</b>	2015	2,572,515
	2016	2,662,439
	2017	2,709,734
<b>National Travel and Tourism</b>	2015	245,000
	2016	234,000
	2017	242,000
<b>Other</b>	2015	8,443,022
	2016	8,518,443
	2017	8,973,549
<b>Total (area of application of the sustainability report)</b>	2015	45,409,197
	2016	47,454,633
	2017	48,831,050

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 schemes 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
<b>National Full-Range Stores</b>	2015	30.7	14,863,047
	2016	30.3	15,066,498
	2017	29.1	15,077,488
<b>International Full-Range Stores (Austria)</b>	2015	5.3	562,500
	2016	5.3	578,700
	2017	5.2	582,000
<b>National Discount Stores</b>	2015	31.1	6,767,105
	2016	30.0	5,729,480
	2017	29.4	5,618,818
<b>Discount Stores Austria</b>	2015	2.2	15,600
	2016	2.3	16,500
	2017	2.2	16,200
<b>National Specialist Stores</b>	2015	36.4	3,570,379
	2016	35.8	3,610,530
	2017	35.2	3,936,964
<b>National Travel and Tourism</b>	2015	61.9	5,329,000
	2016	63.3	5,487,000
	2017	64.1	5,606,000
<b>Other</b>	2015	38.3	11,354,836
	2016	37.4	12,933,275
	2017	36.9	14,899,269
<b>Total (area of application of the sustainability report)</b>	2015	26.4	44,167,946
	2016	26.3	46,422,325
	2017	25.8	51,564,506

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.



# Compliance

GRI 205: Anti-corruption

GRI 206: Anti-competitive Behaviour

GRI 307: Environmental Compliance

GRI 419: Socio Economic Compliance

## Management Approach

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.

In the course of introducing an anti-corruption system, various codes of conduct were implemented for managers and employees and 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) based on 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 (IDW) in Germany since 2016. The objective of the audit is to continuously improve the existing system. The first step of the audit – planning the CMS – was completed successfully in July 2017. Following this, the second certification step, the appropriateness test, was started. The Corporate Department of Governance & Compliance is responsible for the combine guideline management of REWE Group since 2016. Within the scope of the reorganisation, a company-wide process and a new IT system were implemented. Compliance-relevant combine guidelines will be successively transferred to the new tool where they will be available to all employees. The project will be completed in 2019.

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.

Until now, 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 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 both nationally and internationally. “Commercial bribery” was identified as a key corruption risk in the business areas of Purchasing and Logistics.

The basic conditions, guidelines and processes for a uniform risk management system throughout the combine with regard to the compliance risks of antitrust breaches and corruption will be created by the Corporate Department of Governance & Compliance. Annual compliance risk analyses have been carried out and appropriate measures to control risks have been developed and implemented since 2012. As part of the integration project Governance Risk & Compliance (GRC), business operation risks and compliance risks are jointly collected, evaluated according to the same criteria and integrated into a group-wide system solution (for more information about risk management, see the **Combined Management Report for the 2017 Business Year**, pages 25–30 ).

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

All employees in administration throughout Germany must take part in the e-learning module “Compliance Basics” which explains how to handle gifts (anti-corruption); it is voluntary for top executives. In 2017, work was started on developing a new training format for anti-corruption and integrity. This will replace the current e-learning module “Compliance Basics” and will be gradually rolled out nationally and internationally. Numerous classroom training sessions and workshops were also organised in which employees were taught how to fulfil compliance requirements. 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 to three years.

REWE Group has been providing information about compliance, particularly whistleblower management, on its website. Its **code of conduct** can also be downloaded there. Every employee of REWE Group can find important compliance information on the intranet and in various team rooms.

### Total number of employees having undergone anti-corruption and procedure training in the organisation

	2015	2015	2016	2016	2017	2017
	Non-management level, absolute	Management level, absolute	Non-management level, absolute	Management level, absolute	Non-management level, absolute	Management level, absolute
<b>Retail Germany</b>	514	63	318	35	734	98
<b>Retail International</b>	1,915	139	3,679	637	1,796	284
<b>Specialist Stores</b>	64	2	33	9	53	0
<b>Travel and Tourism</b>	145	64	506	15	483	172
<b>Other</b>	490	200	461	93	556	105
<b>Total</b>	3,128	468	4,997	789	3,622	659

Because of the reorganisation, National Full-Range and Discount Stores, and Products are aggregated in Retail Germany. The information about International Full-Range and International Discount Stores is also consolidated in Retail International.

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

Whistleblower tips received by compliance officers are systematically entered 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 operational units to implement these measures, which can involve such matters as labour or criminal issues. In 2017, one significant tip about corruption was received by Governance & Compliance. This case involved commercial bribery. Labour-law disciplinary steps were taken. REWE Group protects the names of whistleblowers and affected individuals as part of its whistleblower 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 behavior, 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. There are no plans 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. There are no plans to gather this information in future as the effort to acquire the data is not proportional to the benefits obtained from gathering it. Legal risks are reported in the **Combined Management Report for the 2017 Business Year from page 29** . Other provisions for court, litigation and legal consulting costs are reported in note 34 of the **Management Report for the 2017 Business Year on page 123** .



# Public Policy

## GRI 415: Public Policy

### Management Approach

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 policy makers from a range of parties. The topics of sustainability, local supply and healthy diets in particular 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 participated 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.





# Customer Privacy

GRI 418: Customer Privacy

## Management Approach

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 offerings from its sales brands.

Every data protection inquiry that is submitted to the companies of REWE Group by customers or supervisory authorities is documented, reviewed and processed. Internal and external data protection officers (DPO) (ten DPOs for 61<sup>1</sup> companies in 2017) ensure legally compliant handling of personal data and the processing programmes used. In addition, they continue to develop 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 Management Board of REWE Group.

During the reporting period, important topics, due to the associated expenditure, were the deployment of external IT service providers within the scope of order data processing, video surveillance in stores that is subject to prior control by the DPO, and activities in connection with the EU General Data Protection Regulation (EU GDPR).

Due to the commencement of the GDPR in 2016 and its implementation by 25 May 2018, REWE Group was faced with certain requirements, such as adapting existing guidelines, operational and organisational structures, training material and document templates. In this context, there will also be extended documentation and information requirements, privacy impact assessments and the rights of data subjects to access, rectification, erasure and portability of data. REWE Group prepared itself for the GDPR with external support and has started its implementation activities.

<sup>1</sup> All non-Austrian country companies for PENNY and BILLA are listed together.

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

In the 2017 reporting year, there was one complaint in REWE Group companies regarding a breach of customer privacy that the organisation accepted as substantiated. This related to the incorrect naming of a service provider. There were no data leaks, data theft or data losses. No complaints were filed during the same period at REWE Group in Austria.

Allegations made in complaints are analysed, technical or organisational processes are changed where necessary and the complaining party – either a data subject 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. In order to put itself in the best position for the future and to integrate sustainability as an integral part of procurement processes, the “Strategy Green Products 2030” was developed in 2017, which will apply to the food retail sector in Germany from 2018. The strategic approach is based on the core elements of the OECD guidelines for responsible agricultural supply chains.

### Strategic Approach

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. The production of REWE Group store-brand products has impacts on humans (social) as well as animals and nature (environmental). REWE Group customers assume and should be able to trust that REWE Group, as a trade company, is aware of its responsibility in the supply chains of its store brands and also takes responsibility for any impacts. With the newly developed Green Products 2030 strategy, REWE Group seeks to meet these expectations as well as identify, evaluate and take effective countermeasures against any impacts. This strategy is embedded in the overall sustainability strategy of REWE Group and summarises the strategic objective and operational implementation of sustainability in the pillar Green Products. The mission of the pillar of sustainability Green Products, “We act responsibly for humans, animals and nature”, forms the “umbrella” of the strategy, with which concrete measures are aligned. In the first step, the strategy will be applied to the REWE and PENNY sales lines in Germany. The strategies of the other sales lines will be gradually aligned with the Green Products 2030 strategy.

The strategy will be implemented through a comprehensive management approach that defines the principles and instruments for implementing measures. All levels of the management approach are based on the content of the three defined areas of action:

- **Sustainable Development Goals** **Conservation of resources**
- **Fairness**
- Animal welfare

These content topics are handled on three levels that form the management approach:

- **Internal management:** The goal is to further integrate sustainable procurement into REWE Group’s purchasing processes so that sustainability aspects are taken into account in every purchasing decision. During this process, the company lays the foundation for concrete activities through strategic and organisational projects. For example, REWE Group contributes to internal awareness by providing risk analyses and briefings, integrating sustainability criteria into target agreements for purchasers, and giving training on sustainability issues. Internal reporting enables continuous development within the individual sustainability issues. External communication creates transparency vis-à-vis stakeholders.
- **Supply chain management:** Risks in the supply chain are assigned to the areas of action “conservation of resources”, “fairness” and “animal welfare”. The sustainability risks that arise in the supply chain with regard to these areas of action are being addressed by REWE Group in a targeted manner through systematic supply chain management, which is characterised by close cooperation with suppliers and commitments when it comes to production sites and the production of raw materials. First of all, REWE Group will be using supply chain management to

increase transparency along the supply chain for store-brand products in those areas where it does not already exist. In this way, risks can be identified and then better avoided or directly addressed. In addition, the integration of sustainability as part of the supplier assessment will be promoted and, by making contract partners aware of the issue and their obligations, specific rules will be created to implement sustainability across the entire supply chain. Audits and standards are intended to improve sustainability across the board, while individual measures and sustainability projects for supplier development aim to systematically reduce impacts along the supply chain.

- **Stakeholder management:** The challenges associated with handling sustainability risks in the production of store-brand products often lie in global trade structures and are influenced by political and social conditions. An important starting point for identifying relevant issues and implementing the sustainability strategy is therefore good stakeholder management. As part of this activity, the company works closely with stakeholders, including the PRO PLANET Board of Advisers and dialogue forums. Key elements include participation in external events, multi-stakeholder forums, industry initiatives, partnerships, commitment to the advancement of sustainability standards, and keeping track of relevant policy and regulatory developments.

The pillar Green Products for the food retail sector in Germany has been led by Jan-Peer Brenneke (Managing Director for Store Brands Purchasing & Development national / international) since 2016. The Sustainable Products department together with Purchasing and Category Management are responsible for implementing measures and achieving the goals set out in the Green Products 2030 strategy.

## Areas of Action

A comprehensive analysis of the sustainability risks and impacts of REWE Group in the supply chains of store-brand products formed the basis for strategy development. Other important building blocks of strategy development were surveys of stakeholders and customers as well as political and scientific analyses and objectives (such as the Sustainable Development Goals of the United Nations). With the help of this opportunity and risk analysis, environmental, social and corporate data were firstly analysed to assess the social and environmental impacts of the products and to identify where the greatest sustainability impacts lie. Building on this, the external impacts and effects on humans and nature that arise in connection with store-brand products could be quantified in monetary terms. Among other things, the analysis showed that especially the production of raw materials and the processing of products are highly relevant with regard to sustainability criteria. A holistic view of the supply chain is therefore an important element of the sustainability strategy, which is increasingly becoming an integral part of purchasing processes and requires an intense dialogue with direct and indirect suppliers. From the analysis, 25 aspects have emerged, which REWE Group has summarised for operationalising the strategy in the areas of action “fairness”, “conservation of resources” and “animal welfare”.

Within these three areas, in turn, the following focus issues were derived and supported with concrete measures:

- Fairness: living wage as well as forced and child labour
- Conservation of resources: circular economy, water and biodiversity
- Animal welfare: husbandry conditions, procedures performed on animals and breeding

Within the defined strategy and budget process, the identified aspects and focus issues of each area of action are prioritised for each product line in collaboration with Purchasing and Category Management and supported with concrete measures. Clear objectives and responsibilities are also agreed during this process.

A regular review of the strategy and measures developed has been firmly established through the annual strategy and budget process. This enables REWE Group to ensure that current issues resulting from changing conditions are picked up.

Another topic in the area of Green Products is diet. REWE Group is committed to promoting a varied, healthy diet. In addition to its commitment to conducting educational campaigns on healthy diets and exercise, the topic is also addressed in the design of its product range. For example, from 2018, the first 100 or so pilot products with reduced sugar content will be available from REWE in its store-brand range. Wherever possible, REWE wants to reduce sugar content by 2020. No alternative sweeteners will be used as substitutes. The sugar content of the products will be reduced gradually, so that customers slowly get used to the new taste.

- Diet: varied, healthy diet

## Key Performance Indicators (KPIs)

For the two areas of action “fairness” and “conservation of resources”, new KPIs have been defined and approved for store brands as part of strategy development. The status of the KPIs will be published in the next sustainability report.

### Area of action: fairness

**Objective:** Strengthen human rights and improve working conditions in supply chains

**KPI 1:** By the end of 2030, 100 per cent of all relevant strategic production sites are to be integrated into training programs (capacity building)

**KPI 2:** By the end of 2025, introduction of a complaints mechanism system into relevant supply chains

**Area of action: conservation of resources**

**Objective:** Protect natural resources and preserve biodiversity along supply chains

**KPI 1:** By the end of 2030, 100 per cent of relevant food and non-food producers are to be integrated into an environmental programme

**KPI 2:** By the end of 2030, 100 per cent of store-brand packaging is to be more environmentally friendly

## 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 **section 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. The SDGs were also an important element in the development of the Green Products 2030 strategy (see **Strategic Approach**).

## 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 301: Materials**
- **GRI 304: Biodiversity**
- **GRI 308: Supplier Environmental Assessment**
- **GRI 412: Human Rights Assessment**
- **GRI 414: Supplier Social Assessment**
- **GRI 416: Customer Health and Safety**
- **GRI 417: Marketing and Labeling**





# 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 on 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 at a specific 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.

For more information about risk management, see also the **Combined Management Report for the 2017 Business Year**, [pages 23–32](#).

### Analysis of the social and ecological risks in the supply chains

To implement the topic of sustainability in the supply chains, REWE Group works in Germany with a due diligence approach that is based on the OECD guidelines for responsible agricultural supply



chains. The process includes five levels: Management system, risk analysis, strategy, review and reporting.

The risk analysis in the due diligence approach is used to determine and evaluate the effects of the business activities on humans and nature. In 2016 and 2017, REWE Group Germany expanded this approach considerably to obtain a comprehensive overview of the value chains. The aim was to identify which significant negative ecological and social effects the store-brand products have and where these occur. Hence, the analysis created a basis for the strategic alignment in the area of more sustainable product ranges and can be used to decide what measures are to be taken and with which priority – with the aim of minimising risks and taking advantage of opportunities.






In one aspect of these activities, REWE Group Germany carried out a formalised risk analysis for food and non-food products of its store brands. The approach covered the company's entire product range. To do this, the range of food and non-food products was split into 37 clusters of goods.

Two analyses were carried out: a qualitative and a quantitative analysis. Within the scope of the qualitative analysis, studies and reports were evaluated and buyers and NGOs were interviewed to determine significant sustainability topics throughout the value chains. In addition to the ecological effects, risk in the areas of working conditions and human rights were identified.

The quantitative analysis based on an input-output analysis is based on an economic model. In this case, the ecological effects in the supply chain, such as greenhouse gas emissions, were determined and converted into monetary amounts. The social effects were assessed by identifying how many people are employed in the entire supply chain for each cluster of goods. These data were linked with the company's purchasing volume and with information about production countries and countries of origin to specifically evaluate ecological and social risks from a monetary aspect. For example, the external costs of the company's management could be quantified for the individual clusters of goods.

Scorecards aggregate the results of the analysis for each individual cluster and provide an overview of the social and environmental costs of the respective products in the value chain. Allocating goods to the five levels of the value chain allowed a detailed consideration of the key issues.

In the "fruit and vegetables" cluster, air emissions and energy, biodiversity, soil, water, working conditions and human rights were determined to be the most important sustainability issues along the supply chain:

 Raw material production	 Processing	 Transport	 Consumption	 Packaging/End of Life
Air emissions / energy	Human rights & working conditions	Environmental impact	Packaging	
Biodiversity	Water	CO <sub>2</sub> emissions	Food waste	
Soil	Transparency & business practices			
Water				
Working conditions, human rights				

## Key issues

## Results

<b>Air emissions &amp; energy</b>	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions from using fertiliser and energy consumption during cultivation</li> <li>CO<sub>2</sub> emissions from logging to gain areas for cultivation</li> <li>Emissions from transport</li> </ul>
<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>Risks to biodiversity from pesticides, use of chemicals, etc.</li> <li>Risks to biodiversity from logging to gain areas for cultivation and the associated soil exhaustion and erosion</li> </ul>
<b>Soil</b>	<ul style="list-style-type: none"> <li>Exhaustion of areas under cultivation</li> <li>Soil erosion</li> </ul>
<b>Water</b>	<ul style="list-style-type: none"> <li>Water pollution from fertiliser</li> <li>Waste of fresh water during cultivation and during production/processing</li> </ul>
<b>Working conditions</b>	<ul style="list-style-type: none"> <li>Workplace safety (handling chemicals, pesticides, pollutants, etc.)</li> <li>Wages (e.g. of agricultural workers and also during processing)</li> <li>Limited access of small farmers to information, technology and resources</li> </ul>
<b>Human rights</b>	<ul style="list-style-type: none"> <li>Risk of child labour</li> </ul>

The results of the analysis are aggregated in scorecards for each cluster.

The scorecards indicate the key issues and their relevance and present the individual findings in detail. The results are also compared with the current sustainability activities of REWE Group Germany. This allows the necessary measures to be derived and taken.

