



**REWE GROUP SUSTAINABILITY REPORT 2018**

# Sustainability report based on GRI standards

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

“We are aware of our responsibility and act sustainably.” We added this principle to our mission statement 10 years ago and turned the issue of sustainability into a main pillar of our company strategy. Our first REWE Group Sustainability Report was released in business year 2008 with the title of “A Question of Value”. The title, I think, was appropriate. The values that we jointly embody represent the heart of our cooperative organisation. Sustainable principles and action extending across generations, collaboration and a powerful sense of community are the essence of our culture.

The sustainability reports we have issued since 2008 have accomplished two things: First, they have served as a document that elaborately describes the sustainability projects. Second, they have established specific goals, thus underscoring the responsibility we have assumed for society and the environment. With its far-reaching commitment and its reports, REWE Group became the first company in the food retail sector to examine the issue of sustainability from a comprehensive perspective and initiated a positive change in the entire industry: Sustainability is now an issue of vast strategic importance in Germany’s food retail sector.

Our core business – retail as well as travel and tourism – is closely linked to the lives of millions of people every day – in Germany and Europe. As an international combine with around 360,000 employees, REWE Group assumes tremendous social and environmental responsibility. What's more: We have an obligation to positively influence the impact of our business activities, as an employer and economic agent.

The challenges we face are multiplying: The issues that have moved to the very top of our long agenda include measures to stop the increasing loss of biodiversity, climate protection, our fight against single-use plastic, the protection and strengthening of human rights in the complex global supply and value chains as well as the promotion of sustainable farming, animal welfare and health in animal husbandry.

The latest sustainability report impressively shows that we at REWE Group have not just successfully tackled these issues. As an active driving force, we also demand and encourage sectoral change processes that address social, environmental and economic needs – including in areas that extend beyond the reaches of our own business areas.

I hope you have an inspiring read.

Lionel Souque  
CEO

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# REWE Group Portrait

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

## Company structure

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 2018, the parent company and 412 subsidiaries (previous year: 396) are included in the Combined Financial Statements (see also the [Combined Management Report for the 2018 Business Year](#), page 3). The number of stores of REWE retailers in Germany was over 1,700 in 2018.

REWE Group is active in various business segments:



## AT A GLANCE

### RETAIL GERMANY



### RETAIL INTERNATIONAL



### DIY STORE



### TRAVEL AND TOURISM



### OTHER



### FOREIGN COUNTRIES

**AUSTRIA** BILLA, MERKUR, PENNY, BIPA, ADEG, DERTOUR, JAHN REISEN, MEIERS WELTREISEN, ADAC REISEN, ITS BILLA REISEN · **BELGIUM** KONING AAP · **BULGARIA** BILLA · **CROATIA** BIPA · **CZECH REPUBLIC** BILLA, PENNY, DERTOUR, JAHN REISEN, MEIERS WELTREISEN, ITS BILLA TRAVEL, EXIM HOLDING · **DENMARK** APOLLO · **FINLAND** APOLLO · **FRANCE** KUONI · **GREAT BRITAIN** KUONI · **HUNGARY** PENNY, DERTOUR, JAHN REISEN, MEIERS WELTREISEN, ITS BILLA TRAVEL, EXIM HOLDING · **ITALY** PENNY · **LITHUANIA** IKI · **NETHERLANDS** PRIJSVRIJ.NL · **NORWAY** APOLLO · **POLAND** DERTOUR, JAHN REISEN, MEIERS WELTREISEN, ITS BILLA TRAVEL, EXIM HOLDING · **ROMANIA** PENNY · **RUSSIA** BILLA · **SWEDEN** APOLLO · **SWITZERLAND** KUONI, HELVETIC TOURS, ITS COOP TRAVEL · **SLOVAKIA** BILLA, DERTOUR, JAHN REISEN, MEIERS WELTREISEN, ITS BILLA TRAVEL, EXIM HOLDING · **UKRAINE** BILLA

As of: December 2018

The sales lines of REWE Group include the supermarkets and consumer stores operated by the brands REWE, REWE CENTER and BILLA, as well as MERKUR, the discounter PENNY and 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 forms the Group's second core business. Its activities are performed under the umbrella of DER Touristik Group. Companies here include the tour operators ITS, Jahn Reisen, DERTOUR, Meiers Weltreisen, ADAC Reisen, Kuoni, Helvetic Tours, Apollo and Exim Tours, as well as over 2,400 travel agencies (including DER Reisebüro, DERPART and cooperation partners), the hotel brands Iti, Club Calimera, Cooee, PrimaSol and Playitas Resort, and the direct operator clevertours.com (for a detailed description of the individual business segments, also see the Combined Management Report for the 2018 Business Year, pages 4–5).

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

## **Markets and countries with significant business activities**

In 2018, REWE Group operated over 15,600 stores in 22 European countries and employed 360,315 people (previous year: 345,434). Total external revenue generated in 2018 increased to 61.2 billion euros (previous year: 57.8 billion euros). In its home market of Germany, REWE Group generated revenue of 43.6 billion euros (previous year: 41.7 billion euros) in over 10,700 stores and with a workforce of 259,496 people (previous year: 254,097). The number of employees abroad increased to 100,819 (previous year: 91,337).

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 drugstores. PENNY International is represented in Italy, Austria, Hungary, Romania and the Czech Republic. The revenue of International Full-Range Stores rose to 9.4 billion euros (previous year: 8.9 billion euros) and International Discount Stores rose to 4.8 billion euros (previous year: 4.5 billion euros).

Today, Travel and Tourism has its own group structure under the umbrella of REWE Group. For this purpose, the six German organisers were combined in DER Touristik Deutschland GmbH and DER

Touristik Group GmbH was founded as an international holding. In 2018, DER Touristik generated invoiced revenue of 6.7 billion euros.

The network of the combine's destination agencies is constantly growing. For example, the agencies Go Vacation Africa and Go Vacation India were started in 2017. In 2018, Destination Services was founded in Croatia. With its entry into Mauritius in 2019, DER Touristik Group is present in 25 destinations with 56 offices.

Through the purchase of Travel Lab SAS, known as Kuoni France, DER Touristik Group entered the French market in March 2018. As a result, Travel and Tourism is active in 15 European countries and is expanding 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, including independent retailers (scope of the sustainability report), rose from 224,879 (2017) to 231,863 (2018). Across Europe, REWE Group currently employs about 360,000 people.

This financial year, for the first time, the scope of the report also includes around 50,000 employees of REWE independent retailers. REWE independent retailers predominantly operate their stores using the REWE partnership model, where REWE and the retailer work together to establish a general mercantile partnership. The key figures include all retailers which can be recorded via a central accounting system – this amounts to around 95 per cent.

Not included in this are the other foreign companies of REWE Group, national and international companies that are not part of the combine, independent retailers, REWE Supermärkte Nord, REWE Dortmund SE, akzenta, REWE Spedition und Logistik GmbH and the small companies Mayflor, ZooRoyal, Eurogroup and commercetools GmbH in Germany as well as ADEG and Sutterlüty in Austria. Due to the inclusion of employees of independent retailers in the scope, this no longer corresponds to that of the 2017 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 2018, the share was 3.7 per cent, just as in 2017. In the reporting period, the share of part-time employees (excluding marginally employed individuals and trainees) was

around 42 per cent, just as in the previous year. The share of open-ended full-time employees was about 85 per cent in 2018. 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.

#### Employees by employment contract, gender and region

Germany									
	2016 (female)	2016 (male)	2016 (total)	2017 (female)	2017 (male)	2017 (total)	2018 ✓ (female)	2018 ✓ (male)	2018 ✓ (total)
Temporary contract	16299	12724	29023	16537	13534	30071	15838	13633	29471
Open-ended full-time contract	100405	45255	145660	104469	48139	152608	107667	51314	158981
Austria									
	2016 (female)	2016 (male)	2016 (total)	2017 (female)	2017 (male)	2017 (total)	2018 ✓ (female)	2018 ✓ (male)	2018 ✓ (total)
Temporary contract	2451	934	3385	2727	1057	3784	2981	1171	4152
Open-ended full-time contract	28362	9921	38283	28498	9918	38416	29102	10157	39259
All regions									
	2016 (female)	2016 (male)	2016 (total)	2017 (female)	2017 (male)	2017 (total)	2018 ✓ (female)	2018 ✓ (male)	2018 ✓ (total)
Temporary contract	18750	13658	32408	19264	14591	33855	18819	14804	33623
Open-ended full-time contract	128767	55176	183943	132967	58057	191024	136769	61471	198240

#### Employees by type of employment and gender



**Female**

	<b>2016</b>	<b>2017</b>	<b>2018 ✓</b>
Full time	32869	34760	36232
Part time	81778	84952	86787
Trainees	3948	4040	4126
Marginally employed	28922	28479	28443

**Male**

	<b>2016</b>	<b>2017</b>	<b>2018 ✓</b>
Full time	40397	42338	44276
Part time	8931	9979	10910
Trainees	3950	4188	4361
Marginally employed	15556	16143	16728

**Total**

	<b>2016</b>	<b>2017</b>	<b>2018 ✓</b>
Full time	73266	77098	80508
Part time	90709	94931	97679
Trainees	7898	8228	8487
Marginally employed	44478	44622	45171

**Percentage distribution of employees by business segment**

**2016**

Retail Germany	148466
Retail International	41668
DIY Stores	14992
Travel and Tourism	5075
Other	6156

## 2017

Retail Germany	155454
Retail International	42200
DIY Stores	15424
Travel and Tourism	5179
Other	6628

## 2018 ✓

Retail Germany	161033
Retail International	43366
DIY Stores	15453
Travel and Tourism	5133
Other	6878

GRI 102-41:

## Collective bargaining agreements

As of 31 December 2018, 173,440 of the 176,963 employees of the group company (excluding the employees of REWE independent retailers in the partnership model) were subject to collective bargaining agreements and/or employer/works council agreements. This represents a coverage of 98 per cent. In terms of the scope of the sustainability report that includes independent retailers, 74.8 per cent of employees were subject to collective bargaining agreements and/or employer/works council agreements. REWE independent retailers are independent companies with the legal form of a general mercantile partnership. Collective bargaining coverage is usually established when a company joins an employers' association. It is down to REWE independent retailers to decide whether to join. Retailers must commit to REWE Group's minimum standards regarding personnel matters. This naturally includes compliance with all laws, e.g. regarding minimum wages.



# 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 in the following sections:

### Management Approach Green Products

- Biodiversity
- Environmental aspects of the supply chain
- Product-related risk analyses
- Raw materials in focus – food
- Raw materials in focus – non-food
- Social aspects in the supply chain
- Animal welfare



## Risk Management

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

GRI 102-11:

### Precautionary principle or approach

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 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, 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 the Combined Management Report for the 2018 Business Year, pages 25–35.

# 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. For further information on the analysis of the social and ecological risks in the supply chains, see the [Product-related risk analysis](#) section.





## Industry Initiatives and Memberships

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

GRI 102-12, 102-13:

### Overview of the memberships and initiatives of REWE Group

Strategies that change entire sectors over the long term are required for many sustainability challenges. This is why REWE Group plays an active role in sector initiatives and launches them itself on occasion. The aim of these multi-stakeholder strategies is to involve as many participants as possible through cooperation and exchange of experience, and work together to find approaches for lasting positive developments.

Initiatives that REWE Group plays an active part in include the following:

**5 am Tag (5 a Day):** As a charter member and Management Board 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.

**amfori BEPI:** The amfori Business Environmental Performance Initiative (BEPI) helps companies improve their environmental performance in global supply chains. In addition to being a member

of amfori BEPI, REWE Group is also represented on the amfori Member Advisory Council to provide expert strategic advice from a business perspective.

**amfori BSCI:** As a member, REWE Group commits itself, as well as all suppliers and producers, to compliance with the code of conduct of the amfori Business Social Compliance Initiative (BSCI). REWE Group joined amfori BSCI in 2008 and is actively represented in working groups and the Membership Committee to help shape further developments.

**Berufsgenossenschaft Handel und Warenlogistik (BGHW) (employers' liability insurance association for trade and good logistics):** The statutory accident insurance institution for trade and goods logistics supports the employees of REWE Group through targeted prevention of occupational accidents and illnesses.

**Biodiversity in Good Company:** In this cross-industry alliance, companies are working together for the protection and sustainable use of global biodiversity. As part of the initiative, REWE Group has pledged to integrate protection and sustainable use of biodiversity into the company's sustainability management.

**Bündnis für nachhaltige Textilien (Alliance for Sustainable Textiles):** The alliance is a partnership of various stakeholders aimed at driving improvements along the global value chain in the textile industry. By joining in 2015, REWE Group has pledged to sustainably improve the environmental, social and economic conditions in international textile supply chains.

**Center for Child Rights and Corporate Social Responsibility (CCR CSR):** CCR CSR helps member companies such as REWE Group to implement policies relating to children's rights. REWE Group has been a member since 2018.

**Consumer Goods Forum:** The organisation aims to help retailers and consumer goods manufacturers, along with other key interest groups, work to build consumer confidence and drive positive change under the motto "Better Lives through Better Business". REWE Group is involved as a member of the Consumer Goods Forum.

**Cotton made in Africa:** The initiative was born with the aim of improving the living conditions of people in Africa's cotton-growing regions. REWE Group has supported the initiative since 2008 and is a Member of the Board at Cotton made in Africa.

**CSR Fruit Juice Platform:** The platform is driving social and environmental improvements in the supply chains of the fruit juice industry. It was created to help European fruit juice producers incorporate CSR measures into their company strategies, and thus achieve a long-term,

sustainable contribution along the global value chain of fruit juices for all stakeholders. REWE Group has been a member of the CSR Fruit Juice Platform since 2016 and is actively involved in a working group on orange juice from Brazil. It has also been a member of the steering committee since 2017.

**Demographie Netzwerk e.V. (The Demographic Network):** As part of its membership in The Demographic Network, REWE Group has committed since 2006 to non-discriminatory, age-neutral human resources policies, a balanced age structure of the workforce, holistic health-promotion programmes and knowledge transfer between generations. In twelve working groups and topics, REWE Group collaborates with other companies and organisations in the network to develop new knowledge and exchange existing know-how, with the aim of tackling economic, social and technological changes and the associated challenges.

**Detox campaign:** As part of Greenpeace's Detox campaign, companies have pledged to reduce the use of hazardous chemicals in textile production. Companies use a progress report to disclose their developments and data. REWE Group signed up to the Detox campaign in 2014.

**Deutsche Gesellschaft für Nachhaltiges Bauen e.V. (DGNB) (German Sustainable Building Council):** As members of the non-profit organisation DGNB, the REWE sales lines and toom Baumarkt DIY stores campaign for sustainable construction. Promotional means include the certification of sustainable buildings, internal spaces and accommodation.

**Deutscher ReiseVerband (DRV) (German Travel Association):** Since 2010, DER Touristik has been an active member of the DRV's working group on child protection. Members of the DRV, NGOs and state representatives are opposing the sexual exploitation of minors in tourism. Activities focus on making travellers, as well as employees in the travel industry, aware of the issue and providing information, in order to protect children from sexual assault.

**Forum Nachhaltigere Eiweißfuttermittel (Forum for More Sustainable Protein Feed):** Within the framework of the dialogue forum, the food industry, feed trade, civil society actors, environmental NGOs and political representatives discuss options and goals for the use of more sustainable protein feed in Germany.

**Forum Nachhaltiger Kakao e.V. (German Initiative on Sustainable Cocoa):** Since 2012, this multi-stakeholder initiative has been committed to improving the living conditions of cocoa farmers, protecting natural resources and biodiversity, as well as growing and marketing sustainable cocoa. As a charter member, REWE Group joins other companies in supporting the PRO-PLANTEURS project, a joint, five-year cocoa programme being conducted in Côte d'Ivoire.

**Forum Nachhaltiges Palmöl (FONAP) (Forum for Sustainable Palm Oil):** The aim of this multi-stakeholder initiative is to significantly increase the share of sustainably produced palm oil while improving existing certifications and standards. The forum was founded in 2013 by REWE Group and other partners. REWE Group is actively involved in a working group set up to develop and implement a project in producer countries.

**Futouris e.V.:** The primary objective of the sustainability initiative of the German travel and tourism industry is to promote tourist destinations over the long term by supporting environmental, biodiversity and corporate responsibility projects on behalf of society and culture. DER Touristik joined Futouris in 2015.

**GLOBALG.A.P. Risk Assessment on Social Practice (GRASP):** GRASP is a module developed for the social risk assessment of farms that are certified in accordance with the GLOBALG.A.P. standard. REWE Group is a member of the Technical Committee, whose central task is to advise the steering committee regarding strategic and technical developments.

**Initiative Tierwohl (The Animal Welfare Initiative):** 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 donate 6.25 cents to the Animal Welfare Initiative for each kilogram of pork and poultry they sell. These contributions generate about 135 million euros annually. The money is available to finance animal-welfare measures that extend beyond legal requirements. REWE Group has been actively involved in the Animal Welfare Initiative as a charter member since 2015.

**Interessengemeinschaft FÜR gesunde Lebensmittel e.V. (IG FÜR) (interest group for healthy food):** This interest group is striving to raise awareness of the importance of healthy food for people's well-being by imparting knowledge in an objective manner. The public and consumers are also informed about the origin, production and processing of food.

**Land schafft Leben e.V. (land creates life):** The Austrian association wants to show consumers in a transparent manner how food is produced in Austria, how the production takes place on site, how the processing works and, finally, how the finished product ends up in food retail. REWE International AG, with its trade companies BILLA, MERKUR, PENNY and ADEG, was one of the first supporters of this initiative and has been an official sponsor of "Land schafft Leben" since 2014.

**Rainforest Alliance:** The Rainforest Alliance is a sustainability standard for the production of agricultural commodities and products. REWE Group joined the Rainforest Alliance in 2018 and is

a member of the Standards Committee, which makes decisions about content-related development based on public consultations on standards.

**Regionalfenster e.V.:** The Regionalfenster label provides consumers with verified information about the origin of ingredients and the processing location. In this manner, it creates transparency for customers that complements store-brand-specific information. As another way of promoting regional products, REWE Group became a charter member of the supporting association Regionalfenster e.V. in 2012 and has been applying the group's regional window concept to selected products in PENNY and REWE stores since 2014.

**The Bangladesh Accord on Fire and Building Safety:** The aim of this accord is to increase safety in the textile industry through independent inspectors who check building safety, fire safety and electrical safety during factory visits. In 2013, REWE Group signed the agreement calling for greater safety in the textile industry in Bangladesh as well as the subsequent "2018 Transition Accord" in 2017.

**The Code of Conduct for the Protection of Children from Sexual Exploitation in Travel and Tourism (The Code):** This code of conduct, "The Code", was initiated by the German Travel Association (DRV) on behalf of all its members and is 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 its implementation and supports DER Touristik as an expert partner.

**Verband für Lebensmittel ohne Gentechnik e.V. (VLOG) (German Association of Non-Genetically Modified Foods):** As proof that no GMO feed is being used, REWE Group in Germany has been using the seal of the German Association of Non-Genetically Modified Foods since 2012.

**Verein für kontrollierte alternative Tierhaltungsformen (KAT) (German Association for Controlled Alternative Husbandry Methods):** The association works to control and monitor eggs from free-run and free-range hens as well as organic production. As a member of the association, REWE Group pledges to support the interests of the association and to follow its resolutions and requirements.

**Wirtschaft macht Klimaschutz (business drives climate protection):** This dialogue forum brings together players in the German economy for the purpose of climate protection. The aim is to initiate the development of concrete climate protection measures in companies in order to contribute to climate protection goals. Within the framework of the "Circular Economy" working



group, REWE Group works with other companies to put the focus on developing ideas relating to the circular economy. The topic of packaging is also being looked at more closely.

**World Banana Forum:** The forum brings together various stakeholders from the global banana supply chain to achieve sustainable cultivation, respect for human rights and improved working conditions. REWE Group is a member of the World Banana Forum and has been represented on the Executive Board since 2014.

You can find other partners and memberships in the [Sustainability](#) section on the REWE Group website.



## Principles and Guidelines

REWE Group has defined fundamental values, norms of behaviour, the Guidelines for Sustainable Business Practices and various raw material-specific guidelines so that responsible action takes root in the company as well as in the supply chains.

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 foundations of sustainable activities at REWE Group are the Guidelines for Sustainable Business Practices. They take 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.

In its Human Rights Policy Statement, REWE Group commits to strengthening human rights and preventing human rights violations. This commitment applies both to its own business activities and to the global delivery and value chains.

### **Specific guidelines set standards**

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, the company 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 start of 2019:

- **Guideline for Fairness:** : Defines processes for strengthening human rights and improving working conditions ([download](#)).
- **Guideline for Fish, Crustacean and Shellfish:** Defines standards for wild fish and fish from aquaculture, including demanding transparency criteria ([download](#)).
- **Guideline for Cocoa:** Defines requirements for the procurement of cocoa and explains the transition to certified sources that has already taken place ([download](#)).
- **Guideline for Orange Juice:** : Defines goals and measures for more sustainable orange juice production and defines obligations of business partners ([download](#)).
- **Guideline for More Environmentally Friendly Packaging:** : Defines REWE Group’s operational framework for making store-brand packaging more environmentally friendly ([download](#)).
- **Guideline for More Sustainable Textiles:** Defines requirements for the social and environmental standards of textile product suppliers ([download](#)).
- **Mission Statement on Animal Husbandry of the Future:** Formulates fundamental principles and goals for implementing species-appropriate animal-husbandry practices ([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 a demanding implementation schedule for the transition to sustainable palm oil and defines requirements that go beyond established standards ([download](#)).
- **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 a key requirement ([download](#)).

In 2019, further guidelines will be published and existing ones updated.

Information on the status and goal achievement for the guidelines is reported in the Raw materials in focus – Food and Raw materials in focus – Non-food sections.

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 the responsible 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, also see the Compliance section).



## Sustainability Strategy

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 assumes responsibility for its employees, deals fairly with partners and suppliers, promotes more sustainable product ranges, acts in an environmentally and climate friendly manner and serves as an advocate of biodiversity and a sustainable society.

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 sustainability strategy of REWE Group**

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 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.

#### **Sustainability spelled out in the mission statement**

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 operational framework that forms the 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.

In April 2019, REWE Group published its Human Rights Policy Statement. In this document, the combine commits to strengthening human rights and preventing human rights violations. This commitment applies both to its own business activities and to the global delivery and value chains.

While introducing its sustainability strategy, REWE Group created four pillars of sustainability in 2008:

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

The company added areas of action within these pillars that outline the key issues of its commitment to sustainability.

In 2016, as part of its reorganisation of the company’s structure, REWE Group also realigned its sustainability organisation. The core element of this realignment was the provision of increased freedom to individual sales lines to carry out the sustainability strategy.

### Implementation of the strategy in individual sales lines

When carrying out the sustainability strategy, the individual sales lines are given a lot of creative freedom in order to ensure maximum customisation of the strategy and business model to the specific needs of each sales line. For all sales lines, REWE Group's four pillars of sustainability underpin the overarching strategy, and the Guidelines for Sustainable Business Practices serve as the joint direction and canon of values for the company's commitment to sustainability. Within the areas of action defined for the four pillars of sustainability, each sales line focuses on the topics that are important for it.

The sustainability strategy of REWE Group and the sales lines is subject to an annual review in which all the available information, such as customer surveys, analyses of the competition, or analysis of political discourse are considered. As part of this review, a far-reaching materiality analysis was conducted from the end of 2018 until the start of 2019, with consumers and employees being the main respondents (for further information, see the [Materiality analysis](#) section).

For more information about REWE Group's 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 the food retail sector in Germany

(valid since 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. Conscious diets and exercise
2. Opportunities for children and adolescents
3. Vigilant approach to food
4. Biodiversity and environmental protection

## Sustainability organisation

At REWE Group, the company's management has made sustainability its highest priority. Since the sustainability strategy was introduced in 2008, it had been directed by the CEO. The CEO believes that sustainable business practises are a precondition for the company's long-term success ( see the foreword by Lionel Souque).

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. 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. Since 2017, a group-wide sustainability information event has been held twice a year so that 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 in 2016. This new unit was placed directly within Purchasing and supports the development of sustainable assortments there.

In addition, the role of the former PRO PLANET Board of Advisers was modified and refined in 2018. As Sustainability Advisory Board consisting of five independent NGO experts, the Board of Advisers is involved in the development, assessment and implementation of all sustainability-related measures taken by the Sustainable Products department for the REWE and PENNY sales lines in Germany. This includes both further work within the PRO PLANET process and the continuous development of REWE Group's sustainability strategy, e.g. through involvement in the creation and updating of guidelines.

Within the pillars of sustainability, project groups work across sales lines and in agile structures. Sustainability topics are exchanged, best practices are shared, and measures are initiated.

Independent retailers are involved through various coordination meetings. This enables their ideas and experiences to flow into decisions regarding the development of sustainability at REWE Group. The Executive Board members 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 the sales lines. 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 and pillars of sustainability. It is also responsible for 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.

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.

Since March 2018, the Managing Director of Purchasing and Logistics has 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, measures and projects are taken during the regular meetings of its sustainability committee. This committee is composed of representatives of the management team, managers for the pillars and other nominated employees from relevant departments.

The Chief Executive Officer of **DER Touristik Group** has the main responsibility for sustainability. The central Sustainability department helps the international Executive Board of DER Touristik

Group develop the strategy and coordinates and controls the implementation measures. From 2019, the sustainability team will be set up as an executive department that reports directly to the CEO and has responsibility for DER Touristik Group. In 2019, 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 through its commitment to sustainability. To do so, it has compared its sustainability strategy and business processes with the 17 goals and the related 169 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 (SDG 12)
- Life on Land (SDG 15)
- Life Below Water (SDG 14)
- Decent Work and Economic Growth (SDG 8)
- Zero Hunger (SDG 2)
- Affordable and Clean Energy (SDG 7)

For these six goals, REWE Group identified 27 SDG targets in total, which are of particular relevance for its business activities.

The analysis shows that REWE Group's sustainability activities will help to achieve the SDGs and targets 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



## Stakeholder Dialogue

As a trade and tourism company with millions of customer contacts each day, REWE Group has both a special opportunity and an obligation to integrate sustainability into its business activities. 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. This enables experiences to be exchanged and leads to a discussion that is beneficial for all parties concerned.

GRI 102-40: List of stakeholder groups

GRI 102-42: Identifying and selecting stakeholders

GRI 102-43: Approach to stakeholder engagement

GRI 102-44: Key topics and concerns raised

### Approach by REWE Group

The stakeholder groups that are relevant to REWE Group were determined as part of the sustainability strategy developed in 2008. Collaboration is regularly modified on the basis of intense discussions in such places as the REWE Group Dialogue Forums, Sustainability Weeks, the Sustainability Advisory Board 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 and 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, conscious diets and emergency assistance. This mapping is still valid – the results flow into the planning of stakeholder communication activities.

Stakeholders	Form of Involvement
Customers	Online platform Utopia.de, social media Sustainability Weeks Customer satisfaction surveys Market research Customer service Point of sale campaigns
Employees	Dialogue forums Works Council Internal communications Employee survey Sustainability Weeks
Independent retailers	Dialogue forums Joint projects Joint committees
Suppliers	Dialogue forums Communication of guidelines Joint projects
Business partners	Communication of guidelines
Political leaders	Dialogue forums Membership of associations Offices in Berlin and Brussels
NGOs	Dialogue forums Continuous discussions Sustainability Advisory Board Strategic partnership with NABU (since 2015) Joint projects Answering enquiries
The academic community	Dialogue forums Cooperation with universities Preparation of studies
Media	Dialogue forums Answering enquiries from journalists Blogger events (including producer visits) Sustainability Weeks

## Formats of stakeholder dialogues

The Corporate Responsibility department as well as the Sustainability and Communication departments of the sales lines are 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. REWE Group organises both larger dialogue events with up to 250 participants and smaller expert dialogues on specific topics, in various formats. Experts at REWE Group also hold discussions with relevant topic-specific, expert stakeholders during background meetings and

institutionalised dialogues – as part of round tables, working groups or forums, for example. REWE Group's experts also take part in dialogue events as speakers and podium discussants in order to share the experience they have gained in sustainability activities and to exchange specialist information in a constructive dialogue.

At the end of the 2018 financial year, REWE Group updated its materiality analysis. During this, stakeholders were given the opportunity to express their expectations of the company. This enables REWE Group to align its activities more with the requirements of its stakeholders (for more information, see the [Materiality analysis](#) section).

One key organisational unit of the stakeholder dialogue is also the Sustainability Advisory Board. This board serves as a professional and technical adviser who supports REWE Group in its efforts to make its range of products even more sustainable and is consulted about communications issues (see the [PRO PLANET](#) section). The role of the former PRO PLANET Board of Advisers was modified and refined in 2018. As Sustainability Advisory Board consisting of five independent NGO experts, the Board of Advisers is involved in the development, assessment and implementation of all sustainability-related measures taken by the Sustainable Products department for the REWE and PENNY sales lines in Germany. This includes both further work within the PRO PLANET process and the continuous development of REWE Group's sustainability strategy, e.g. through involvement in the creation and updating of guidelines.

## 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 on biodiversity from the cooperation on PRO PLANET has been expanded to specific areas of cooperation, including protection of the seas, packaging, 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 Management Board and CEO of REWE Group and the president of NABU. As a result of these discussions, NABU has become both an important initiator for the advancement of the sustainability strategy and a long-time partner in the implementation of projects.

# Customer and employee communications

The sales lines conduct communications with customers by doing such things as discussing sustainability in weekly fliers, in travel brochures, on their websites, in their stores and during Sustainability Weeks. The Sustainability Weeks are held annually and raise consumers' awareness of more environmentally and socially acceptable products through individual measures (for more information, see the [Promoting sustainable consumption](#) section).

In addition, 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 significant 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 sustainability. As part of their task, they answer questions raised by customers and colleagues and can demonstrate in the stores that sustainability is sensible and something positive.

Since 2018, all REWE store employees have been able to take part in a specially developed e-learning module, which provides customer-relevant content about the four pillars of REWE's sustainability strategy in a fun way. The program was awarded the eLearning AWARD 2019 by the eLearning Journal.

Trainees at PENNY stores had the opportunity to participate in a food waste ideas competition in the 2018 financial year. They were asked to come up with creative tips and tricks to pass on to customers. The competition is embedded in PENNY's long-standing commitment to tackling food waste. This commitment includes informing customers using brochures and providing them with tips on how to store fruit and vegetables as well as fresh baked goods, printed on roll bags and paper bags, for example. For more information, see the [Social involvement](#) section.



## Materiality Analysis

From the food retail sector and DIY stores to travel and tourism – REWE Group is broadly positioned with its business segments and fields of activity. Equally diverse are the potentially significant sustainability aspects that can affect the company. In addition to other instruments such as product-related risk analyses, the materiality analysis is a method that REWE Group uses to identify material topics and set priorities when developing measures. In particular, the assessment of internal and external stakeholders as well as the impact of company activities on people, animals and the environment play an important role here.

GRI 102-46:

### Defining report content and topic Boundaries

To adapt to changed circumstances, REWE Group updated its materiality analysis in 2018. The results of the previous analysis from 2014 formed the basis for this. As part of an internal workshop, managers from all business segments of REWE Group checked the originally 38 sustainability topics for timeliness, relevance, lack of focal points, and in terms of positive and negative effects. Benchmarks were performed for this and the list of topics was compared with the guidelines of the Global Reporting Initiative (GRI). The result was a list of 18 sustainability topics.

In addition to these 18 topics, REWE Group defined five further topics. These were not discussed further in the analysis, however, since they concern higher-level management concepts that are particularly relevant for the business activities of REWE Group, or the company needs to disclose information relating thereto due to requirements of the GRI:

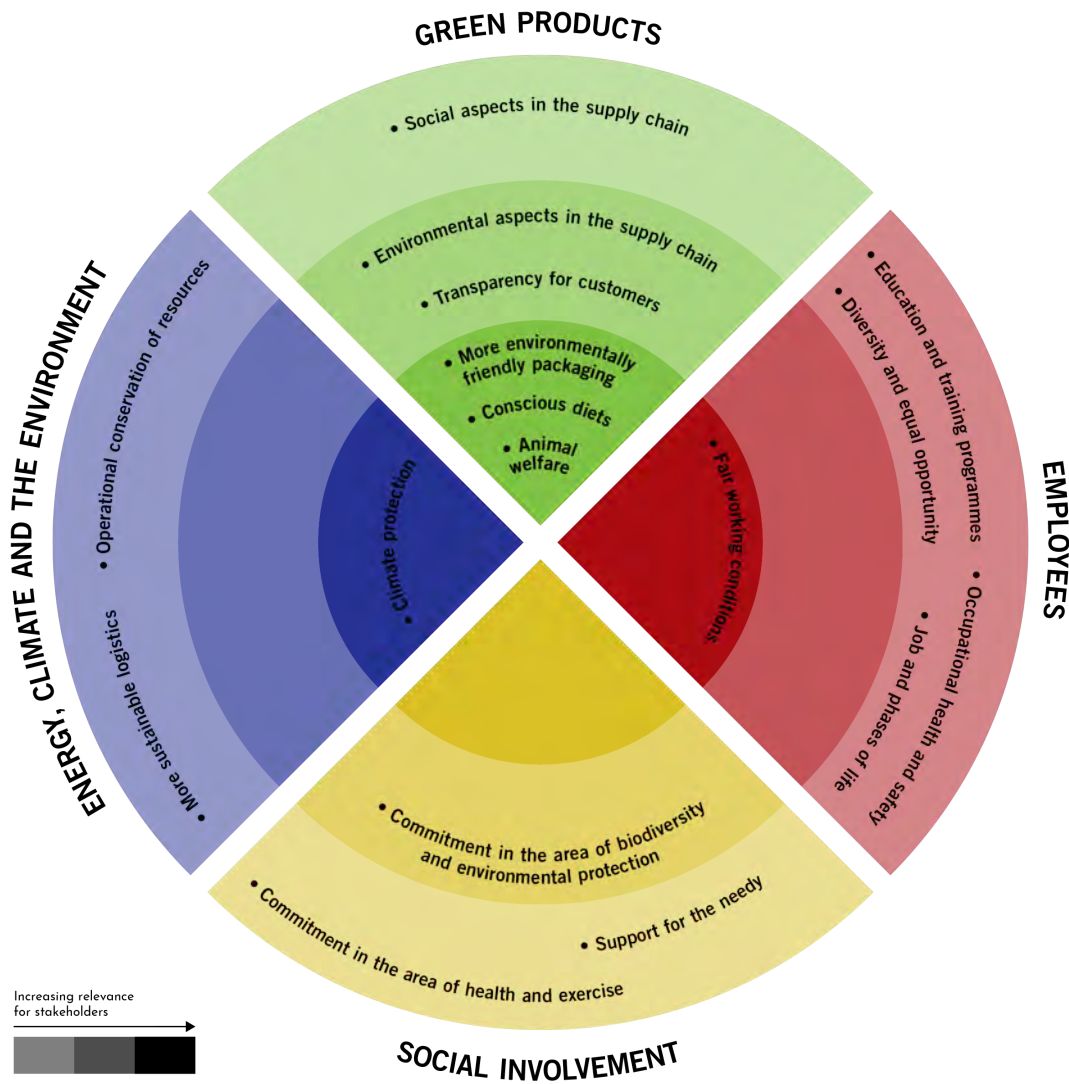
- Sustainability in company management
- Integrity and compliance
- Fair business relationships
- Dialogue
- Business performance

In a second step, REWE Group conducted an online consumer and employee survey. In total, 4,772 stakeholders in Germany and Austria\* assessed the previously consolidated 18 topics in terms of their relevance. In the results, the respondents rated the following topics as particularly relevant for REWE Group: more environmentally friendly packaging, climate protection, animal welfare, fair working conditions, and environmental aspects in the supply chain. Compared with the last stakeholder survey in 2014, the topics of more environmentally friendly packaging and environmental aspects in the supply chain have increased significantly in relevance. In order to find out about stakeholder expectations, the cross-sectoral topic of “digitalisation and sustainability” was a new inclusion for this financial year. In the results, it was of significantly less relevance for the stakeholders in relation to the other topics. For this reason, no separate report chapter was created. However, REWE Group continues to pursue the internal and external requirements arising from this cross-sectoral topic for the different areas.

In addition to prioritising the 18 topics, the respondents had the opportunity to openly express their specific expectations for their “top topic”. With regards to more environmentally friendly packaging, a large proportion of the respondents mentioned the reduction/avoidance of plastic (especially when it comes to fruit and vegetables) and the use of plastic alternatives. The respondents viewed the topic of climate protection as a cross-sectoral topic and expect REWE Group to ensure that climate protection forms a basis for all decisions. In particular, short delivery routes are an important factor for a large number of respondents. When it comes to the topic of animal welfare, most respondents expect species-correct husbandry activities as well as the rejection of intensive livestock breeding and cheap meat.

In addition to other information, the results of the materiality analysis flow into the annual review of the sustainability strategy (for more information, see the [Sustainability strategy section](#)).

**Relevance from the perspective of internal and external stakeholders**



Finally, the 17 sustainability topics identified through the materiality analysis were confirmed by top management and defined as material.

\* Number of participants in the consumer and employee survey by group: 3,299 Germany (external), 636 Germany (internal), 505 Austria (external), 332 Austria (internal). The groups were weighted to calculate the overall result.

GRI 102-47:

## List of material topics

## Green Products

<b>Conscious diets:</b> For example, the expansion of more sustainable product ranges (such as larger product share with sustainability labels and certifications, products with less sugar), dietary tips for a more diverse or healthier diet	Healthy and affordable food (FP)
<b>Commitment in the area of biodiversity and environmental protection:</b> For example, the promotion of projects aimed at environmental protection and the preservation of biodiversity	Biodiversity (GRI 304)
<b>Environmental aspects in the supply chain:</b> Zum Beispiel Berücksichtigung ökologischer Aspekte in der Lieferkette/beim Wareneinkauf durch die REWE Group (bspw. Reduktion von Pestiziden und Chemikalien zum Schutz der biologischen Vielfalt), Angebot von Bio- und Regionalartikeln oder Produkten mit zertifizierten Rohstoffen	Supplier environmental assessment (GRI 308)
<b>Social aspects in the supply chain:</b> For example, the consideration of social aspects in the supply chain or when REWE Group is purchasing goods (for example, with regard to human rights, the avoidance of forced and child labour, Fairtrade products)	Supplier social assessment (GRI 414), Human rights assessment (GRI 412)
<b>Animal welfare:</b> For example, the compliance with and improvement of animal protection standards (for example, more space for animals, no castration of pigs without anaesthesia, no beak trimming), the protection of animal rights at travel destinations	Animal welfare (FP10)
<b>Transparency for customers:</b> For example, the labelling of products and services (such as comprehensible information on nutritional values and husbandry conditions, traceability, sustainability seals and labels for products and trips)	Marketing and labelling (GRI 417)
<b>More environmentally friendly packaging:</b> For example, the avoidance, reduction and improvement of packaging (such as through plastic-free or unpackaged goods, reusable packaging, no plastic bags, recycling of packaging)	Materials (GRI 301)

## Energy, Climate and the Environment

<b>Operational conservation of resources:</b> For example, energy efficiency (such as LED lighting and efficient refrigerating units in the stores), more sustainable construction (such as stores in accordance with the standard of the German Sustainable Building Council (DGNB), hotels), the reduction of water consumption, consistent waste management	Materials (GRI 301), Green building (RG1)
<b>Climate protection:</b> For example, the avoidance of carbon dioxide emissions and other greenhouse gas emissions (for example, through energy savings, renewable energies, climate-friendly refrigeration agents for refrigeration systems)	Emissions (GRI 305)
<b>More sustainable logistics:</b> For example, optimised route planning, optimal vehicle use (vehicle utilisation), modernisation of the company's own vehicle fleet	Energy (GRI 302), Emissions (GRI 305)

## Employees

<b>Occupational health and safety:</b> For example, the avoidance of occupational accidents and illnesses	Occupational health and safety (GRI 403)
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(such as through preventive measures for physically demanding activities), maintenance of health (such as through sports and relaxation offerings)

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**Education and training programmes:**

For example, a broad range of entry-level and career opportunities, regular training, regular feedback and development opportunities

Training and education (GRI 404)

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**Job and phases of life:**

For example, assurance of the reconciliation of work and family/private life (for example, flexible working models such as working from home, part time, flexitime, care periods or family care time, sabbaticals), support during reintegration

Employment (GRI 401)

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**Fair working conditions:**

For example, the assurance and measurement of employee satisfaction, fair wages, right to co-determination

Employment (GRI 401), Labour/management relations (GRI 402)

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**Diversity and equal opportunity:**

For example, hiring, pay and development opportunities (equal opportunity) for employees, regardless of gender, ethnic heritage, disability, religious affiliation or ideology, age or sexual orientation, the raising of awareness amongst employees regarding anti-discrimination

Diversity and equal opportunity (GRI 405), Non-discrimination (GRI 406)

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## Social Involvement

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**Commitment in the area of health and exercise:**

For example, consumer education on balanced diet, the support of projects aimed at promoting health and exercise (such as at nurseries and universities)

Indirect economic impacts (GRI 203)

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**Support for the needy:**

For example, the support of children, adolescents, refugees and the elderly

Local communities (GRI 413)

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## Company Management

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Dialogue

General disclosures (GRI 102)

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Fair business relationships

Anti-competitive behaviour (GRI 206)

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Integrity and compliance

- Anti-corruption (GRI 205)
  - Public policy (GRI 415)
  - Socioeconomic compliance (GRI 419)
  - Customer privacy (GRI 418)
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Sustainability in company management

General disclosures (GRI 102)

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Business performance

Economic performance (GRI 201)

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GRI 102-49:

## Changes in reporting

See [Defining report content and topic boundaries](#).





## Report Profile

GRI 102-45:

### **Entities included in the consolidated financial statements**

The report covers REWE Combine companies for Germany and Austria, including independent retailers in the partner model (referred to in the report as retailers). In reporting the data, it is clearly explained where reporting limits deviate. For instance, the energy data for the Energy, Climate and the Environment pillar also includes REWE Dortmund and locations outside Germany and Austria.

In the 2018 financial year, the key figures in the Employees pillar also include, for the first time, approximately 50,000 employees of REWE independent retailers. REWE independent retailers predominantly operate their stores using the REWE partnership model, where REWE and the retailer work together to establish a general mercantile partnership. The key figures include all retailers which can be recorded via a central accounting system – this amounts to around 95 per cent.

The social 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.

GRI 102-48:

### **Restatements of information**

Due to the adjustment of the scope for parts of the data (in particular personnel key figures), this no longer corresponds to that of the 2017 sustainability report. Accordingly, the data was changed retrospectively. In the case of takeovers and the associated changes in the scope of consolidation, the data is not changed retrospectively.

GRI 102-50:

## **Reporting period**

REWE Group's 2018 sustainability report covers the 2018 business year (1 January 2018 to 31 December 2018). The editorial deadline was 29 May 2019.

GRI 102-51:

## **Date of most recent report**

REWE Group's 2017 sustainability report was released on 22 June 2018.

GRI 102-52:

## **Reporting cycle**

Since 2017, REWE Group has published its sustainability report on an annual basis. Previously (2009 to 2016), the report was updated every two years.

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:

Email: [nachhaltigkeit@rewe-group.com](mailto:nachhaltigkeit@rewe-group.com)

Telephone: +49 221 149-1791

GRI 102-54:

## Claims of reporting in accordance with the GRI Standards

Like last year, the 2018 sustainability report complies with the GRI Standards (2016). This report has been prepared in accordance with the GRI Standards: Core option. For the GRI Materiality Disclosure Service, the GRI had the report available. The GRI confirmed that the materiality disclosures (102-40 to 102-49) were positioned correctly. The service was performed on the German version of the report.

GRI 102-55:

## GRI content index



Information	Link to website
GRI 101: Foundation 2016	
GRI 102: General Disclosures	
Organizational profile	
GRI 102-1: Name of the organization	<a href="#">REWE Group Portrait</a>
GRI 102-2: Activities, brands, products, and services	<a href="#">REWE Group Portrait</a>
GRI 102-3: Location of headquarters	<a href="#">REWE Group Portrait</a>
GRI 102-4: Location of operations	<a href="#">REWE Group Portrait</a>
GRI 102-5: Ownership and legal form	<a href="#">REWE Group Portrait</a>
GRI 102-6: Markets served	<a href="#">REWE Group Portrait</a>
GRI 102-7: Scale of the organization	<a href="#">REWE Group Portrait</a>
GRI 102-8: Information on employees and other workers	<a href="#">Employee Structure</a>
GRI 102-9: Supply chain	<a href="#">Supply Chain</a>
GRI 102-10: Significant changes to the organization and its supply chain	<a href="#">REWE Group Portrait</a>
GRI 102-11: Precautionary Principle or approach	<a href="#">Risk Management</a> <a href="#">Product-related Risk Analysis</a>
GRI 102-12: External initiatives	<a href="#">Industry Initiatives and Memberships</a>
GRI 102-13: Membership of associations	<a href="#">Industry Initiatives and Memberships</a>
Strategy	
GRI 102-14: Statement from senior decision-maker	<a href="#">Foreword by Lionel Souque</a>
Ethics and integrity	
GRI 102-16: Values, principles, standards and norms of behavior	<a href="#">Principles and Guidelines</a>
GRI 102-17: Mechanisms for advice and concerns about ethics	<a href="#">Principles and Guidelines</a>
Governance	
GRI 102-18: Governance structure	<a href="#">Sustainability Strategy</a>
GRI 102-19: Delegating authority	<a href="#">Sustainability Strategy</a>
GRI 102-20: Executive-level responsibility for economic, environmental, and social topics	<a href="#">Sustainability Strategy</a>
GRI 102-21: Consulting stakeholders on economic, environmental, and social topics	<a href="#">Sustainability Strategy</a>

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## Stakeholder engagement

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GRI 102-40: List of stakeholder groups	<a href="#">Stakeholder Dialogue</a>
GRI 102-41: Collective bargaining agreements	<a href="#">Employee Structure</a>
GRI 102-42: Identifying and selecting stakeholders	<a href="#">Stakeholder Dialogue</a>
GRI 102-43: Approach to stakeholder engagement	<a href="#">Stakeholder Dialogue</a>
GRI 102-44: Key topics and concerns raised	<a href="#">Stakeholder Dialogue</a>

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## Reporting practice

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GRI 102-45: Entities included in the consolidated financial statements	<a href="#">Report Profile</a>
GRI 102-46: Defining report content and topic Boundaries	<a href="#">Materiality Analysis</a>
GRI 102-47: List of material topics	<a href="#">Materiality Analysis</a>
GRI 102-48: Restatements of information	<a href="#">Report Profile</a>
GRI 102-49: Changes in reporting	<a href="#">Materiality Analysis</a>
GRI 102-50: Reporting period	<a href="#">Report Profile</a>
GRI 102-51: Date of most recent report	<a href="#">Report Profile</a>
GRI 102-52: Reporting cycle	<a href="#">Report Profile</a>
GRI 102-53: Contact point for questions regarding the report	<a href="#">Report Profile</a>
GRI 102-54: Claims of reporting in accordance with the GRI Standards	<a href="#">Report Profile</a>
GRI 102-55: GRI content index	<a href="#">Report Profile</a>
GRI 102-56: External assurance	<a href="#">Report Profile</a>

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## Material topics

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### GRI 201: Economic performance 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<a href="#">Economic Performance</a>
GRI 201-1: Direct economic value generated and distributed	<a href="#">Economic Performance</a>
GRI 201-3: Defined benefit plan obligations and other retirement plans	<a href="#">Economic Performance</a>

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### GRI 203: Indirect economic impacts 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<a href="#">Projects and Sponsorships</a>
GRI 203-1: Infrastructure investments and services supported	<a href="#">Projects and Sponsorships</a>
GRI 203-2: Significant indirect economic impacts	<a href="#">Projects and Sponsorships</a>

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## GRI 204: Procurement practices 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Green Products</u>
GRI 204-1: Proportion of spending on local suppliers	<u>Regional Products</u>
GRI FP1: Percentage of purchased volume from suppliers compliant with company's sourcing policy	<u>Raw Materials in Focus – Food</u> <u>Raw Materials in Focus – Non-food</u>
GRI FP2: Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	<u>Organic</u> <u>PRO PLANET</u>

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## GRI 205: Anti-corruption 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Compliance</u>
GRI 205-1: Operations assessed for risks related to corruption	<u>Compliance</u>
GRI 205-2: Communication and training about anti-corruption policies and procedures	<u>Compliance</u>
GRI 205-3: Confirmed incidents of corruption and actions taken	<u>Compliance</u>

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## GRI 206: Anti-competitive Behavior 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Compliance</u>
GRI 206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	<u>Compliance</u>

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## GRI 301: Materials 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Materials</u> <u>Packaging</u>
GRI 301-1: Materials used by weight or volume	<u>Materials</u> <u>Packaging</u>
GRI 301-2: Recycled input materials used	<u>Materials</u> <u>Packaging</u>

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## GRI 302: Energy 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Energy</u>
GRI 302-1: Energy consumption within the organization	<u>Energy</u>
GRI 302-3: Energy intensity	<u>Energy</u>
GRI 302-4: Reduction of energy consumption	<u>Energy</u>

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## GRI 303: Water 2016

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GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Water</u>
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## 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 (NOX), sulfur oxides (SOX), and other significant air emissions

Climate Protection

## RRG1: 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

GGRI 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)	<u>Animal Welfare</u>
GRI FP10: Physical alterations	<u>Animal Welfare</u>

## GRI 401: Employment 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Employment</u>
GRI 401-1: New employees hires and employee turnover	<u>Employment</u>
GRI 401-3: Parental leave	<u>Employment</u>

## GRI 402: Labor/Management Relations 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Labour/Management Relations</u>
GRI 402-1: Minimum notice periods regarding operational changes	<u>Labour/Management Relations</u>

## GRI 403: Occupational Health and Safety 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Occupational Health and Safety</u>
GRI 403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	<u>Occupational Health and Safety</u>
GRI 403-3: Workers with high incidence or high risk of diseases related to their occupation	<u>Occupational Health and Safety</u>

## GRI 404: Training and Education 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Education and Training Programmes</u>
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	<u>Education and Training Programmes</u>
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	<u>Education and Training Programmes</u>

## GRI 405: Diversity and Equal Opportunity 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Diversity and Equal Opportunity</u>
GRI 405-1: Diversity of governance bodies and employees	<u>Diversity and Equal Opportunity</u>

## GRI 406: Non-discrimination 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Non-discrimination</u>
GRI 406-1: Incidents of discrimination and corrective actions taken	<u>Non-discrimination</u>

## GRI 412: Human Rights Assessment 2016



GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Social Standards in the Supply Chain</u>
GRI 412-2: Employee training on human rights policies or procedures	<u>Social Standards in the Supply Chain</u>

### GRI 413: Local Communities 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Child Protection</u>
GRI 413-2: Operations with significant actual and potential negative impacts on local communities	<u>Child Protection</u>

### GRI 414: Supplier Social Assessment 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Social Aspects in the Supply Chain</u>
GRI 414-2: Negative social impacts in the supply chain and actions taken	<u>Social Aspects in the Supply Chain</u>

### GRI 415: Public Policy 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Public Policy</u>
GRI 415-1: Political contributions	<u>Public Policy</u>

### GRI 416: Customer Health and Safety 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Customer Health and Safety</u>
GRI 416-1: Assessment of the health and safety impacts of product and service categories	<u>Customer Health and Safety</u>
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	<u>Customer Health and Safety</u>

### GRI 417: Marketing and Labeling 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Promoting Sustainable Consumption</u>
GRI 417-1: Requirements for product and service information and labeling	<u>Promoting Sustainable Consumption</u>
GRI 417-3: Incidents of non-compliance concerning marketing communications	<u>Promoting Sustainable Consumption</u>

### GRI 418: Customer Privacy 2016


GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Customer Privacy</u>
GRI 418-1: Substantiated complaints concerning breaches of customer privacy and losses of customer data	<u>Customer Privacy</u>

### GRI 419: Socioeconomic Compliance 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	<u>Compliance</u>
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GRI 102-56:

## External assurance

To ensure quality and credibility, REWE Group engaged PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft to conduct a limited assurance review for select data 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

The long-term business success of REWE Group is based on a cooperative structure that is shaped by such 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.