For instance, based on the facts, REWE Group Germany was able to identify its ecological and social hot spots in the entire value chain and to determine particularly high-risk product groups. The results are used to develop new measures and are also a basis for future decisions. For example, the information was used to develop the **“Green Products 2030” strategy**, in which topics, **key performance indicators (KPIs)**, goals and measures are defined. The analysis also corroborates existing activities that the company is already implementing and is the basis for continued development of the measures – such as in the area of the palm oil, cocoa and textile supply chains.



## More Sustainable Product Range

GRI 204: Procurement Practices

### Management Approach

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 relevant approaches being taken to create more sustainable product ranges are outlined below:

- 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 180 organic products sold by the REWE sales line are subject to the significantly stricter criteria of the organic agricultural association Naturland (2016: 150 organic products bear the Naturland logo).

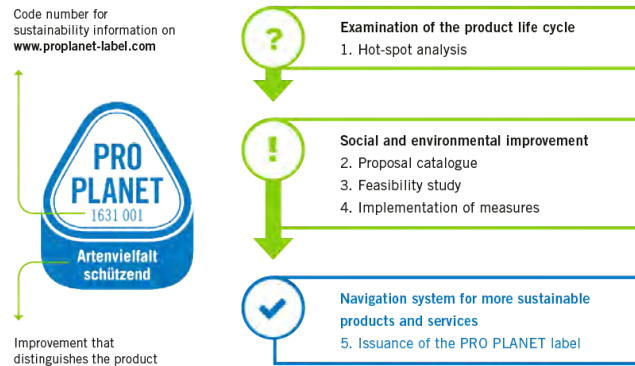
In addition to organic products, local and regional suppliers play an important role at REWE Group. To consumers, this group of suppliers represents freshness, short transport distances, trustworthy production and support of local economies. REWE Group has markedly expanded its regional product range 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 reported under **GRI 204-1** and about organic products under **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.



Every PRO PLANET project 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 or Fairtrade label for sustainable cocoa, seals 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 (Die VERBRAUCHER INITIATIVE e.V.)
- Friedel Hütz-Adams (SÜDWIND e.V.)
- Kristian Klöckner (NABU Bundesverband e.V.; replaced Dr. Eick von Ruschkowski, NABU Bundesverband e.V., in 2017)
- 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](http://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 project and associated measures 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, VLOG and XertifiX PLUS.

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

## Guidelines of REWE Group

The guidelines of 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 2017:

- **Guideline for Organic 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](#).

The guidelines will be continue to be expanded in the years to come. Developments in the first half of 2018 included publication of the Guidelines for Textiles, which defines requirements for suppliers in the supply chain in terms of fairness, conservation of resources and animal welfare, and sets goals for implementation. In addition, REWE Group is working on creating a guideline for biodiversity.

# 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 communicates the forum's work and in a working group that is developing and implementing a project in producer countries. This is a partnership project between the forum and the Malaysian NGO Wild Asia, which will be implemented in 2018 and helps the partners in the producer countries to implement the forum's supplemental criteria.

## German Initiative on Sustainable 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. So far, some 12,410 cocoa farmers and their families have participated in the project. The project is aimed in particular at women and young farmers with the goal of increasing the appeal of cocoa farming. In the future, the project will focus more on coaching cooperatives and farmers, with particular emphasis on financing and gender. The intention is for women in particular to be offered the opportunity to optimise their income. Women will also receive support in areas such as diversification in cultivation, production, processing and marketing. Specifically, 40 female members of the cooperative have been trained as advisers in so-called "Women's Committees". Acting as points of contact and role models, they will now bring their newly acquired knowledge and skills to their cooperatives.

## 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: It teamed up with Futouris, the organisation "United Against Waste e.V." and other member companies in an industry project on preventing food waste in hotels; selected hotels in Greece, Turkey and Italy were examined over a year to develop practical measures against food waste. 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 and make booking easier (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. In addition, REWE Group works actively in a working group on orange juice from Brazil and has been a member of the steering committee since 2017.

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

- amfori Business Environmental Performance Initiative (amfori BEPI) (for more information, see **GRI 308: Supplier Environmental Assessment**)
- amfori Business Social Compliance Initiative (amfori 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 (Initiative Tierwohl) (for more information, see [GRI FP10: Animal Welfare](#))
- Biodiversity in Good Company Initiative (for more information, see [GRI 304: Biodiversity](#))
- German Association of Non-Genetically Modified Foods (Verein Lebensmittel ohne Gentechnik e.V., VLOG)
- Forum for More Sustainable Protein Feed (Forum Nachhaltigere Eiweißfuttermittel)
- Rainforest Alliance Standards Committee (since 2018)

## 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 defined campaign periods, the company increases advertising of the more sustainable products in addition to organising participatory activities in support of local food banks. 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. When it comes to the nominations, REWE Group works together with the Collaborating Centre on Sustainable Consumption and Production (CSCP) in Wuppertal. The institute evaluates the submitted products from an academic standpoint and examines product- and company-related sustainability performance. The products are then confirmed by the jury of the German Sustainability Award. The consumers vote for the winner. 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 25 per cent from 2016 to 2017.

REWE Regional (Germany)	2015	2016	2017 ✓
REWE stores that sell REWE Regional items	3,076 <sup>1</sup>	3,165 <sup>1</sup>	3,278 <sup>1</sup>
Customer contacts <sup>2</sup>	76,190,402	105,371,626	115,182,718
Sales value (gross, in euros)	140,725,457	206,354,705	260,107,464
Number of products <sup>3</sup>	314	465	607

<sup>1</sup> Only stores that have sold more than 200 REWE Regional items during the year (values for 2015 and 2016 have been adjusted accordingly).

<sup>2</sup> Customer contacts are based on scan totals for individual products.

<sup>3</sup> 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 260 in 2015 to 368 in 2017.

REWE Regionalfenster Items (Germany)	2015	2016	2017
Number of products <sup>1</sup>	260	288	368

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

PENNY expands the regional window to about 40 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 north-western 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. Following its introduction in 2010, the A+A label 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)	2015	2016	2017 ✓
Stores that sell A+A products <sup>1</sup>	1,352	1,350	1,496
Customer contacts <sup>2</sup>	1,016,435,302	1,042,598,403	1,034,749,171
Sales value (gross, in euros)	1,392,162,608	1,435,381,895	1,454,493,895
Number of products <sup>3</sup>	5,881	5,945	5,746

<sup>1</sup> Only BILLA, Merkur and PENNY in Austria.

<sup>2</sup> Customer contacts are based on scan totals for individual products.

<sup>3</sup> Applies only to 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 increased to 244 and the number of customer contacts to over 83 million.

Regional Concept “Da komm ich her” <sup>1</sup> (Austria)	2015	2016	2017
Customer contacts <sup>2</sup>	61,169,000	80,025,000	83,726,000
Sales value (gross, in euros)	92,116,000	131,852,000	144,110,000
Number of products <sup>3</sup>	214	223	244

<sup>1</sup> BILLA, Merkur and Sutterlüty in Austria.

<sup>2</sup> Customer contacts are based on scan totals for individual products.

<sup>3</sup> 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 2017, the range had 635 products, compared with 713 in 2016. The products generated total revenue of more than 131 million euros in 2017.

## 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 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. There were 12 locality officers during the reporting period. One successful example of the promotion of local suppliers is the REWE Landmarkt (country store) concept in the Region Central. Farmers in the organisation Vereinigung der Hessischen Direktvermarkter e.V. (VHD) sell their products under this name throughout the state of Hesse. At the end of 2017, 278 stores sold more than 3,300 Landmarkt items.

Landmarkt, Hesse (Germany)	2015	2016	2017
Stores that sell Landmarkt items	242	267 <sup>1</sup>	278
Customer contacts <sup>2</sup>	7,880,515	8,077,505	8,621,728
Sales value (gross, in euros)	24,170,486	26,428,966	31,492,765
Number of products <sup>3</sup>	over 2,900	over 2,900	over 3,300

<sup>1</sup> The number of markets selling REWE Landmarkt items indicated for 2016 was subsequently adjusted due to a survey error.

<sup>2</sup> Customer contacts are based on scan totals for individual products.

<sup>3</sup> Products on sale on the basis of item number (NAN), starting in market entry year.

In addition, some independent retailers have created regional product ranges. In one reflection of this work, consumers will find many regional products being sold under the name “Wir aus der Region” (We from the Region) in the 14 stores run by REWE Richrath in the Cologne area.



## Raw Materials

### GRI 204-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 for 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 CO<sub>2</sub>.

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. Taking into account 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 and its brand Ja! Natürlich has been free of palm oil since 2018.

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 2017.

REWE Group in Germany is working with its suppliers to achieve the last per cent needed to achieve the goal. The requirements pose a special challenge to small suppliers with complex supply chain structures. For instance, some suppliers could only make the switch to the segregation trade model gradually because of the very 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. In Austria, REWE Group has made major strides in its effort to use certified palm oil. In consideration of the individual goals for each palm (kernel) oil product, REWE Group attained a total achievement level of over 90 per cent with all store-brand products in Austria in 2017.

## 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 was unable to achieve this goal. In 2016, the share of certified cocoa was 94 per cent. In 2017, the share of more sustainable cocoa rose to 99 per cent. REWE Group in Germany is working with its suppliers to achieve the last per cent needed to achieve the goal. One major challenge for some suppliers involves switching only small amounts of the total production to the certified product. At REWE Group in Austria, over 80 per cent of raw cocoa supplies for store brands were certified in 2017.

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 pineapples and bananas to Rainforest Alliance. As a result, all pineapples and bananas have come from farms certified by the Rainforest Alliance since the end of 2016. Even following the review of the Rainforest Alliance Standard, REWE Group and its sales lines are following the standard. As part of the merger of the Rainforest Alliance and UTZ, from 2018, REWE Group will become part of the committee for further developing the certification standard. The sales lines also offer organic pineapples and organic bananas.

## 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 sustainable cotton, REWE Group in Germany uses Cotton made in Africa (CmiA) and supports the Global Organic Textile Standard (GOTS). REWE Group achieved 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. REWE Group is now working to increase its share of textiles made of more sustainable cotton at REWE, PENNY and toom Baumarkt DIY stores in Germany to 100 per cent by 2025. REWE Group in Germany will continue to use CmiA, GOTS and also textiles made from recycled fibre.

## 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 and PENNY set themselves the goal of switching all of their store brands to certified coffee by the end of 2020. In 2017, the share of coffee certified by UTZ, Bio or Fairtrade rose to 69.4 per cent from 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 amounts 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 purchases certified products that bear the Rainforest Alliance seal. In 2016, the share of certified tea products at REWE and PENNY was



14 per cent. The share rose to 19 per cent in 2017. Due to the limited number of certified farms, the black and green PRO PLANET teas contained 50 per cent certified raw tea at market entry. REWE Group strove to continuously increase this percentage. In 2017, REWE and PENNY met the self-imposed goal and switched 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	2017
Share of MSC products	86 %	88 %
Share of PRO PLANET products	45 %	41 %
Share of store-brand fish products with tracking code	85 %	81 %

The assortment of REWE Group in Austria has about 400 MSC-certified fish products for store brands and industry brands.

## 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). As in the previous year, the entire range of fresh eggs at REWE Group in Germany had been certified by the group in 2017. For fresh milk, the share rose from 20 per cent in 2015 to 77 per cent in 2016, and further increased to 99 per cent in 2017. At REWE Group in Austria, the entire range of fresh eggs and fresh milk comes from non-GMO feed.



	2015	2016	2017
Share of products bearing seal of the German Association of Non-Genetically Modified Foods (VLOG)			
Fresh milk	20 %	77 %	99 %
Fresh eggs range		100 %	100 %

## 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. In addition, REWE Group is continuously trying to increase the proportion of recycled content in hygienic paper – for example, the company offers a hybrid toilet paper under the REWE store brand ja! with an intermediate layer made entirely from recycled paper. All paper shopping bags and all packaging used for the Vivess store brand are made exclusively with FSC®-certified paper. Nearly all store-brand paper stationery products at REWE Full-Range Stores have the Blauer Engel seal and almost all paper stationery products at PENNY are FSC® certified. toom Baumarkt DIY stores offer a continuously expanding range of certified items from many different product categories and are officially FSC® and PEFC™ certified. As a result, toom Baumarkt DIY stores 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 assortment is being continuously reduced and replaced with renewable raw materials. At the same time, the range of peat-free soil products is being increased each year. In spring 2017, for instance, 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 example, all natural stone products for the garden from China and India available at toom stores bear the XertifiX PLUS label.



## Organic and PRO PLANET

**GRI 204-FP2: Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard**

### PRO PLANET

As a trade company, REWE Group sees its key role as providing customers with high-quality products and services. It is important to REWE Group to offer these in a quality which, beyond the characteristics of the goods, also convince in terms of environmental and social sustainability. With this in mind, REWE Group has developed the PRO PLANET label. This “navigation system for more sustainable products” is a reliable guide for those consumers for whom environmental protection and the social compatibility of products is important when shopping. With the PRO PLANET assortment, REWE Group is seeking to offer products with sustainable added value at attractive prices and to promote sustainable consumption across the board.

In 2017, 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. The reason for this development was that a number of high-volume products lost the PRO PLANET label as part of the planned review process used by the PRO PLANET label. Many of the newly added products are also found in the assortment of too many Baumarkt DIY stores. As a result, they are available in a comparatively smaller number of stores. In 2017, the revenue share for PRO PLANET products in Germany was 10.1 per cent, slightly below the level recorded in the previous year (2016: 11.0 per cent). This decline is due to the fact that revenue from PRO PLANET

products has remained about the same, but the total revenue against which the PRO PLANET products are examined has increased.

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 in Germany, high-volume products lost the PRO PLANET label, a development which is reflected in a decline in the number of products, customer contacts and revenue share.

## PRO PLANET

	2015	2016	2017
<b>Customer contacts<sup>1</sup> of PRO PLANET products in Germany (G) and Austria (AT)</b>			
<b>PRO PLANET (G)</b>	886,566,228	879,086,573	839,221,394
<b>PRO PLANET (AT)</b>	43,473,741	43,974,874	36,748,234
<b>Number of PRO PLANET products in Germany (G) and Austria (AT)</b>			
<b>PRO PLANET total (G)</b>	874	957	1,222
<b>PRO PLANET (AT)</b>	280	260	255
<b>Share of gross sales value in Germany (G) and Austria (AT) (in per cent)</b>			
<b>PRO PLANET (G)<sup>2</sup></b>	11.2 %	11.0 %	10.1 %
<b>PRO PLANET (AT)<sup>3</sup></b>	1.33 %	1.34 %	1.26 %

<sup>1</sup> 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.

<sup>2</sup> The percentage is based on all store-brand products and industry brands in product groups where industry brands were given the PRO PLANET label.

<sup>3</sup> The percentage is based on total revenue in food retailing in Austria (including PENNY and wholesale, but excluding ITS and BIPA). Area of application for Germany: REWE including partner retailers, PENNY stores, toom Baumarkt DIY stores; Area of application for Austria: total food retailing (including PENNY and wholesale, but 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 increased once again, from about 500 products in 2016 to more than 520 in 2017 (average

during the entire year). As a result, REWE Bio products made up about 4.2 per cent of the assortment's sales value in 2017. The total rose to 5.8 per cent when the organic products of branded manufacturers are included.

## 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 share of Naturgut products in terms of sales value is 2.3 per cent and thus has remained stable.

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.

Exactly two years after the introduction of the Naturgut Bio-Helden, the Naturgut Junior-Helden were put into PENNY stores in April 2018. Before then, only conventional or organic fruit and vegetables were permanently part of the assortment. This has changed with the introduction of the new brand. These are "in-conversion products" from producers who are transitioning to organic farming. The demand for organic products has been steadily increasing for years and cannot be met by domestic production. One reason for this are legal hurdles. For example, there is a long conversion period for producers who have opted for organic farming. During this time, farmers have to produce organically and therefore at higher cost, but only receive conventional revenues. This is because the goods may not yet be provided with the organic farming label. Therefore, not enough producers are making the transition to keep up with increasing demand. With the introduction of the new brand at PENNY, we are offering a new marketing opportunity to those producers who are yet to obtain an official certificate. The producers receive more revenue than for conventional products, but slightly less than the organic price. This discount is passed on fully to the customers and also communicated on the label. This gives farmers a greater incentive to switch to organic farming. In this way, PENNY is securing organic fruit and vegetables from Germany and Europe over the long term, because the goods receive the organic farming label after the conversion period.

## 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 over 350 products in 2017.

## 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.

## Performance of organic products (in per cent)

	2015	2016	2017 ✓
Organic products (store brands and industry brands in gross sales value <sup>1</sup> , REWE Markt GmbH)	5.1 %	5.7 %	5.8 %
REWE Bio (in gross sales value <sup>1</sup> , REWE Markt GmbH)	3.7 %	4.2 %	4.2 %
REWE Bio fruit and vegetables (in gross sales value of fruit and vegetables, REWE Markt GmbH)	9.9 %	10.9 %	11.6 %
PENNY B!O/Naturgut (in gross sales value <sup>1</sup> , PENNY)	2.2 %	2.3 %	2.3 %
PENNY B!O/Naturgut fruit and vegetables (in gross sales value of fruit and vegetables, PENNY)	6.6 %	7.3 %	7.3 %
Ja! Natürlich (in gross sales value, Austria Full-Range Stores)	6.6 %	6.8 %	6.6 %
Ja! Natürlich fruit and vegetables (in gross sales value of fruit and vegetables, Austria Full-Range Stores)	16.4 %	17.3 %	17.4 %
Echt B!O (in gross sales value, PENNY Austria)	1.6 %	1.6 %	1.8 %
Echt B!O fruit and vegetables (in gross sales value of fruit and vegetables, PENNY Austria)	5.7 %	5.6 %	4.6 %

<sup>1</sup> Excluding near-food and non-food products, tobacco and alcoholic beverages



# Materials and Packaging

GRI 301: Materials

## Management Approach

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 implemented in areas including packaging, recycled 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.