GRI 201: Economic performance

### Management approach

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 2018, total external revenue of REWE Group increased by 4.7 per cent to 61.2 billion euros. Total revenue of REWE Combine was 53.4 billion euros in 2018 (previous year: 49.4 billion euros) (for more information, see also the Combined Management Report for the 2018 Business Year, pages 12 and 14).

## Revenue development

in million €	2018	2017	Change in absolute figures	Change in %
Retail Germany	31,443.7	28,621.1	2,822.6	9.9
Retail International	14,242.7	13,353.5	889.2	6.7
Travel and Tourism	4,880.0	4,649.6	230.4	5.0
DIY Stores	2,151.1	2,130.8	20.3	1.0
Other	660.3	669.3	-9.0	-1.3
Total	53,377.8	49,424.3	3,953.5	8.0

## Result, key figures

in million €	2018	2017	Change in absolute figures	Change in %
Revenue	53,377.8	49,424.3	3,953.5	8.0
Cost of materials, incl. changes in inventories	-40,378.2	-36,948.6	-3,429.6	-9.3
Gross profit	12,999.6	12,475.7	523.9	4.2
Gross profit ratio	24.4%	25.2 %		
EBITDA	1,843.1	1,594.9	248.2	15.6
Depreciation, amortisation and impairments/reversals of impairment losses and impairment losses (excl. goodwill)	-1,234.6	-1,103.5	-131.1	-11.9
EBITA	608.5	491.4	117.1	23.8
Goodwill impairments	-10.4	0.0	-10.4	0.0
EBIT	598.1	491.4	106.7	21.7
Financial result	-14.6	-16.6	2.0	12.0
EBT	583.5	474.8	108.7	22.9
Taxes on income	-153.7	-133.0	-20.7	-15.6
Results from continuing operations	429.8	341.8	88.0	25.7
Results from discontinued operations	0.0	-4.0	4.0	100.0
EAT/net income for the year	429.8	337.8	92.0	27.2

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.

In addition to providing pension payments, the REWE Group pension fund provides benefits covering invalidity and death. It can be continued after changing employers. 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 2018, the fair value of the defined-benefit obligation (DBO) for the entire REWE Group was 1,003.4 million euros (in addition to 238.8 million euros of pension-like obligations; 2017: 998.1 million euros and 243.5 million euros, respectively). More information can be found in the Combined Management Report for the 2018 Business Year, from page 120.

### **Other benefits:**

Other employee benefits, as described below, include voluntary add-ons and voluntary social benefits like survivor benefits and retirement allowances, the volume of which is listed as a component of "pension-like obligations".

**Voluntary add-ons by sales line, in euros**

Sales line	Year	Euro
Retail Germany	2016	51,345,413
	2017	57,558,722
	2018	56,942,695
Retail International (Austria)	2016	-
	2017	-
	2018	-
Travel and Tourism	2016	234,000
	2017	242,000
	2018	245,000
DIY Stores	2016	2,700,049
	2017	2,757,977
	2018	2,699,678
Other	2016	8,518,443
	2017	8,973,589
	2018	9,600,905
Total (scope of application of the sustainability report)	2016	62,797,904
	2017	69,532,287
	2018	69,488,278

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.

## Pension scheme by sales line, in euros

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
Retail Germany	2016	24.6	27,411,364
	2017	23.5	30,373,824
	2018	22.4	31,800,602
Retail International (Austria)	2016	5.2	595,200.0
	2017	5.1	598,200.0
	2018	5.2	620,400.0
Travel and Tourism	2016	63.3	5,487,000
	2017	64.1	5,606,000
	2018	63.3	5,629,000
DIY Stores	2016	34.1	3,843,507
	2017	33.6	4,160,498
	2018	32.5	4,076,178
Other	2016	37.4	12,933,275
	2017	36.8	14,899,269
	2018	37.0	11,674,634
Total (scope of application of the sustainability report)	2016	22.3	50,270,345
	2017	21.7	55,637,792
	2018	20.9	53,800,814

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

A legally compliant behaviour and the prevention of legal and regulatory violations ensure the long-term success of a company. 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 lead to a loss of reputation. 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.

GRI 205: Anti-corruption

GRI 206: Anti-competitive behaviour

GRI 307: Environmental compliance

GRI 419: Socioeconomic compliance

## Management approach

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 also 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. In addition, an internal anti-corruption officer and an external ombudsman were appointed. In February 2009, REWE Group named a chief compliance officer, and, in June 2010, the Governance & Compliance headquarters department began to combine and coordinate the activities of REWE Group. Since 2011, the department has been

supported in its work by decentralised compliance officers as expert contact partners in the respective business units and country companies. Violations regarding corruption can be reported to the responsible compliance officers or the 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.

However, formal complaints can also 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.

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. As part of an efficient CMS based on the IDW PS 980 standard, 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. For this purpose, processes and work packages were developed and implemented by the end of 2018. Following this, the second certification step, the appropriateness test, was started. The Governance & Compliance headquarters department 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 were successively transferred to the new tool where they are available to all employees.

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 for the entire REWE Group (nationally and internationally). Appropriate measures are then developed on the basis of this information. "Commercial bribery" was identified as a key corruption risk – particularly in the business area of Purchasing.

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 Governance & Compliance headquarters department. Annual compliance risk analyses have been carried out and appropriate measures to control risks have been developed and implemented since 2011. 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 2018 Business Year, pages 27–33).

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). In 2018, work began on designing two new e-learning modules on the code of conduct and anti-corruption. Refresher formats are also provided for both courses to ensure the knowledge imparted is regularly refreshed. All modules will be available group-wide on the relevant learning management systems from 2019 onwards. The training addresses managers and employees alike. Numerous classroom training sessions and workshops were also organised during the financial year, 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. In this way, 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. In addition, 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 policy and procedure training in the organisation**

	2016	2016	2017	2017	2018	2018
	Non-management level, absolute	Management level, absolute	Non-management level, absolute	Management level, absolute	Non-management level, absolute	Management level, absolute
Retail Germany	318	35	734	98	19	1
Retail International	3,679	637	1,796	284	1,403	141
DIY Stores	33	9	53	0	37	0
Travel and Tourism	506	15	483	172	0	0
Other	461	93	556	105	65	11
Total	4,997	789	3,622	659	1,524	153

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, for clarification. This department examines the allegations and reports the results and measures to be taken as a result to the Governance & Compliance headquarters department. It is the responsibility of the operational units to implement these measures, which can involve such matters as labour or criminal issues.

In 2018, five significant tips about corruption were received by the Compliance department, all relating to “Commercial bribery”. Labour-law disciplinary steps and other measures 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 Governance & Compliance headquarters department holds regular workshops for the purpose of modifying the compliance programme and implementing preventive measures to minimise compliance risks.

GRI 206-1:

## Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

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

GRI 307-1:

## **Non-compliance with environmental laws and regulations**

REWE Group does not provide disclosures about the monetary value of significant fines and the total number of non-monetary penalties due to 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 the monetary value of significant fines and the total number of non-monetary penalties due to 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 2018 Business Year from page 31. Other provisions for court, litigation and legal consulting costs are reported in note 33 of the Combined Management Report for the 2018 Business Year from page 114.



## Public Policy

To support future-oriented economic, nutritional and environmental policies, REWE Group conducts a dialogue with political leaders on various levels and promotes public discourse.

GRI 415: Public Policy

### Management approach

REWE Group 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 policy makers from a range of parties. Topics on the agenda included sustainability, digitalisation and animal welfare. 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 which, as a trade and tourism company, is affected by legislative procedure such as the German Packaging Act or further developments of the law regarding part-time work.

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 conducted no political party sponsoring during the reporting period. No information is available for retailers. In 2016, REWE Group joined a business group of the Social Democratic Party of Germany, 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. REWE Group has also been a member of the Wirtschaftsbeirat (economic advisory board) dialogue platform of the Alliance 90/The Greens parliamentary group since 2018.



## Data protection

Technical developments are constantly creating new possibilities for collecting and processing data. As a result, the importance of and requirements for reliable data protection are increasing. In 2018, the EU General Data Protection Regulation (EU GDPR) created a new framework for the processing of personal data. As an international company, REWE Group processes personal data in its daily activities. The protection of this data has the highest priority.

GRI 418: Customer privacy

### Management approach

As a matter of principle, the companies of REWE Group handle personal data confidentially. REWE Group secures this data in accordance with current legal requirements. REWE Group has made this practice a high priority, particularly in light of the growing online offerings from its sales brands.

Every data protection enquiry 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) 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. In the 2018 financial year, there were six data protection officers within REWE Group.



In addition to the data protection officers two further roles were established in 2018 to also ensure data protection compliance within the meaning of the EU GDPR: Since 2018, all organisational units have also had support from data protection coordinators (DSC). In addition, the Central Data Protection Management team was established. This team has combine-wide regulatory sovereignty regarding data protection, guidance of the REWE Group Data Protection Board, consolidation of reporting and controls, and, in the course of this, reporting to the Management Board and Supervisory Board. Furthermore, it promotes synergies between the activities of the data protection coordinators and data protection officers, as well as information and training campaigns for REWE Group.

#### **Commitment to data protection**

The Group Management Board of REWE Group made the following commitment to data protection during the financial year: “The aim of REWE Group as a group of trade and tourism companies is to offer its customers comprehensive offers and outstanding services. To achieve this, it is necessary to realise that the multitude of data available is an opportunity and to use it in such a way that the range of services is tailored to suit needs and processes are completed more efficiently in the course of digitalisation.

When using this customer data, but also the data of employees or business partners, it is crucially important that REWE Group complies with legal requirements for the processing of personal data. This is important in order to secure and deepen existing trust and thus ensure the long-term success of the companies of REWE Group.”

In addition to expanding the data protection organisation, REWE Group also worked on many other data protection issues and carried out actions during the reporting period as part of implementation of the EU GDPR: from implementing a new privacy policy and revising data protection-relevant documentation to adapting processes relating, for example, to the rights of data subjects. In addition, further training opportunities for the handling of personal data were created, which also include information regarding any changes and updates to the EU GDPR. This should further increase employee awareness in this area. The offerings include an eLearning module aimed at achieving a more sensitive handling of personal data, as well as classroom training sessions that demonstrate the practical implementation of this topic in the REWE Group

for the respective target group. The eLearning campaign is a mandatory training session – across all employee levels, including the management team and the Management Board.

GRI 418-1:

## **Substantiated complaints concerning breaches of customer privacy and losses of customer data**

In the 2018 financial year, with the EU GDPR coming into effect, enquiries regarding the rights of data subjects increased combine-wide from 25 May 2018 to September of that year. This number has been falling again since October.

All complaints and reports of potential data protection violations or breaches (120 cases in 2018) have been reviewed, processed and documented. Complaints received by the supervisory authorities or directly by REWE Group from 25 May 2018 onwards have turned out to be unfounded, with the exception of two cases. The two justified complaints concerned the processing of data subjects' rights, which did not take place on time. Of the (potential) data protection violations or breaches identified internally at REWE Group, 13 cases had to be reported to the authority and, in part, to the data subjects. In most cases, these concerned human errors, such as the swapping of documents in envelopes.

Allegations made in all cases are analysed, technical or organisational measures 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

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 more than three-fourths of Germans buy organic products at least occasionally (source: Federal Ministry of Food and Agriculture: Environmental Barometer 2018), while roughly half of the German population is interested in more sustainable travel (source: Federal Ministry for the Environment, Nature Conservation and Nuclear Safety: Travel Analysis 2017). 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 criterion used to take a decision. Quality and price are just as important. At the same time, consumers interpret the term “sustainability” in different ways. Some define it as protecting nature or resources conservation. Others view it from the perspective of social conditions and animal welfare.

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

The Green Products 2030 strategy was developed in 2017 to optimally position the company for the future and make sustainability an integral part of procurement processes. The strategy focuses on the supply chains for REWE Group store brand products distributed in Germany by REWE, PENNY and toom Baumarkt. The strategic approach is based on the core elements of the

OECD guidelines for responsible agricultural supply chains. The strategies of the other sales lines will be gradually aligned with the Green Products 2030 strategy.

The sales lines of the REWE Group distribute both store brand products and products of third-party brands. Regular discussions are held with brand producers, within the framework of industry initiatives for example, as part of a dialogue on sustainability. REWE Group closely monitors the sustainability-relevant activities of brand producers and seeks direct dialogue as needed. REWE Group has more control over store brand products, and thus bears particular responsibility for them.

## 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, animals and the environment. 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.

The corporate group is working to offer more sustainable product ranges. In the food area, these include organic and regional products and store brand products for which supply chain improvements have been made. With this in mind, REWE Group has developed the PRO PLANET label. PRO PLANET represents one major goal of REWE Group: to make conventional products in the mass market more sustainable while promoting sustainable consumption among the general public. This “navigation system for more sustainable products” is a reliable guide for those consumers for whom environmental protection and the social compatibility of products are important when shopping (for further information see the section [PRO PLANET](#)). More sustainable offers are increasingly being created in tourism as well.

The purpose of the REWE Group Green Products 2030 strategy is to identify, evaluate and implement effective measures for reducing the impact of store brand products on people, animals and the environment. This strategy is embedded in the overall REWE Group sustainability strategy, defining the strategic alignment and operational implementation of sustainability as part of the Green Products commitment. The mission of the pillar of sustainability Green Products, “We act responsibly for humans, animals and the environment”, forms the “umbrella” of the strategy, with which concrete measures are aligned.

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). Environmental, social and corporate data were first evaluated in an opportunity and risk analysis in order to assess the social and environmental impacts of products and identify where sustainability can have the most effect. Building upon this, the impacts and effects store-brand products have on humans, animals and the environment were shown quantified in monetary terms.

The analysis showed, among other things, 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 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 following areas of action:

- Ethical business practices
- Animal welfare
- Conservation of resources

The strategy will be implemented through a comprehensive management approach that defines the principles and instruments for implementing measures. In this management approach, the respective areas of action are addressed on three levels, as outlined below.

## **1. 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 information on the basis of risk analyses and briefings, coordinating binding targets with purchasing departments and conducting training on sustainability issues. Internal reporting enables continuous development within the individual sustainability issues.

## **2. Supply chain management**

Risks in the supply chain are classified to the areas of action of ethical business practices, animal welfare and conservation of resources. 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 aimed at achieving broad sustainability gains. Specific measures, training programmes and supplier development sustainability projects are designed to reduce impacts along the supply chain.

### 3. **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. This means the company works closely together with stakeholders, including the Sustainability Advisory Board 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. External communication creates transparency vis-à-vis stakeholders.

In addition, REWE Group has defined a fourth area of action as part of the Green Products commitment:

- Nutrition

In the 2018 reporting period, the pillar Green Products for food retailing in Germany was overseen by Jan-Peer Brenneke (Managing Director for Store Brands Purchasing & Development national/international). 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.

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.

## Areas of Action

The following focus issues were identified within the four areas of action, for which specific measures are being taken.

### **Ethical business practices: living wage, forced labour, child labour**

Today's globalised world of complex trade relations is characterised by an imbalance of power, with stark differences evident in the economic strength of developing and developed countries respectively. This can lead to societal ills such as forced labour, child labour and poverty-level incomes. REWE Group is active to ensure fair working conditions and the upholding of human rights in the supply chain.

### **Animal welfare: husbandry conditions, procedures performed on animals and breeding**

Livestock farming is a major branch of agricultural production, and the conditions under which the animals are kept are critical for animal welfare. These conditions are not always adequate in modern production systems for meeting animals' natural needs. In addition, animals are subject to routine physical operations to facilitate livestock farming using conventional stall systems. As a food retailer, REWE Group works actively to improve animal welfare in livestock farming, including animal-appropriate living conditions, dispensing with the practice of performing painful operations, use of alternative breeds and limiting over-breeding.

### **Conservation of resources: Circular economy, water and biodiversity**

Natural resource consumption and competition for scarce resources, such as fresh water, land and raw materials, are increasing worldwide. In parallel, global environmental problems are worsening, such as climate change, soil degradation and loss of biodiversity. The manufacturing of products generates environmental impact in the REWE Group supply chain. The trading company acts to fulfil its responsibilities through a range of measures promoting sparing usage of natural resources in the supply chain. This achieves lasting reduction of impact in the areas of biodiversity, climate and air, water and soil as well as plastic and packaging.

## Nutrition: a varied, healthy diet



Nutrition is another complex of issues the REWE Group is focused on, 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. In 2018, approximately 250 store brand products already underwent optimisation for sugar or salt content. The recipes for nearly 700 items are currently under review. REWE and PENNY intend to review the sugar and salt content of all store brand products and reduce the sugar or salt content of 50 per cent of these items 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.

## Targets and Key Performance Indicators (KPIs)

For the two areas of action “ethical business practices” and “conservation of resources”, new targets and KPIs have been defined and approved for store brands as part of strategy development. Target attainment is measured applying defined KPIs and this data is published in the sustainability report.

### Area of action: ethical business practices

REWE Group activities relating to ethical business practices are aimed at furthering human rights and improving working conditions in supply chains.

KPI	Target	Status <sup>1</sup>	Measures
Percentage of strategically relevant production sites that are integrated into a training programme (capacity building)	100% by the end of 2030		See section <a href="#">Social aspects in the supply chain</a>
Introduction of a complaint mechanism system in relevant supply chains	End of 2025		



 On Track  Target attained  Target not attained

<sup>1</sup> Detailed information on the current status of target attainment should be available from 2019 upon the introduction of system tracking.

### Area of action: conservation of resources

REWE Group implements measures for the conservation of resources in its supply chains in an effort to protect natural resources and preserve biodiversity.



KPI	Target	Status <sup>1</sup>	Measures
Percentage of relevant food and non-food producers integrated within an environmental programme	100% by the end of 2030		See section <a href="#">Environmental aspects in the supply chain and Packaging</a>
Percentage of more environmentally friendly store brand packaging	100% by the end of 2030		

 On Track  Target attained  Target not attained

<sup>1</sup> Detailed information on the current status of target attainment should be available from 2019 upon the introduction of system tracking.

## Sustainable Development Goals

During the reporting period, REWE Group measured its sustainability strategy against the Sustainable Development Goals (SDGs) identified as high-priority or relevant for the company (see the section [Strategy](#)). Three of the highest-priority SDGs fall within the scope of the Green Products commitment: 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 the section [Strategic Approach](#))."

## Reporting

The following sections of the GRI Report contain all measures, data and topics related to the pillar Green Products:

- [Animal Welfare](#)
- [Biodiversity](#)
- [Child Labour and Forced Labour](#)
- [Customer Health and Product Safety](#)
- [Environmental aspects in the supply chain](#)
- [Livestock Farming Conditions](#)
- [Packaging](#)
- [PRO PLANET](#)
- [Product-related Risk Analysis](#)
- [Promoting Sustainable Consumption](#)
- [Raw Materials in Focus – Food](#)
- [Raw Materials in Focus – Non-Food](#)
- [Regional Products](#)



## Product-related Risk Analyses

REWE Group strives to reduce the environmental and social impacts of its business operations wherever possible. To achieve this, the REWE Group carries out analyses to assess social and environmental risks on multiple levels, including the product group and commodity levels, to formulate strategies, and on the level of individual products, topics or countries to concretise individual measures to be taken. The REWE Group continuously reviews its risk containment efforts and progress within this framework. When different goals come into conflict with one another, the company calls on experts from its own ranks and from external stakeholder groups.

GRI 102-11: Precautionary principle or approach

### Analysis of the Social and Environmental Risks in the Supply Chains

Risk analysis is carried out to determine and evaluate the impact of business activities on people and the environment. In 2016 and 2017 this approach was significantly expanded in order to obtain a comprehensive overview of the value chains. The aim was to identify any significant negative ecological and social effects 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. 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.

REWE Group Germany has carried out a formalised risk analysis for food and non-food products of the supply chains for its store-brand products distributed by REWE and PENNY in Germany. For this, the range of food and non-food products was organised into 37 clusters of goods. The analysis thus covers the entire range.

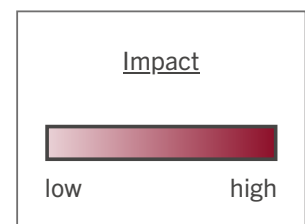
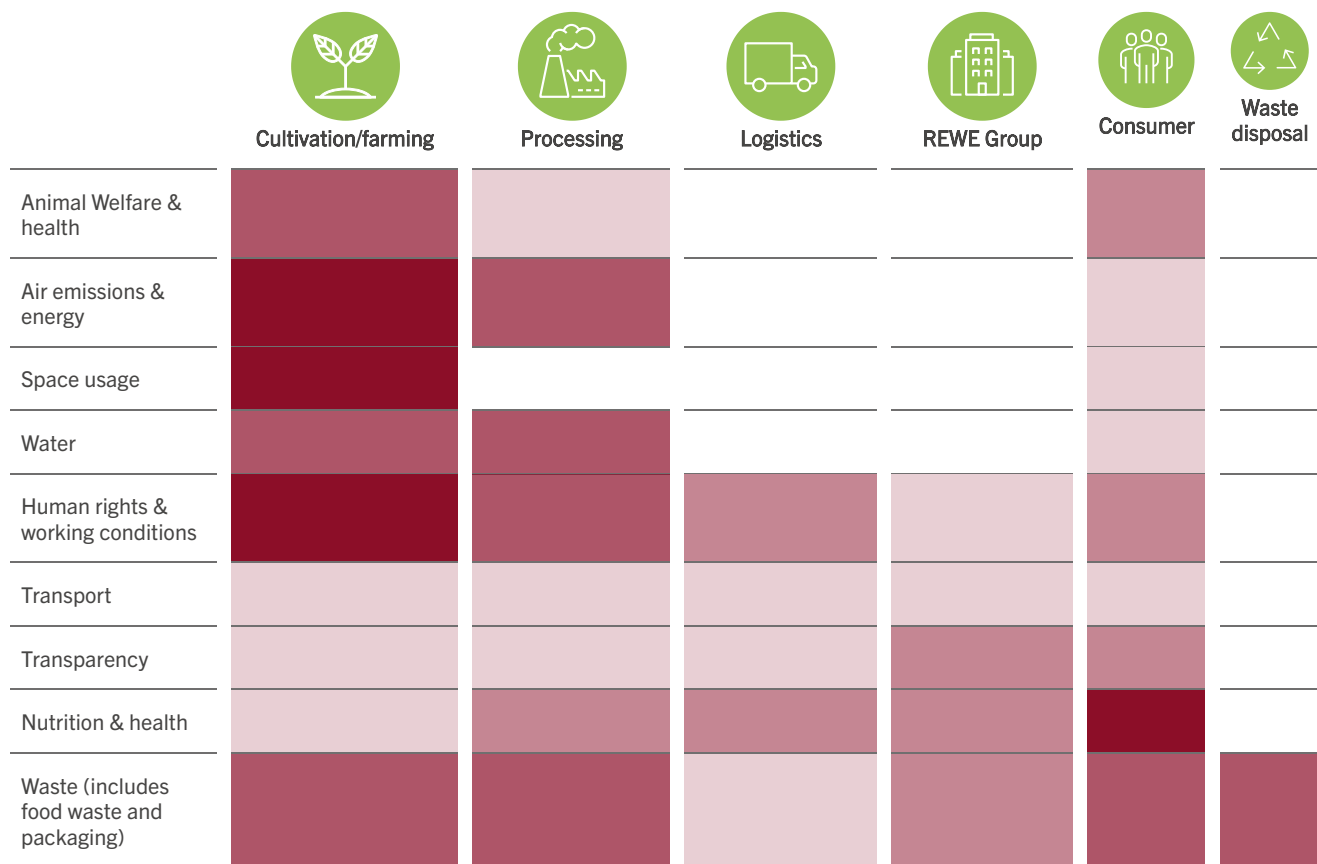
There are two parts to the procedure: a qualitative and a quantitative analysis. In the qualitative analysis, studies and reports were evaluated and buyers and NGOs were interviewed to determine significant sustainability topics throughout the value chains. In addition to the ecological effects, risk 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. For this analysis, ecological effects in the supply chain, such as greenhouse gas emissions, were determined and converted into monetary amounts. 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 were quantifiable for the individual clusters of goods. This allowed fact-based identification of ecological and social hot spots along the entire value chain, pointing out particularly high-risk product groups and focus commodities.

The analysis yielded the insight that the most impact is concentrated in the supply chain links of commodity cultivation and processing. Accordingly, REWE Group activities are focused on these.

### Impact Along the Value Chain





The analysis additionally showed that the following are critical commodities: fruits and vegetables in general, bananas and pineapples in particular; meat and dairy products, including animal feed; coffee, cocoa, tea, palm oil, fish, cotton, textiles and natural stones (for more information see the section [Raw Materials in Focus – Food and Raw Materials in Focus – Non-food](#)).

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 allows a more precise view of the key issues.

### Example: Impact on Fruits and Vegetables

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:

### Scorecard for Fruit and Vegetables – Overview of Ecological and Social Impact



#### 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				

## Results in the Fruits and Vegetables Product Cluster

### Key issues

Air emissions & energy	<ul style="list-style-type: none"> <li>Carbon dioxide emissions from using fertiliser and energy consumption during farming</li> <li>Carbon dioxide emissions from logging to gain farming land</li> <li>Transport emissions</li> </ul>
Biodiversity	<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 farming land and the associated soil exhaustion and erosion</li> </ul>
Soil	<ul style="list-style-type: none"> <li>Exhaustion of agricultural soil</li> <li>Soil erosion</li> </ul>
Water	<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>
Working conditions	<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>
Human rights	<ul style="list-style-type: none"> <li>Risk of child labour</li> </ul>

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 further information see the section [Risk Management](#).



## Regional Products

Many consumers are now regularly interested in knowing about the origin of the products they buy, and regional origin is especially important to shoppers. Having regional products in the assortment helps farmers and farms in the local area where consumers live – and thus the consumer's direct environment. And short transport routes and seasonality have the additional benefits of reducing the environmental footprint.

GRI 204-1:

### Proportion of spending on local suppliers

For the REWE Group, regional suppliers are suppliers that produce a finished product within the same specifically defined region where the commodities they are made from are produced. Regional assortments include a high percentage of fresh fruit and vegetable products that are sold in stores on a seasonal basis. To consumers, this group of suppliers represents freshness, short transport distances, trustworthy production and support for the local economy.

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 in the region as well as transparent, attention-grabbing communication about the special quality of these products to consumers, like in the REWE Regional summer campaign.

The nationwide brand REWE Regional introduced in 2012 ensures rapid recognition of regional 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.

### REWE Regional (Germany)

	2016	2017	2018 ✓
REWE stores that sell REWE Regional items	3,165 <sup>1</sup>	3,278 <sup>1</sup>	3,289
Customer contacts <sup>2</sup>	105,371,626	115,182,718	109,490,479
Number of products <sup>3</sup>	465	607	641

<sup>1</sup> Only stores that have sold more than 200 REWE Regional items during the year (values for 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.

## Labelling of regional products

As another way of promoting regional products, REWE Group became a charter member of the supporting association Regionalfenster e.V. (Regional Window) in 2012 and 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 288 in 2016 to 354 in 2018.

### REWE Regionalfenster Items (Germany)

	2016	2017	2018
Number of products <sup>1</sup>	288	368	354

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

PENNY labels roughly 60 items which are available seasonally in Germany as Regional Window products. 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.

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 270 and the number of customer contacts to over 86 million.

### Regional Concept "Da komm ich her"<sup>1</sup> (Austria)

	2016	2017	2018 ✓
Customer contacts <sup>2</sup>	80,025,000	83,726,000	86,317,000
Number of products <sup>3</sup>	223	244	255

<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 2018, the range had 407 products, as compared to 388\* in 2017. I'm Austria items generated approximately 86,000 customer contacts in total in 2018.

\* The number of products under the PENNY store brand I'm Austria for 2017 has been adjusted since initial publishing due to a data collection error.

## Locality

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. Local items are typically marketed under the umbrella brand "From Your Region" and are placed in stores and labelled accordingly. 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 and perform such tasks as attending locality conferences where suppliers can present their goods. There were 16 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 2018, 300 stores sold more than 3,200 Landmarkt items.

### Landmarkt, Hesse (Germany)

	2016	2017	2018
Stores that sell Landmarkt items	267 <sup>1</sup>	278	300
Customer contacts <sup>2</sup>	8,077,505	8,621,728	9,511,383
Number of products <sup>3</sup>	over 2,900	over 3,300	over 3,200

<sup>1</sup> The number of markets selling REWE Landmarkt items for 2016 has been adjusted since initial publishing due to a data collection 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 retailers have created their own regional product ranges. In the REWE Richrath stores in the Cologne area, consumers find a large number of products that bear the label “Wir aus der Region” (We from the Region).



## Raw Materials in Focus – Food

The supply chain links of raw materials production and processing involve particular ecological challenges and a heightened risk of non-observance of labour and social standards. Accordingly, REWE Group activities are focused on these. As part of product-related risk analysis, REWE Group has defined the following food raw materials as critical: fruits and vegetables in general with a special focus on bananas and pineapples, meat and dairy products including animal feed, coffee, cocoa, orange juice, tea, palm oil and fish.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Activities relating to the focus food raw materials are of special importance in these areas of action.

GRI FP1:

### **Percentage of purchased volume from suppliers compliant with the company's sourcing policy**

REWE Group continuously works to make its supply chains more social and environmentally conscious. The REWE Group observes internationally recognised certification standards, cooperates in industry initiatives, launches its own projects and formulates its own requirements

within the framework of company policies and the PRO PLANET process. The approaches that the company takes for individual raw materials are outlined below.

## **Fruit and Vegetables**

Since 2013, REWE Group has required agricultural suppliers of primary fruit and vegetable products to agree to comply with the core labour standards of the International Labour Organisation (ILO), within the respective framework of applicable national laws. This includes proper legal payment of at least the minimum wage required by law, collective agreement or contract. Both are mandatory requirements, compliance with which must be documented by the suppliers. The suppliers are also responsible for ensuring that their own suppliers in turn 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 addition to addressing social issues in fruit and vegetable production, REWE Group is also committed to reducing environmental impact. This includes promoting biodiversity through specific projects, for example concerning apple and vegetable farming in Germany, requirements for the use of pesticides and adherence with Rainforest Alliance, Fairtrade and other ecological standards.

### 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. Following the merger between the Rainforest Alliance and UTZ, REWE Group joined the committee for further development of the certification standard in 2018. The sales lines also offer organic pineapples and bananas and, at PENNY, Fairtrade bananas. To heighten transparency in supply chains, REWE Group is introducing a QR code for REWE store brand bananas in early 2019 allowing customers to trace bananas back to the producer.

### Percentage of Conventional Bananas and Pineapples from Rainforest Alliance-certified Cultivation (REWE Group in Germany)

	2016	2017	2018
Bananas	100%	100%	100%
Pineapple	100%	100%	100%

## 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 carbon dioxide.

Against this backdrop, REWE Group developed its Guidelines for Palm Oil and Palm Kernel Oil Products at the beginning of 2011. The goal behind this guideline is to exclusively use more sustainably produced palm oil in all store brand products. To ensure this, the REWE Group relies primarily on the certification standard of the Roundtable on Sustainable Palm Oil (RSPO), of which the Group has been a member since 2011. Four trade models are applied in supply chains

for the purchasing of certified palm oil. Each has different requirements regarding traceability of the raw material to the farm. REWE Group has used 100 per cent certified palm oil since 2013. In Austria, REWE Group has exclusively purchased certified palm oil since 2014, and the Group's brand Ja! Natürlich has been palm oil-free since 2018.

#### Percentage of Store Brand Products Using Certified Palm (Kernel) Oil Products

	2016	2017	2018
RSPO-certified palm (kernel) oil in store brand products (Germany)	100%	100%	100%
RSPO-certified palm (kernel) oil in store brand products (Austria)	100%	100%	100%

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 (FONAP). 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. The traceability of palm oil used is to be ensured over the long term with adherence to additional defined criteria in order to meet the ambitious goals set as part of the voluntary commitment. 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 2018.

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 95 per cent with all store-brand products in Austria in 2018.

### Closer Conformity with FONAP Criteria

When the Forum for Sustainable Palm Oil (FONAP) was founded in November 2015, REWE Group joined the FONAP Steering Committee and has since played an active role in its working groups, tasked for example with communicating the Forum's work developing and implementing a project in producer countries. This is a cooperation project between FONAP and the Malaysian non-governmental organization WildAsia that started in July 2018. The purpose of the project is to gather feedback on the feasibility of the additional criteria required by FONAP and jointly test out their applicability with select smallholders in the Perak/West Malaysia region. The additional criteria are:

- Stopping cultivation on peat soils and other high-carbon sites
- Stopping usage of highly dangerous pesticides (Rotterdam and Stockholm Conventions, WHO 1a and 1b and Paraquat)
- Strict reduction targets for greenhouse gases
- Exclusive use of oil palm fruits (fresh fruit bunches) from legal cultivation

The project runs until July 2019.

## Cocoa

A major amount of global raw cocoa comes from Western Africa. The production work 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. This results in a lack of the necessary funds for investment and poor working conditions in many cases. In turn this leads to exploitative forms of child labour (for more information see the section [Child Labour and Forced Labour](#)). In a policy document called the [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. The percentage of certified cocoa used was 99 per cent in 2017 and remained at this level in 2018. 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, approximately 99 per cent of raw cocoa supplies for store brands were certified in 2018.

#### Percentage of Cocoa Certified for Fairtrade, the Fairtrade Sourcing Programme, the Rainforest Alliance and UTZ

	2016	2017	2018
Store brand products in Germany containing cocoa	94 %	99 %	99 %
Store brand products in Austria containing cocoa	-	80 %	99 %

#### Improving Conditions: German Initiative on Sustainable Cocoa

As a founding member of the multi-stakeholder German Initiative on Sustainable Cocoa, REWE Group supports the PRO-PLANTEURS project along with other companies. The five-year cocoa project in the Ivory Coast is aimed at professionalising cocoa-producing family farms and cooperatives. In particular, women are to be given opportunity to optimise their own income and create an improved basis for feeding their families. Additionally, cocoa cultivation is to be made more attractive for young cocoa farmers. The living conditions of local families are to be improved through increased income and a more balanced diet. PRO-PLANTEURS has trained 41 women from the cooperatives newly selected in 2018 as farming advisers, in partnership with the National Food Program of the Ivory Coast. Including the advisers already trained, the project is reaching more than 20,000 households.

Special training sessions for women were conducted in March 2018. Acting as points of contact and role models, they will now bring their newly acquired knowledge and skills to their cooperatives. New training courses for women on agricultural diversification began in November 2018. In another training opportunity, producers from the newly joined cooperatives are to receive intensive coaching on professionalising their operations. PRO-PLANTEURS also finances training for young cooperative members.

## Orange Juice

Orange growing and orange juice production involve complex societal and environmental challenges. These include financial problems for small farmers, precarious employment conditions, the use of pesticides and high levels of energy consumption. REWE Group is committed to more sustainable production of orange juice, cooperating with others to improve the social, environmental and economic conditions surrounding orange juice production. To achieve this, the company purchases sustainably produced orange juice products, is involved in origin projects and industry-wide dialogue and promotes transparency throughout the supply chain. In the spring of 2019, the store brands REWE Beste Wahl (REWE) and Paradiso (PENNY) introduced 100 per cent Fairtrade-certified orange juice that is traceable to its producer organisations. With sale proceeds from this orange juice, REWE Group is supporting a project in Brazil to improve local working conditions. In 2019, REWE Group published a Guidelines document for orange juice stating that the REWE and PENNY store brands will switch to 100 per cent certified orange juice by the end of 2025. The Group utilises the Fairtrade and Rainforest Alliance certifications and the EU Organic Seal of Approval to mark this change. In addition, customers will have access to information on the origin of individual orange juice products to create pressure for higher wages in the orange juice supply chain.

#### **Responsibility in the Fruit Juice Industry: The Juice CSR Platform**

In June 2016, REWE Group became a member of the European Juice CSR Platform and works to improve the social and environmental aspects of the industry's supply chain. The Platform is a sustainability initiative launched to help European fruit juice producers incorporate CSR measures into their company strategies, and thus achieve a long-term, sustainable contribution along the global value chain of fruit juices for all stakeholders. In addition, REWE Group works actively in a working group on orange juice from Brazil, of which the Group has been a steering committee member since 2017.

## **Coffee**

Coffee is a globally traded product and its farming is an important economic sector for many countries in 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 2018, the percentage of coffee certified organic or by UTZ, the Rainforest Alliance or for Fairtrade rose to 71.4 per cent, from 69.4 per cent in 2017.

#### Percentages of Store Brand Coffee Certified Organic or by UTZ, Rainforest Alliance or for Fairtrade

	2016	2017	2018
REWE and PENNY (Germany)	61.7 %	69.4 %	71.4 %

#### A Special Relationship: Supporting Coffee Farmers in Their Local Areas

REWE Group entered into a partnership with the people of the Fairtrade coffee cooperative Valle de Incahuasi in Peru in 2009 in which purchasing of their coffee is guaranteed. Together with this cooperative, REWE Group is carrying out measures and projects to counteract climate change and increase farmers' incomes.

The cooperative produces REWE Feine Welt coffee, which is certified organic and for Fairtrade. The plants are grown under controlled organic farming conditions that put less strain on the sensitive local ecosystem. After harvesting, the beans are tasted in the cooperative before undergoing quality controls and then being transported to the nearest larger city of Andahuaylas in small vans. From there they are transported on to Lima, and are ultimately roasted in the Germany's Ruhr Valley area.

## Tea

Conventional tea farming is frequently monoculture farming that involves heavy use of pesticides. This endangers biodiversity and the drinking water supply 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 2017, the share of certified tea products at REWE and PENNY was 19 per cent. The share rose to 31.7 per cent in 2018. REWE Group strives to continuously increase this percentage.

By the end of the 2018 reporting period, both REWE and PENNY had switched their green and rooibos teas to 100 per cent Rainforest Alliance-certified raw material. The process of switching the black tea segment from 50 over to 100 per cent Rainforest Alliance-certified raw materials was also completed in 2018.

#### Percentage of Certified Tea Products/Raw Materials at REWE and PENNY

	2016	2017	2018
Tea products certified organic or by the Rainforest Alliance or for Fairtrade	14%	19%	31.7%
Rainforest Alliance-certified raw materials for green and rooibos teas			100%
Rainforest Alliance-certified raw materials for black tea			100%

## 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 the company's [Guideline for Fish, Crustacean and Shellfish](#), REWE Group has pledged to increasingly purchase fish products from sustainable and certified fishing operations and aquaculture, and to transparently inform consumers about these efforts.

#### Percentage of More Sustainable REWE Group Store-brand Fish Products in Germany

	2016	2017	2018
Percentage of certified products (MSC, ASC, GGN)	86 %	88 %	90 %
Percentage of products with tracking code	85 %	81 %	67 %

The REWE Group assortment in Austria includes roughly 400 MSC-certified fish products for both 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 bore the VLOG seal in 2018. For fresh milk and UHT milk, the share rose from 77 per cent in 2016 to 100 per cent in 2018. At REWE Group in Austria, the entire range of fresh eggs and fresh milk comes from non-GMO feed.

**Percentages of Products Bearing the Seal of the German Association for Non-Genetically Modified Foods (VLOG)**

	2016	2017	2018
Fresh milk and UHT milk	77 %	99 %	100 %
Fresh egg assortment	100 %	100 %	100 %

For further information about the involvement of REWE Group in organisations and initiatives, see the section [Initiatives and Memberships](#).



## Raw Materials in Focus – Non-food

The supply chain links of raw materials production and processing involve particular ecological challenges and a heightened risk of non-observance of labour and social standards. Accordingly, REWE Group activities are focused on these. As part of product-related risk analysis, REWE Group has defined the following non-food raw materials as critical: cotton and textiles as well as natural stones.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Activities relating to the focus non-food raw materials of cotton and textiles as well as natural stones are of special importance in these areas of action.

GRI FP1:

### **Percentage of purchased volume from suppliers compliant with the company's sourcing policy**

REWE Group continuously works to make its supply chains more social and environmentally conscious. The company observes internationally recognised certification standards, cooperates in industry initiatives, launches its own projects and formulates its own requirements within the

framework of company policies and the PRO PLANET process. The approaches that the company takes for individual raw materials are outlined below.

## Cotton and Textiles

Cotton is one of the most important raw materials 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 the percentage of textile products made with more sustainable cotton, REWE Group in Germany sources Cotton made in Africa (CmiA), observes the Global Organic Textile Standard (GOTS) and utilises textiles made of recycled fibres. REWE Group is 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. In 2018 this figure was 85 per cent.

### Percentage of More Sustainable Cotton Textiles (REWE, PENNY and toom Baumarkt in Germany)

	2017	2018
Percentage of CmiA or GOTS-certified textiles	70 %	85 %

### 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. Since 2018, REWE Group has been aiding women's groups in rural Zambia through income-earning initiatives aimed at helping women gain economic and social independence as part of the Cotton made in Africa Community Partnership Programme. The programme supports projects such as the opening of a grocery store, a poultry farming operation and the purchasing of an oil press. Some 400 women and their family members too are benefiting from these investments, but the positive impact extends to their entire village communities. The initial projects are slated for completion in mid-2019. REWE Group is also involved as a consultant on the CmiA Board of Advisers.

In addition to focusing on cotton as a raw material, REWE Group is committed to promoting sustainability in the textile sector overall through an array of different measures. These include the Detox Programme promoting the use of safe chemicals in textile production, and the company's activities in the Partnership for Sustainable Textiles. This multi-stakeholder initiative is dedicated to bringing about social, environmental and economic improvement throughout the textile supply chain. Joining the Partnership is part of REWE Group's commitment to sustainably improving environmental, social and economic conditions in international textile supply chains. In 2018, REWE Group played an active role in the Alliance Initiative for Chemical and Environmental Management, the Group of Experts on Living Wages and the Working Group on Complaint Mechanisms.

In 2013, REWE Group signed the Bangladesh Accord on Fire and Building Safety to improve safety in the Bangladeshi textiles industry.

And in December 2018, REWE Group joined the international Fur Free Retailer programme. The ban on real fur has been in effect for several years in our store brand ranges. REWE Group has outlined its management approach and its activities in a document called the [Guideline for More Sustainable Textiles](#).

## 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 have already been awarded these seals. 100 per cent of hygienic paper products sold by REWE and PENNY now bear the FSC®, PEFC™ or Blue Angel labels.

toom Baumarkt DIY store has a steadily growing assortment of certified items in numerous product categories, and has been a member of FSC® and PEFC™ since 2018. toom Baumarkt DIY stores thus support high standards for transparency and controlling of the product chain in both systems for sustainable forest management. In addition, REWE, PENNY and toom Baumarkt DIY stores in Germany are making their entire assortment of charcoal products either FSC® - or PEFC™-certified. REWE Group intends to exclusively sell certified charcoal in its stores by the end of 2019. A gradual sell-off of remaining uncertified stocks has been underway since 2018. REWE and PENNY in Germany will be exclusively using recycled or certified paper in packaging by the end of 2020.

### Percentage of More Sustainable Hygienic Paper Products (REWE and PENNY Germany)

	2016	2017	2018
Percentage of FSC®, PEFC™- or Blue Angel-certified hygienic paper products	100 %	100 %	100 %

## 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. In addition, the range of peat-free soil earth products is expanded from year to year. Seven peat-free store brand products were sold in 2018: five toom Naturtalent potting soil products and two toom Qualitätsmarke products. The REWE and PENNY sales lines have also added peat-free and peat-reduced alternatives to their seasonal 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 independently monitor compliance with social and environmental criteria. toom Baumarkt DIY stores were an active participant in the process of revising this standard in 2018 as a representative of the retailing sector. Published in September 2018, the revised standard is valid until 2023. In 2016, toom Baumarkt DIY stores began offering their 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 DIY stores bear the XertifiX PLUS label.

## Nordmann Fir

Eighty per cent of the seeds of all Nordmann firs come from the economically weak region of Racha in the country of Georgia. In partnership with the Danish Fair Trees Fund, toom Baumarkt DIY stores are committed to ensuring fair working conditions and greater safety in the harvesting of cones in Georgia. This involves a five-day climbing training meeting German standards which cone pickers are required to complete before each harvest season. They also get professional climbing equipment with doubled safety features, and are guaranteed to receive fair wages and accident insurance coverage during the harvest season.

For each fir sold, toom Baumarkt DIY stores donates to support numerous social projects of the Fair Trees fund in the harvesting region in Georgia, such as opening of a dental practice providing free care for children. Additionally, a number of scholarships have been awarded to pupils from the region. toom Baumarkt DIY stores began realigning the entire Nordmann range to use trees



from Fair Trees in 2018. A Fair Trees tree is planted for every tree sold. In addition to the Fair Trees logo, the trees also bear the PRO PLANET label additionally stating: “Social Conditions Improved”.

## More Sustainable Travel: 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 tourist destinations over the long term by supporting environmental, biodiversity and corporate responsibility projects in the interest of society and culture. DER Touristik was involved in four projects as part of this initiative during the reporting period. The company 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 the course of one year to develop practical measures against food waste. The KAZA project, for example, 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 aimed at promoting sustainable travel offers and making them easier to book (for more information about this project, see the section [Promoting Sustainable Consumption](#)). As part of the sponsorship project “Tour Operator Human Rights Due Diligence”, DER Touristik developed a Destination Risk Register in 2017 and 2018 in partnership with Futouris and Löning Human Rights & Responsible Business, as well as a guide for analysing the human rights implications of doing business in major corporations in the tourism industry. The findings from this project are being made available to the industry.



## Organic

The REWE Group works continuously to expand its assortment of organic foods. Organic products are good for people, animals and the environment, because they have no artificial colours or flavourings, for example, are free of chemical pesticide residues and grown with mineral fertiliser that easily dissolves. The animals farmed have ample stall space and are free-ranging, enabling them to live in accordance with their natural behaviour. For these reasons, organic products have become an important consumer segment and are a key element in the REWE strategy to steadily expand the Group's range of more sustainable products.

Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards, broken down by standard

## Management Approach

REWE Group continuously works to expand the organic product ranges in its sales lines. In the Guideline for Ecological Products adopted in 2014, REWE Group formulated requirements for suppliers and companies that, in many cases, exceed organic standards like the EU organic farming label. More than 200 organic products sold by the REWE sales line are already subject to the significantly stricter criteria of the organic agricultural association Naturland (2017: more than 180 organic products bear the Naturland logo).

### **A Strong Partner: Naturland**

The REWE sales line has had a close partnership with Naturland, one of the largest international organic farming alliances, since 2009. Some 65,000 farmers, beekeepers and fish producers in 58 countries around the world uphold responsibility together for humans, animals and the environment. Their common goal is to make sustainability in farming and the food industry a reality as producers of genuine organic products of quality. Naturland rules go beyond the legal requirements under EU organic food regulations, promoting resource conservation.

The performance of the various organic product ranges offered by the REWE Group sales lines was slightly negative in the reporting period. A positive trend is evident for organic farming across Germany, with organic food revenue in Germany growing from 9.8 billion euros in 2016 to 10.9 billion euros in 2018.

## **Organic Brands at REWE Group**

REWE Group distributes organic store brands in its individual sales lines in placing organic products, and is steadily expanding the product assortment.

### **REWE Organic Store Brands**

The quality standards for many REWE Bio organic products, the REWE store brand, are more stringent than the EU statutory requirements. The product assortment has been continuously expanded since 2013. More than 520 REWE organic products were offered during the reporting period (average for the full year). REWE Bio products thus comprised about four per cent of the assortment's sales value in 2018. The total rises to 5.7 per cent including the organic products of brand producers. REWE redesigned the packaging of REWE organic products in the financial year and launched an accompanying campaign to further increase sales value and raise customer awareness of organic products. This included print ads in popular magazines, a Galileo TV sponsorship, digital activities and the communications via fliers and PAYBACK.

### **Naturgut: Organic Products at PENNY**

The Naturgut brand replaced the organic store brand B!O at PENNY stores in 2014. With

Naturgut, PENNY united regional, vegetarian and organic products under one brand name. During the 2018 financial year, PENNY introduced some 100 Naturgut products in its regular assortment. From January 2019, the Naturgut brand will be focusing on organic products, including vegetarian and vegan products. The share of Naturgut products of sales value has slightly declined to 2.1 per cent.

In April 2016, PENNY introduced Naturgut Bio-Helden in a move to promote 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 market the products to industry at comparatively lower prices. 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 upstream production. 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.

### Incentives for Organic Farming

Naturgut “Junior-Helden” (Junior Heroes) appeared in PENNY stores in April 2018. These are “in-conversion products” from producers transitioning over to organic farming. This new brand at PENNY represents a marketing opportunity for organic producers who do not yet have official organic certification due to legal hurdles, such as the one-year or three-year statutory transition period for fruit and vegetable growing, even though they are already producing organically with the attendant greater costs. 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 is 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: Organic Products for the Kitchen Garden

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. toom also started offering fruit shrubs and fruit trees exclusively in organic quality in 2018. The assortment comprised over 340 products in 2018.

## Ja! Natürlich in Austria

The creation of Ja! Natürlich in 1994 was a pioneering move by REWE International AG in Austria. Today, the organic brand generates more than 90 per cent of its revenue with organic products. PENNY Austria sells organic products under the store brand Echt B!O.

## Organic Product Performance (in Per Cent)

	2016	2017	2018 ✓
Organic products (store brands and industry brands in % of gross sales value <sup>1</sup> , REWE Markt GmbH)	5.7 %	5.8 %	5.7 %
REWE Bio (% of gross sales value <sup>1</sup> , REWE Markt GmbH)	4.2 %	4.2 %	4.0 %
REWE Bio fruit & vegetables (% of gross sales value of fruit and vegetables, REWE Markt GmbH)	10.9 %	11.6 %	12.4 %
PENNY Naturgut (% of gross sales value <sup>1</sup> , PENNY)	2.3 %	2.3 %	2.1 %
PENNY Naturgut fruit & vegetables (% of gross fruit & vegetable sales value, PENNY)	7.3 %	7.3 %	6.6 %
Ja! Natürlich (% of gross sales value, full-range stores in Austria)	6.8 %	6.7 %	6.7 %
Ja! Natürlich fruit & vegetables (% of gross sales value of fruit and vegetables, REWE Markt GmbH)	17.3 %	17.5 %	17.7 %
Echt B!O (% of gross sales value, PENNY Austria)	1.6 %	1.6 %	1.7 %
Echt B!O fruit & vegetables (% of gross fruit & vegetable sales value, PENNY Austria)	5.6 %	4.6 %	5.5 %

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



**PRO PLANET**

As a trade and tourism company, the REWE Group sees its key task as providing its 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, is also convincing in terms of environmental and social sustainability. With this in mind, REWE Group has developed the PRO PLANET label. PRO PLANET represents one major goal of REWE Group: to make conventional products in the mass market more sustainable while promoting sustainable consumption among the general public. This “navigation system for more sustainable products” is a reliable guide for those consumers for whom environmental protection and the social compatibility of products are important when shopping. With the PRO PLANET assortment, REWE Group is seeking to offer products with sustainable added value at attractive prices and promote sustainable consumption across the board.

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

## **The PRO PLANET Process**

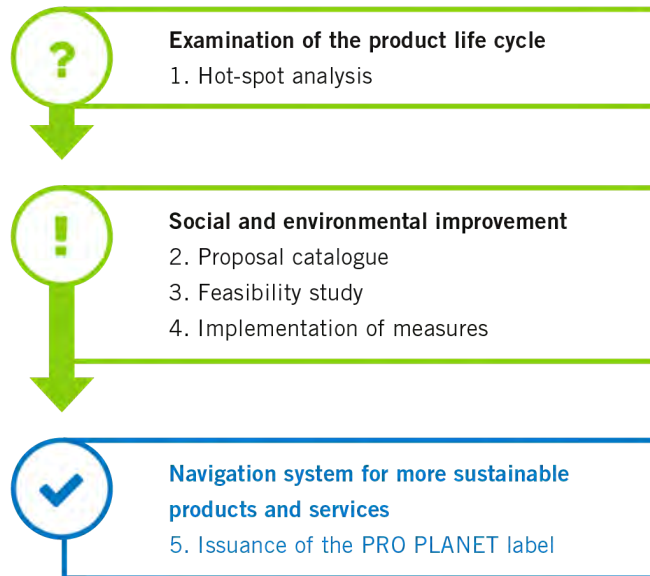
As a rule, the PRO PLANET process can be applied to all REWE Group products. A specially modified process has been developed for the DIY business to cover intricately produced items like LED lamps that are frequently part of complex value chains.