The importance of protecting natural resources and preserving biodiversity along supply chains was reaffirmed in the “Strategy Green Products 2030” that was newly developed in 2017 for PENNY and REWE in Germany. Within the area of action “conservation of resources” defined as part of this strategy, the focus issues of circular economy, water and biodiversity were identified. A special role in the focus issue “circular economy” is played by the area of packaging, for which the following key performance indicator has been defined:

- Packaging KPI: By the end of 2030, 100 per cent of store-brand packaging is to be more environmentally friendly

### Making Packaging More Environmentally Friendly

To make product packaging more environmentally friendly, REWE Group has worked with stakeholders and held internal workshops to identify improvement ideas and potential, which

have provided the impetus for preparation of a packaging guideline.

Making packaging more environmentally friendly is firmly anchored in REWE Group's strategy and already plays a role in the procurement process. The overarching strategy for optimising packaging consists of three pillars: avoid, reduce and improve. Avoidance always comes first. If the packaging cannot be dispensed with, e.g. for reasons of product shelf life or due to legal obligations, REWE Group reduces the materials used for the packaging. Where no reduction is possible, the packaging is optimised as much as possible.

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, PENNY in 2017, DER Touristik travel agencies in 2017, and toom Baumarkt DIY stores in 2018. In Austria, it was also taken by BILLA, MERKUR, PENNY, BIPA and ADEG in 2017. In addition, REWE Group has implemented a variety of other measures to make packaging more environmentally friendly and to optimise the use of resources:

## **Avoidance**

### Natural branding

A comprehensive overview of packaging used for fruit and vegetables was conducted and ways to make packaging more environmentally friendly were generated. Initial implementations have already taken place. Since March 2017, REWE and PENNY have been using "natural branding": logos and information are applied directly to the outer skin of sweet potatoes and avocados by laser, with only pigments of the outermost layer being removed. The labelling only takes place on the surface, is completely contactless and has no influence on taste, quality or shelf life. This makes printed packaging for labelling organic products superfluous, meaning that plastic, paper and metal can be saved. During future seasonal planning, all fruit and vegetable products will be regularly checked to see if they are suitable for natural branding and, where appropriate, tested and changed over to this method.

### Avoidance of plastic bottles at DER Touristik

Each holiday maker uses at least 20 plastic bottles during a tour of Asia. In order to reduce the amount of plastic waste in holiday regions, as of winter 2017/18, Go Vacation, the destination agency of DER Touristik, will be handing out refillable water bottles to tour guests of DER Touristik tour operators (Dertour, Jahn Reisen, ITS, Meier's Weltreisen, ADAC Reisen, Travelix and Kuoni) at the start of their trip that they can also take home with them. There will be opportunities to fill up the bottles at water dispensers in all hotels included in the tour and also during stops at restaurants. Disposable plastic bottles will be completely dispensed with in the future. In Bali,



guests also receive cloth bags so that plastic bags are unnecessary. The water bottles and also the cloth bags were produced locally.

An expansion of this campaign to other Asian countries, such as Vietnam or Sri Lanka, is in the planning stage.

## **Reduction**

### Tapes and stickers to reduce the use of plastic

An example of the reduction of packaging material is the changeover from film packaging to adhesive tape or adhesive labels in the case of bananas. Having replaced the foil packaging used previously for bananas with tape or stickers, REWE and PENNY now save enough plastic each year to cover just under 2,200 football pitches.

### Reduction of film thickness

Reducing the amount of film used for food and rubbish bags, as well as for packaging of selected store-brand kitchen towel and toilet paper products at REWE and PENNY, has resulted in a total savings of 300,000 kilograms of plastic film – and that only since 2016.

### Testing of reusable nets for fruit and vegetables

At the end of 2017, REWE Group looked at ways to reduce the amount of plastic bags used for picking fruit (“roll bags”): Customers were able to purchase reusable mesh bags for fresh goods at REWE stores participating in the trial and bring them back for transporting fruit time and time again. It was also pointed out that fruit and vegetables with a natural protective skin can also be transported without packaging.

## **Improvement**

### Promotion of the circular economy

The concept of the circular economy plays an important role for REWE Group when it comes to improving unavoidable packaging. For example, 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 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.

#### Paint containers made of recycled material

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 store-brand paint in containers made from recycled plastic. This range was expanded during the reporting period. As a result, 86 products were offered in paint containers made of recycled plastic (Procyclen®) in 2017. The CO<sub>2</sub> 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.

#### bi good

In Austria, the BIPA sales line introduced a new line of household and care products in 2014 under the name bi good. The packaging consists exclusively of recyclable materials and has the current maximum possible proportion of recycled content. For example, bottles (HDPE or PET) and folding boxes (paper) are made of 100 per cent recycled material. Tubes (PE) consist of 60 per cent recycled material.

#### Grass paper

Another approach to improving packaging is the use of grass paper. The new packaging material consists of 40 per cent sun-dried grass and only 60 per cent wood. Grass is a raw material that grows back quickly and requires less water and energy to process into grass pellets than it does to produce virgin fibre or recycled paper. No chemicals at all are used in the production of grass pellets. In addition, the production of grass paper causes less greenhouse gases than the manufacture of conventional paper from virgin fibre or recycled paper. In the future, the raw material for the grass pellets will come from unused compensation areas near the paper mill. This means that grass packaging has a comparatively good ecobalance.

REWE Group is currently testing customer acceptance and the suitability for everyday use of packaging made of grass paper in the approximately 5,500 REWE and PENNY stores. The first test was performed with organic apples. So far, the tests have been successful and there has

been no loss of quality. In the future, all relevant fruit and vegetable products will therefore be checked during seasonal planning to see if grass paper can be used. In the case of one million apple packages, for example, more than half a ton of greenhouse gases (CO<sub>2</sub> equivalents) and approximately ten per cent energy can be saved in total compared to existing apple packages.

### Paper packaging

The primary paper packaging of store-brand products at REWE and PENNY will gradually be completely switched over to more environmentally friendly alternatives. By the end of 2020, the plan is for all paper packaging to be produced only from recycled or certified paper. Using recycled paper is better for the environment because it requires less virgin fibre. If recycled paper is not suitable for a particular packaging, REWE Group uses virgin fibre paper originating from certified forests.

### **Optimisation of Closed Loops**

REWE Group is working on measures to create closed loops in order to conserve resources and promote sustainable consumption. Together with a cooperation partner, REWE Group has set up a collection system for textiles: in 2017, 334 containers were placed at 270 locations of the PENNY sales line, where consumers can dispose of their used textiles, which are either worn again as second-hand clothing or sent for recycling. If no further use is possible, a proper disposal is ensured. PENNY's range also includes textile products made from recycled fibre – including socks produced from 65 per cent recycled cotton, which meet the OEKO-TEX Standard 100.

### **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 pallets are being replaced by plastic alternatives. Plastic pallets 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 pallets 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). The seal called for the use of low-emission paints and inks to start in 2017.

This switch, pushed by REWE Group, has led to sustainable changes in the entire 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 to low aromatic ink 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. 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 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. In response, 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 175,606 tonnes in 2016 to 180,327 tonnes in 2017. Flier production is the primary cause of paper consumption. The rise is also reflected in specific paper consumption, which totalled 18.59 kilograms per square metre of sales area in 2017. 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)

2015	2016	2017
168,278	175,606	180,327

Specific paper consumption (kg/m²)

2015	2016	2017
17.61	18.33	18.59

Area of application: REWE Group Germany and Austria, including partner retailers.

## **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 more environmentally conscious paper exceeded 95 per cent in 2017. For the remaining total of nearly five 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™).



# Biodiversity

GRI 304: Biodiversity

## Management Approach

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 the **Biodiversity in Good Company** initiative, REWE Group has pledged to integrate protection and sustainable use of biodiversity in to the company's sustainability management. The development of a biodiversity guideline has started for the purpose of establishing a holistic biodiversity management system in the entire company. The importance of protecting natural resources and preserving biodiversity along supply chains was reaffirmed in the "Strategy Green Products 2030" newly developed in 2017 for PENNY and REWE in Germany. Biodiversity has also been defined as a focus issue within the area of action "conservation of resources" (for more information, see the overarching **Management Approach Green Products**).

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, Fairtrade, 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 as well during product-related hot spot analysis conducted in the PRO PLANET programme. 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. The company promotes projects that address 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 in 2010, the number of participating apple farmers has increased to well over 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: Since 2010, a total of 5,560 (2017: 810) bushes, trees and shrubs have been planted throughout Germany, and 637 (2017: 324) old fruit trees have been preserved. Nearly 300 hectares (2017: 95 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 conducted in 2017 found that the variety of bees had grown significantly in orchards. Compared with 2010, the variety had increased by about 100 per cent from 56 to 117 species of wild bees, including 25 endangered species (2010: five). In addition, since 2010, around 8,960 (2017: 1,919) nesting boxes and nesting aids have been set up for birds, bats and insects. The wide range of nesting boxes and nesting aids as well as species-protection measures are having the desired effect. For example, in 2017, a record number of 22 (2016: 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 and



2017, pilot projects in vegetable and potato farming were planned and conducted on the basis of evaluations of the measures of the apple project. The objective is to integrate additional cultures into biodiversity projects. The projects are to be rolled out in 2018. During the rollout, cultures of broccoli, Chinese cabbage, iceberg lettuce, romaine lettuce and carrots as well as potatoes will be processed throughout Germany with suppliers and producers.

### 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.

It included a sub-project for protecting sea turtles, which was implemented in the Amistad Biosphere Reserve national park in the province of Bocas del Toro. Just a few years ago, the turtles' brood was under siege. Their eggs were considered a delicacy, and they served as a major source of income for many people. In addition to reforestation and land restoration of a 120-hectare meadow area, project members have developed a far-reaching environmental training programme: 246 volunteers from a number of different backgrounds cleaned beaches and created a protective enclosure for sea turtles and their eggs. As a result, more than 27,000 sea turtles were born in safety between 2009 and 2013.

Based on the positive results, the Tropical Project was expanded to other banana-growing areas, for example Costa Rica. Almost two million euros were provided for this effort by the REWE Group Central America Fund – or banana fund – from 2013 to 2017. 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. This means that they also meet sustainability criteria that exceed the basic requirements of the Rainforest Alliance.



## The Environmental Protection Programme “Blooming Austria”

In 2014, REWE International AG began to work in a project called “Blühendes Österreich” (Blooming Austria), cooperating 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.

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. It 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), bi good (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.

In 2017, the foundation’s environmental protection strategy for 2018–2022 titled “Anchoring Sustainability: Living Austria’s Diversity” was finalised. The aim is to protect a total of 1,000 hectares of endangered environmental areas by 2022. By the end of 2017, a total of 325 hectares were maintained, and about 150,000 euros in premiums were paid to the 113 participating farms.

## 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 CO<sub>2</sub>. For this reason, in 2016 toom Baumarkt DIY stores became the first German DIY store chain 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.

In addition, the sale of pesticides that are particularly harmful to bees and their use in the production of the toom plant assortment was also restricted. In order to actively contribute to protection of bees and the environment, toom has tightened requirements for its ornamental plant suppliers and, in 2017, was the first DIY store in Germany to begin offering only ornamental plants that have been produced without using pesticides classified as particularly harmful to bees by Greenpeace. This is also reflected in the area of chemical pesticides. Since 2015, toom has completely stopped selling products that contain substances which, according to a **Greenpeace study**, are particularly harmful to bees.



# Environmental Standards in the Supply Chain

GRI 308: Supplier Environmental Assessment

## Management Approach

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 Practises**, 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
- 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 principles contained in the Guideline for Sustainable Business Practices 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 Green Products.

Activities relating to environmental standards in the supply chain are included in the "Strategy Green Products 2030", which was newly developed in 2017 for REWE and PENNY in Germany under the area of action "conservation of resources". The content of the area of action will be

implemented using the overarching management approach that defines the principles and instruments for implementing measures. ([link to Management Approach](#)).

The objective of the area of action “conservation of resources” is the protection of natural resources and the preservation of biodiversity along the supply chains. The focus issues of circular economy, biodiversity and water have been defined, and specific work is being carried out on these.

In order to make progress in the area of action “conservation of resources” measurable, the following key performance indicators for store brands have been defined (for more information, see the overarching [Management Approach Green Products](#)):

KPI 1: By the end of 2030, 100 per cent of relevant food and non-food producers are to be integrated into an environmental programme

KPI 2: By the end of 2030, 100 per cent of store-brand packaging is to be more environmentally friendly ([see GRI 301: Materials](#)).

### **Measures to achieve KPI 1**

In 2016, REWE Group markedly expanded its effort to identify risks. The results of the risk assessment were used to develop measures for the area of action “conservation of resources” for the various product groups. In addition, an environmental programme for suppliers will be implemented in the future. The so-called Green Production Programme is based on a process that identifies the environmental effects in production sites in order to improve them. A pilot project with selected suppliers of metal and plastic products will take place in 2018, as the environmental impact in these product groups is comparatively high. The plan is for additional production sites to be integrated into the programme after completion of the pilot project. In addition to the Green Production Program which, among other things, is based on instruments from the amfori Business Environmental Performance Initiative (BEPI), there are already established programmes for other product lines, such as the [detox programme](#).

### **Standards**

When it implements improvements, REWE Group applies internationally recognised standards such as the GOTS seal for sustainable textiles or FSC® and PEFC™ certification for sustainable forest management. REWE Group successfully achieved 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. REWE Group is now working to increase its share of textiles made of more sustainable cotton at REWE, PENNY and toom Baumarkt DIY stores in Germany to 100 per cent

by 2025. The company uses CmiA (Cotton made in Africa), GOTS and textiles made from recycled fibre. 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 in 2016. 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.

### [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 distribution 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](#), [Progress report 2017](#)). 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 the new screening process, 38 new substances were rated as hazardous and added to the MRSL. The new MRSL 3.0 was released in December 2017 (more information on the screening process 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 as part of the detox programme. 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. Since 31 December 2017, bans have been in place for four other chemical groups (chlorophenols, flame retardants, short-chain chlorinated paraffins and the individual substance chromium VI). Chemical fact sheets are also now available for the new chemical groups.
- 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 has implemented the following measures:

- 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. As part of the pilot phase, two kick-off events were held in 2017 with suppliers and producers in Shanghai and Dhaka, and local trainers were trained in two five-day workshops. During the course of the training programme, a total of 110 producers are undergoing training and receiving advice. As part of this effort, REWE Group is working with the German Corporation for International Cooperation (GIZ) within the develoPPP.de programme of the German Federal Ministry for Economic Cooperation and Development (BMZ), as well as with the company Tchibo.
- 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.
- REWE Group is also in dialogue with academic and scientific institutions. For example, it participated in a colloquium organised by the University of Stuttgart on the subject of “Chemical Management and Environmental Protection in the Textile Chain”.
- In its position in the Chemical and Environmental Management working group and alliance initiative of the Alliance for Sustainable Textiles, REWE Group is working to refine standards and



their implementation in the supply chain.

- 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. In the future, REWE Group will no longer publish separate discharge data reports, as the analysis of effluent test results will be integrated into the detox progress report ([see above](#)).
- 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](#), [Progress report 2017](#)).

#### 4. Closed Loop

As part of its detox commitment, REWE Group is developing measures to promote closed loops in textiles. The following steps have been taken in recent years:

- Completion of an scientific study on the topic of closed loops in cooperation with Hong Kong University of Science and Technology.
- Introduction of a collection system for textiles. By the end of 2017, 334 containers had been placed at 276 locations for the collection of used clothing.
- Assortments of products with recycle fibres.
- Customer communications on the topics of environmentally conscious washing and upcycling textiles.





# Social Standards in the Supply Chain

GRI 414: Supplier Social Assessment

GRI 412: Human Rights Assessment

## Management Approach

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 chains, promote dialogue between all partners to strengthen human rights, and further improve labour and social standards in production operations. The value creation steps for the cultivation of raw materials and processing are particularly in focus.

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, the conventions of the International Labour Association (ILO) and UN Global Compact. 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.

Within the **"Strategy Green Products 2030"** developed by PENNY and REWE in Germany in 2017, the topic of social standards is anchored in the supply chain under the area of action "fairness". The focus issues of this area of action are "living wage" as well as "elimination of forced and child labour". Close cooperation with suppliers, including at production sites, increases transparency as well as the avoidance of risks along the supply chains. In addition, individual supplier development supports continuous improvement at the production sites with the aim of strengthening human rights and improving working conditions.

In order to make progress in the area of action "fairness" measurable, the following key performance indicators for store brands have been defined (for more information, see the

overarching **Management Approach Green Products**):

KPI 1: By the end of 2030, 100 per cent of all relevant strategic production sites are to be integrated into training programmes (capacity building)

KPI 2: By the end of 2025, introduction of a complaints mechanism system into relevant supply chains

As part of the process to comply with human rights due diligence, measures are developed on the basis of an analysis of social risks. The process then uses a monitoring system to observe and evaluate them. In 2016, for example, REWE Group markedly expanded its effort to identify and systemise risks (for more information about risk analysis, see [link](#)). The findings of the analysis flow into the further development of measures to strengthen human rights and improve working conditions in supply chains. Measures can be defined in different ways depending on which risks are identified. They include a demand for standards and certifications, cooperation with standards organisations, the joining of industry initiatives, and projects with local suppliers and producers.

REWE Group has been intensively working to meet the requirements of the German National Action Plan on Business and Human Rights since its inception, and has also developed a strategy in this context to further develop and implement complaints mechanisms in its supply chains.