## The PRO PLANET process of REWE Group

Code number for sustainability information on [www.proplanet-label.com](http://www.proplanet-label.com)



Improvement that distinguishes the product



Every PRO PLANET project begins with careful analysis in which independent experts examine the entire life cycle of the selected product group. Such 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 acted on following a successful feasibility study during PRO PLANET projects. As an alternative, an existing standard can be applied if it is suitable for reducing the scope of or eliminating the hot spot. The product will then bear both labels. For instance, store-brand chocolate bearing both the PRO PLANET label and the UTZ or Fairtrade label for sustainable cocoa – seals granted for conservation of resources and meeting social criteria.

The entire process is supported by an independent group of stakeholders: The Sustainability Board of Advisers, which has been overseeing the PRO PLANET process since 2009, is constituted by NGO experts who contribute their knowledge and approve the issuance of the PRO PLANET label. The Board's members convene up to six times a year for two-day meetings. In addition, REWE Group draws on the project-specific expertise of external partners in the issuance process. Barbara Studeny of GLOBAL 2000 departed from the PRO PLANET Advisory Board during the reporting period, and Ms. Stephanie Pöpken of PROVIEH joined the Advisory Board.

The members of the PRO PLANET Board of Advisers are:

- Bernward Geier (COLABORA)
- Georg Abel (Die VERBRAUCHER INITIATIVE e.V.)
- Friedel Hütz-Adams (SÜDWIND e.V.)
- Kristian Klöckner (NABU Bundesverband e.V.)
- Stephanie Pöpken (PROVIEH)

The label is designed to serve as a navigation system for more sustainable products. It provides information to customers about which hot spot has been improved by the respective product. Additional information is available from the website [www.proplanet-label.com](http://www.proplanet-label.com). There you can read about the value added by PRO PLANET products and about the hot spots they improve. The label applies for a period of three years, after which period the project and associated measures must undergo review before the label is re-issued.

The entire PRO PLANET process was reviewed in the 2018 reporting period and revision work initiated. The role of the PRO PLANET Board of Advisers is modified and refined through such revision. As a Sustainability Board of Advisers consisting of independent NGO experts, the Board of Advisers remains involved in the development, assessment and implementation of all sustainability-related measures taken by the Sustainable Products department for the REWE and PENNY sales lines in Germany. This includes both further work within the PRO PLANET process and the continuous development of REWE Group's sustainability strategy, e.g. through involvement in the creation and updating of guidelines. This revision process is slated for completion in 2019, with communications to follow.

## Development of PRO PLANET Products

In 2018, the PRO PLANET products in individual product groups generated varying results. The total number of PRO PLANET products in Germany increased overall. In 2018, the revenue share for PRO PLANET products in Germany was 12.1 per cent, slightly above the level recorded for the previous year (2017: 10.1 per cent).

### PRO PLANET Products in Germany

	2016	2017	2018
Customer contacts <sup>1</sup>	879,086,573	839,221,394	993,239,757
Number of products	957	1,222	1,383
Percentage of gross sale value <sup>2</sup>	11.0 %	10.1 %	12.1 %

<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.

The PRO PLANET process for Austrian fruit, vegetables, eggs and wine was revised in 2017. A particularly critical area was identified from the findings from long-term data gathering for 10



indicators (carbon dioxide footprint, abiotic material use, biotic material use, land use, water consumption, energy consumption, humus balance, phosphorus balance, crop protection intensity and nitrogen balance): protecting native biodiversity as an essential prerequisite for regional products. This led to the launch of the „Blühendes Österreich“ (Blooming Austria) initiative in 2014. Instead of PRO PLANET, since 2018 all Austrian products have been given the Blooming Austria label to better communicate the value added through regional production, in parallel with biodiversity protection measures. Thus only few products, aside from chicken products, bore the PRO PLANET label in Austria in 2018.



## Packaging

Packaging is part of everyday life. It has many important functions: to keep food fresh, protect it and enable its transportation. It also creates a space for communicating key information. However, many negative ecological effects arise at different points along the packaging value chain. For example, the production of packaging requires the use of natural resources, consumes energy and creates emissions. If packaging waste is not recycled due to incorrect disposal, it ends up in an incinerator. However, if it is improperly disposed of, it ends up in the environment. The stakeholders of the REWE Group see packaging as a very important issue for the company (for more information see the section [Materiality Analysis](#)).

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The [Green Products Strategy 2030](#) was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, conservation of resources and animal welfare, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Within the area of action of conservation of resources, the focus issues of circular economy, water and [biodiversity](#) have been identified. Packaging has a special significance in the focus area of circular economy.


GRI 301: Materials

## Management Approach

In its Guideline for Sustainable Business Practices, 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.

The circular economy is an important solution for the REWE Group for conserving resources and recycling raw materials. Packaging requires significant resource consumption, thus the trade company has developed a comprehensive approach to more environmentally friendly packaging. The REWE Group cooperates closely with key stakeholders, ranging from purchasing departments to select NGOs and packaging design experts. A data analysis was carried out to identify significant impacts and leverage points which formed the basis for development of this approach. Relying on a detailed analysis of all available packaging data, in 2018 REWE Group identified key suppliers and key packaging fractions. As a second step, the company initiated optimisation projects and supplier talks across all product areas aimed at the avoidance, reduction and improvement of packaging materials for the benefit of the environment. Specific targets and measures were then determined as part of this approach.

To make progress measurable, REWE Group defined the following key performance indicators (KPIs) for the area of packaging for gauging attainment of associated targets.

KPI	Target	Status <sup>1</sup>
Percentage of more environmentally friendly store brand packaging	100% by the end of 2030	

 On Track  Target attained  Target not attained

<sup>1</sup> Detailed information on the current status of target attainment should be available from 2019 upon the introduction of system tracking.

By the year 2030, all packaging for REWE Group store brand products in Germany and Austria are to add more value to benefit the environment, This was, REWE Group reduces the environmental impact of its packaging and furthers circular economy. “More environmentally friendly packaging” is defined as packaging that reduces negative impact on the environment, either by avoiding packaging, reducing its volume or improving its design or make-up.



In this approach, REWE Group differentiates between reusable and disposable packaging.

- Reusable packaging is “more environmentally friendly” in that it promotes packaging avoidance.
- Disposable packaging is “more environmentally friendly” in that it adds value for benefiting the environment in one or more of the following ways:
  - Reduced material mass
  - Recyclable
  - Use of secondary raw materials
  - Use of alternative materials
  - Use of certified raw materials

Optimisation of packaging or a packaging element means reducing its negative impact on the environment, helping reach the goal of “100 per cent more environmentally friendly packaging”.

### Guideline Provides Framework

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 preparing a Guideline for More Environmentally Friendly Packaging. Published in January 2019, this policy document represents a binding framework of action for REWE Group and business relationships with the Group's contract partners. The policy outlines what factors are fundamentally positive ("dos") and which have negative effects ("don'ts") with regards to the environmental friendliness of packaging.

Sustainability is systematically integrated into purchasing processes. REWE Group has defined three procedures for use based on the degree of complexity and characteristics of packaging:

- The trade company has anchored defined requirements for more environmentally friendly packaging within its purchasing processes.
- REWE Group has developed instruments for evaluating packaging and packaging alternatives that allow classification of packaging based on the degree to which they meet requirements for environmental friendliness.
- In parallel, talks with suppliers form a basis for cooperation to realise improvement potential in making packaging more environmentally friendly.
- Innovation projects are also conducted for the development of new packaging concepts.

## Measures for More Environmentally Friendly Packaging

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; and in Austria by BILLA, MERKUR, PENNY, BIPA and ADEG in 2017.

### **“Away From Plastic”**

REWE International AG is working to reduce plastic on the shelves of BILLA, MERKUR, PENNY and ADEG through the “Away From Plastic” initiative. For example, Echt B!O has sold blood oranges in cotton netting since 2018.

Pumpkins and courgettes are sold without packaging. The company is implementing two future-focused initiatives to reduce the negative impact of plastics on the environment:

1. By the end of 2019, the entire organic fruit and vegetable assortment of the organic brands Ja! Natürlich and Echt B!O are to be sold in bulk without packaging or in environmentally friendly packaging.
2. In a broad idea-generating contest, customers and innovative start-ups were invited to develop alternative ideas for more environmentally friendly packaging and present proposals for reducing plastic. By 28 February 2019, more than 10,000 proposals had been submitted.

In addition, REWE Group has implemented a variety of other measures to make packaging more environmentally friendly and to optimise the use of resources. Thus far, more than 1,000 packaging types have been re-designed for greater environmental friendliness (as of May 2019). The resulting packaging changes implemented have cut use of plastics by REWE and PENNY by 7,650 tonnes annually.

As the first step, REWE Group is working intensively on packaging **avoidance (1)**:

### Reusable Nets for Fruits and Vegetables

REWE Group initially started looking at ways to reduce the amount of plastic bags used for fruit shopping (knot or roll bags) in late 2017. 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. In October 2018, REWE became the first major grocery retailer in Germany to introduce these reusable mesh bags for fresh produce. REWE Group was also the first retailer to offer reusable mesh bags for fresh produce in Austria (2018), affording more resource-efficient carrying of unpackaged fruit and vegetables.

### Natural Branding to Reduce Packaging

REWE has utilised “natural branding” since March 2017, which means that logos and information are applied directly to the skin of sweet potatoes by laser. The laser simply removes pigments from the exterior of the skin. 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, 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. Additionally, in a pilot at all BILLA stores throughout Austria, organic kiwis are being lasered with the “Ja! Natürlich” logo.

### Unpackaged Organic Fruits and Vegetables

Since early 2019, REWE and PENNY have been offering organic cucumbers year-round bearing nothing but an adhesive label, dispensing entirely with the protective film. This is projected to save 80 tonnes of plastic annually. The complex transport processes for organic cucumbers have been modified through coordination with the relevant trading partners so that encasing them in film is no longer required to maintain their freshness and quality. Echt B!O – the PENNY organic brand in Austria – has offered pumpkins and courgettes free of packaging since 2018. In addition, some 630 REWE and nahkauf stores in Baden-Württemberg, Rhineland-Palatinate and Saarland will be carrying out a pilot from April 2019 for largely eliminating plastic packaging and using more environmentally friendly packaging for organic fruit and vegetables. These measures will mean a 90,000 kilograms reduction in packaging material used per year, including 55,000 kilograms of plastic.

### DER Touristik Avoiding Non-recyclable Plastic Bottles

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, since winter 2017/18, Go Vacation, the destination agency of DER Touristik, has been handing out refillable water bottles to tour guests of DER Touristik tour operators Dertour, Jahn Reisen, ITS, Meiers 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. Single-use plastic bottles will no longer be used, at all. 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.

### Packaging-free Products at Meat and Cheese Counters

At select BILLA and MERKUR stores, REWE International in Austria is conducting a pilot in which sausage and cheese purchases are placed in containers brought along by customers: The customer brings along an empty, clean reusable container, staff fill the container and put a label on it. This reduces packaging usage. From June 2019 it will be possible for customers to bring along their own containers at nearly all REWE stores in Germany which have a meat and cheese counter.

REWE Group is working on a range of measures to **reduce (2)** materials usage where complete packaging avoidance is not possible:

### Banderoles for Fruits and Vegetables to Reduce Plastic

A comprehensive overview of packaging used for fruit and vegetables was conducted and ideas to make packaging more environmentally friendly were generated. Initial implementations have already taken place. 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 banderole tape or stickers, REWE and PENNY now use 205 tonnes less plastic. The amount saved is enough to cover some 2,200 football fields.



Banderoles are useful for reducing packaging with other products as well, like organic courgettes, fennel, cauliflower and leek.

### Reusable Bags at toom Baumarkt DIY Stores

In April 2018, toom Baumarkt announced the complete discontinuation of use of non-reusable shopping bags. All toom Baumarkt DIY stores will now exclusively offer reusable bags in various designs and sizes. The reason for this: The more often a bag is used, the better its ecobalance value. Alongside cotton shopping bags, permanent bags made of recycled material and cardboard boxes are also available for use. Since the roll-out year, toom Baumarkt DIY stores have eliminated 470,000 disposable bags annually.

### Reduced Film Thickness

Reducing film usage with select REWE and PENNY store brand products, such as sandwich/lunch bags, garbage bags as well as kitchen towel and toilet paper packaging has yielded total savings of 300 tonnes of plastic since 2016.

Where packaging reduction is not possible, **improvements (3)** in environmental friendliness are sought:

### Circular Economy for Materials

The concept of the circular economy plays an important role for REWE Group when it comes 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 milestones are further increasing the percentage of "Gelber Sack" recyclable materials and converting other packaging over to recyclimate.

Recycled water bottles have been sold at REWE and PENNY stores since the spring of 2019. For example, the store brands PENNY Ready and REWE Beste Wahl offer mineral water (still) in a 0.75-litre water bottle with sportscap made of 100 per cent recyclimate.

### **Recycled Plastic for Paint Buckets**

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. In 2018, the assortment of paint buckets made of recycled plastic (Procyclen®) comprised 66 items. The carbon dioxide emissions from recycle containers are up to 50 per cent less than for packaging made of primary, unrecycled material. In January 2015, toom Baumarkt DIY stores added paint trays, buckets and storage boxes made of recycled plastic to the assortment, and are continuously expanding their range of products made with recycled materials.

### **bi good: Packaging With the Highest Possible Percentage of Recycled Materials**

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.

### **Testing of Alternative Packaging**

Another approach for 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. The raw material for grass pellets comes from unused compensation areas near the paper mill. This means that grass packaging has a comparatively good ecobalance.

REWE Group is currently using grass paper packaging at its roughly 5,500 REWE and PENNY stores for PENNY Naturgut national organic apples, PENNY Naturgut national organic vine tomatoes and REWE organic pears regional.

### Optimising 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.

### Overview of Some Further Packaging Optimisation Possibilities for the REWE Group

Product	Measure
Organic vine tomatoes and apples (PENNY)	Switching from the cardboard shells previously in use to grass paper shells
Organic canola (rapeseed) oil and sunflower oil (REWE)	Reduction in materials through the use of lightweight glass
Mushrooms (REWE)	Use of transparent trays instead of blue plastic trays to improve recyclability
Ice cream (REWE and PENNY)	Elimination of the sealing foil between container and lid, switching to tamper-evident container closures
Various meats (REWE)	Packaging reduction in plastic trays
Raspberries, blueberries, light and dark grapes (REWE)	Switching from trays with lids to trays with thin foil for closure
Peaches, nectarines, apricots (REWE)	Switching from plastic trays with lids to plastic trays with mesh
Salad containers (REWE To Go)	Switching from trays with lids to trays with thin foil for closure
Wet wipes (REWE and PENNY)	Foil made of 50% recycled material
Insulated frozen food bags (REWE and PENNY)	Made of minimum 80% recycled plastic, meeting requirements for the Blue Angel ecolabel
Detergents and household cleaning products (REWE and PENNY)	Packaging made of up to 100% recycle
Toothbrushes (REWE and PENNY)	Increased use of recycled material in plastic packaging up to 90%



## Biodiversity

REWE Group is a trade and tourism company whose business operations have a broad impact on biodiversity. In addition to direct effects at the company's business locations and regarding 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.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Biodiversity has been defined as a focus topic within the area of action of conservation of resources. The trading company's goals are to conserve natural resources and protect and promote biodiversity along its supply chains.

GRI 304: Biodiversity

## Management Approach

In the Guideline for Sustainable Business Practises, REWE Group has made a firm commitment to preserving and protecting natural ecosystems. The company 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.

Maintaining biodiversity is an important criterion used to design more sustainable product ranges. 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 the 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. This allows identifying negative impacts on biodiversity and measures to be taken for preserving and promoting biodiversity (for more details see the section PRO PLANET).

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 its strategic partners: German environmental organisation NABU, the Lake Constance Foundation and several cultural landscape foundation partners.

To promote biodiversity, the REWE Group has adopted as its objective to have all of its regional outdoor fruit and vegetable produce come from biodiversity-enhancing farming by 2025.

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.

## Conservation and Agriculture: Working Hand-in-hand With the PRO PLANET Apple Project

This project is being conducted jointly with the Lake Constance Foundation, the German environmental organisation NABU and the Rhine Region Cultural Landscape Foundation with the goal of increasing the biodiversity of apple orchards by forming an alliance between farmers and environmental protection groups. Since the project was launched in 2010, the number of participating apple farmers has increased to over 300. The project has been running successfully for several years, and in 2018 was recognised as a UN Decade Project for Biodiversity, while in 2016 it received the German CSR Prize.

The project is having a broad range of positive effects: Since 2010, a total of 10,130 bushes, trees and shrubs have been planted throughout Germany (2018: 4,570). Roughly 440 hectares of flowering strips and wide-ranging forms of structural enhancements like dry stone walls and small bodies of water have been created (2018: 140 hectares). 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 8,525 nesting boxes and nesting aids have been set up for birds, bats and insects (2018: 1,885). All these many nesting boxes, nesting aids and species protection measures are having the desired effect, as in 2018, 82 young falcons were counted for 22 breeding pairs in the southern Rhineland region.

In 2015, the measures were monitored by the University of Bonn applying a point-based system for evaluating the suitability of the measures 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. In 2018, projects focused on broccoli, Chinese cabbage, iceberg lettuce, romaine lettuce, carrots and potatoes were rolled out. The products from these projects have since been awarded the PRO

PLANET label. REWE Group has arranged for various cultural landscape foundations to advise potato producers about potato-specific biodiversity-promoting measures on their farmland.

### **Projects in Banana-growing Areas to Improve Environmental and Social Conditions in Central America**

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.

Based on the positive results, the Tropical Project was expanded to other banana-growing areas, for example Costa Rica. Over 3.5 million euros were provided for this effort by the REWE Group Central America Fund – aka the Banana Fund – between 2013 and 2018. The fund is designed for local organisations whose project ideas compete to win 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, Greenyard, 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.

To heighten transparency in supply chains, REWE Group is introducing a QR code for REWE store brand bananas that allows customers to trace bananas back to the producer.

### **Insect Protection Fund With the NABU to Promote Biodiversity in Agriculture**



Poorly conceived structures and the use of pesticides on farmland have caused a sharp decline in the population of flying insects over the last few decades. Thus, in mid-2018, REWE contributed 300,000 euros to an Insect Protection Fund formed by the company's long-standing strategic partner NABU. The funds will make possible the nationwide implementation of broad insect protection measures to counteract the dramatic decline in insect populations over a twelve-month period.

The Insect Protection Fund is helping buy land which is to be developed and secured as a species-rich habitat for insects over the long term. In 2018 a total of 166,134 square metres of land were acquired. For example, 76,084 square metres of conventionally farmed land were purchased and farming there was ceased in order to implement development measures for insect diversity. Forest areas, water bodies and open land were also acquired and placed under protection.

### **Promoting Domestic Species Diversity Through 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. In 2018 more than 130 farms participated in the FLORA programme aimed at supporting farmers and organisations in order to preserve biodiversity. As a result, 570 hectares of ecologically valuable land were preserved.



### **REWE, PENNY and toom Baumarkt Stores Focused on Peat-free Soil**

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 carbon dioxide. 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. The store brand range of peat-free soils was expanded to a total of eight products in 2018. The peat-free soil products bear the PRO PLANET label and the Bio-Grünstempel<sup>®</sup> organic seal. 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 are fighting climate change and fostering biodiversity. The REWE and PENNY sales lines have also added peat-free and peat-reduced alternatives to their seasonal range of soils.

### **Systematic Reduction of Pesticides and Elimination of Glyphosate at toom Baumarkt DIY Stores**

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.

In addition, the sale of pesticides that are particularly harmful to bees and their use in the production of the plant assortment of toom Baumarkt DIY stores was also restricted. In order to actively contribute to protection of bees and the environment, toom Baumarkt DIY stores have tightened requirements for their ornamental plant suppliers, and in 2017 became the first DIY store chain in Germany to begin exclusively selling ornamental plants produced without the use of these 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.

In addition to protecting insects by eliminating usage of specific active agents and pesticides, toom Baumarkt stores have been continuously expanding their range of bee-friendly plants since 2016. In 2018 nearly 200 plant products were offered under the slogan Bee Friends, offering vast amounts of nectar and pollen for insects.

### **Pesticide Blacklist for Conventionally Farmed Fruit and Vegetables**

For information on pesticide use in conventional fruit and vegetable farming, see the section [Environmental Issues in the Supply Chain](#).



## Ecological Impacts Within the Supply Chain

REWE Group purchases a broad range of products and product components from sources located inside and outside Germany. Within the supply chain, farming and production in particular have negative environmental impacts, involving the consumption of natural resources. In addition, global demand for raw materials is rising. Therefore, conserving resources is a major concern for REWE Group.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Activities connected with environmental impacts arising within the supply chain centre on conservation of resources, aimed at protecting natural resources and preserving biodiversity. The focus issues of circular economy, biodiversity and water have been defined, and specific work is being carried out on these. Within the complex of issues pertinent to the topic of circular economy, the focus is currently on Packaging.

GRI 308: Supplier environmental ratings

## Management Approach

To reduce environmental impact stemming from the supply chains, REWE Group ensures that the suppliers and business partners it selects comply with environmental standards. The company cooperates with these parties to heighten transparency within supply chains and achieve more environmentally friendly production. In a policy document entitled Guideline for Sustainable Business Practises, REWE Group has formulated principles for conducting business relationships. In the area of the environment, these principles are as outlined below:

- 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

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

REWE Group utilises a four-stage process to identify significant environmental impacts and allow appropriate steps to be taken to improve product supply chains – which can be both complex and global in scope.

**Step 1:** Thorough risk and hot spot analyses are conducted to identify impacts. REWE Group has substantially expanded and systematised its risk recognition efforts since 2016. For more information, see the section Product-related Risk Analysis.

**Step 2:** Focus raw materials and key issues are identified based on insights obtained in step 1. Textiles, plastics and metals as well as fruit and vegetables in the food area have been identified as product groups with particularly high environmental impact.



**Step 3:** The focus raw materials and key issues are addressed via measures suitable for reducing negative impact. These measures are implemented by means of a management approach that is applied on three levels:




1. Internal management, through training of purchasers, for example
2. Supply chain management, through requirements for suppliers or for purchasing certified raw materials, for example
3. Stakeholder management, by further developing standard organisations, for example

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, joining industry initiatives as well as conducting projects with local suppliers and producers.

**Step 4:** The activities implemented are monitored and evaluated. Findings from monitoring flow into the further development of measures.

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

KPI	Target	Status <sup>1</sup>
Percentage of relevant food and non-food producers integrated within an environmental programme	100% by the end of 2030	
Percentage of more environmentally friendly store brand packaging	100% by the end of 2030	

 On Track  Target attained  Target not attained  
<sup>1</sup> Detailed information on the current status of target attainment should be available from 2019 upon the introduction of system tracking.

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 environmental conditions in the supply chain. The Corporate Responsibility Department of RFE maintains direct contact with suppliers and assists with the Green Production Programme and Detox Programme on site.

REWE Group receives procurement support with fruit and vegetables from the wholly-owned corporate subsidiaries Eurogroup and Campina Verde and their national offices in individual countries. This support affords the trading company greater transparency in its value chains. The country representatives for Spain, Italy and Germany ensure close dialogue with Production and that REWE Group requirements are met in optimal fashion.

GRI 308-2:

## Negative environmental impacts in the supply chain and actions taken

REWE Group takes three different approaches in implementing specific measures to reduce negative ecological impacts, as described below:

### 1. Internal management

REWE Group employees receive regular training about relevant environmental issues which are to be considered accordingly in selecting suppliers and in the purchasing process. Information on biodiversity, packaging, deforestation or other relevant topics is provided on a target group-specific basis. Special requirements are factored in already in the tender invitation process and integrated into supplier contracts.

## **2. Supply chain management**

Supply chain management at REWE Group includes the activities of supplier evaluation and education, obligating suppliers contractually, conducting compliance audits and taking steps on the basis thereof. REWE Group applies established standards in order to make the supply chain progressively more sustainable.

REWE Group regularly raises awareness of environmental issues at supplier events and in individual discussions with suppliers.

In addition, the requirements for these topics are incorporated into both contracts with suppliers and the Guideline for Sustainable Business Practices, meaning that compliance is confirmed by the suppliers within each tender or contract. For focus raw materials like cocoa and palm oil, REWE Group has defined guidelines with detailed requirements and objectives which are imposed in turn upon suppliers.

### **Compliance with Environmental Standards**

In implementing improvements, REWE Group applies internationally recognised standards such as the seal for the Global Organic Textile Standard (GOTS) and Cotton made in Africa for sustainable textiles, and the FSC<sup>®</sup> and PEFC<sup>™</sup> certifications for sustainable forest management. Standards such as Rainforest Alliance, Naturland, the German Association for Non-Genetically Modified Foods (VLOG) and the EU Organic seal are also important ways for REWE Group to bring about improved ecological conditions in the supply chain. In the production link of the supply chain, REWE Group utilises instruments of the Business Environmental Performance Initiative (BEPI) and the Detox Programme. 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 also the section Raw Materials in Focus – Food and Raw Materials in Focus – Non-food).

### **Black List of Prohibited Pesticides for Conventional Fruits and Vegetables**

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, the company 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 of substances which farmers are prohibited from using. This list is regularly updated, for example to include specific pesticides that are endocrine disruptors. All fruit and vegetable products are regularly analysed for pesticide residues as part of quality management. REWE Group 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. Specific analysis reports are also prepared, on endocrine disruptors for example in 2017, and on bee-toxic substances in 2018. Among other things, these analysis reports are used to optimise REWE Group specifications.

#### **Studying Environmental Effects and Achieving Improvements Through the Green Production Programme**

An environmental programme for suppliers was implemented in the financial year to help us meet our KPI targets. This Green Production Programme is based on a process for identifying environmental impact at production sites in order to bring about improvements. A pilot project with selected suppliers of metal and plastic products took place in 2018, as the environmental impact in these product groups is comparatively high. The production sites participating in this pilot project underwent a review or received advice on environmental risks. Additional production sites are now to be gradually integrated into the programme. The production sites of the first 60 suppliers have already been integrated. In addition to the Green Production Programme 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.

#### **Detox Programme for Negative Impact from Textile Production**

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

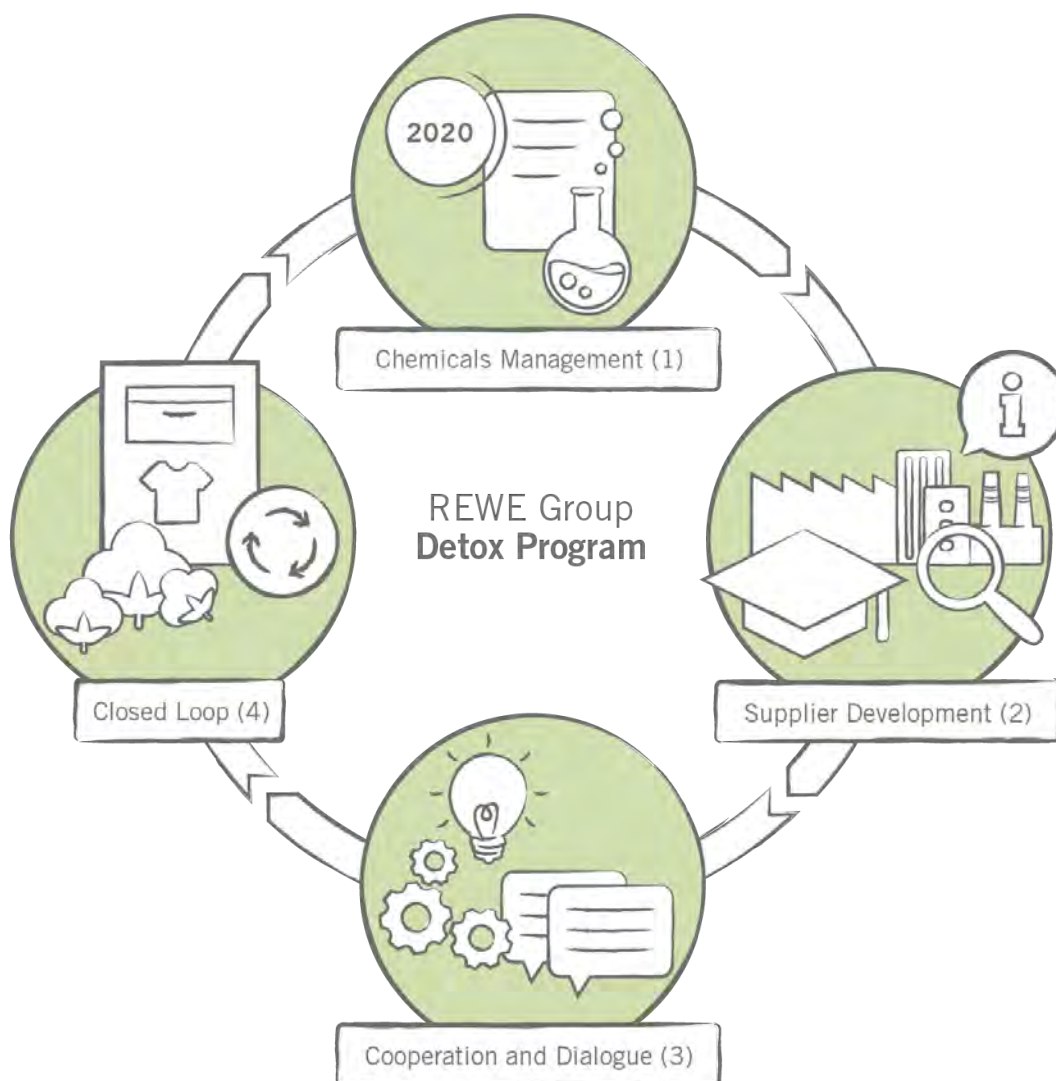


chemicals by 2020. To achieve this objective, REWE Group is working with its suppliers to systematically remove hazardous chemicals from textile production.

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 reports can be downloaded here: [Progress Report 2015](#), [Progress Report 2016](#), [Progress Report 2017](#), [Progress Report 2018](#)).

The REWE Group strategy comprises the following elements:





**Chemicals Management (1)** comprises the ongoing further development of requirements for suppliers and products. REWE Group has developed the following instruments for this purpose:

- The Manufacturing Restricted Substances List (MRSL) 4.0, released in December 2018, listing chemicals which REWE Group classifies as hazardous and are prohibited in production.
- Six pilot projects for eliminating specific chemicals
- Ban on groups of dangerous chemicals
- Wastewater tests

Cooperation along the supply chain, and thus **Supplier Development and Management (2)**, are key for the success of the Detox Programme. All suppliers in the supply chain have committed themselves to the Detox Programme. The following are some of the measures REWE Group has implemented:

- Publication of an informational brochure in five languages
- Meetings, events, workshops and a supplier event
- A capacity-building programme for wet processing factories in which 20 producers in China and Bangladesh received training in 2018. Improvements were achieved in the areas of chemicals management, management systems, process optimisation, wastewater and waste management as well as water consumption. The participating producers attained an average improvement of 27 per cent.
- Creation of a pool of wet processing factories for intensive cooperation in order to attain the detox targets
- Adoption of the detox requirements as binding obligations in supplier contracts

A common approach is essential in executing the Detox Programme. **Cooperation and Dialogue with stakeholders (3)** is thus a key element. REWE Group plays an active role in dialogue with stakeholders on a number of different levels:

- Sharing best practices with other retailers and textile firms
- Membership in the Alliance for Sustainable Textiles and activities as part of the Alliance Initiative for Environmental and Chemical Management
- Annual publication of a Detox Progress Report to provide stakeholders with transparent information including waste water testing findings

As part of its detox commitment, REWE Group is developing measures to promote a **Closed Loop (4)** of materials in the area of textiles. The following steps have been taken in recent years:

- Conducting of a scientific study on the Closed Loop model

- Introduction of a collection system for textiles: By the end of 2018, 629 containers for the collection of used clothing had been placed
- Offering recycled-fibre products
- Customer communications on the topics of environmentally friendly textile washing and upcycling
- A workshop on circular economy at a supplier event in China

### 3. Stakeholder management

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. The Group met with some 200 suppliers in Shanghai In September 2018 in a Supplier Summit involving a range of workshops on various sustainability topics under the slogan “Together for a Sustainable Future”.

REWE Group was represented in three amfori working groups in financial year 2018: two working groups on ecological issues in the supply chain at the amfori Business Environmental Performance Initiative (BEPI), and one working group on social issues in the supply chain as part of the amfori Business Social Compliance Initiative (BSCI). The company also joined the GRASP Technical Committee that same year. As an active member of the Rainforest Alliance Standard Committee, the trading company cooperates on development of the new standard. REWE Group is also involved in the following national and international initiatives concerned with environmental impact in supply chains:

- Member of amfori BEPI: The amfori Business Environmental Performance Initiative (BEPI) helps companies improve their environmental performance in global supply chains. In addition to being a member of amfori BEPI, REWE Group is also represented on the amfori Member Advisory Council to provide expert strategic advice from a business perspective.
- Charter member of the Forum for Sustainable Palm Oil (FONAP): The aim of this multi-stakeholder initiative is to significantly increase the share of sustainably produced palm oil while improving existing certifications and standards. REWE Group is represented on the FONAP Management Board.
- Charter member of the German Initiative on Sustainable Cocoa: This multi-stakeholder initiative has been committed to improving the living conditions of cocoa farmers, protecting natural resources and biodiversity, as well as growing and marketing sustainable cocoa.
- Member of the Fruit Juice CSR Platform: The platform is driving social and environmental improvements in the supply chains of the fruit juice industry. It was created to help European fruit juice producers incorporate CSR measures into their company strategies, and thus

achieve a long-term, sustainable contribution along the global value chain of fruit juices for all stakeholders.

- Member of the World Banana Forum: The forum brings together various stakeholders from the global banana supply chain to achieve sustainable cultivation, respect for human rights and improved working conditions.
- Member of the Alliance for Sustainable Textiles: The alliance is a partnership of various stakeholders aimed at driving improvements along the global value chain in the textile industry. For 2018 REWE Group again developed a roadmap for reaching the Alliance targets, and will outline the progress made in 2018 as part of the Textile Alliance's reporting.
- Member of the Board at Cotton made in Africa: This initiative was born with the aim of improving the living conditions of people in Africa's cotton-growing regions.
- Member of the Rainforest Alliance Standards Committee: The Rainforest Alliance is a sustainability standard for the production of agricultural commodities and products. The Standards Committee makes decisions about content-related development based on public consultations on standards.
- Regular dialogue and cooperation with the Marine Stewardship Council (MSC): The MSC is an independent non-profit organisation that awards a seal for sustainable fish and shellfish catching. The certified fisheries ensure sustainable fish stocks, intact marine habitats and the protection of endangered species.
- Participation in the "Wirtschaft macht Klimaschutz" (Business Drives Climate Protection') initiative: This dialogue forum brings together players in the German economy for the purpose of climate protection. The aim is to initiate the development of concrete climate protection measures in companies in order to contribute to climate protection goals.



## Social Issues in the Supply Chain

REWE Group obtains a large number of products and product components through supply chains that may extend across several countries. The supply chain links of raw materials production and processing involve a heightened risk of non-observance of labour and social standards. Accordingly, REWE Group activities are focused on these.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Activities relating to social issues and ethical business practices fall within the area of action of ethical business practices. For REWE Group, ethical business practices include respecting and promoting human rights, improving working conditions and promoting fair trade. 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.

GRI 414: Supplier Social Assessment  
GRI 412: Human Rights Assessment

## Management Approach

The Guidelines for Sustainable Business Practices of REWE Group apply to all business relationships of the REWE Group. The guidelines are based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Association (ILO) and UN Global Compact. They address such issues as a ban on forced labour and exploitative child labour as well as policies for fair treatment of staff. REWE Group reserves the right to apply sanctions when the values set forth in the guidelines are deliberately and flagrantly breached.

In its Human Rights Policy Statement, REWE Group commits to strengthening human rights and preventing human rights violations. This commitment applies both to its own business activities and to the global delivery and value chains.

REWE Group employs a four-stage process for promoting ethical business practices in supply chains. This process enables the systematic identification, minimisation and prevention of potentially negative human rights implications of business activity.

**Step 1:** Thorough risk and hot spot analyses are conducted to identify impacts. REWE Group has substantially expanded and systematised its risk recognition efforts since 2016. For more information, see the section Product-related Risk Analysis.

**Step 2:** Focus raw materials and key issues are identified based on insights obtained in step 1. Two key topics have emerged which are relevant to many raw materials in focus and countries. These are “child labour and forced labour” and “living wages”.



**Step 3:** The focus raw materials and key issues are addressed via measures suitable for reducing negative impact. These measures are implemented by means of a management approach that is applied on three levels:

1. Internal management, through training of purchasers, for example
2. Supply chain management, through requirements for suppliers or for purchasing certified raw materials, for example
3. Stakeholder management, by further developing standard organisations, for example

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, joining industry initiatives as well as conducting projects with local suppliers and producers.

**Step 4:** The activities implemented are monitored and evaluated. Findings from monitoring flow into the further development of measures.

In order to make progress measurable in the area of action of ethical business practices, the following targets and key performance indicators for store brands have been defined (for more information, see the overarching Management Approach Green Products):

KPI	Target	Status <sup>1</sup>
Percentage of strategically relevant production sites that are integrated into a training programme (capacity building)	100% by the end of 2030	
Introduction of a complaint mechanism system in relevant supply chains	End of 2025	

 On Track  Target attained  Target not attained

<sup>1</sup> Detailed information on the current status of target attainment should be available from 2019 upon the introduction of system tracking.

REWE Group has been intensively working to meet the requirements of the German National Action Plan (NAP) on Business and Human Rights since its inception, and has 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.

### Guidelines Defining a Framework for Action

REWE Group released its Guidelines for Ethical Business Practices in February 2019. In this policy document, the Group committed to strengthening human rights, improving working conditions and promoting fair trade within the supply chains for all store brand products of REWE, PENNY and toom Baumarkt DIY stores. These guidelines define a binding framework for action and for business relationships with contract partners, outlining requirements and goals. It is regularly updated on the basis of current trends and developments.

Value chain complexity presents major challenges for the travel industry, involving a large number of travel destinations and service providers. In 2017 DER Touristik Group began conducting a risk and materiality analysis to identify actual and potential negative impacts of its business activities on human rights as part of the company's human rights due diligence obligations. The analysis revealed that the first step the company must take is to focus on further strengthening protections of workers' rights and of children in tourism. Corresponding measures will be implemented from 2019, such as the development and revision of company policies and processes, contracts with business partners and staff training offerings. Human rights due diligence is a continuous process for DER Touristik.

GRI 414-2:

## **Negative social impacts in the supply chain and actions taken**

REWE Group takes three different approaches in implementing specific measures to reduce negative social impacts, as described below:

### **1. Internal management**

REWE Group is working to further integrate sustainable procurement into its purchasing processes so as to ensure that sustainability considerations are taken into account in every purchasing decision. REWE Group raises awareness internally by providing risk analyses and briefings, coordinating binding targets with purchasing departments and carrying out training on sustainability issues.

REWE Group staff receive regular training on relevant labour and social standards issues to ensure that defined standards, such as compulsory social audits, are considered accordingly in supplier selection and in the purchasing process. Internal reporting enables continuous development within the area of action of ethical business practices. External communication creates transparency vis-à-vis stakeholders.

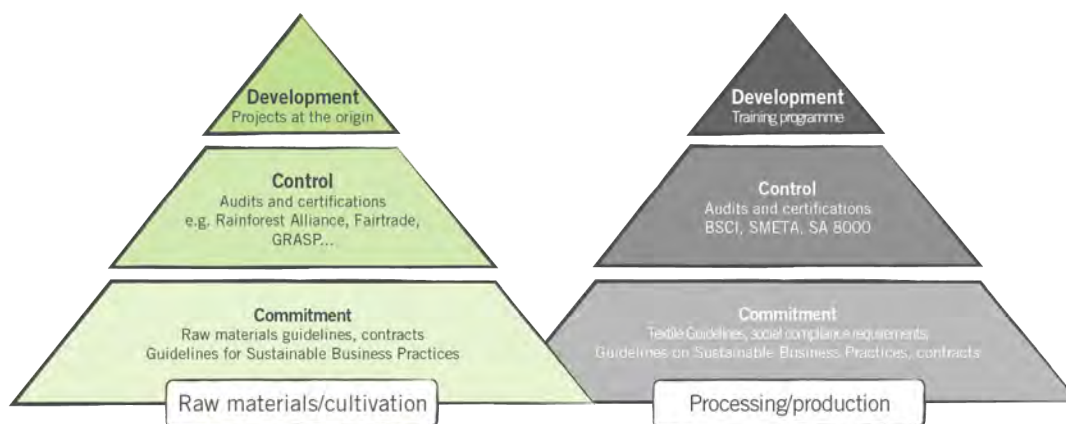
### **2. Supply chain management**

REWE Group addresses sustainability risks in the supply chain that are pertinent to the areas of action of ethical business practices in a targeted fashion through systematic supply chain management, involving close cooperation with suppliers as well as commitments on the



production site and raw materials production levels. 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. Efforts are also made to integrate sustainability into the supplier evaluation process.

In its supply chain management, REWE Group employs a three-stage approach to ethical business practices that involves formulating requirements, supplier controlling and development and supply chains:



All business partners in REWE Group store brand supply chains are required to state the production sites where products are manufactured for REWE Group. Raising awareness and binding contract partners are part of a concrete framework for implementing sustainability throughout the supply chain. The REWE Group sustainability department verifies adherence with requirements in the purchasing process.

REWE Group business partners are obliged to comply with minimum requirements, such as international and national laws and the core labour standards of the International Labour Organization (ILO). This involves obligation to adhere to the following principles in particular:

- Any form of discrimination is prohibited. Business partners undertake not to exclude or favour individuals for any reason, including their gender and ethnicity.
- All companies in the supply chain must pay their staff the national minimum wage or a greater amount regularly (at least monthly).
- Business partners must ensure that working hours are in compliance with applicable national laws and industry standards.
- Business partners must comply with health and safety regulations under national laws and international standards.



- All business partners must allow workers to exercise their rights of freedom of association and collective bargaining.
- Business partners must ensure that no children work in their companies.
- Business partners must ensure fair and respectful treatment of workers.
- Business partners must ensure that forced or compulsory labour and human trafficking do not take place in any form.

At supplier events and in individual discussions with suppliers, REWE Group is constantly raising awareness of issues regarding human rights and working conditions. The Group met with some 200 suppliers in Shanghai In September 2018 in a Supplier Summit involving a range of workshops on various sustainability topics under the slogan “Together for a Sustainable Future”.

### Focus Topic: Raw Materials

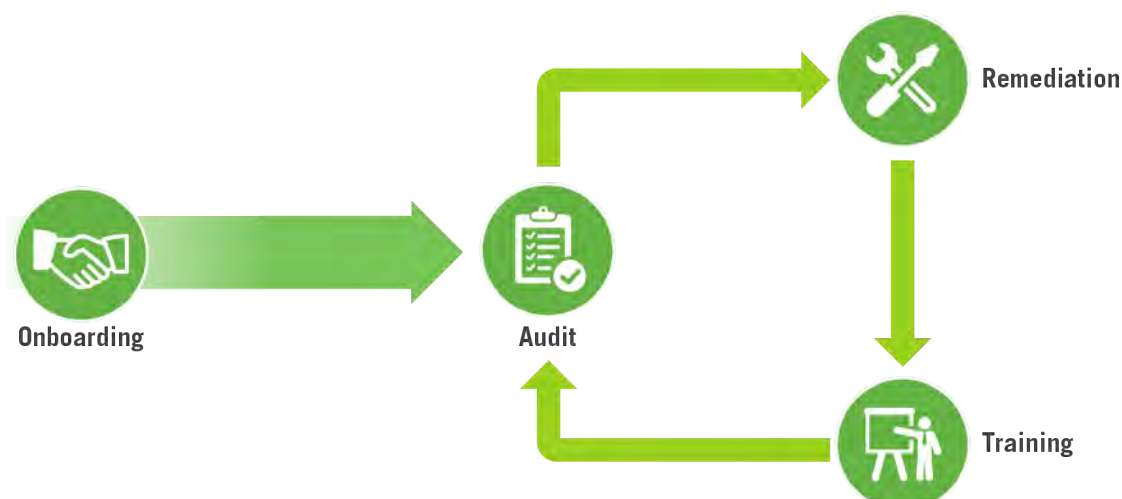
The following critical raw materials have been defined to be relevant to the area of action

Product-related Risk Analysis: coffee, cocoa, tea, palm oil, orange juice, fish and fruit and vegetables in general, with a particular focus on bananas and pineapple, as well as cotton, textiles and natural stones.

REWE Group has defined guidelines with detailed requirements and goals for certain focus raw materials. For further information see the sections Raw Materials in Focus – Food and Raw Materials in Focus – Non-food.

### Processing in Risk Countries: the Social Improvement Programme

All production sites on the first supply chain level from nations defined as risk countries are integrated into the REWE Group Social Improvement Programme, which is based on the three-stage approach of requirements, controlling and development. REWE Group orients its approach around the assessment of amfori: This country risk assessment is based on World Bank governance indicators and other indices, and is updated annually.



If no social auditing is in place, as part of **Onboarding (1)** new suppliers and production sites are informed of the REWE Group requirements and given support in preparing for the initial audit. In a second step, all production sites in risk countries have to present documentation of having undergone **Audits (2)** under recognised certification or verification schemes. These audits are both announced and unannounced and conducted by independent third parties. Recognised social audits include audits based on the amfori BSCI and the SA8000 standards and SMETA audits of the Supplier Ethical Data Exchange. Textile production sites in Bangladesh must also undergo an inspection based on the Bangladesh Accord on Fire and Building Safety.

REWE Group documents audit results for the purpose of continuously improving working and social standards. If requirements are not met, improvement measures are defined together with the suppliers (**Remediation (3)**) and the production sites are instructed to take amfori BSCI seminars and **Training (4)** courses. REWE Group reserves the right to terminate the business relationship if a production site is unwilling to take such improvement measures.

	2017 <sup>1</sup>	2018 ✓
Percentages of Production Sites in the Respective Stages of the Social Improvement Programme		
<b>Onboarding stage</b>	2.96 %	1.49 %
<b>Audit stage</b>	97.04 %	98.51 %
Audit Results		
<b>SA8000</b>	3.26 %	3.47 %
<b>Naturland</b>		0.20 %
<b>amfori BSCI A</b>	5.03 %	3.08 %
<b>amfori BSCI B</b>	5.53 %	4.86 %
<b>amfori BSCI C</b>	68.11 %	70.63 %
<b>amfori BSCI D</b>	4.74 %	5.75 %
<b>amfori BSCI E</b>	0.10 %	0 %
<b>SMETA</b>	1.78 %	4.17 %
<b>Invalid SMETA</b>	0.30 %	0.30 %
<b>No audit/audit expired</b>	8.19 %	6.05 %

<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.

Risk analyses, factory visits and work with stakeholders has revealed that the knowledge and management experience necessary to implement processes and policies ensuring good working conditions and the upholding of human rights are still lacking in many parts of the supply chain. In such cases, requirements under social standards may be met but factory management does not properly understand the meaning and purpose behind the requirements. The knowledge and experience necessary for them to develop solutions to problems on their own is also lacking. Additionally, in some cases there is lacking awareness of the positive impact for companies of introducing and implementing social management systems.

REWE Group has thus designed a training program for relevant and strategically important suppliers aimed at communicating the importance of adhering to REWE Group standards for sustainable business practices and at establishing systems and work procedures that promote sustainable business practices. To this end, managers at strategic production sites take an 18-month training program with modules on health and safety, complaint mechanisms, wages and working hours and ethical recruitment practices. As appropriate, the programme may also include group training session addressing shared challenges across different production sites. Metrics are defined and referenced on an ongoing basis to document progress.

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 2018. The textile factories of REWE Group operating in Bangladesh have rectified 97 per cent of all findings from the inspections (previous year: 94 per cent). REWE Group will continue its efforts to promote safety at production sites and continue supporting the Bangladesh Accord on Fire and Building Safety, despite the difficult local conditions. REWE Group is in favour of an orderly transition of government in Bangladesh.

### **3. 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. REWE Group thus remains in constant dialogue with stakeholders, who are regularly invited to discussion events. REWE Group is also involved in the following national and international initiatives concerned with human rights and working conditions in the respective contexts:

- Member of amfori BSCI: As a member, the company and all of its suppliers and producers undertake to uphold the amfori BSCI Code of Conduct. REWE Group is actively represented in working groups and the Membership Committee to help shape further developments.
- Member of the Consumer Goods Forum: The organisation aims to help retailers and consumer goods manufacturers, along with other key interest groups, work to build consumer confidence and drive positive change under the motto “Better Lives through Better Business”.
- Charter member of the Forum for Sustainable Palm Oil (FONAP): The aim of this multi-stakeholder initiative is to significantly increase the share of sustainably produced palm oil while improving existing certifications and standards. REWE Group is represented on the FONAP Management Board.
- Charter member of the German Initiative on Sustainable Cocoa: This multi-stakeholder initiative has been committed to improving the living conditions of cocoa farmers, protecting natural resources and biodiversity, as well as growing and marketing sustainable cocoa.
- Member of the Fruit Juice CSR Platform: The platform is driving social and environmental improvements in the supply chains of the fruit juice industry. It was created to help European fruit juice producers incorporate CSR measures into their company strategies, and thus achieve a long-term, sustainable contribution along the global value chain of fruit juices for all stakeholders.
- Member of the World Banana Forum: The forum brings together various stakeholders from the global banana supply chain to achieve sustainable cultivation, respect for human rights and improved working conditions.
- Member of the Bangladesh Accord on Fire and Building Safety: The aim of this accord is to increase safety in the textile industry through independent inspectors who check building safety, fire safety and electrical safety during factory visits.
- Member of the Alliance for Sustainable Textiles: The alliance is a partnership of various stakeholders aimed at driving improvements along the global value chain in the textile industry. As a member of the working groups on complaint mechanisms and living wages, REWE Group is active in social issues. For 2018 REWE Group again developed a roadmap for reaching the Alliance targets, and will outline the progress made in 2018 as part of the Textile Alliance’s reporting.
- Member of the Board at Cotton made in Africa: This initiative was born with the aim of improving the living conditions of people in Africa’s cotton-growing regions.
- Member of the Global G.A.P. GRASP Technical Committee: GRASP is a module developed for the social risk assessment of farms that are certified in accordance with the Global G.A.P. standard. The central task of the Technical Committee is to advise the Steering Committee on strategic and technical developments.
- Member of the Rainforest Alliance Standards Committee: The Rainforest Alliance is a sustainability standard for the production of agricultural commodities and products. The Standards Committee makes decisions about content-related development based on public consultations on standards.
- Member of the Center for Child Rights and Corporate Social Responsibility: CCR CSR helps member companies implement policies relating to children’s rights.

GRI 412-2:

## **Employee training on human rights policies or procedures**

See Internal management.



## Customer Health and Product Safety

Product safety and the health of customers are top priorities for the REWE Group in both trade and tourism – areas which have their own specific requirements and challenges. In trade, REWE Group is responsible for ensuring quality and the absence of health risks to customers. In the REWE Group travel and tourism business, the primary objectives are to ensure safety and maintain the trust of travellers. This includes having comprehensive crisis management and security management regimes in place in both the destination country and the home country.

### 416: Customer Health and Safety

## Management approach to trade

To ensure the quality and safety of its products, REWE Group has introduced a comprehensive, cross-stage quality management system that extends along the entire value chain in its core business of trade. This system involves preventative measures such as systematic issue monitoring, warehouse and market controlling as well as supplier auditing. 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 external microbiological analyses or rates of complaints, are prepared every six months, evaluated and published in the management report of REWE Group's quality management.