Local REWE Group purchasing cooperatives can discuss requirements and issues directly with suppliers or production sites and implement measures. In Asia, for example, the sourcing office REWE Far East (RFE) is responsible for the purchasing of some 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 RFE maintains direct contact with suppliers and assists with the social compliance process on site.

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

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

### **1. Internal Management: Raising Awareness Levels, Educational Campaigns and Reporting**

Employees of REWE Group receive regular training about relevant labour and social standards issues. This ensures, for example, that social audits are considered accordingly in the selection of

suppliers and in the purchasing process. Purchasers, in particular, regularly take part in additional events on this complex of issues, such as the annual area workshops, which provide information on human rights as well as labour and social standards and the current status of the Social Improvement Programme.

## 2. Supply Chain Management: Supplier Assessment, Raising Awareness Levels and Obligations, Audits and Standards, Measures for Supplier Development

At supplier events and in individual discussions with suppliers, REWE Group is constantly raising awareness of issues regarding human rights and working conditions.

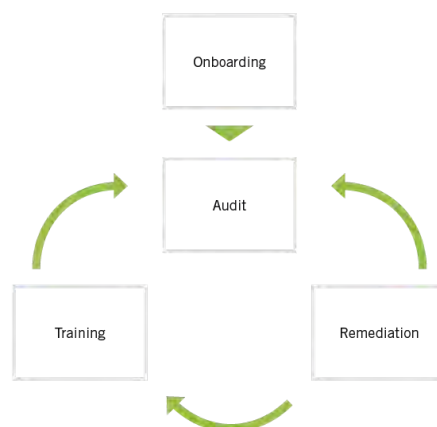
In addition, the requirements for these topics are incorporated into both contracts with suppliers and the Guideline for Sustainable Business Practices, meaning that compliance with each tender or contract is confirmed by the suppliers. For those raw materials in focus, such as cocoa or palm oil, REWE Group has defined guidelines with detailed requirements and objectives ([see here](#)).

## Social-Improvement-Programm: from Audits to Further Development

In 2017, REWE Group restructured the concept of its supplier development activities in the area of social issues and set up a social improvement programme. It includes the following steps: 1) Onboarding 2) Auditing/certification 3) Remediation/improvements and 4) Training.

The social improvement programme applies to all production sites in the first supply chain level in risk countries (as defined by amfori BSCI).

Social Improvement Programme



New suppliers or production sites will be informed about the requirements of REWE Group during onboarding and, if no social audit has taken place yet, they will receive support from experts on site when it comes to preparing for the first audit. In the second step, all 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 amfori 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.

	2017 <sup>1</sup> ✓
Share of production sites at each step of the Social Improvement Programme	
<b>Onboarding step</b>	2.96 %
<b>Audit step</b>	97.04 %
Audit results	
<b>SA8000</b>	3.26 %
<b>amfori BSCI A</b>	5.03 %
<b>amfori BSCI B</b>	5.53 %
<b>amfori BSCI C</b>	68.11 %
<b>amfori BSCI D</b>	4.74 %
<b>amfori BSCI E</b>	0.10 %
<b>SMETA</b>	1.78 %
<b>Invalid SMETA</b>	0.30 %
<b>No audit/expired audit</b>	8.19 %

<sup>1</sup> The calculation was based on the number of production sites and includes all REWE Group production sites for food and non-food products of the first supply chain level in risk countries.

By demanding audits, first improvements in human rights issues and working conditions have already been observed. However, on-site visits to production sites also show that although audit requirements are being implemented, the sense and purpose of many requirements are not always understood and therefore problems are not being identified and remedied independently. Consequently, REWE Group has placed even greater focus on supplier development as part of the **“Strategy Green Products 2030”** in order to specifically drive improvements at the production sites.

In 2017, more work was done on the conceptual development of training programmes. Tasks included performing analyses to find out where there is room for improvement at production sites. Based on these analyses, REWE Group encourages its suppliers and production sites to participate in amfori BSCI training and has also developed its own training programme for strategic production sites.

As part of the Bangladesh Accord on Fire and Building Safety, REWE Group uses technical advisers at selected production sites to help suppliers implement improvements. As a result, an above-average rate of progress was achieved for the shortcomings identified during the Accord inspections in 2017. The textile factories of REWE Group operating in Bangladesh have rectified 94 per cent of all findings from the inspections. REWE Group wants to continue promoting safety at production sites in the future and has therefore signed a follow-up agreement to the Bangladesh Accord on Fire and Building Safety.

## **Improvement of Social Standards in the Supply Chains of Raw Materials in Focus: from Certifications to Projects**

Since 2013, REWE Group has required suppliers of primary fruit and vegetable products to pledge as part of the framework agreement that they will comply with the core labour standards of the International Labour Organisation (ILO) and pay statutory, negotiated or contractually set wages within the context of their national code of laws. 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), amfori BSCI). Compliance with these requirements is checked during spot 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 (2015 to 2020) 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. So far, some 12,410 cocoa farmers and their families have participated in the project. The project is aimed in particular at women and young farmers with the goal of increasing the appeal of cocoa farming. In the future, the project will focus more on coaching cooperatives and farmers, with particular emphasis on financing and gender equality. The intention is for women in particular to be offered the opportunity to optimise their income. They will also receive support in areas such as diversification in cultivation, production, processing and marketing. Specifically, 40 female members of the cocoa cooperative have been trained as advisers to implement the training programme together with the field workers.

### **CmiA cotton**

REWE Group has been a supporter of Cotton made in Africa (CmiA), an initiative of the Aid by Trade Foundation, since 2008. The initiative is committed to improving the living conditions of African smallholders by helping them to help themselves. Agricultural training sessions teach them about efficient farming methods that increase cotton yields and quality while protecting their health and reducing the environmental impact. These measures are improving the income of farmers and their families. They are also receiving support through various cooperation projects, for example in the areas of education and the promotion of women. In Germany, REWE, PENNY and toom Baumarkt DIY stores are working to increase the share of textiles made of more

sustainable cotton (such as CmiA and GOTS, recycled fibre) to 100 per cent by 2025. REWE Group is also involved as a consultant on the Cotton made in Africa Board of Advisers.

### **3. Stakeholder Management: Industry Initiatives and Partnerships, Advancement of Sustainability Standards, Involvement at a Policy and Regulatory Level**

In order to improve general conditions, REWE Group joins forces with other companies and stakeholders in industry initiatives and partnerships, thereby increasing its influence. In addition, REWE Group actively participates in the further development of these partnerships and represents its interests there.

In 2008, REWE Group joined the amfori Business Social Compliance Initiative (amfori BSCI), an alliance of companies that are committed to improving labour and social standards in risk countries. To achieve this goal, amfori BSCI members have developed the amfori 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.

In 2017, REWE Group was represented in two working groups of the amfori BSCI and joined the GRASP Technical Committee. Furthermore, REWE Group is active in the following initiatives, which also deal with human rights and working conditions in the respective context:

- Charter member of the Forum for Sustainable Palm Oil, represented on the Steering Committee
- Charter member of the German Initiative on Sustainable Cocoa
- Member of the Fruit Juice CSR Platform
- Member of the World Banana Forum
- Member of the Bangladesh Accord on Fire and Building Safety
- Member of the Alliance for Sustainable Textiles
- Member of the Board at Cotton Made in Africa

REWE Group is also committed to ensuring that the Marine Stewardship Council (MSC) and the Global Organic Textile Standard (GOTS) take social standards into account, such as those of the International Labour Organization (ILO). This is currently not the case.

## **GRI 412: Employee training on human rights policies or procedures**

See GRI 414-2: **Internal management: Raising Awareness Levels, Educational Campaigns and Reporting.**



# Customer Health and Safety

GRI 416: Customer Health and Safety

## Management Approach

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 every six months, 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. In 2017, the programme was expanded to include training on the duty to maintain public safety as well as safety for agencies and travel guides in the destination areas. Crisis management work involved 469 crisis events in 2017 – 110 fewer than the previous



year. As planned, the number of Help Team members increased in the reporting period from 72 to 116.

## 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 life cycle.

Health and safety audits (absolute Figures)	2015	2016	2017
Supplier audits	409	446	465
Independent product tests (own brands)	39,267	43,274	45,077
External warehouse audits	71	92	91
External store audits	3,371	3,433	3,152
Tests of products made in stores	6,251	8,149	8,566
Total number of audits	49,369	55,394	57,351

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

Nine public recalls involving store-brand products occurred in 2017. The cause of three recalls was one incorrect or incomplete declaration because a wrong label was used; two articles had a missing allergen label. Two recalls were due to a colour deviation in milk and a flavour deviation in cola, whilst two further recalls were triggered by microbiological deviations. In two cases, products were contaminated.

The public recalls carried out were individual cases. No trends among product groups or suppliers could be found. In every case, customers were able to return the product in the stores and get their money back.



# Promoting Sustainable Consumption

GRI 417: Marketing and Labeling

## Management Approach

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 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 defined campaign periods, 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,

regionality and social involvement. During participatory activities on social involvement at REWE, customers can donate products with a long shelf life to local food banks. The aim here is to encourage people to take action and to bring sustainability topics, that are often abstract in nature, to life by providing specific examples. In addition, during these campaign periods the company increases 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 2017, REWE and PENNY each conducted three Sustainability Weeks, just as they did in 2015 and 2016. toom Baumarkt DIY stores also organised three Sustainability Weeks in 2017. The focus was on endangered species and climate protection, upcycling and inclusion. At REWE Group in Austria, the annual Sustainability Weeks were conducted under the motto of "Blühendes Österreich" (Blooming Austria).

### 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.

When it comes to the nominations, REWE Group works together with the Collaborating Centre on Sustainable Consumption and Production (CSCP) in Wuppertal. The institute evaluates the submitted products from an academic standpoint and examines product- and company-related sustainability performance. The products are then confirmed by the jury of the German Sustainability Award. The consumers vote for the winner online.

Winner for 2017: Bio Café Orgánico from GEPA

### Customer communications

The sales lines of REWE Group conduct sustainability-related communication activities to sensitise consumers about its sustainability involvement and sustainable consumption. As part of its sustainability communication effort during the reporting period, PENNY also used 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. An essential component of PENNY's customer communications is their fight against food waste. For example, the discounter gives its customers tips on how to plan their shopping, how to store food correctly, and how best to use leftovers. In 2017, for the first time ever, an influencer campaign starring YouTube bloggers and

chef Michael Schieferstein was launched to raise awareness about food waste, especially among young people.

REWE made regionality the focus of its national campaign in Germany. Customers were informed in a widely broadcast TV ad. The stores play a central role in the campaign: all over Germany, REWE store managers and independent retailers are committed to regionality. Together with their teams and producers from the region, they creatively presented regional products and carried out numerous local actions, especially during the campaign period. These ranged from tastings of regional products and themed children's craft and cooking events to farmers' markets in the car parks and visits to local producers.

In addition, REWE launched the "Aktion Biotonne Deutschland" (Organic Waste Bin Campaign for Germany) together with the German environmental organisation NABU in September 2017. The aim of the campaign is to make people more aware of the recyclable material compost. How can kitchen waste be recycled better and how does proper waste separation help the environment? These were the questions that NABU and REWE wanted to answer as part of the "Aktion Biotonne Deutschland". The nationwide campaign was also supported by the Federal Ministry of the Environment, waste disposal associations as well as cities, communities and districts throughout Germany.

## **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 FP2: Organic and PRO PLANET** and **GRI 204: More Sustainable Product Range**).

In addition, REWE Group uses recognised 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), GGN – certified aquaculture (Global G.A.P.) 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 is available to download online at [toom.de/nachhaltigkeit](#). In 2017, toom Baumarkt DIY stores updated the guideline in collaboration with the consumer group Verbraucher Initiative and added other relevant labels. 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 2017, 531 products were awarded the seal for the first time. By the end of 2017, a total of 4,238 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 tour operators' catalogues was reduced from 23 to one: the sustainability seal Travelife. Travelife is an industry-wide and internationally recognised seal. Criteria evaluated include the economical use of electricity and water, the reduction of environmental impacts, fair working conditions, respect for human rights, and close cooperation with the local population and local companies. As part of the project Green Travel Transformation being conducted by the sustainability initiative Futouris, DER Touristik is also helping to develop a uniform label that is recognised industry-wide for sustainable travel opportunities. The aim of the project is to make the offering of sustainable products transparent, thereby raising awareness levels and making it easier for customers and travel agency staff to book them. In the pilot test, the travel agency sales channels of DER Touristik (DER Reisebüro, Derpart and the member offices of DTPS) have been using the labelling in their travel agencies since autumn 2017, thereby making sustainable hotel offers visible in the quoting and comparison system "Bistro Portal".

## Transparency About Information on Origin

Many consumers want to know more 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 204-1 Regional Products**).

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 be tracked online all the way back to the farming region. More than 80 fish products have the tracking code, representing a share of 81 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 2017, no significant violations were known.



## Animal Welfare

### GRI FP10: Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic

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 the 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, turkey and rabbit meat as well as fresh milk. A key focus of the company's commitment to animal welfare is 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.



In 2017, the “Strategy Green Products 2030” was developed for REWE and PENNY in Germany, with three areas of action defined ([see the Management Approach Green Products](#)). Animal welfare was determined as one of these areas of action.

### [The 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 food retail sector 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 generate about 85 million euros annually (135 million euros from 2018). The money is available to finance animal-welfare measures that extend beyond legal requirements. As a result of the participation of more than 3,000 farms, husbandry conditions for more than 255 million pigs, chickens and turkeys were improved in 2017. With the start of the programme phase beginning in 2018, the initiative’s plans call for financial resources to be increased to enable more 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 profitability. 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 corresponding 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 for Austria.

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. Often, however, the animals suffer from poor living conditions or handling that is not appropriate to the species. The impact of such activities may not be obvious at 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.

In order to ensure that its own products meet the demand for animal-friendly offers, DER Touristik adopted a binding animal protection guideline in 2017. This company guideline governs the approach to tourism products that include interaction with animals. Its goal is to check and gradually adapt all offerings of DER Touristik in which animals are used to entertain tourists by 2020. Products that do not comply with DER Touristik's animal protection guideline will be removed from the programme or, where possible, replaced with animal-friendly alternatives. To ensure that the defined animal protection criteria and recognised standards are applied, the animal sites will undergo independent audits. Eight audits were conducted during the reporting period – five in elephant camps and three in zoos. Ten audits are planned for 2018.

In 2017, implementation of the guideline initially started with a focus on elephants. Solutions for recreational activities with elephants were worked on in collaboration with the combine's own destination agency Go Vacation Thailand. In a first step, DER Touristik checked providers for compliance with animal protection standards through external audits. Activities such as elephant rides or entertainment shows have been removed from the programme. Today, DER Touristik collaborates with a few local providers, working with them to improve standards and make them more aware of the issues at play.

In addition, DER Touristik is working together with the animal protection group World Animal Protection and other industry participants in the "Proving Demand" working group that

developed a business model for building elephant-friendly sites. The plan for 2018 is to develop two elephant sites according to standards and to increase the demand for elephant-friendly touristic sites.

In 2018, the focus will be on sites and offerings involving marine mammals.

DER Touristik has also pledged to inform customers about the appropriate way to deal with animals and about animal-friendly tourism opportunities.

### **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. With the goal of selling only fresh pork that comes from pigs that were castrated with anaesthesia beginning in 2017, REWE Group has set an example and thus contributed to the development of the industry. Politicians have made it illegal to castrate piglets without anaesthesia as of 1 January 2019.

#### **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.

Following the first phase in 2016, REWE Group continued to work closely in 2017 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 animal protection 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. 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. The goal was achieved ahead of schedule on 1 September 2017. In doing so, REWE Group is fulfilling an agreement of poultry farming associations and the German Ministry of Food and Agriculture. 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, REWE Group has stopped not only beak trimming, but also the slaughter of male chicks. Under the exclusive brand "Spitz & Bube", the free-range eggs have been on sale throughout Germany in all participating stores since July 2017. Thanks to the great success of the project, "Spitz & Bube" fresh free-run eggs will also be available nationwide from March 2018. Fresh eggs under the "Spitz & Bube" brand, which are produced according to organic guidelines, are currently available in Bavarian REWE stores.

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.

### Early Feeding

REWE Group is striving to ensure that chicks for fattening have better hatching conditions. Traditional incubators usually contain several thousand eggs. However, the animals only have access to feed, water or light when all the chicks have hatched and arrived at the fattening farm – this can take up to 72 hours. Chicks that have hatched early lose a lot of body weight during this time and are exposed to great stress. With "Early Feeding", REWE Group is the first food retailer in Germany to tackle this problem: the HatchCare method developed in the Netherlands ensures that the animals are provided with the basic necessities of life immediately after hatching. Once a

chick hatches, it moves over to the other animals in a separate basket in the incubator. There it can move freely and start consuming water and food. In addition, the incubators are lit, thereby providing hatching conditions with better animal welfare.

The first chicks have been hatching in the hatcheries with the new method since spring 2017. The results are positive: since the animals are supplied with sufficient water and feed immediately after hatching, they are much stronger and energetic. The improved robustness of the Early Feeding chicks helps to improve their state of health and thus reduce the use of drugs. In the future, REWE Group will expect its suppliers to gradually implement this method into their supply chain. Therefore, the plan is to increasingly buy chicks from Early Feeding hatcheries.

## SELEGGT

Each year in Germany, millions of male chicks are killed on their first day of life during the breeding of laying hens for egg production. This is because they cannot lay eggs and are not a suitable source of meat, due to the fact that they grow more slowly and inefficiently and produce less chest meat than other commercially raised chickens bred specifically for this purpose. REWE Group is striving to stop this process and develop alternatives using new technology. The idea is to determine the sex of the chick when it is still in the hatching egg. During an endocrinological examination, a fine needle is used to take liquid from the hatching egg, which can be used to determine the gender. The hatching eggs containing male chicks are then separated out, while the hatching eggs containing female chicks are returned to the incubator. Only the female chicks are hatched on day 21 of incubation. This means that in the future it will no longer be necessary to kill male chicks. The basic research for this process has been carried out by the University of Leipzig. This should result in a practicable solution that can be used in the broadest possible scope. For this purpose, REWE Group has founded the joint venture “SELEGGT” together with a Dutch technology company.

## 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 support to Biofino GmbH and its pace-setting approach to breeding. 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 2017, following constant development work in recent years, 85 per cent of the turkey meat of Biofino GmbH was already

coming from these turkeys. In 2018, the changeover to the new turkey breed will be fully implemented.

### **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 transform facilities for commercially bred rabbits 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, too, comes exclusively from animals raised on free-run farms. 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 17.60 per cent in 2017 (2016: 11.87 per cent\*). Grass-fed milk has borne the seal "PRO WEIDELAND – Deutsche Weidecharta" since August 2017, while grass-fed butter has had it since December 2017. The first cheese products made from grass-fed milk have already been produced and plans to convert other products have already been made.

\*The value for 2016 was subsequently adjusted due to a calculation error.

### **DER Touristik: Chili Against Elephants**

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 sensitisation 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 12 December 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 the livelihoods of millions of people.

REWE Group understands its responsibility for the climate: A large portion of global CO<sub>2</sub> 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 objective 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 as well as resources and materials needed for the company’s business needs. In these areas, REWE Group strives to use resources sparingly 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 approach since 2009 with its Green Building concept. In 2013, REWE Group modified the climate goals it 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

The REWE Group identified three areas of action 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 names of the areas of action have been slightly changed. They are now called: “energy efficiency”, “climate-relevant emissions”, “conservation of resources”. The review of the areas of action was part of a comprehensive strategy project in 2016 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 (KPIs)

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.

**Status 2017 :** The company lowered its specific greenhouse gas emissions in Germany and Austria by 40.3 per cent between 2006 and 2017 (unit: carbon dioxide equivalents per square metre of sales area).



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

**KPI 1** : lowering electricity usage per square metre of sales area (as measured in kWh/m<sup>2</sup>) by 7.5 per cent between 2012 and 2022.

**Status 2017** : The company lowered its specific energy consumption level in Germany and Austria by 6.6 per cent between 2012 and 2017.

**KPI 2** : reducing refrigerant-related greenhouse gas emissions per square metre of sales area (in kilograms of carbon dioxide equivalents/m<sup>2</sup>) by 35 per cent between 2012 and 2022

**Status 2017** : The company lowered its refrigerant-related greenhouse gas emissions per square metre of sales area in Germany and Austria by 27.9 per cent between 2012 and 2017.

The KPIs focus on activities in relation to 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: electricity consumption (especially lighting and refrigeration) and refrigerant-related greenhouse gas emissions.

The goals of each strategic business unit and holding area in Germany and Austria are put into concrete terms and anchored in binding targets. 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 pillar 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 302: Energy**
- **GRI 303: Water**
- **GRI 305: Emissions**
- **GRI 306: Effluents and Waste**



## Energy

### GRI 302: Energy

## Management Approach

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. Fuels are also consumed when goods are transported. 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 around 58 per cent:

- KPI 1: lowering electricity usage per square metre of sales area (as measured in kWh/m<sup>2</sup>) by 7.5 per cent between 2012 and 2022

		2012	2013	2014	2015	2016	2017 ✓
KPI 1 Germany+Australia	Change compared to 2012		-0.7 %	-3.9 %	-4.3 %	-5.3 %	-6.6 %
KPI 1 Germany+Australia	[kWh / m <sup>2</sup> ]	333.60	331.39	320.55	319.36	316.06	311.51

REWE Group reduced its specific energy consumption in Germany and Austria by 6.6 per cent between 2012 and 2017.

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 applying with the help of the Hamburg-based Energie-Handels-Gesellschaft (EHA) since 2008. 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-date

monitoring of energy usage. In addition, a monitoring platform called FRIGODATA keeps close watch on temperature and energy data.

In 2015, the company began to introduce a central energy management system based on ISO 50001 in Germany, which has been certified since the end of 2016. The system covers the entire REWE Combine in Germany with all sales lines and about 5,000 locations. This includes the food retail stores, DIY stores, travel agencies, 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. BILLA Czech Republic, BILLA Slovakia, BILLA Bulgaria, IKI Lithuania and PENNY Romania have also been ISO 50001 certified since spring 2017. Certification is planned in 2018 for all other countries of REWE International AG. 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 (in Germany, the amended version of the Energy Services Act (Energiedienstleistungsgesetz)).

The new management structure is a significant milestone to further optimise energy consumption. The detailed tracking of energy consumption will enable central energy goals and subgoals to be defined and monitored. 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 fuel 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 5.8 per cent between 2015 and 2017. Among other things, this development is based on the acquisition of Kaiser's Tengelmann

branches and the establishment of the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo). Since the acquisition of Kuoni Travel Holding Ltd. in 2015, aircraft from Novair also have to be considered, which are also responsible for a 2 per cent increase in fuel consumption between 2015 and 2017.

The largest amount of total energy consumption in 2017 was attributed to electricity, at about 58 per cent, followed by natural gas and fuels for lorries and cars (including external logistics) at 15 per cent each.

Energy consumption within the organisation (in GWh)					
	2015	2016	2017 ✓	Change 2015–2017	
	Absolute	Absolute	Absolute	Absolute	per cent
Electricity	3,704	3,729	3,831	+126.7	+3.4 %
Heating oil	92	92	82	-10.5	-11.5 %
Gas (natural and liquefied gas)	1,021	1,014	1,024	+2.9	+0.3 %
Self-produced renewable energies	15	9	8	-6.4	-43.8 %
District heating	280	275	285	+5.9	+2.1 %
Fuels (lorries/cars)	945	1,005	1,057	+112.0	+11.8 %
Jet fuel	153	295	286	+132.5	+86.4 %
<b>Total</b>	<b>6,210</b>	<b>6,419</b>	<b>6,573</b>	<b>+363.0</b>	<b>+5.8 %</b>
<b>Total excluding jet fuel</b>	<b>6,056</b>	<b>6,124</b>	<b>6,287</b>	<b>+230.5</b>	<b>+3.8 %</b>

1TJ | 0.2778GWh, 1MJ/m<sup>2</sup> | 0.2778kWh/m<sup>2</sup>

Scope: REWE Group, including partner retailers. Units that left REWE Group in 2017 were excluded: BILLA Croatia, IKI. The consumption data from Kuoni Travel Holding Ltd. have been included in the figures since September 2015 and those from the Kaiser'sTengelmann branches and the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) since 2017. Due to rounding, there may be deviations in totals.

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

#### Energy consumption within the organisation – consumption share 2017 ✓

Electricity	58.3%
Heating oil	1.2%
Gas (natural and liquefied gas)	15.6%
Self-produced renewable energies	0.1%
District heating	4.3%
Fuel (lorries/cars)	16.1%
Jet fuel	4.4%

Scope: REWE Group, including partner retailers. Units that left REWE Group in 2017 were excluded: BILLA Croatia, IKI. The consumption data from Kuoni Travel Holding Ltd. have been included in the figures since September 2015 and those from the Kaiser'sTengelmann branches and the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) since 2017.

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

## GRI 302-3: Energy intensity

Energy intensity covers location-related use of electricity and heat. Despite the increase in absolute energy consumption during the reporting period, specific energy consumption (energy consumption per square metre of sales area) of REWE Group fell by 2.9 per cent from 2015 to 2017. This development can be attributed to numerous electricity efficiency measures, such as the use of LED lighting (see **KPI 1** and the table “Steps to lower electricity usage”).

					Energy intensity
	Unit	2015	2016	2017 ✓	Change 2015–2017
Absolute energy consumption	in GWh	5,111	5,119	5,230	+2.3 %
Energy consumption per square metre of sales area	in kWh/m <sup>2</sup>	471.0	466.3	457.3	-2.9 %

1TJ | 0.2778GWh, 1MJ/m<sup>2</sup> | 0.2778kWh/m<sup>2</sup>

Scope: REWE Group, including partner retailers. Units that left REWE Group in 2017 were excluded: BILLA Croatia, IKI. The consumption data from Kuoni Travel Holding Ltd. have been included in the figures since September 2015 and those from the Kaiser'sTengelmann branches and the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) since 2017. Due to rounding, there may be deviations in totals.

## 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 measures. These measures are primarily designed to optimise lighting, refrigeration, heating and ventilation systems. REWE Group is also working to reduce its use of heat. During the reporting period, REWE Markt GmbH conducted potential-identification analyses to develop optimisation measures.

### Lighting

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. A group-wide project was initiated to use only LEDs (including retrofit solutions) for new and replacement systems. This project also involved developing special lighting

concepts for use in trade 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 and 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 the future.

Every two years, the REWE and PENNY sales lines invite representatives from 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 Austrian sales line BILLA presents an energy efficiency award to refrigeration companies as part of its refrigeration partner conference.

Steps	Steps to lower electricity usage		
	Reduced electricity consumption (GWh)		
	2015	2016	2017
Lighting Transition of lighting systems to LED, optimisation of light management, reduction of turn-on times	9.3	27.2	47.8
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	16.3	12.5	19.8
Improvements in the technology of other systems particularly in production	0.6	0.1	2.2
<b>Total savings</b>	<b>26.1</b>	<b>39.7</b>	<b>69.7</b>

\*1TJ | 0.2778GWh, 1MJ/m<sup>2</sup> | 0.2778kWh/m<sup>2</sup>

Companies of REWE Group in 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.

The measures taken by the units of REWE Group in Germany and Austria lowered electricity usage by about 70 GWh in 2017 and by 40 GWh in 2016. The use of LED lighting systems contributes largely to our energy savings. Once again, the savings we produced in 2017 were well above the level we achieved in previous years. The use of LEDs in a wide range of areas represents nearly 70 per cent of total savings at 48 GW. Refrigeration is responsible for about half of electricity consumption at grocery stores. Many refrigeration steps were also taken during the reporting period to reduce cooling losses. An increasing number of steps are also being taken in other areas like IT infrastructure, air conditioning and other facilities, particularly those used in production.

## **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 12 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: strategic reduction of the distance between the warehouses and the stores, increased vehicle utilisation, reduced emissions per kilometre through the use of different logistics concepts, use of more efficient technology and modified driver behaviour.

In 2017, then REWE Group warehouse network infrastructure was further optimised; this included opening or taking over two new REWE regional warehouses in Berlin and Kiel and constructional modernisation and reorganisation measures at several other warehouse locations. In addition to the improvements in the warehouse structure, forecast techniques and route planning are continuously being improved. As a result, vehicle utilisation of the entire lorry fleet is above 90 per cent with regard to the vehicles 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 fuel usage. Despite contrary trends (such as increasing traffic on the roads), in the 2017 reporting year average fuel consumption was kept almost at the same level as the previous year.

To further reduce the carbon footprint of its vehicle fleet, REWE Group continuously upgrades its vehicles. At the end of 2017, 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” (GeNaLog, silent night logistics), which was concluded in the middle of 2017, it was shown that, with the current state of the art, it is possible to operate low-noise logistics at night. With the integration of a fully electric lorry and using smart processes and low-noise transport aids, the project showed that night logistics could potentially be a solution for the logistical challenges of inner cities.

### **Employee Mobility**

Mobility is another area where energy consumption can be reduced. For example, it is possible to structure the mobility budget for entitled employees individually so that they choose a smaller car, and the amount saved could be used elsewhere. 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 their leisure time.



## Water

GRI 303: Water

### Management Approach

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 is active with product-related projects in its supply chain (for more information, see [GRI 204: Procurement Practices](#)).

### GRI 303-1: Water withdrawal by source

REWE Group uses water in its approximately 15,300 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 from about 5.9 million cubic metres (m<sup>3</sup>) in 2015 to 6.3 million cubic metres in 2017. Among other things, the increase can be explained by the new companies that joined REWE Group, especially the Kuoni tourism provider and the establishment of the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo). Specific water consumption changed very little year on year.

### Water consumption of REWE Group

	Unit	2015	2016	2017	Change 2015–2016	Change 2016–2017
<b>Absolute water consumption</b>	1.000 m <sup>3</sup>	5,907	6,161	6,289	+4.3 %	+2.1 %
<b>Energy consumption per square metre of sales area</b>	(m <sup>3</sup> /m <sup>2</sup> )	0.54	0.56	0.55	+3.1 %	-2.0 %

Scope: REScope: REWE Group, including partner retailers. Units that left REWE Group in 2017 were excluded: BILLA Croatia, IKI. The consumption data from Kuoni Travel Holding Ltd. have been included in the figures since September 2015 and those from the Kaiser'sTengelmann branches and the Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) since 2017.



# Climate Protection

GRI 305: Emissions

## Management Approach

REWE Group understands its responsibility for the climate: A large portion of global carbon dioxide 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 was increased again. REWE Group has set the new 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 2.1 million tonnes in 2017. This represents a decrease of 12 per cent. Specific greenhouse gas emissions (unit: carbon dioxide equivalents per square metre of

sales area) plunged by 40.3 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/m<sup>2</sup>) by 7.5 per cent between 2012 and 2022 (see also [GRI 302: Energy](#))
- Status 2017: The company lowered its specific energy consumption level in Germany and Austria by 6.6 per cent between 2012 and 2017.
- KPI 2: reducing refrigeration-related greenhouse gas emissions per square metre of sales area (in kilograms of carbon dioxide equivalents/m<sup>2</sup>) by 35 per cent between 2012 and 2022 (see also the chapter [Refrigerants](#)).
- Status 2017: The company lowered its refrigerant-related greenhouse gas emissions per square metre of sales area in Germany and Austria by 27.9 per cent between 2012 and 2017.

The KPIs focus on activities in relation to 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 agreed by the strategic business units and the holding areas themselves.

## **Carbon Footprint**

To document the progress being made in reaching climate goals and to facilitate 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](#)).

Greenhouse gas emissions were calculated in accordance with the GHG Protocol. In determining carbon dioxide 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 purchased from 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 2017, 82 per cent of green electricity came from hydro power, 15 per cent from wind power and 3 per cent from photovoltaics.

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, at suitable locations, also in stores (particularly Green Building stores). At the end of 2017, REWE Group operated photovoltaic systems at 46 locations in Germany. These units have a potential peak power output of 17,700 kWp.

## 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 2017, a reduction of 27.9 per cent had already been achieved. The slight increase in refrigerant-related greenhouse gas emissions compared to 2016 was due mainly to two leaks.

In its effort to cut emissions, REWE Group decided at an early stage to use the most climate-friendly refrigeration agents. These agents have low greenhouse gas potential and increasingly include natural refrigerants like propane and CO<sub>2</sub>.

- GRI 305-1: Direct (Scope 1) GHG emissions

- GRI 305-2: Energy indirect (Scope 2) GHG emissions
- GRI 305-3: Other indirect (Scope 3) GHG emissions

## Greenhouse gas (GHG) emissions scopes 1–3 (tonnes of CO<sub>2</sub> equivalents)<sup>1</sup>

	2006	2015	2016	2017	Change 2006–2017
GRI 305-1: Direct (Scope 1) GHG emissions	760,214	664,693	669,433	695,992	-8 %
GRI 305-2: Energy indirect (Scope 2) GHG emissions	1,343,056	1,113,419	1,092,132	1,066,751	-21 %
GRI 305-3: Other indirect (Scope 3) GHG emissions <sup>1</sup>	270,607	342,246	348,105	332,629	+23 %
Total GHG emissions <sup>2</sup>	2,373,876	2,119,858	2,109,671	2,095,936	-12 %

Greenhouse gas (GHG) emissions scopes 1–3 (tonnes of CO<sub>2</sub> equivalents)<sup>1</sup>

	2006	2015	2016	2017
GRI 305-3: Other indirect (Scope 3) GHG emissions <sup>1</sup>	270607	342246	348105	332629
GRI 305-2: Energy indirect (Scope 2) GHG emissions	1343056	1113419	1092132	1066751
GRI 305-1: Direct (Scope 1) GHG emissions	760214	664693	669433	695992

Scope: Companies of REWE Group in 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.

<sup>1</sup> 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 only applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint (about 25 per cent).

<sup>2</sup> Newly released emission factors were used to determine the levels of greenhouse gas emissions. As a result, the levels of greenhouse gas emissions for 2016 deteriorated compared to the previous report.

## GRI 305-4: GHG 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 209 kilograms of CO<sub>2</sub> equivalents per square metre in 2017. Compared with the base year 2006, specific greenhouse gas emissions fell by 40.3 per cent in 2017. 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 emissions<sup>1</sup>

	Unit	2006	2015	2016	2017
Absolute greenhouse gas emissions	tCO <sub>2</sub> equivalents	2,373,876	2,119,858	2,109,671	2,095,936
Specific greenhouse gas emissions per square metre of sales area	kgCO <sub>2</sub> equivalents/m <sup>2</sup>	350	222	219	209
Achieved savings of specific greenhouse gas emissions since the base year 2006	%		-36.6 %	-37.4 %	-40.3 %

Scope: Companies of REWE Group in 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.

<sup>1</sup> 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 only applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint (about 25 per cent).

<sup>2</sup> Newly released emission factors were used to determine the levels of greenhouse gas emissions. As a result, the levels of greenhouse gas emissions for 2016 deteriorated compared to the previous report.