Store brand products are a special focal point of quality management: 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. The content of these specifications forms 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 thus inspected more frequently than salt or sugar, for example. REWE Group has a Chemical Plant Protection Status Report prepared annually for fruit and vegetables. Prepared by the Austrian environmental organisation GLOBAL 2000 since 2009, these reports show a steady reduction in chemical pollution versus base year 2009.

In addition to the products themselves, other links in the value chain are examined: All store brand suppliers in the Food area have to be certified under a standard recognised by the GFSI (Global Food Safety Initiative), such as 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. These risk analyses involve 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 are conducted in warehouses focused on compliance with quality guidelines for fruit and vegetables.

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 Qualität und Sicherheit GmbH, Bonn, with a focus on meat, meat products, fruit, vegetables and potatoes. Products produced 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.

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.

Significantly fewer external market audits were carried out in the financial year. This was due to transitioning over to a new auditing concept for the PENNY sales line. Comprehensive testing of

this concept was completed in 2018, thus the number of audits carried out should rise again in 2019.

Increased auditing of products prepared in stores is linked to a significant increase in the number of samples taken in the area of Convenience fruit and vegetables.

### Health and Safety Audits (Absolute Figures)

	2016	2017	2018
Supplier audits	446	465	665
Independent product tests of store brands	43,274	45,077	45,282
External warehouse audits	92	91	99
External store audits	3,433	3,152	1,494
Tests of products prepared in stores	8,149	8,566	12,982
Total number of inspections	55,394	57,351	60,522

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

In 2018, there were 17 public recalls of store brand products in Germany, and eight in Austria. An incorrect declaration was the reason for two recalls, both in Germany and Austria: In Germany, an incorrect back label was used and one item was filled with the wrong content. In Austria, allergens had not been declared. The reason for ten recalls in Germany and four in Austria was foreign matter. Another five recalls in Germany and two Austria were due to microbiological deviations or contaminants. After the public recalls, the suppliers concerned were audited by external experts commissioned by Quality Management. The purpose of these audits was to review measures taken by the companies to avoid such deviations to the extent possible.

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 and get their money back.



## Management approach to tourism

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. The team members provide affected travellers with on-site assistance, acting as liaison with Crisis and Safety Management in Germany. The Crisis Management Centre coordinates the overall crisis response, organising transport to hospitals, alternative hotel accommodations or travel home as 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 ensuring 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 employees of travel agencies as well as training of Help Team members. 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 handled 329 crisis events in 2018.



## Promoting Sustainable Consumption

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, packaging and freshness go into purchasing decisions as well. Retail has an important intermediary role to play in this context. Without adequate demand and willingness to pay on the part of the customer, responsible providers might quickly experience financial difficulties. And without a broad range of sustainable products, consumers are unable to act in an ethically responsible way. For this reason, REWE Group has committed itself to moving sustainability from a niche role and rather incorporating it as part of the mass market.

GRI 417: Marketing and Labeling

### Management Approach

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.

### Measures for Raising Awareness of Sustainability

Sustainability Weeks are held in which several REWE Group sales lines explore the issue of more sustainable consumption with their customers in defined campaign periods within the overarching context of a societal issue, such as conscious eating, regionality and social involvement. Through this process, REWE Group creates awareness about sustainability in purchasing decisions and promotes responsible consumption among its customers. As in previous years, PENNY held three Sustainability Weeks in 2018. toom Baumarkt DIY stores also organised three Sustainability Weeks in 2018. The focus topics were species and insect protection and social responsibility issues (Fair Trees). At REWE Group in Austria, the annual Sustainability Weeks were conducted under the motto of “Blühendes Österreich” (Blooming Austria).

The REWE sales line communicates sustainability issues several times a year within sustainability campaigns. These issues are also addressed in REWE umbrella brand campaigns.

#### **REWE and PENNY Calling Attention to Plummeting Insect Populations**

PENNY generated major media attention in the spring of 2018 with its “Silent Spring” campaign. To illustrate the direct consequences of plummeting insect populations for customers, all of the products were removed from the shelves of one store which would no longer exist in their present form if insect populations continue to fall. Roughly 60 per cent of the 2,500 items in the PENNY product range are directly or indirectly dependent on insect pollination. This one-day campaign was supported by NABU and Olaf Lies, Environment Minister for the federal state of Lower Saxony. A small children’s book about a bee called Fibi was also published to raise awareness among children, in which the issue of declining insect populations and bee populations in particular is presented in child-appropriate fashion. This book was given out free of charge at PENNY and REWE stores throughout Germany. REWE will also be receiving high-profile support in its communications on insect protection from 2019, as the popular character Biene Maja (Maya the Bee) and her friends will be acting as ambassadors for REWE’s biodiversity-promoting activities.

As part of its sustainability communication effort during the reporting period, PENNY also used the frog figure Günter Kastenfrosch invented by Janosch, a German author and illustrator of

children's books. 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 the 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. Since late 2017, customers have been finding tips for storing their purchased foods on fruit and vegetable roll bags as well as bread bags from the bake-off counter. In the spring of 2018, a video on the subject of leftovers was made in cooperation with two popular YouTube bloggers targeting younger consumers as part of the Sustainability Week.

### **Focus on Regionality at REWE**

REWE made regionality one of the focus topics of a national campaign in Germany. The sales line offers more than 20,000 products from producers located in the region of the respective supermarkets. Customers were addressed with the slogan "Good for You and Your Region". Some 50 different images of suppliers and topics were presented right in the relevant places for highlighting regionality and food origin. Customers were informed via all classic and digital channels in an integrated, twelve-week regionality campaign. A TV commercial visually communicated information about the regional cycle, tracing the path of fresh produce from the field to the store. The variety of products from the region was creatively highlighted in REWE stores in cooperation with regional producers and numerous local promotions were conducted. In a two-week promotion during this campaign, REWE donated two cents per REWE Regional fruit or vegetable product sold to the NABU Insect Protection Fund, of which REWE Group is a founding member. This enabled REWE to provide over 188,000 euros in donations for the protection of bees.

### **Heightening the Visibility of Sustainable Products**

In 2018 REWE Group once again presented the German Sustainability Award in the category Germany's Most Sustainable Products jointly with the sustainability foundation Stiftung Deutscher Nachhaltigkeitspreis e.V. Products were recognised which customers perceive as sustainable, buy and recommend. The award intends to inform the public about sustainability aspects of products and permanently establish more sustainable products in retailing. For the nominations, REWE Group worked with the Collaborating Centre on Sustainable Consumption and Production in Wuppertal. The institute evaluated the submitted products from an academic standpoint and examined product- and company-related sustainability performance. The judging panel for the German Sustainability Award then confirmed the products and, finally, consumers

chose the winners in online voting. First prize was won by Goldeimer toilet paper, manufactured by WEPA Hygieneprodukte GmbH, which is made of 100 per cent recycled paper and bears the Blue Angel seal for its more environmentally friendly production. Purchases of the product support sanitation projects of the drinking water-promoting charity Viva con Agua and the global famine aid organisation Welthungerhilfe conducted in countries with inadequate sanitation infrastructure. Also in the top three were the fresh mountain farm milk product of Berchtesgadener Land and organic yoghurt made by Andechser Natur.

In 2019 REWE Group and the sustainability foundation Stiftung Deutscher Nachhaltigkeitspreis e.V. will be jointly presenting a special award for the first time to recognise more sustainable product packaging ideas. The winner will be named on 22 November 2019 as part of German Sustainability Day in Düsseldorf.

GRI 417-1

## Requirements for product and service information and labeling

REWE Group products are labelled in accordance with legal requirements regarding their origin, composition and usage, such as the product expiration date. REWE Group labelling of sustainability aspects of its products goes beyond the statutory requirements, providing detailed information on the origin of many products.

### **Sustainability Labels and Certifications Create Transparency and Credibility**

With its PRO PLANET process, REWE Group has created a systematic approach 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 the section PRO PLANET).

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 (GlobalG.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](#)).

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. By the end of 2018, some 1,700 products were certified under the TÜV Exclusive Seal.

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](#).

To provide travellers interested in sustainability issue with transparent decision-making assistance, DER Touristik is working on a strategy to clearly label sustainable travel opportunities. As part of this strategy, the various labels in the tour operators' catalogues were consolidated under the internationally recognised, industry-wide Travelife sustainability seal. As part of the project Green Travel Transformation being conducted by the sustainability initiative Futouris, DER Touristik helped develop a uniform label that is recognised industry-wide for sustainable travel opportunities. This pilot project, which ended in April 2018, led to the creation of the data provider Green Travel Index, which collects and prepares data from recognised sustainability certificates. Starting in the winter of 2019, sustainability-certified hotels in catalogues of DERTOUR, Meiers, ITS and Jahn will be designated by a green leaf symbol. This denotes Travelife and other internationally recognised certifications. These hotels have agreed to uphold the environmental and social standards set by the Global Sustainability Tourism Council.

In addition to the designation in the catalogue, REWE Group plans to enable targeted online searching for sustainable hotels in 2019. These hotels are also designated by a green leaf symbol on the travel agency booking platform Bistro, and can be found by REWE Group travel agency staff for inclusion in sales consultations. From 2019, travel agency staff will receive specific training on sustainability and on advising on and selling sustainable products.

## Origin Data for Greater Supply Chain Transparency

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 the section [Regionality](#)).

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. In all, 67 per cent of fish products bear the tracking code.

To increase transparency in banana supply chains as well, in early 2019 REWE Group introduced a QR code for REWE store brand bananas. This enables customers to trace the origin of the bananas back to the producer.

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 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. The Group expressly avoids usage of sexist, discriminatory, political, pornographic, extremist and violence-glorifying advertising. Truth, precision and transparency are the fundamental advertising principles observed by the company. In addition, REWE Group adheres to its own company-wide codes 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. To ensure that these factors are

taken into account in advertising, the company's ads are approved by the Sustainability department before being published.

There were no known significant violations in the 2018 reporting period.





## Animal Welfare

The keeping and use of animals plays a significant role in both food retailing and the tourism industry. Livestock farming is a major branch of agricultural production because animal products such as meat and eggs are an integral part of people's diets. At many holiday destinations as well, interaction with animals is part of the local recreation offering. Often, however, the animals suffer from poor living conditions or handling that is not appropriate to the species. The resulting impact may not be evident to tourists at first glance. The current societal debate about animal welfare indicates a heightened level of interest among consumers and holiday makers in a species-appropriate keeping of animals, and REWE Group stakeholders also view this matter as highly relevant for the company (for more information see the section [Materiality Analysis](#)). Protecting the animals from abuse and preserving their natural habitats are part of this complex of issues.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The [Green Products Strategy 2030](#) was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Animal welfare is recognised as an area of action in which goals include implementing binding standards jointly with our business partners and suppliers and promoting dialogue between all partners to eliminate negative impact on animal welfare.

# Management Approach

The REWE Group has adopted Guidelines for Sustainable Business Practices to promote compliance with and improving of animal welfare standards and further the protection of kept animals. To fulfil these aims, in 2015 REWE Group published a position paper called the Animal Husbandry Mission Statement outlining the overarching goals of the REWE Group in respect of more sustainable keeping of animals. This mission statement sets out the range of requirements that must be addressed as part of sustainable agriculture. In addition to animal welfare, these requirements comprise environmental and climate protection, resource efficiency, food safety and profitability. The REWE Group mission statement also defines values to be upheld as a company committed to animal welfare which are oriented around the Five Freedoms for responsible animal husbandry outlined 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.

In December 2016, REWE International AG issued its own Guidelines for Animal Welfare outlining the primary measures and areas of action for Austria.

To fulfil the aim of ensuring animal-friendly offers, in 2017 DER Touristik, as well, adopted binding Guidelines on Animal Welfare. As a responsible tour operator that is committed to sustainable activities, DER Touristik has made the protection of nature and animals a high priority. For this reason, the company primarily supports travel experiences that focus on watching animals in their natural habitat. The goal behind this Guideline for Animal Welfare, which governs the approach to tourism products that include interaction with animals, is to have reviewed and gradually modified all offerings of DER Touristik in which animals are used to entertain tourists by the year 2020. Offers that do not comply with DER Touristik's Guideline for Animal Welfare will be removed from the programme or replaced with more animal-friendly alternatives where possible. Sale of offers such as elephant riding and elephant shows, dolphin swimming, walks and selfies with wild cats as well as bear shows under the German tour operator brands have been stopped. To ensure that

the defined animal protection criteria and recognised standards are applied, the animal sites will undergo independent audits. DER Touristik has also pledged to inform its customers about the appropriate way to deal with animals and about animal-friendly tourism opportunities.

In recognition of the company's responsibility, DER Touristik will be building upon the Guidelines for Animal Welfare adopted in 2017 and expanding their applicability to include the entire DER Touristik Group in 2019. This involves a comprehensive Group strategy and an action plan with binding measures. The Group's entire product portfolio is to be fully modified to uphold animal welfare standards by 2022. Following elephants, the next step is to focus on facilities for and offers involving marine mammals.

REWE Group has developed three separate approaches for implementing measures supporting the entire REWE Group's commitment to animal welfare in a structured fashion, so as to reduce harm to animals:

1. Internal management, through training of purchasers, for example
2. Supply chain management, through requirements for suppliers and by conducting projects, for example
3. Stakeholder management, by participating in and playing an active role in industry initiatives, for example

## Projects and Measures to Improve Animal Welfare

REWE Group has been working intensively to promote more animal welfare for years. Many measures 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. Measures are specifically designed based on the particular animal type and livestock farming conditions to take account of differing circumstances in the various value chains.

REWE Group employs three approaches for implementing specific animal welfare measures, as described below:

### 1. Internal management

REWE Group is working to further integrate sustainable procurement into its purchasing processes so as to ensure that sustainability considerations are taken into account in every purchasing decision. REWE Group employees receive regular training about relevant animal welfare issues which are to be considered accordingly in selecting suppliers and in the purchasing process.

## 2. Supply chain management

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 accepts those partners who completely fulfil the legal requirements in their home country to form part of the company's supply chain. These requirements are often not stringent enough however, which is why REWE Group is additionally involved in numerous projects for improved living conditions for farmed animals. In 2018 REWE and PENNY introduced a four-tiered model in Germany for labelling products in accordance with the livestock farming conditions in order to heighten transparency. This is intended to enable shoppers to see at a glance the conditions under which the animals are kept for the store brand fresh meat products at REWE and PENNY. From April 2019, this labelling scheme will be replaced by a uniform system for designating livestock farming conditions to be implemented by all food retailers participating in the Animal Welfare Initiative (ITW). For further information and specific descriptions of the individual projects see the section Livestock Farming Conditions.

Projects and measures for improving living conditions for farmed pigs:

- Action against piglet castration without anaesthesia
- Projects opposing piglet tail docking

Projects and measures to improve living conditions for farmed chicks and hens:

- Action to eliminate the slaughtering of chicks (Spitz & Bube, HerzBube and SELEGGT)
- Early feeding: Improving living conditions for newly hatched chicks
- Eliminating cage-keeping and beak trimming of laying hens

Projects and measures to improve living conditions for farmed cows:

- Marketing of milk and cheese from pasture-grazing cows; milk bearing the "For Greater Animal Welfare" label of the German Animal Welfare Federation
- Marketing of Allgäuer Hofmilch bearing the "Animal welfare-controlled" seal of approval of the organisation FOUR PAW.

Projects and measures to improve the living conditions for farmed turkeys, rabbits and buffalo:

- Support with breeding of a new breed of turkey
- Switching from cage keeping to the free-range model for broiler rabbits
- Implementing livestock farming requirements for buffalo

### **Fresh Milk and Meat/Sausage Products Bearing the Animal Welfare Label of the German Animal Protection Federation**

The German Animal Welfare Federation has introduced a transparent, science-based labelling scheme in the interest of increasing animal welfare. The scheme involves two tiers identifying products of animal origin subject to animal welfare standards. REWE stores have been selling pasture-grazed and fresh milk bearing the animal welfare label throughout almost all of Germany since September 2018 under the REWE Beste Wahl store brand. PENNY stores are also planning to carry milk bearing the animal welfare label in 2019. Additionally, since the end of 2018, all PENNY stores have carried sausage products made from the pig breed Teutoburger Hofschwein, and 550 PENNY stores have carried additional meat products bearing the “For Greater Animal Welfare” label of the German Animal Welfare Federation. REWE and PENNY are thus supporting an animal welfare initiative across the entire trade sector, purchasing from more sustainable suppliers with increased transparency for the consumer.

### Active for Elephant-friendly Animal Touristic Facilities

DER Touristik introduced a range of animal welfare measures in 2017 focused on elephants. Solutions for recreational activities with elephants were worked on in collaboration with the combine's own destination agency Go Vacation Thailand. As a first step, DER Touristik began monitoring provider compliance with animal welfare standards via external auditing. Activities such as elephant rides and 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.

DER Touristik is also cooperating with the animal welfare non-profit World Animal Protection and other industry organisations in a working group entitled the Coalition for Ethical Wildlife Tourism (CEWT). A business model has been developed for constructing elephant-friendly facilities. The aim is to develop two elephant facilities in conformance with established standards and stimulate demand for elephant-friendly touristic facilities. The first converted camp is slated to open in early 2019.

### DER Touristik Raising Awareness with 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 to raise the awareness level of people in Tanzania about the promotion of ecological 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.

## 3. Stakeholder management

The challenges associated with handling sustainability risks often lie in global trade structures and are influenced by political and social conditions. REWE Group thus remains in close contact with its

relevant stakeholders, such as suppliers, scientific organisations and NGOs, in implementing animal welfare measures.

#### **Improving Animal Welfare Standards Across the Industry: The Animal Welfare Initiative**

As a charter member of the Animal Welfare Initiative, REWE Group 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 German food retailing companies donate 6.25 cents to the Animal Welfare Initiative for each kilogram of pork and poultry they sell. These contributions generate about 130 million euros annually. The money is available to finance animal-welfare measures that extend beyond legal requirements. As a result of the participation of more than 5,700 farms, husbandry conditions for more than 447 million pigs, chickens and turkeys were improved in 2018. Companies participating in the Animal Welfare Initiative are audited semi-annually, with one announced audit and one unannounced audit. Almost 20,000 audits have been carried out thus far, which have shown that the broad majority of farmers have correctly implement the measures. Companies in breach of the requirements are subject to systematic sanctions.



## Child Labour and Forced Labour

REWE Group obtains a large number of products and product components through supply chains that may extend across several countries. The risk of incidents of child labour or forced labour is an important consideration in procurement.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of people, animals and the environment, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. Child labour and forced labour has been identified as a focal point within the area of action of people. REWE Group strives to systematically combat the practices of child labour and forced labour.

Child labour is deemed exploitative when children under the age of 13 perform light work for more than a few hours a week, or when children under the age of 15 perform work that is hazardous or strenuously hard. In many high-risk countries, bans on exploitative child labour are inadequately enforced and cases are inadequately pursued.

Forced labour often manifests itself as a restriction of freedom of movement, withholding of wages and personal papers or as indebtedness to an employer or job centre. Legally and illegally immigrated migrants and temporary workers are frequently victimised, and forced labour often goes unreported, making it difficult to monitor.



GRI 408: Child Labor

GRI 409: Forced or Compulsory Labor

## Management Approach

The Guidelines for Sustainable Business Practices of REWE Group apply to all business relationships of the REWE Group. The guidelines are based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Association (ILO) and UN Global Compact. These set out bans against forced labour, thus no person may be forced against his or her will into employment or forced to work under threat of any kind of punishment. In addition, prohibitions of exploitative child labour are also anchored in the Declaration and Conventions. REWE Group upholds child labour standards established by the ILO and under national laws of the respective countries. REWE Group reserves the right to apply sanctions when the values set forth in the guidelines are deliberately and flagrantly breached.

As a member of amfori BSCI, REWE Group has committed itself and all of its suppliers and producers to uphold the amfori BSCI code of conduct and promote adherence with the relevant principles. Among other things, this includes observing bans on exploitative child labour and forced labour. Together with its suppliers, REWE Group works continuously to improve labour and social standards.

In the Guidelines for Ethical Business Practices published in early 2019, REWE Group outlined its commitment to strengthening human rights and improving working conditions within the supply chains for all store brand products of REWE, PENNY and toom Baumarkt DIY stores. The company focuses on the issues of child labour, forced labour and living wages. The Group has also published various Guidelines for Focus Raw Materials. These outline specific challenges and requirements for REWE Group suppliers in response to these, which in part concern the issues of forced labour and child labour.

### **Standards for Enforcing Bans on Child Labour and Forced Labour in Raw Material Production**

REWE Group observes internationally recognized certification standards for opposing the practices of child labour and forced labour on the level of production of raw materials and ensuring socially acceptable working conditions. The main certification organisations are Fairtrade, Rainforest Alliance, UTZ, Cotton made in Africa and Naturland. These certifications ensure that higher standards are met in raw materials production and provide greater transparency in supply chains. Child labour and forced labour are banned under these standards. For the raw material palm oil, the standard established by the Round Table on Sustainable Palm Oil (RSPO) is of central importance in ensuring that no child labour is utilised on palm plantations.

### **Working to Eliminate Child Labour in the Cocoa Sector**

Child labour is widespread in cocoa farming due to structural poverty and a lack of schools. Children often help out during the harvest season to minimise costs, especially in small, family-run businesses. REWE Group is committed to ensuring that cocoa-containing products in its assortments are produced under conditions of respect for human rights and in compliance with recognised social and labour standards. The trade company utilises corresponding certifications, such as Fairtrade, Rainforest Alliance/UTZ and Naturland. For more information see also the [Guideline for Cocoa](#).

### **Measures to Prevent Forced Labour in the Fishery Sector**

The majority of traditional fishing and aquaculture work takes place in Asia and Africa. Working conditions in these countries frequently do not meet internationally recognised standards, and there is heightened risk of forced labour in particular. REWE Group has adopted the goals of ensuring the upholding of human rights and compliance with fundamental social and labour standards in the fishery sector. Compliance with basic principles to enforce bans on child labour, and forced labour in particular, is a highly relevant issue in cooperating with fish and seafood suppliers. When purchasing certified goods in the aquaculture supply chain, fisheries, too, are audited for compliance with the applicable basic principles. There are no established labour and human rights certifications for fishing vessels, thus REWE Group works to have social principles incorporated into the standards applicable for wild fish and have compliance with these standards confirmed via certification. For more information see the [Guideline for Fish, Crustaceans and Shellfish](#).

For more information on dealing with child labour and forced labour on the resource-extraction level, see sections [Raw Materials in Focus – Food](#) and [Raw Materials in Focus – Non-food](#).

## **Social Auditing to Monitor Compliance with the Ban on Child Labour and Forced Labour in Processing and Production**

To monitor compliance with the ban on child labour and forced labour in processing and production, social audits are regularly carried out, principally applying the amfori BSCI standard. All production facilities in defined risk countries on the first supply chain level are reviewed in these audits. Both announced and unannounced audits are carried out. The company audited is then assigned a rating based on the audit findings. If child labour or forced labour is obviously in use, the company audited is not assigned an overall rating but rather blacklisted on the basis of a zero tolerance principle. The amfori BSCI zero tolerance mechanisms for such cases require the following: The auditor issue a warning notice, stops the audit and gathers evidence proving the violation. The violation is then reported to the amfori BSCI Secretariat within 24 hours of its discovery. Within 48 hours of assertion of the allegation, the Audit department reviews the facts in the case, the evidence and the professional qualifications and competencies of the auditor. Within 72 hours of discovery, all amfori BSCI participants concerned form an ad hoc response group to determine the further course of procedure and initiate measures, the implementation of which is monitored.

### **Cooperation with Children's Rights Organisation**

Incidents of child labour and forced labour are not tolerated, and REWE Group thoroughly investigates and pursues any such cases. To be able to react quickly to cases of child labour, REWE Group has cooperated with the children's rights organisation Center for Child Rights and Corporate Social Responsibility (CCR CSR) since 2018. The organisation advises companies on implementing policies and programmes for ensuring the upholding of children's rights in supply chains. Through this cooperation, REWE Group benefits from the expertise and network of the organisation and is able to engage in dialogue with relevant stakeholders within the working group and employ the tools developed. As a member company, REWE Group is able to utilise the CCR CSR Rapid Response Service: In an actual case of child labour discovered during the reporting period, CCR CSR was asked to review the situation on the ground and talk to the young people affected, a contact person, the auditors and representatives of the production site. This enabled suitable response and prevention measures to be drawn up, the implementation of which has since been continuously monitored.

### **REWE Group Has Adopted the Goal of Establishing a Complaint Mechanism System for Relevant Supply Chains by 2025**

A complaint mechanism system will enable REWE Group to ensure that improper actions or circumstances in supply chains can be reported, including instances of child labour or forced labour. REWE Group is already conducting a review of what production sites have whistleblowing

mechanisms in place for staff. In addition, the complaint mechanisms implemented by standard-setting organisations (for raw materials) and the amfori complaint mechanism (for processing and production) can be used for cases of child labour or forced labour. The amfori BSCI zero tolerance mechanism is triggered in response to such cases.



## Livestock Farming Conditions

Livestock farming is a major branch of agricultural production. The conditions in which farm animals are kept are crucially important. Ideally, conditions will be adapted to meet the animals' natural needs. This is often not the case in modern production systems however, as economic considerations are now primary. Thus livestock have been made to adapt to livestock keeping systems. The animals are subject to routine physical interventions to make intensive livestock farming in conventional stall systems possible. The clipping of piglets' ring tails is an example of this.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products Strategy 2030 was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the action areas of ethical business practices, animal welfare and conservation of resources, the trade and tourism company designs effective measures to reduce environmental and social impacts as part of the Green Products commitment. The keeping of livestock is of special significance in the area of action of animal welfare.