The greenhouse gas emissions of REWE Group were broken down in the following manner for 2017:

#### Share of greenhouse gas emissions in 2017 by originator group (scope 1–3)

Electricity	50.3%
Heat	13.0%
Refrigerants	12.7%
Logistics	12.2%
Buisness trips	2.8%
Paper	9.1%

Scope: Companies of REWE Group in 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 GHG emissions

REWE Group has launched a variety of electricity-saving **measures** designed to reduce greenhouse gas emissions. As a result of these efforts, about 23,800 tonnes of carbon dioxide equivalents were saved in 2017.

### Steps to lower CO<sub>2</sub> emissions<sup>1</sup>



Steps	Savings of CO <sub>2</sub> equivalents (tonnes)		
	2015	2016	2017
Lighting Transition of lighting systems to LED, optimisation of light management, reduction of turn-on times	2,725	8,432	16,874
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	3,608	6,169
Improvements in the technology of other systems, ventilation systems and IT infrastructure	224	23	818
<b>Total</b>	<b>7,716</b>	<b>12,062</b>	<b>23,861</b>

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

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

## Emissions of ozone-depleting substances (ODS)

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 non-ozone-depleting refrigerants. In 2017, the total amount of emissions of ozone-depleting substances from refilled refrigerants was 10 kilograms of CFC-11 equivalents.

### Emission of ozone-depleting substances by weight (kilograms)

	Unit	2015	2016	2017
<b>Total emissions of ozone-depleting substances from refilled refrigerants</b>	kg of CFC-11 equivalents	12	10	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.

## GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), 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)

	2015	2016	2017
NO <sub>x</sub>	2,889	2,799	2,749
SO <sub>x</sub>	1,575	1,614	1,581
Fine particulate matter (particle < 10 µm)	221	214	191
Non-methane volatile organic compounds	412	417	427

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.



GRI 306: Effluents and Waste

## Management Approach

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 per cent. It is an important raw material for the paper industry, as new paper and cardboard can be produced from the recycled fibres. 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 minimum. A key role in estimating need is the commercial experience of employees. REWE Group regularly provides training to them in this area.

Apart from the waste, effluents are also produced by the business activities of REWE Group. The company does not introduce its effluents directly into waterways. Instead, it directs the effluents into normal public and private wastewater systems at its business locations.

## 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 650,600 tonnes in 2017. At 1,567 tonnes, 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 in 2017. Compared with non-hazardous waste, the amount of hazardous waste totalled significantly less than 1 per cent.

### Non-hazardous waste – absolute volume (tonnes)

	2015	2016	2017
Absolute volume (tonnes)	622,858.75	637,089.38	650,610.35

### Non-hazardous waste – specific volume per square metre of sales area (kg/m<sup>2</sup>)

	2015	2016	2017
Specific waste volume (kg/m <sup>2</sup> )	84.78	87.65	88.39

### Non-hazardous waste – absolute volume (tonnes)

Waste for recycling	11.4%
Organic	18.8%
PCB (Paper and cardboard/boxes)	44.6%
Plastics	13.1%
Residual waste	5.4%
Other (eg. Wood, metals, construction waste)	6.6%

### Hazardous waste – absolute volume (tonnes)

	2015	2016	2017
Absolute volume (tonnes)	1453	1357	1567

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



# Green Building

## Management Approach

“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. Criteria such as economic value, a possible change of use and commercial development costs are 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 wood, a renewable resource. This is also the case with the front façade and, in many cases, with the roof shell. 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:** CO<sub>2</sub>, a natural coolant, is used for normal and combined refrigeration and deep-freeze systems; propylene, which is a natural refrigerant, is used 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 increased by using integrated LED lighting systems and energy-saving fans and by 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 with baby changing tables. Factors such as visual comfort, ambient air and bicycle parking places near the entrance are considered as well.

## DGNB Certification

Since 2012, REWE's Green Building concept has received multiple certification at the "Gold"\* level by the German Sustainable Building Council (DGNB). In 2014, toom Baumarkt DIY stores received multiple certification for their Green Buildings. The PENNY sales line achieved multiple certification 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. The multiple certification of the building specifications significantly simplifies 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.

# RG1-1: Stores that meet the requirements of the German Sustainable Building Council (Green Building)

Stores that meet the requirements of the German Sustainable Building Council (Green Building), status at the end of 2017

	REWE	PENNY	toom Baumarkt DIY stores
In progress	139	21	2
Completed	106	7	12
Total	245	28	14



# 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 constantly and there will be increasing shortages of trainees and skilled workers. In addition, workplaces are 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. It's not yet foreseeable what future workplaces will look like (source: **BMAS 2015**).

## Strategic Approach

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

Raising satisfaction, boosting performance and productivity play a major role in this process. To achieve this goal at such a large and diverse company, it takes a strong sense of community among all employees and the 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 as well as tailored ways to achieve 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: “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” working group, a team that has been led by Dr Büchel, a member of the Divisional Management Board of Retail Germany who oversees HR and sustainability since mid-2016.

## Key Performance Indicators (KPIs)

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

Key Performance Indicator (KPI)	Status 2017
KPI 1: Increase the training quota (share of trainees in the total workforce in full time equivalents) to 5.0 % by 2022 or at least keep it at the same level	4.8 %
KPI 2: Keep internal filling of management positions at a level of 75.0 % until 2022	79.7 %
KPI 3: Keep accidents per 1,000 FTE at a level of 48.0 % until 2022	47.4 %
KPI 4: Keep the share of management positions that are filled by women at the level of 47.9 % until 2022	48.6 %
KPI 5: Keep the number of people with disabilities based on headcount at least at a level of 3.0 % until 2022*	3.2 %

\* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis than the determination of the mandatory share of employed people with severe handicaps according to Section 71, Book IX of the Social Welfare Code (SGB) (Germany). Calculating the rate of people with disabilities by headcount was chosen in order to determine a uniform key figure for Germany and Austria. Individuals with disabilities are defined according to Section 2 of the German Social Welfare Code and the Austrian Disabled Persons Employment Act (BEinstG).

## 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 **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

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. 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 work-life balance.

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

- CSR Jobs Award in the category "Work-life balance", Top Employer 2018 from the Top Employers Institute, Top 100 Employer in the trendence student barometer, HR Excellence Award 2017 for the project "Digital Paper Chase", kununu Top Company, kununu Open Company, Trainee Award 2018 from Absolventa, Great Place to Work Berlin and Brandenburg 2017, Great Place to Work (Best Employer 2017 and special prize for Diversity & Inclusion) and the "True and Fair Trainee Programme 2017" award (both for REWE International AG), Trainer of the Year 2017 from the industry magazine "Lebensmittel Praxis" for the social recruiting concept.

Since 2009, REWE has been certified by berufundfamilie Service GmbH, an initiative of the non-profit Hertie Foundation, based on the "audit berufundfamilie". About 2,400 REWE stores (1,700 chain stores and 700 partner stores) and six administration and logistic sites have been certified for several years. The company has been working on re-certifying the stores since June 2017. The new target agreement, which will be valid from 2018, was developed in numerous workshops and with the involvement of all interfaces. The stores, headquarters and the logistics sites of toom Baumarkt DIY stores have been certified since 31 October 2016.

During the reporting period, the foundations were laid so that in 2018 the “audit berufundfamilie” will also be carried out for PENNY Markt GmbH – in other words, for 27,000 employees in the stores, the regional centres and at the logistics sites.

More than 135,000 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 to receive certification from “audit berufundfamilie”. In Austria, BILLA, MERKUR, BIPA, PENNY and REWE Int. Services have also been awarded a 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. The support begins even before parental leave starts and continues once the leave begins. It includes information events and a programme for keeping in touch. 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. For instance, in 2017 company daycare centres in Cologne and in Frankfurt were increased to 128 places. DER Touristik has 23 places for children under three years of age in a toddler group. In addition, in some regions cooperation agreements for kindergarten places exist.

The partnership set up in 2008 with awo lifebalance, a national initiative of AWO (formerly AWO ElternService), 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 summer camps, 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 as well as toy boxes and high chairs in canteens. In Austria, too, returning to work is made easier for employees with programmes such as summer camps, where children are cared for professionally for one to two weeks.

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 in 2015/2016 that offers many benefits to employees. These benefits include the following

- REWE Group offers employees in all companies time off to care for family members.
- Employees are permitted to take two paid hours off work on one occasion. They can use this time to visit 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 exclude this.
- There are first-contact offices staffed by internal advisers to assist affected employees. They provide initial information and emotional support.

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

Within the scope of its appreciative HR management, REWE Group carries out regular employee surveys. They reflect company morale and identify problem areas. During the reporting period, REWE Group wrote to almost 80,000 employees in selected business units (including almost 5,000 employees in the Cologne headquarters, about 15,000 employees of toom Baumarkt DIY stores, 20,000 employees of BILLA in CEE), covering about 25 per cent of all employees. More than half of them (54 per cent) responded to the survey. The evaluation of responses found that employees of REWE Group are in principle satisfied with their jobs. The best grades were given for work environment, transparency and clarity. The individual business units were provided with differentiated evaluations so that in the individual store or department specific actions could be derived based on the results of the survey (483 reports were drafted alone for the Retail Germany headquarters).

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 a national level. The guideline applies to the use of both temporary employment agencies and to work and service agreements. The company will work only with 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

Working from home and new work schedule rules for the REWE headquarters organisation, REWE Markt GmbH Cologne and REWE Systems	Including: <ul style="list-style-type: none"> <li>• Expansion of working hour windows</li> <li>• Elimination of core time</li> <li>• Flexible reduction of overtime (several consecutive comp-time days, also before or after holiday days)</li> </ul>	Valid since 1 January 2015
Expansion of day-care centres	<ul style="list-style-type: none"> <li>• 2017: ten places</li> <li>• eKITA REWE minis in Munich-Schwabing, Region South of REWE Headquarters Full-Range Stores</li> <li>• 95 day-care places in the Cologne headquarters</li> <li>• 23 places for children under three in the toddler group</li> <li>• Expansion of cooperation agreements for kindergarten slots in some regions</li> </ul>	2017
toom Baumarkt DIY stores: Tutoring for employees' children	<ul style="list-style-type: none"> <li>• Objective: to make homework help affordable through financial support and to ease worries about grades</li> <li>• 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 provider Studienkreis.</li> </ul>	February 2015

## GRI 401-1: New employee hires and employee turnover

### 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. In 2017, the fluctuation rate rose slightly to 16.2 per cent from 15.3 per cent (2016). During the same period, the hiring rate of new employees rose from 16.7 per cent (2016) to 17.1 per cent in 2017. 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 second quarter of 2015. Key figure includes the industries of trade, maintenance and repair of vehicles.

### New hiring and resignations

2017 ✓

	Up to 30 years old	31–50 years old	Older than 50 years	Female	Male	Germany	Austria
New hirings	14197	9380	1687	15247	10017	14914	10350
Resignation	-11333	-8868	-3786	-14659	-9328	-14266	-9721

2016

	Up to 30 years old	31–50 years old	Older than 50 years	Female	Male	Germany	Austria
New hirings	13605	8745	1517	14700	9167	13959	9908
Resignation	-10670	-7768	-3477	-13629	-8286	-13227	-8688

2015

	Up to 30 years old	31–50 years old	Older than 50 years	Female	Male	Germany	Austria
New hirings	13344	7830	1324	13667	8831	13243	9255
Resignation	-10119	-7492	-3617	-13388	-7840	-12612	-8616

|

#### Personal turnover based on sales line (per cent)

	National Full-Range Stores	International Full-Range Stores (Austria)	National Discount Stores	Discount Stores Austria	National Specialist Stores	National Travel and Tourism	Other	Total (scope of application of the sustainability report)
2015	11.2	20.4	14.7	42.4	11.4	10.3	24.3	15.1
2016	11.0	20.4	15.7	36.9	11.0	11.2	27.4	15.3
2017 ✓	11.9	23.0	15.3	34.8	11.5	10.7	29.3	16.2

	2015	2016	2017 ✓
Total turnover	15.1	15.3	16.2
Turnover female	13.7	13.8	14.4
Turnover male	18.3	18.7	20.2
Turnover age group up to 30	29.9	31.1	32.6
Turnover age group 31 to 50	10.9	11.2	12.6
Turnover age group over 50	9.6	8.8	8.9

## 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 2017, 8,928 employees in Germany and Austria took parental leave. The group consisted of 774 male and 8,154 female employees. During the reporting period, 3,100 employees returned to the workplace. 89.1 per cent of employees who

returned from parental leave in 2016 were still employed by REWE Group as of 31 December 2017. The right to parental leave is legally regulated in Germany and Austria.

## Number of employees who have taken parental leave

	2015	2016	2017
Female	7,517	7,906	8,154
Male	485	638	774
Total (scope of application of the sustainability report)	8,002	8,544	8,928

## Number of employees who returned to work following parental leave\*

	2015	2016	2017
Female	2,013	2,313	2,425
Male	406	537	675
Total (scope of application of the sustainability report)	2,419	2,850	3,100

\*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)

		Percentage of all male and female employees who returned from parental leave in 2015		Percentage of all male and female employees who returned from parental leave in 2016	
		Total	2015	Total	2016
Female	Resignation within 12 months	233	12.4%	227	10.5%
	Still employed at the company after 12 months	1,652	87.6%	1,931	89.5%
Total number of women		1,885		2,158	
Male	Resignation within 12 months	67	16.8%	67	12.5%
	Still employed at the company after 12 months	332	83.2%	470	87.5%
Total number of men		399		537	
Total	Resignation within 12 months	300	13.1%	294	10.9%
	Still employed at the company after 12 months	1,984	86.9%	2,401	89.1%
Total		2,284		2,695	





# Labor/ Management Relations

GRI 402: Labor/Management Relations

## Management Approach

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 company-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 notice periods regarding operational changes

### Minimum notice periods regarding operational changes

In its role 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, close and trusting relationship with the 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 Management

GRI 403: Occupational Health and Safety

## Management Approach

In summer 2017, from an organisational aspect, the Occupational Health and Safety Management units were split into the HR Services Occupational Health and Safety and the Centre of Expertise (CoE) Health & Innovation. In addition to classic occupational health and safety, the CoE Health & Innovation, responsible for health management, is consistently involved for the employees of REWE Group. One important goal is to promote employees' health in the long term and increase the health quota. To reach this goal, REWE Group has extended various health-promotion measures and launched new ones. The CoE Health & Innovation also develops and coordinates concepts within the scope of company health promotion and offers the strategic business units and their employees numerous programmes, such as health screening, Fit.Netz (movement and relaxation courses) and the LoS! project (life phase-oriented self-help skills). The CoE Health & Innovation is also involved in various regional and national projects. For more health-related measures, see **GRI 403-3**.

Company health promotion is also integrated in the sustainability strategy of REWE International AG. It is based on three pillars: physical, social and mental wellbeing. Based on pilot projects in the branches, a programme for employees in the headquarters of the trade companies has also existed since 2010. This includes individual fitness units, advice on ergonomics at the workplace and presentations to raise awareness for health topics. In the branches, medical check-ups are supported with paid time off work to attend the check-up. Training sessions showing how to lift and carry loads properly and ergonomic orthopaedic shoes are also offered.

Uniform occupational health care is provided by a service provider for the sales lines of REWE Group (REWE, PENNY, toom Baumarkt DIY stores and DER Touristik). The service provider is

coordinated nationally by the CoE Health & Innovation and in agreement with the heads of the business units and occupational safety experts in a needs-based manner that corresponds to strategic objectives.

In the HR Services Occupational Health and Safety, the full-time occupational safety experts were aggregated in a single organisational unit where they especially look after the companies in Retail Germany as internal service providers in accordance with statutory requirements. The six regional teams and their team leaders are coordinated nationally by the lead expert for occupational safety.

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 district 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 health-enhancing 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 "Online Risk Assessment" system of the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution (BGHW) was introduced with the assistance of experts 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 physical risk assessments. This process also uses employee-focused instruments like worker forums, (health) committees, work-situation analysis and other facilitated 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 remember 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.

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 programme that all PENNY trainees complete when they join the company; in the meantime, it has also been transferred to other companies.

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

### **Injuries, Occupational Diseases, Lost Days, and 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 represent reportable accidents per 1,000 full-time equivalents (FTEs).

In 2017, the rate increased to 44.4 accidents per 1,000 FTEs compared to 2016, but is still 2.3 accidents per 1,000 FTEs lower than in 2015. Unfortunately, occupational and commuting accidents increased during the reporting period; however, fortunately, no fatal accidents were reported. Sick leave at REWE Group rose once again during the reporting period. The total was 6.4 per cent in 2017 (2016: 6.3 per cent; 2015: 6.1 per cent). Paid sick leave was 4.3 per cent during the reporting period, a minimal rise since 2016 (2016: 4.2 per cent; 2015: 4.1 per cent).

REWE Group has increasingly focused on the health report covering all types of health insurance schemes since its introduction in 2008 and discusses it regularly 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. However, experience has shown that only a small number of recognised occupational diseases are found at REWE Group.

As 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 2017, 155 employees in Germany and Austria were affected by robberies, 37 fewer than in the previous year. Use of acute intervention, a process that provides professional psychological support following a traumatic event, rose above 60 per cent at 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 BGHW 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 currently not collected.

## Accidents, robberies and fatalities

Type	Gender	Total (scope of application of the sustainability report)			Germany			Austria		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
Accidents 1,000 FTE*	Female	47.3	43.2	43.5	59.5	54.7	55.8	18.5	16.1	13.9
	Male	53.8	51.3	53.9	60.4	56.7	61.0	30.1	31.9	28.1
	Result	49.7	46.2	47.4	59.9	55.5	57.9	22.0	20.9	18.2
Number of employees injured in accidents (occupational and commuting)	Female	3,552	3,271	3,379	3,140	2,907	3,062	412	364	317
	Male	2,334	2,295	2,515	2,048	1,982	2,235	286	313	280
	Result	5,886	5,566	5,895	5,188	4,889	5,297	698	677	598
Number of employees injured in accidents (occupational accidents)	Female	2,663	2,458	2,571	2,663	2,458	2,571	-	-	-
	Male	1,813	1,774	1,961	1,813	1,774	1,961	-	-	-
	Result	4,476	4,232	4,532	4,476	4,232	4,532	-	-	-
Number of employees injured in accidents (commuting accidents)	Female	477	449	491	477	449	491	-	-	-
	Male	235	208	274	235	208	274	-	-	-
	Result	712	657	765	712	657	765	-	-	-
Employees who experienced robberies	Female	116	114	104	116	114	104	-	-	-
	Male	57	56	39	57	56	39	-	-	-
	Result	189	192	155	173	170	143	16	22	12
Fatal accidents	Female	1	1	-	1	1	-	-	-	-
	Male	2	2	-	2	1	-	-	1	-
	Result	3	3	-	3	2	-	-	1	-

Austrian law does not require a distinction to be made 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 scope of the sustainability report in the columns "Occupational accidents" and "Commuting accidents".

\* FTE = full-time equivalent

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal.

## Total number of missed workdays due to accidents

Total number of missed workdays due to accidents		2015	2016	2017
	Gender	DAYS	DAYS	DAYS
Total (scope of application of the sustainability report)	Female	65,916	67,658	68,068
	Male	39,841	37,711	42,632
	<b>Result</b>	<b>105,757</b>	<b>105,369</b>	<b>110,719</b>
Germany	Female	60,285	62,202	64,017
	Male	35,576	33,481	37,678
	<b>Result</b>	<b>95,861</b>	<b>95,683</b>	<b>101,694</b>
Austria	Female	5,631	5,456	4,051
	Male	4,265	4,230	4,954
	<b>Result</b>	<b>9,896</b>	<b>9,686</b>	<b>9,025</b>

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal. Due to rounding, there may be deviations in totals.

## Sick days

		2015	2016	2017
		Total number of sick days	Total number of sick days	Total number of sick days
Region	Gender	%	%	%
Total (scope of application of the sustainability report)	Female	6.5	6.8	6.9
	Male	5.5	5.5	5.6
	<b>Result</b>	<b>6.1</b>	<b>6.3</b>	<b>6.4</b>
Germany	Female	7.3	7.8	7.9
	Male	6.0	6.1	6.1
	<b>Result</b>	<b>6.8</b>	<b>7.1</b>	<b>7.1</b>
Austria	Female	4.6	4.6	4.8
	Male	3.8	3.9	4.2
	<b>Result</b>	<b>4.4</b>	<b>4.4</b>	<b>4.6</b>

## 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, various projects are carried out. For example, the prevention courses offered by Fit.Netz, the company's occupational health management in Cologne, enjoyed high levels of participation: In 2015, 2016 and 2017, a total of about 4,000 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. On a regional level, in the sales lines many different preventive offerings are available, such as personal consultations at all administration locations, health days, fitness checks, skin screening, flu vaccinations, nutrition courses, courses to help people stop smoking, massage at the workplace, individual courses and workshops, and online coaching courses in collaboration with DAK Gesundheit. The 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 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.

Other examples of health promotion programmes include the following:

- Gyms are being set up successively in the logistics warehouses in the South region.
- Training courses on “handling stress”, “progressive muscle relaxation” and “healthy management” were carried out for employees and managers in the West region.
- In addition, the “Tour de REWE” was organised once more in the North/Lehrte region. In this programme, the REWE Health Vehicle visited various stores and offered check-up and information modules, such as cardiovascular and vein scans for employees.
- Since 2017, in PENNY LIVE (in-store radio) the “Gesundschreiber” is played twice per week before the stores open. In this, experts and doctors give tips on how to improve health, etc.

In 2016, 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 meeting hours for personal consultation were introduced at the administrative office of the headquarters. In addition, the health-promotion programmes include seminars on “healthy management”, health days at some logistics locations and health olympics at some DIY stores.

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 2017, initial advisers on a coworker-level were trained during ten multiplier courses. As a result, the company now has 140 LoS! programme advisers as points of contact for employees going through difficult phases in their lives. New aids are regularly developed to assist the voluntary advisers.



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. In this context, one focus of REWE International AG is to raise employees' awareness for physical and mental health factors. Measures include the management academy, which is mandatory throughout the Group, with one module focussing on "healthy management" and the BILLA Burnout Prevention Curriculum. Managers also have the option of individual coaching, while employees have the option of work psychology coaching.

For its high level of commitment in the area of health promotion, REWE International AG (Austria) received the "company health promotion" seal of approval for the third time.

Company integration management assists employees who return to work after long health-related absences. It focuses on 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 hospitals. The network enables employees to receive systematic, high-quality and work-related rehabilitation.

In 2017, company integration management (part-time reintegration) was also introduced in Austrian law. REWE Austria promotes this model, which several employees have already taken advantage of.



# Training and Education

GRI 404: Training and Education

## Management Approach

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 about 20 different training options, such as retail or wholesale and foreign trade, food production, IT, logistics and also in the tourism industry. New training options are continuously added, such as e-commerce management assistant at toom Baumarkt DIY stores and REWE Digital, which has been available since 2018. In Germany and Austria (scope of application of the sustainability report), REWE Group employs a total of 5,992 trainees.

### Learning concepts for trainees

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. With this special learning concept, REWE Markt GmbH, for example, especially focuses on promoting the professional development of its trainees who 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 e-learning app, the trainees can study for tests anywhere. All merchandise knowledge subjects are digitised and available via the app. Using tablets and the Beacon technology also allows a digital "paper chase" in supermarkets, which teaches product and process knowledge in a modern and sustainable manner. The subject

of sustainability has also been integrated into the classroom training with many projects dealing with sustainability topics.

To improve the training programmes of PENNY, a partnership was started 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 (IHK). A learning app was also introduced for PENNY trainees, sustainability subjects have been integrated into the trainee seminars and an idea competition on the topic of food waste was organised.

Karriereschmiede from REWE International AG offers trainees in Austria a cross-company training platform. It supplements the learning offerings with special events. An example of this is the annual personality seminar in Ramsau am Dachstein. In addition to the Group philosophy, the concepts behind store brands such as “Ja! Natürlich” and the PRO PLANET label are taught in combination with the subject of sustainability. When they have completed their vocational training, employees have an option of a further 2-year training course to become a manager. For this purpose, there is a wide range of advanced training programmes – such as the BILLA Master Class, the MERKUR Young Generation programme, the BIPA YoungStars career programme or the Frische Campus from ADEG and AGM.

## **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, tourism and event management as well as information systems. During the reporting period 138 dual students were enrolled, 53 of whom started in 2017.

## **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, 45 university graduates began their on-the-job training.

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 with the field sales forces as well as in the respective regional headquarters and the company's main office in Cologne. In 2017, 5 trainees started and a further 5 are planned for 2018.

## **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 2017, a total of 293 trainees and 102 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 systematically recruit new trainees and cover the need for skilled employees. For instance, in 2017 the employer campaigns for employees in the sales lines were intensified. Most of these campaigns take place on social media and in job networks, such as Facebook, YouTube, Snapchat, Instagram and the job portal Wachado. The company also cooperates with social influencers and bloggers to increase the coverage of the campaigns.

In 2017, REWE Group sponsored twelve scholarship holders via the Deutschlandstipendium. The selected business sciences students are from the University of Cologne and the Technical University of Cologne. Through the financial support and also excursions to production facilities and warehouse locations as well as regular support meetings, the scholarship holders get to know REWE Group as an attractive company for a potential career in the future.

## **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. The challenge of this work is to design the training courses in such a way that they meet the sales lines' broad range of needs while also considering the employee's individual requirements.

### **Personnel Development Programmes**

As part of systematic personnel development activities, every sales line offers programmes aimed at particular target groups. These courses teach valuable skills to employees who work in sales or logistics 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 also 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.

More examples of human resources development programmes:

- On the store level, PENNY employs a management development programme for its discount business known by the German acronym FeDi to develop and promote prospective and new store managers. It also trains them in professional and personal terms for the position of store manager. The company also offers targeted programmes to prepare employees and managers to assume specific positions.
- REWE Markt GmbH promotes young talent in special programmes for sales and logistics, while the Junior Campus programme is designed to help participants become self-employed.
- Trainers are offered "train the trainer" programmes certified by the Chamber of Industry and Commerce as well as regular trainer workshops.
- The B.Factory – the career plan at BIPA – trains professional beauty consultants and make-up artists. Shop managers are also prepared for a career in management. The offerings are available for full time and part time employees.

### **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. Regional seminars and specific training programmes

are offered in all regions and in the different sales lines. The qualification 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.

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 ambitious internal training programme provides needs-based knowledge and helps managers network outside their own companies. myCampus focuses on classroom training, presentations and coaching to develop managers' skills. Managers also attend a seminar called "Sustainability 2.0" where they have an opportunity to discuss how the value of sustainability can be integrated into the company's management and culture.

## **Other Educational Opportunities**

In addition to the existing education programmes, new innovative training concepts are continuously piloted and implemented, such as "Lunch & Learn", a programme for Cologne headquarters departments in which interested parties can take part in specialist presentation and discussions about various topics during their lunch break. REWE Markt GmbH offers training courses and coaching sessions in cooperation with seminar actors or boot camps whose content is based on attendees' needs or is developed in advance by the participants themselves.

## **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 about 70 e-learning units, some of which are required by law. It covers such topics as food and personal hygiene as well as voluntary courses that include career and successor planning for employees. 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.

During the reporting period, a new cloud-based IT platform for the strategic business units of REWE, PENNY and headquarters departments in Cologne and the regions was piloted. The

“Learning” module will be rolled out successively in 2017 and 2018. Separate e-learning platforms are available for toom Baumarkt DIY stores, DER Touristik and in Austria. About 100 e-learning courses are currently being offered throughout the company.

The innovative training concepts have received several awards over the past years. In 2017, the “Beacon” concept received the Human Resources Excellence Award in the area of Knowledge Management – Learning & Development.

## Overview of participants and online courses 2017:

	Number of trainees (rounded)	Completed online courses
REWE	100,000	423,937
PENNY	27,000	82,045
toom Baumarkt DIY stores	14,500	23,076

## 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 amfori Business Social Compliance Initiative (amfori 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, such as ways to avoid environmentally harmful chemicals. In REWE Austria, all new employees from the headquarters departments and all trainees are trained in sustainability topics at regular intervals. Managers can obtain information about current trends and developments in many different event formats.

## Programmes for 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 determined segment/department discuss employees whom they directly supervise. The aim is to develop joint standards for judging 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 2017, the CSP process was conducted for 20,151 employees, from top executives to sales and logistics managers.

In addition, in 2015 and 2016, the planning 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. The pilot phase for the module was in 2017 and the rollout is planned for autumn 2018. With 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. The goal is to simplify the search for talented individuals, internal hiring and the professional growth of employees.



The goal of increasing the share of internal hirings of managers from 75.0 to 77.3 per cent by 2022 was already achieved in 2017. In 2017, the total was 79.7 per cent (2016: 77.3 per cent; 2015: 76.2 per cent). Furthermore, a goal was defined to keep the share of management positions filled by women at 47.9 per cent until 2022. This goal was also achieved in 2017, when 48.6 per cent of management positions were filled by women.



# Diversity and Equal Opportunity

GRI 405: Diversity and Equal Opportunity

## Management Approach

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 workplace 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, open structures and processes.
- The gender balance is designed to further the gender-specific promotion of professional and personal abilities and development opportunities.

Within the scope of its DisAbility strategy, REWE International AG defined the following targets that it plans to reach by 2019:

- Double the number of employees with disabilities
- Set up accessible pilot branches
- Accessible websites throughout the Group
- Raise awareness among employees and managers

A Disability Manager position has been created to promote implementation of the measures and goals of the company-wide strategy.

### **Inclusion**

In 2017, REWE Group started a strategic cooperation with Aktion Mensch, a German social organisation. During the reporting period, a round table on the subject of “inclusion and work” took place. The aim was to discuss options to integrate people with disabilities more in the company and/or also to train them. It is planned that awareness for the subject of inclusion in the regions will be raised among more managers and HR managers through discussions.

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.

### **Cultural Diversity**

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 LGBT network is designed to help employees network in the work environment and to promote 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. For example, with the successful rainbow sticker campaign in June 2016, di.to encouraged all REWE stores to demonstrate tolerance and diversity by attaching the symbol to the door of the store. In 2017, the rainbow sticker campaign was carried out at PENNY. di.to is also a contact for employees who feel discriminated against because of their sexual identity. The network now has about 170 members, and more and more regional networks are being added to

it. There are also subsidiaries in the South, North, East and Central regions. The “different together” network also started in Austria in 2017.

### **Integration of Refugees**

REWE Group has intensified its social commitment for refugees. 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.

To help young refugees enter the workforce, internships throughout Germany were filled by refugees. REWE Group also continues to support its partnership with JOBLINGE – an initiative that supports young, socially disadvantaged people and young refugees. In the JOBLINGE and JOBLINGE Kompass programmes, employees from REWE Group act as mentors to help young refugees qualify as soon as possible and become integrated in the labour market. Employees of REWE, DER Touristik, PENNY and toom Baumarkt DIY stores can easily work as volunteers (programme “Ehrensache”, or Act of Honour). In the meantime, almost 60 mentors are active in Germany, many of whom are mentors for a second time.

The integration initiative “KIMAT” was launched in the REWE Region South to help 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. Some refugees are integrated as trainees, others are taking part in language courses to prepare them for training in sales and logistics.

### **European Logistics Recruiting**

In the “European Logistics Recruiting” project, lorry drivers and pickers and packers from the rest of Europe are being specifically recruited for REWE and PENNY. However, true employee acquisition means more than just recruiting. The aim is to integrate new co-workers – at work and also privately. Therefore, the project also includes considerations about integration services, such as German language courses, mentors for initial support and suitable, affordable accommodation. To open up different paths, the project also aims to acquire and integrate the target group refugees. The successful experiences from the South region will be used as a basis to develop a concept for the entire REWE Group. Implementation for the pilot locations in the North, East and South regions will commence at the start of 2018.

### **Promoting Women**

Like many other companies, REWE Group is confronted with inequality with regard to 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 join its managerial ranks and increase the appeal of managerial positions. The Women's Drive programme started in 2017 with 16 participants. It specifically aims to put more women into management roles. The programme takes one year to complete and consists of four seminars with supporting mentoring from internal managers. Since 2017, REWE has also been a partner in the Cologne-based alliance "Mit Frauen in Führung" (Leading with Women). Thirteen well-known Cologne companies have established an active network offering numerous activities to offer women and men equal development opportunities and to set an example. As well as regular discussions with companies in the alliance, there is a cross-mentoring programme in which REWE Group participates with three mentees and mentors.

## **GRI 405-1: Diversity of governance bodies and employees**

Women made up 68.4 per cent of the total workforce of REWE Group in 2017 and 68.7 per cent in 2016. They also comprised about 48.6 per cent of the company's managers (2016: 48.1 per cent; 2015: 48.0 per cent). The share of women among the company's top management was 11.6 per cent (2016: 10 per cent). Consequently, REWE Group has beaten its target of having 47.9 per cent of its management positions filled by women.

The Supervisory Board of REWE-Zentral-Aktiengesellschaft (RZAG) had 18 ordinary members (16 men and two women) as of 31 December 2017. The Supervisory Board of REWE-ZENTRALFINANZ eG (RZF) had 20 ordinary members (17 men and three women) in 2017. No women were members of the Management Board in the reporting period. Likewise, 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 these definitions, the employment rate of employees with disabilities at REWE Group was 3.2 per cent in 2017, a slight increase from previous years (2016: 3.0 per cent; 2015: 2.9 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 in 2017**

Top executives	
Woman	11.6%
Men	88.4%
Managers	
Woman	48.5%
Men	51.5%
Employees	
Woman	68.0%
Men	32.0%

## Composition of employees by employee categories

	Region	Employees			Managers			Top Executives		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
Total staff	Total	154,351	157,493	161,615	12,202	12,399	12,687	225	231	225
	Germany	119,169	121,138	124,710	6,993	7,124	7,431	192	199	192
	Austria	35,182	36,355	36,905	5,209	5,275	5,256	33	32	33
Female %	Total	69.1	68.7	68.0	48.5	48.7	48.5	10.7	10.0	11.6
	Germany	67.1	66.6	65.8	37.6	37.9	38.1	9.4	9.0	10.4
	Austria	75.9	75.5	75.6	63.1	63.3	63.3	18.2	15.6	18.2
Male %	Total	30.9	31.3	32.0	51.5	51.3	51.5	89.3	90.0	88.4
	Germany	32.9	33.4	34.2	62.4	62.1	61.9	90.6	91.0	89.6
	Austria	24.1	24.5	24.4	36.9	36.7	36.7	81.8	84.4	81.8
Up to 30 years old %	Total	30.8	30.3	30.3	14.5	14.2	14.2	-	-	-
	Germany	29.5	29.0	28.6	14.3	13.7	13.6	-	-	-
	Austria	35.0	34.7	34.3	14.7	14.8	15.1	-	-	-
31–50 years old %	Total	42.9	42.4	41.9	59.7	59.6	59.1	52.0	48.9	51.1
	Germany	41.5	41.1	40.6	58.1	58.6	59.2	53.1	50.3	51.0
	Austria	47.5	46.8	46.3	61.9	60.9	59.0	45.5	40.6	51.5
Older than 50 years %	Total	26.4	27.3	28.2	25.8	26.2	26.6	48.0	51.1	48.9
	Germany	29.0	29.9	30.7	27.5	27.7	27.2	46.9	49.7	49.0
	Austria	17.5	18.5	19.4	23.4	24.3	25.9	54.5	59.4	48.5
People with disabilities by headcount	Total	3.0	3.1	3.2	2.0	1.9	2.1	2.1	1.7	1.3
	Germany	3.6	3.7	3.8	2.5	2.6	2.7	1.9	1.5	1.0
	Austria	1.0	1.0	1.3	1.2	1.0	1.2	3.0	3.1	3.0

\* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis than the determination of the mandatory share of employed people with severe handicaps according to Section 71, Book IX of the Social Welfare Code (SGB) (Germany). Calculating the rate of people with disabilities by headcount was chosen in order to determine a uniform key figure for Germany and Austria. Individuals with disabilities are defined according to Section 2 of the German Social Welfare Code and the Austrian Disabled Persons Employment Act (BEinstG).

## Composition of governance bodies

	Year	Number	Women %	Men %	Up to 30 years old %	31–50 years old	Older than 50 years %
Management Board	2015	6	0	100	0	33	67
	2016	6	0	100	0	17	73
	2017	5	0	100	0	20	80
Supervisory Board Germany	2015	28	11	89	0	25	75
	2016	28	14	86	0	29	71
	2017	31	16	84	0	19	81
Management Board RIAG (Austria)	2015	5	0	100	0	20	80
	2016	6	0	100	0	33	67
	2017	6	0	100	0	50	50
Supervisory Board (Austria)	2015	7	0	100	0	30	70
	2016	7	0	100	0	14	86
	2017	6	0	100	0	33	67

## Share of employees with foreign nationality

	Region	Employees			Managers			Top Executives		
		2015	2016	2017	2015	2016	2017	2015	2016	2017
Total staff	Total	154,351	157,493	161,615	12,202	12,399	12,687	225	231	225
	Germany	119,169	121,138	124,710	6,993	7,124	7,431	192	199	192
	Austria	35,182	36,355	36,905	5,209	5,275	5,256	33	32	33
Headcount, foreign nationals	Total	21,292	22,871	24,716	1,049	1,175	1,231	14	12	16
	Germany	13,365	14,394	15,640	361	413	450	9	7	8
	Austria	7,927	8,477	9,076	688	762	781	5	5	8
Share of foreign nationals %	Total	13.8	14.5	15.3	8.6	9.5	9.7	6.2	5.2	7.1
	Germany	11.2	11.9	12.5	5.2	5.8	6.1	4.7	3.5	4.2
	Austria	22.5	23.3	24.6	13.2	14.4	14.9	15.2	15.6	24.2



# Non-discrimination

GRI 406: Non-discrimination

## Management Approach

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 departments, the Works Council and the di.to network (you will find more information on the topic of di.to (different together) in **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 Austria, REWE Group pursues a holistic approach with regard to disability: The vision "We think without barriers and give employees, customers and partners the same opportunities" means, on the one hand, increasing the number of employees with handicaps in the company itself; employees with hearing disabilities have been successfully integrated into the stores and people with autism have also found employment in the central units. On the other hand, it means that accessibility is implemented in the stores and on the websites. Numerous awareness-raising measures and an internal DisAbility network accompany this process.



# 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 that were pursued legally were reported in Germany during the reporting period. In Austria in 2017, there were five cases that led to employees being transferred or leaving the company by mutual agreement. There were also four anonymous inquiries that were not pursued at the employee's request. 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 workforce. 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 ones to 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 more balanced diets. The company also integrates them 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 defined four areas of action for its social involvement with this preamble: “REWE and PENNY support non-profit organisations and projects as well as groups that provide consumer education.” The 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 of these areas 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 Retail 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):

- KPI 1: The number of long-term projects should total at least 70 per cent

**Status 2017:** The number of long-term projects (covering at least two years) equals 83 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 2017:** Evaluation completed

## Sustainable Development Goals

The social involvement of REWE Group also includes the global goals of more 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 2016 in which REWE Group measured its sustainability strategy against the Sustainable Development Goals (SDGs) and then identified and prioritised the SDGs that are relevant to the company (see [Strategy](#)).

## Reporting

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

- **GRI 203: Indirect Economic Impacts**
- **GRI 413: Local Communities**



## Projects and Sponsorships

GRI 203: Indirect Economic Impacts

### Management Approach

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 food banks across Germany and the national organisation since 1996. For many years, REWE Group has also sponsored numerous events of the parent organisation Tafel Deutschland e.V. In 2017, for example, it supported the federal food bank convention (Bundestafeltreffen) in Potsdam, the preceding city bet and the federal food bank day. 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 3.6 million euros have been collected. The money was primarily used to rebuild the destroyed Collège Véréna, a school located in a slum of Port-au-Prince that can be attended by about 1,500 children. 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, 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 these children 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 to 2020 as a way of providing further support to the new school and of expanding its commitment to other educational projects.

In 2017, the DER Touristik Foundation supported the Child Friendly Spaces program (CFS) of Kindernothilfe on the north-west coast of Haiti with a donation of 30,000 euros.

The north-west of Haiti was hit very badly by Hurricane Matthew at the end of 2016. The CFS programme is the only aid programme to become active after the hurricane. In the CFS, children who were traumatised by the natural disaster are fed, receive socio-pedagogical and medical care and can take part in various leisure activities. So far, about 1,400 children have been looked after here.

### **The DER Touristik Foundation**

In 2014, DER Touristik established the non-profit organisation DER Touristik Foundation e.V. that is dedicated solely to charitable work and supports the education of children and young people, environmental protection and sustainable developmental aid. Within its “DER Welt verpflichtet” (committed to the world) programme, DER Touristik is especially involved in creating the necessary school infrastructure and imparting knowledge to children, young people and women.

Since DER Touristik Foundation was created, financial aid has been provided for the construction of more than 40 schools for over 6,500 children. In 2017, 12 school construction projects were carried out in ten countries around the world – in Africa (Kenya, Namibia, Tanzania, South Africa), Asia (Cambodia, Sri Lanka, Nepal, India, Indonesia) and Central America (Guatemala) – with the help of donations.

Social involvement has been extended with more education projects since 2016. The aim is to break the cycle of poverty and especially to help young people create a better future for themselves and their communities. The DER Touristik Foundation also supports environmental education programmes to raise awareness for nature and species protection among the local population.

### **1. Education project KOTO/Vietnam**

The DER Touristik Foundation began to provide financial support to KOTO, an educational institution near Hanoi, Vietnam, in 2016. The aim is to give extremely disadvantaged, at-risk young people vocational training that qualifies them for jobs in the hospitality and tourism industries. In 2017, funding was used to develop a learning and training centre on the KOTO Campus. The new facilities provide the young people with a protected space and support for their occupational development by offering learning materials, coaching and vocational activities.

### **2. Regional development project Tanzania Emboreet**

Since 2016, the DER Touristik Foundation has supported various development projects that benefit the population in the Simanjiro District in Tanzania, to the south of Kilimanjaro. This is home to the Maasai ethnic group. Since the start of October, roughly 1,200 primary-school pupils in two schools have benefited from renovated classrooms, refurbished bedrooms in the boarding school, a completely renovated canteen and new school furniture. The aim of this project is to create a conducive learning environment so that more pupils can qualify to attend secondary school.

The new education centre for Maasai women, built with the cooperation of the German Federal Ministry for Economic Cooperation and Development (BMZ), Upendo e.V. and local organisations, also promises a better future. The project is at the centre of a local initiative that aims to strengthen the role of women in society and is particularly aimed at providing education, schooling and advice.

Because of the close vicinity of national parks, such as Tarangire National Park, nature and species conservation are also very important in this region. Within the scope of the project “Living in Harmony with Nature”, which is funded by the DER Touristik Foundation, since 2017, young people have been taught about environmental protection at various secondary schools in the Simanjiro District. After all, education is also a key component for conserving the wonderful wildlife and landscapes of Tanzania.

### **3. Haiti, development of child protection centres after Hurricane Matthew**

The DER Touristik Foundation funds development measures worldwide. Together with Kindernothilfe and local partners, the development of child protection centres on Haiti was

funded in 2017. In October 2016, Hurricane Matthew left a trail of destruction in its wake. The children living there were especially affected by the force of nature. Initial centres were already set up in the region immediately after the natural disaster. The donations provided by the Foundation flowed into the Child Friendly Spaces programme (CFS) on the north-west coast of Haiti, which suffered very badly. Through this measure, around 1,400 children who were traumatised by the natural disaster have been fed and have received socio-pedagogical and medical care.

### **Project: REWE Far East – WASH Project/India**

REWE Far East Ltd. is aware of its responsibility as a purchasing organisation of REWE Group and has been supporting the “Water, Sanitation and Hygiene” project – or WASH – organised by Save the Children in India since January 2017. Inadequate supplies of drinking water and the lack of sanitary facilities and hygiene education are the main causes of the high rates of child mortality in the informal settlements of marginalised groups of people in Delhi. This is also why India has one of the highest rates of child mortality worldwide due to diarrhoeal diseases – a completely avoidable disease. Improving basic sanitary conditions, such as regular hand washing with soap, has already reduced the number of diarrhoeal diseases with a fatal outcome by two thirds. Inadequate access to water and sanitary facilities also leads to reduced education opportunities, food insecurity and lower incomes for families because of disease-related time off school and work.

The goal of the project is therefore 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 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.

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. By June 2017, REWE Far East and Save the Children had reached 3,038 children and 3,251 adults with the project activities in the first seven months of the project.

In collaboration with Save the Children, REWE Far East wants to ensure the sustainability of the project for the people in Delhi. Because of this, and to ensure a high degree of personal responsibility, members of the community are closely involved in the identification, planning,



organisation and execution of project activities. In addition, the toilet blocks that were established and renovated within the scope of the project were handed over to the communities who were shown how to manage and maintain them during the project.

### **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. Since the initiative was started, 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 many years of support from customers, donations of more than 500,000 euros had been collected by May 2016. The money is used to support projects by the Catholic charity Caritas, such as Learning Cafés, special education programmes and mother-child homes.

### **Project: Cooperation with Lebenshilfe**

Since 2014, toom Baumarkt DIY stores have been cooperating with Lebenshilfe, the German association for people with mental disabilities, their families, experts and friends. The aim is to break down barriers by talking with each other and to familiarise customers with the topics of inclusion and diversity. For this purpose, toom Baumarkt DIY stores throughout Germany have established partnerships with Lebenshilfe facilities in their city or region. The commitment consists of the following project focuses:

- Local actions at the toom Baumarkt DIY stores – such as joint sales of Christmas trees.
- Publication of the brochure “Selbermachen leicht gemacht“ (DIY made easy) for the three favourite DIY topics in simple language.
- Outsourced workshop workplaces for people with disabilities in toom Baumarkt DIY stores.

One particular focus is including employees with disabilities in toom Baumarkt DIY stores. toom has already set up outsourced workplaces from Lebenshilfe workshops in 14 stores.

## **GRI 203-2: Significant indirect economic impacts**

With its approximately 15,300 stores and travel agencies, REWE Group employs about 345,000 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." (Excelling at sports – Initiative for daily sport at schools) since 2008. This initiative promotes the well-being and athletic activities of children at selected schools. REWE Group is now the patron for 46 "Klasse in Sport" schools. The idea of this initiative is to enable an hour of qualified sport at school or during breaks every day within the scope of working groups and to methodically integrate movement in the lessons to show children and young people that movement can be fun. After all: if you feel positive about your body, you are more motivated to learn.

The association backs training and advanced training of the necessary specialist and training staff and provides the schools with education material, games and sports equipment. German Sport University Cologne provides scientific support for the project and also conducts the project.

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. Together with other sponsors, including the German Nutrition Society (DGE), the company has been involved in encouraging people to eat more fruit and vegetables since 2000.

To promote a healthy lifestyle in children, each year, REWE also distributes school cones to children starting school. They contain fruit and vegetables and information about nutrition that is suitable for children.

### Power Box

To help children get their days off to a healthy start, REWE Group has joined forces with Tafel Deutschland e.V. food banks and other partners to distribute so-called Power Kisten (power boxes) to schools. These boxes contain a changing range of foods selected by nutrition experts that individual classes use to prepare breakfast. At the end of 2017, ten schools and about 1,200 children were receiving the power boxes from Monday to Friday. In this way, more than 230,000 meals were provided in the 2016/17 school year. 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.

In many regions of Germany, REWE promotes nutrition workshops. The aim of the workshops, which, depending on the region, are carried out together with ArbeitsKreisNeueMedien or expika, is to motivate children in daycare centres and provide practical support so that they learn about healthy nutrition in a fun way and to ensure that new media is used in education work in a manner that is suitable for children. In 2017, more than 1,000 workshops were organised.

### Opportunities for Children and Adolescents

For years, REWE Group has systematically taken part in projects that promote the development of children and young people. An important approach is the support from volunteers who pass on their knowledge and experience in direct contact.

REWE International AG, together with Caritas and Vienna University of Economics and Business (WU), helps children and young people who need extra care in the “Lernen macht Schule” (Learning to Learn) initiative. 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.

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 support children and young people.

### Vigilant Approach to Food

REWE Group strives to keep food waste to a minimum. In doing so, it works with upstream producers and in its own stores. Due to modern forecasting systems and automatic ordering processes, supported by the commercial experience of the employees, stores can be supplied with fresh goods as they are needed. Short transport routes between the warehouse locations and the stores, end-to-end refrigeration from production to shelf as well as regular employee training help keep losses to a minimum. 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 food bank initiatives. REWE has been making such donations since 1996 and PENNY since 2007. 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. In 2016 and 2017 it distributed a brochure called “Spar doch grün” (The Green Way to Save) with clever household tips and tricks and in 2015 it conducted an educational campaign about the sell-by date.

Since it started in 2016, PENNY has been involved in the EU research project “Refresh” and has already implemented pilot projects as part of this. For instance, in 2017/2018 all PENNY trainees completed a course on food waste to raise awareness for and explain this important subject. The trainees are also asked to take part in an ideas competition and submit creative tips to prevent food waste.

Each year, German hotels produce 200,000 tonnes of food waste, a large part of which could be avoided. To improve this situation, DER Touristik took part in the project “Preventing Food Waste in Hotels”. Together with the sustainability initiative Futouris e.V. and the organisation “United Against Waste e.V.”, investigations were carried out in selected hotels in Greece, Turkey and Italy. The aim was to develop practical measures to prevent food waste.

One of the hotels in the project was Ili Asterias Beach Resort on Rhodes, which belongs to DER Touristik. In the first step, all food rests were collected in the kitchen and separated into waste from the store, production waste, surplus production and food rests on plates. With the help of a waste analysis tool, the quantities of waste were measured systematically over several weeks and, on this basis, savings potentials were determined and measures were developed. The biggest challenge in all the hotels that took part was the ubiquitous “all you can eat” concept, which resulted in above-average quantities of food left on plates.

At Ili Asterias, the new concept to prevent food waste was introduced in summer 2017. For example, a pre-order system was introduced for the à la carte restaurant. Guests can order what they would like the following day at reception, which allows better planning in the kitchen. The introduction of even more live cooking stations to supplement the buffet has also proved to be very successful, as portions can be measured much better. Another important aspect is raising guests’ awareness for the topic. In particular, the information about produce from the region and local specialities made people more aware about the food they ate.

At Ili Asterias, a control measurement was carried out in October 2017, which showed that on average the measures that had been implemented reduced food waste by 18 per cent. The reduction in waste from lunch and dinner was between 30 and 60 per cent. In addition, the results from the final project report showed that about 400 kilograms of food waste per week could be saved in a hotel.

DER Touristik plans to expand the concept to more of its own hotels in 2018. Initially, the measures will also be implemented in the hotels Iti alpenhotel Kaiserfels in St. Johann in Tyrol, Austria, and in Iti Bellevue Park in Tunisia. Employees from the Food & Beverage area will also be trained in the subjects of sustainable food offerings and preventing food waste.



## Child Protection

GRI 413: Local Communities

### Management Approach

Holidays are the best time of the year for many people. They enjoy the sun and beach, breathtaking landscapes and exciting new impressions. This 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 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 supports DER Touristik as an expert partner.

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 at all destinations and is a key topic in the training concept used for employees at 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. In 2017, the training concept was expanded to employees at 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 pledged 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 preparation of the programme for an annual destination workshop organised by the German Travel Association and ECPAT. The workshop is designed for hotels, agencies and tour operators at holiday resorts 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 Sri Lanka in 2017.

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

In the Travel and Tourism area, 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 DER Business Travel work to prevent children from being sexually exploited. In 2011, DER Business Travel became the first business travel provider in Germany to sign up to the Child Protection Code. The following activities were carried out in 2017:

- Training in the DER Touristik hotels (Majorca, Turkey, Crete, Madeira, Sri Lanka)
- Training all DER Touristik travel guides during the travel guide conference in Tyrol, Austria)

- Training courses and presentations as part of destination workshops organised by the German Travel Association and ECPAT Deutschland e.V. (in Sri Lanka in 2017)
- Training employees at the headquarters locations of DER Touristik Germany
- 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 features of business travel
- 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 at five destinations. In addition, training was provided to the hosts of DER Touristik Hotels.

In 2017, DER Business Travel provided information about this subject within the scope of:

- Trade fairs
- Customer events
- Presentations to various committees (customers, partners)
- Conferences
- Collaboration with ECPAT and The Code
- Press releases, fliers
- Customer interviews
- Committee work

The subject of child protection was also added to the orientation plan for new headquarters employees. In recognition of these efforts, the business travel expert has been named a “top member” of the Child Protection Code since 2014. The wide range of activities in the area of business travel is honoured here.