## Labelling of Livestock Farming Conditions

REWE Group is stepping up its efforts to comply with and improve animal welfare standards. This includes informative, consumer-friendly labelling of fresh meat products. REWE and PENNY introduced a four-level model for labelling in Germany in 2018. Together with other food retailers, the stores then decided to standardise labelling. Since 1 April 2019, companies involved in the Animal Welfare initiative have been progressively introducing packaged products using the

“Farming Type” labelling system. This affords consumers an overview on the product packaging of how the animals are kept from which a particular meat product is made. This four-level system regulating existing quality, animal welfare and organic seals for pigs, poultry and cattle is designed as follows:

#### Level 1: Stable keeping

This type of livestock keeping complies with legal requirements or the QS standard or a comparable standard.

#### Level 2: Stable keeping plus

Animals are kept in a manner upholding higher animal welfare standards, such as providing 10 per cent or more space in the stall and additional material for activity.

#### Level 3: Outdoor exposure

In this type of livestock keeping, animals are given even more space and contact with fresh air.

#### Level 4: Premium

The animals enjoy even more space and need to have possibilities for ranging outdoors. Organic meats are classified to this level.

## Measures for Better Livestock Farming

REWE Group is increasing its commitment to better livestock farming conditions for animals through a host of measures:

### No Piglet Castration Without Anaesthesia

Boars, or uncastrated 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. As early as August 2015, REWE Group set out the goal of exclusively selling fresh pork from pigs not subject to unanaesthetised castration at the earliest possible date. The majority of suppliers have now made the switch to alternative methods. Therefore, most REWE Group meat sold already meets these requirements, including REWE Bio brand meat and sausage products for two years now. REWE Group accepts all procedures that are allowed by law in Germany as alternative methods to piglet castration without anaesthesia.

### Flagship Pigtail Project

In conventional animal husbandry, the tails of most piglets are docked, or trimmed, within four days after birth. This prevents pigs from biting one another's tails, which they may do when under great stress. If the ring tail is not docked and remains intact during the animal's life, this can be an indicator of humane husbandry conditions.

Following an initial phase in 2016, REWE Group carried out a flagship project in 2017 and 2018 in close cooperation with the two farmers' associations of North Rhine-Westphalia, the Ministry of Agriculture and the Chamber of Agriculture of North Rhine-Westphalia. Some 60 pig farms participated in the project, in which instead of trimming pigs' tails the farms altered husbandry conditions by providing pigs with rooting earth, hay or straw and open drinking water sources. This approach provided additional opportunities for activity and helped 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.

### Non-culling of Male Chicks

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 dedicated to stopping this procedure, and thus is carrying out a project in which male chicks are raised. Under the exclusive brand "Spitz & Bube", the free-range eggs have been on sale throughout Germany in all participating REWE stores since July 2017. The brand name plays in German on how the beaks of the laying hens are left in their natural form and how their male counterparts are raised for eventual slaughter. Free-range and organic versions were rolled out in an expansion of the project in 2018. Fresh Spitz & Bube free-range eggs have been available nationwide since March 2018. In the organic category, roughly 60 per cent of all REWE organic fresh eggs were under the Spitz & Bube brand by the end of the 2018 financial year. The goal is to switch REWE organic fresh eggs over completely to the Spitz & Bube brand's concept.

Since 2018, the meat for REWE Beste Wahl chicken fricassee is from Spitz & Bube cocks raised under the same conditions as the hens, and also receive non-GMO feed.

In early 2017, under the brand HERZBUBE, PENNY became the first discounter in Germany to introduce fresh free-range eggs nationwide for which laying hens' beaks are left untrimmed and male chicks are raised up.

### The SELEGGT Method: to End Male Chick Slaughtering

The SELEGGT method avoids the slaughtering of male chicks of laying-hen breeds. Using a new technology, the gender of the chick is determined while still in the unhatched egg. This endocrinological test involves laser-burning a 0.3 millimetre hole into the shell to take a drop sample of allantois fluid, which can then be studied to determine the bird's sex. The hatching eggs containing male chicks are then separated out, while the hatching eggs containing female chicks are returned to the incubator. Thus, on the 21st incubation day, only female chicks hatch. This means that it will no longer be necessary to kill male chicks. The basic research for this process was carried out by the University of Leipzig. For its concrete implementation, REWE Group formed the joint venture SELEGGT together with a Dutch technology company. Since November 2018, customers have been able to buy the first "respeggt free-range eggs" at some 400 REWE and PENNY stores in metropolitan Berlin. REWE Group is planning a nationwide market launch for late 2019 at all of the approximately 5,500 REWE and PENNY stores in Germany.

### Early Feeding für mehr Tierwohl bei frisch geschlüpften Mastküken

In classic incubators, individual animals are left untended for up to 36 hours, resulting in chicks which hatch early losing up to 10 per cent of their hatching weight from dehydration, thus losing their vitality and robustness. Early feeding systems are an innovative solution REWE Group is deploying as the first food retailer in Germany to take responsibility for animal welfare post-hatching. Currently two different methods are in place: the HatchCare process and "In-Still Hatching" systems. Both methods ensure that the basic life needs of the birds are met immediately upon hatching.

In the **HatchCare method**, when the chick hatches it slides into a separate basket in the incubator with the other birds. In two-level incubators, the 'hordes' as they are called, consisting of a maximum 90 eggs each, newly hatched chicks automatically slide down to the lower level. There they have enough light, air and space to move about freely without egg shells in the way, and with drinking water and feed available immediately after hatching. In addition, the incubators are lit, thereby providing hatching conditions with better animal welfare. The first chicks have been hatching in hatcheries with the new method since spring 2017.



With **In-Stall Hatching systems**, the chicks hatch right in the feed stall. This eliminates chicks hatching in the hatchery and having to be transported to the stall, which can often take several hours. The chicks also have direct access to feed and water in the stall.

Both methods yield positive results: Providing feed and water at an early stage, optimal climate control and sufficient space and light are effective for preventing developmental problems. All chicks thus enjoy a more balanced, vital start to their lives, significantly lowering chick mortality.

REWE Group wants suppliers to phase in the early feeding method into the supply chain, and intends to increase buying of chicks from early feeding systems.

### **Eliminating Battery-cage Eggs and Beak Trimming**

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, the animal protection organisation Compassion in World Farming honoured REWE Group with the Good Egg Award for the company's early decision to drop eggs from caged hens from its assortment.

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 attained the target it set ahead of schedule: In September 2017 REWE became Germany's first trade company to stop selling conventional eggs from laying hens with clipped beaks under its store brands in all REWE and PENNY stores. Organic eggs are exempt from this requirement because farms have to reject the practise of beak trimming in order to qualify for organic certification. All fresh eggs from REWE and Penny are KAT-certified.

### **Selling Pasture Milk for Greater Animal Welfare in Dairy Cow Farming**

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 16.67 per cent in 2018 (2017: 13.05 per cent<sup>\*</sup>). Grass-fed milk has borne the seal "PRO WEIDELAND – Deutsche Weidecharta" since August 2017, while grass-fed butter has had it since

December 2017. Since September 2018, the REWE sales line has been selling pasture milk and fresh milk nationwide bearing the animal welfare label “For Greater Animal Welfare” granted by the German Animal Welfare Federation. Four different cheese products are now made of milk from pasture-grazing cows, and four different yoghurt products made of pasture milk will also be found on shelves in 2019. Plans are in place to make the change with further items. PENNY stores are also planning to carry milk bearing the animal welfare label in 2019. Additionally, since the end of 2018, all PENNY stores have carried sausage products made from the pig breed Teutoburger Hofscheun, and 550 PENNY stores have carried additional meat products bearing the “For Greater Animal Welfare” label of the German Animal Welfare Federation.

\* The percentage of pasture milk stated for 2017 has been subsequently adjusted due to a data collection error.

### **Allgäuer Hofmilch Bearing the FOUR PAWS Animal Welfare Label**

From January 2019, 3.8% organic hay milk made by Allgäuer Hof-Milch GmbH is available in REWE stores in Bavaria and Baden-Württemberg. This milk is produced exclusively at dairy farms in the Allgäu region certified for compliance with the stringent regulations of the international animal welfare organisation FOUR PAWS. The FOUR PAWS “animal welfare verified” seal of approval distinguishes products made from livestock which enjoy substantially better living conditions than in conventional animal farming. For example, animals are kept untethered in loose housing, affording sufficient space for moving about and lying down. Compliance with the standards is regularly monitored through unannounced inspections. REWE and FOUR PAWS have cooperated for several years now. The introduction of “animal welfare verified” milk is an important step in this cooperation, so that consumers can play an active part in promoting animal welfare by purchasing certified animal-friendly products.

### **A New Breed of Turkey for More Ecological Poultry Farming**

Poultry breeding done under organic guidelines has to meet high requirements and creates tough challenges as a result. Currently, 95 per cent of global organic 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 cross-breeding 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 2018, following constant development work in recent years, 100 per cent of turkey meat from Biofino GmbH was from these turkeys. Our other suppliers are to have completed the switch over to the new breed of turkey by 2021.

### **Systematic Conversion to Free-range Rabbit Farming**

In 2010, REWE Group began to work with the animal protection foundation FOUR PAWS International on plans to transform rabbit farming facilities from cages over to the free-range model. In addition to greater freedom of movement, the animals enjoy more material for activity, and the flooring has plastic plates to protect their foot pads. 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 organisation Compassion in World Farming in 2016.

### **Stall Requirements for Buffalo Implemented**

To produce buffalo milk mozzarella, each cow has to give birth to one calf per year. Around half of these calves are male. The males give no milk and their meat is unpopular with consumers, thus there is little interest in raising them. Animal welfare organisations have repeatedly called attention to the resulting problems and animal welfare violations. In a move to avoid such violations, REWE Group has outlined minimum requirements for suppliers. These include compliance with the buffalo husbandry requirements issued by the animal rights foundation FOUR PAWS and provide access to mud baths or install water spray systems, for example.



## Nutrition

Lifestyles and eating habits have steadily evolved in recent decades. The classical domestic regimen of family meals is losing significance as people are increasingly eating away from home, with food being available virtually everywhere around the clock in Western countries. At the same time, digitalisation is changing the workplace, as more and more people are desk-workers and fewer engaging in physical labour. People today thus need less energy than previous generations, but eating habits did not change accordingly for the most part, leading to an unbalanced diet. As a leading European food retailer, the REWE Group generates approximately 74 million customer contacts per week at its supermarkets and discount stores, which presents a huge lever for meeting the Group's social responsibility of offering a balanced range of foods.

REWE Group has developed a comprehensive sustainability strategy in an effort to make sustainability an integral part of procurement processes. The aim is to reduce environmental and social impacts of REWE Group within the framework of the Green Products pillar, in particular in the four action fields of business ethics, animal welfare, resource conservation and nutrition. Nutrition-related activities, including product modifications and consumer awareness communications, are aimed at promoting healthy, varied diets.

GRI Food Processing (FP): Healthy, Affordable Food

## Management Approach

Modifying the product range is a significant factor in the area of nutrition. Through its store brand products, REWE Group is able to promote balanced and healthy diets by modifying recipes to improve nutritional value, such as sugar, salt, fat and saturated fatty acids.

Reducing the salt and sugar content of store brand products is the primary objective for REWE Group. The company has thus published a strategy paper outlining processes and goals for salt and sugar reduction. This strategy is aimed at achieving a 50 per cent or greater reduction in the salt or sugar content of relevant store brand products. To this end, the sugar and salt content of all products is to be studied in a review of the entire store brand assortment to be completed by 2020. After prioritising the product range, initial pilot product groups were defined in 2018 in which implementation is to take place. Going forward, newly listed products are also to be reviewed to assess the potential for reductions.

In 2018, already approximately 250 store brand products underwent optimisation for sugar or salt content. The recipes for over 700 items are currently under review.

## **Measures and Projects Promoting Balanced Nutrition**

REWE Group is working to promote balanced nutrition in an array of different projects. In addition to modification of the product range, REWE Group activities also focus on educating consumers and raising awareness about eating a healthy, balanced diet.

### **Responsible Structuring of the Store Brand Product Assortment**

REWE Group is modifying the recipes of its store brand products in the interest of promoting balanced nutrition. These changes may however affect taste and other food properties, thus they must be implemented prudently and in phases, in dialogue with consumers. This approach is taken so that REWE Group can function as a partner vis-a-vis customers, rather than a 'nanny'. These product-related measures are flanked by relevant communications and information via the available media channels.

### **Reducing Sugar and Salt Content for Healthier Eating**

Sugar and salt-reduced products were offered in the REWE store brand assortment for the first time in 2018. These include dairy products like yoghurt, non-alcoholic sweetened soft drinks, ice cream and bread, followed by other product categories like convenience foods (pizza, baguette, sauces, wraps). One of the first products was REWE Beste Wahl chocolate pudding, where consumers were surveyed regarding reduced sugar content. In voting conducted in early 2018, roughly 120,000 customers said their favourite was a sugar-reduced REWE Beste Wahl chocolate pudding, with 30 per cent less sugar, which was then made a standard recipe in the range. Then in early 2019, REWE customers voted on the sugar content of the product REWE Deine Wahl triple-choc crunchy muesli, choosing between three content levels. Again, the product with 30 per cent less sugar was chosen, receiving 61 per cent of votes and is to become a standard recipe in stores. No alternative sweeteners are to be used in any of the products. The sugar content of the products will be reduced gradually, so that customers slowly get used to the new taste. Awareness is also being raised about the topic via the accompanying #DuBistZucker campaign (#YouAreSugar), in which REWE provides tips and ideas for helping customers enjoy their lives with a lower daily sugar consumption.

### **Engagement in Educating on Healthy Diet and Exercise**

As a charter member and member of the Board of Directors 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.

### For Healthy Diets for Children

REWE Group sponsors nutrition workshops in many regions throughout Germany aimed at promoting a healthy diet. Depending on the region, the workshops are organised along with the ArbeitsKreisNeueMedien or with expika. The workshops are designed to motivate children in day-care centres and to help them to playfully learn about healthy diets. For this purpose, new media are used during the daily training course in a contemporary way that is appropriate for children. More than 170,000 children have attended a workshop.

### The Power Kiste (Power Box) for a Healthy Start to the Day

With the food bank group Tafel Deutschland e.V. and other partners, REWE provides participating schools with Power Boxes that contain an alternating range of foods selected by dietary experts to be used in preparing breakfast in the classroom. This enables children to get their day off to a healthy start. At the end of 2018, 14 schools and about 1,600 children were receiving the boxes from Monday to Friday. In this way, more than 230,000 meals were provided in the 2017/18 school year. The project is supported with donations by Chiquita, Danone, Ehrmann, FrieslandCampina, Mondelez, Nestlé, Unilever, Zentis as well as the REWE Group production operations Glocken Bäckerei and Wilhelm Brandenburg, among others.

To have a lasting impact, awareness has to be raised among consumers of what constitutes healthy, balanced nutrition. REWE Group makes use of its website to offer practical information about store brand products, what they are made of and what is required for a balanced diet. REWE Deine Küche recipes for balanced nutrition are also provided on the website, which include low-sugar recipes. Easy-to-understand nutritional tables and ingredient lists are printed for customers on the product packaging.

For further information, see the [Projects and Sponsorships](#) section.



## 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. As part of the materiality analysis updated in 2018, stakeholders confirmed the importance of climate protection measures for REWE Group: The issue was classified as particularly relevant and was ranked No. 2 in priority (for other information, see the section [materiality analysis](#)).

At the same time, 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, a company 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.



To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main sustainability pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. As part of the pillar Energy, Climate and the Environment, REWE Group has set the strategic goal of making a measurable contribution to climate and resource protection or, at the very least, keeping impacts on the climate and environment to a minimum.

## Strategic Approach

The efforts that REWE Group has undertaken in terms of climate and resource protection are included in the [Guidelines for Sustainable Business Practices](#). The pillar of sustainability Energy, Climate and the Environment focuses in essence on environmentally relevant activities that lie in REWE Group's own business processes. 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 own business operations. 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 are top priorities at the company. 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. Each year, REWE Group reviews its progress in a carbon footprint report, a document that is prepared by independent experts.

## Areas of Action

In its strategy process, REWE Group identified the following three areas of action in the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. 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 is led by Mr Telerik Schischmanow (Divisional Management Board Trade Germany – Administration and Services).

## Targets and Key Performance Indicators (KPI)

To measure its progress in the pillar Energy, Climate and the Environment, REWE Group has defined various KPIs with related targets. 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.

KPI	Target	Status	Measures
Greenhouse gas emissions (CO <sub>2</sub> equivalents) for Germany and Austria per square metre of sales area	A 50% cut by 2022 compared with 2006	-43.0%	See the section <a href="#">Climate Protection</a>

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: These KPIs focus on activities that are responsible for large amounts of consumption and greenhouse gas emissions and that REWE Group can directly impact by taking its own measures: energy efficiency (lighting and refrigeration) and refrigerant-related greenhouse gas emissions.

KPI	Target	Status	Measures
Electricity consumption per square metre of sales area (in kWh/m <sup>2</sup> ) in Germany and Austria	Reduction of 7.5% between 2012 and 2022	-9.2 %	See the section <a href="#">Energy</a>
Refrigerant-related greenhouse gas emissions per square metre (in kg of CO <sub>2</sub> equivalent/m <sup>2</sup> ) in Germany and Austria	Reduction of 35% between 2012 and 2022	-36.2 %	See the section <a href="#">Climate Protection</a>

With this result, REWE Group in Germany and Austria hit the target for 2022 in 2018. For the KPI on electricity consumption per square metre of sales area, the use of LEDs, measures for energy-efficient refrigeration as well as construction and remodelling activities have played a key role. Overall, this success reflects the effectiveness of the energy management systems that have been put into place. For the KPI on refrigerant-related greenhouse gas emissions per square metre of sales area, the use of climate conscious refrigerating agents made a major contribution to the achievement of the target. These agents are increasingly natural refrigerants like CO<sub>2</sub> and propane with lower greenhouse gas potential.

REWE Group continues to work on activities to improve both KPIs. The investments that must be made in new technologies and processes to achieve this goal have already been approved by the strategic business units and the subject-specific holding areas. 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) shows that, above all, SDG 7: Renewable Energy, SDG 11: Sustainable Cities and Communities and SDG 13: Climate Action apply to the pillar Energy, Climate and the Environment. As part of this analysis, the SDG 7: Renewable Energies was given a high priority for REWE Group by sustainability officers of REWE Group and external stakeholders (see the section [Sustainability Strategy](#)).

## Reporting

The following sections of the GRI Report contain all measures, data and topics related to the pillar Energy, Climate and the Environment:

- [Waste](#)
- [Energy](#)
- [Green Building](#)
- [Climate Protection](#)
- [Materials](#)
- [Water](#)



# Materials

REWE Group uses a range of materials in its daily business activities and it requires raw materials to do so. The efficient use of these resources is a core element of sustainable business practices.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main sustainability pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. The activities in the area of material savings is part of the area of action conservation of resources. REWE Group's goal is to conserve natural resources wherever possible and to close material loops.

GRI 301: Materials

## Management Approach

In its Guideline for Sustainable Business Practices, 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 that addresses also resource-conservation activities (for more information, see the section PRO PLANET). Product-related measures are also being implemented in the areas of packaging, recycling materials and optimisation of material loops (for more information on packaging, see the section Packaging).

# Projects and Measures to Conserve Resources

In its own business processes, REWE Group is taking steps to close material loops and conserve resources. Internal focal points include energy management, optimisation of logistics processes, the use of environmentally conscious paper and waste management.

## **Reusable Systems in Logistics Prevent Transport Rubbish**

To reduce the amount of transport packaging rubbish, the logistics operation of REWE Group employs reusable containers. In recent years, the percentage of reusable pool boxes has been increased. It now totals 56 per cent in the area of fruit and vegetables in Germany. 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.

## **Use of Low Aromatic Inks Improves Recycling Paper**

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. The work has paid off, too: Only low aromatic inks have been used to print fliers at REWE Group since January 2016. 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 ink 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.

### Optimisation of Material Loops in Textiles

REWE Group is working on measures to create closed loops in order to conserve resources and promote sustainable consumption. For this purpose, the company created a return system for textiles in 2016 and set up the first collection containers at the locations of our PENNY sales line in 2017 with the help of a service provider. In taking this approach, REWE Group intends to promote the reuse of textiles and to prevent them from being discarded. Last year, additional collection containers were set up. By the end of 2018, a total of 629 collection containers were available for reused textiles. The collected textiles are used as second-hand clothing or are recycled in industry or as input material in textile production. Textiles that cannot be recycled are professionally disposed of.

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 180,327 tonnes in 2017 to 184,455 tonnes in 2018. Flier production is the primary cause of paper consumption. The rise is also reflected in specific paper consumption, which totalled 18.7 kilograms per square metre of sales area in 2018. 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.

### Total Paper Consumption (Tonnes)

2016	2017	2018
175,606	180,327	184,455

### Specific Paper Consumption (kg/m<sup>2</sup>)

2016	2017	2018
18.33	18.59	18.70

Scope: REWE Group Germany and Austria, including retailers.

## Recycled Input Materials Used

To make consumption of paper, which was defined to be a significant resource, more environmentally conscious over the long term, 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.

### **More Recycled Paper Reduces the Impact of Paper Consumption**

In 2009, the company began to switch 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 (Blue Angel)) 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™).

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 97 per cent in 2018. For the remaining nearly 3 per cent, virgin fibre paper from sustainable forestry that has been certified by the FSC® or PEFC™ is used.



## Energy

From stores and offices to transports – REWE Group uses energy to conduct its business activities. Responsible consumption and the use of alternative energy sources can help to reduce environmental impacts.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. As part of the energy efficiency area of action, REWE Group continuously works to lower its energy consumption per square metre of sales area. In this process, it makes a key contribution to climate protection.

GRI 302: Energy

## Management Approach

REWE Group primarily uses energy for refrigeration and lighting in its stores. Fuel is also consumed when goods are transported. The following gains have been made in the area of use of electricity, the largest segment of energy consumption at about 59 per cent:

KPI	Target	Status
Electricity consumption per square metre of sales area (in kWh/m <sup>2</sup> ) in Germany and Austria	Reduction of 7.5% between 2012 and 2022	-9.2 %



With this result, REWE Group in Germany and Austria hit the target for 2022 in 2018. The driving forces behind this improvement were the use of LED lighting, steps involving more energy-efficient refrigeration and new stores that are more energy efficient. Overall, this success reflects the effectiveness of the energy management systems that have been put into place. REWE Group will continue to work on boosting its energy efficiency as part of a continuous improvement process.

### Electricity Usage Trends in Detail

		2012	2013	2014	2015	2016	2017	2018 ✓
	Change compared with 2012		-0.7 %	-3.9 %	-4.3 %	-5.3 %	-6.6 %	-9.2 %
<b>Electricity consumption per square metre of sales area</b>	in kWh/m <sup>2</sup>	333.6	331.4	320.6	319.4	315.9	311.4	303

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

The reduction of energy usage per square metre of sales area plays a key role in efforts to reach REWE Group's climate goal (see the section [Climate Protection](#)). The foundation of REWE Group's systematic 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 – has installed 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, REWE Group began to introduce a central energy management system based on ISO 50001 in Germany. This system has been certified since the end of 2016. The system tracks all electricity consumption of the entire REWE Group in Germany with all sales lines and more than 5,000 locations. This includes grocery 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 also 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 been ISO 50001 certified since spring 2017. All other countries in REWE International AG were certified in 2018. 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)).

### **Optimising Energy Consumption**

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 better defined and monitored. In addition, the link between measured energy usage and implemented programmes can be better understood and monitored. In this way, 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: [EnMS@rewe-group.com](mailto:EnMS@rewe-group.com).

GRI 302-1:

## **Energy Consumption Within the Organisation**

Energy consumption involves electricity, especially the power used for refrigeration and lighting, 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.

Total energy usage by REWE Group rose by about 6.8 per cent between 2016 and 2018. There were several reasons for this increase: Acquisitions and an expansion of the scope of consolidation caused the jump – the addition of Supermärkte Nord and REWE Dortmund by itself was responsible for a 6.2 per cent increase of energy consumption from 2016 to 2018. Excluding Supermärkte Nord and REWE Dortmund, fuels used for lorries and passenger cars resulted in an increase in consumption of approximately 1 per cent. Nonetheless, location-related energy consumption, excluding Supermärkte Nord and REWE Dortmund, fell by 0.3 per cent in spite of branch and logistics expansions (see [Energy Intensity](#)).

The largest amount of total energy consumption in 2018 was attributed to electricity, at about 59 per cent, followed by fuel for lorries and passenger cars (including external logistics) and natural gas.

### Energy Consumption Within the Organisation (in GWh)

	2016	2017	2018 ✓	Change 2016–2018	
	Total	Total	Total	Total	Per cent
Electricity	3,844	3,945	4,163	319.4	8.3 %
Heating oil	92	83	75	-16.7	-18.2 %
Gas (natural and liquefied gas)	1,026	1,038	1,065	39.2	3.8 %
Self-produced renewable energies	9	8	10	0.7	7.6 %
District heating	295	310	324	29.4	10.0 %
Fuels (lorries/cars)	1,022	1,057	1,129	107.7	10.5 %
Jet fuel	295	286	264	-31.3	-10.6 %
<b>Total</b>	<b>6,582</b>	<b>6,728</b>	<b>7,030</b>	<b>448.4</b>	<b>6.8 %</b>
<b>Total excluding jet fuel</b>	<b>6,287</b>	<b>6,442</b>	<b>6,766</b>	<b>479,7</b>	<b>7,6 %</b>

### Energy Consumption Within the Organisation – Consumption Share 2018 ✓

Electricity	59.2%
Heating oil	1.1%
Gas (natural and liquefied gas)	15.2%
Self-produced renewable energies	0.1%
District heating	4.6%
Fuels (lorries/cars)	16.0%
Jet fuel	3.8%

Scope: REWE Group including retailers. The consumption data of the former Kaiser'sTengelmann and Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) stores have been included in the totals since 2017. Those of REWE Dortmund have been included since financial year 2018. Units that left REWE Group in 2018 were excluded: TEMMA, Gartenliebe, Smart People. The data have been adjusted to reflect these changes. As a result, they do not match the figures contained in the Sustainability Report 2017.

Self-produced renewable energies comprise solar power, photovoltaics, geothermal energy, wind energy, wood pellets and organic heat.

Scope: REWE Group including retailers. The consumption data of the former Kaiser'sTengelmann and Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) stores have been included in the totals since 2017. Those of REWE Dortmund have been included since financial year 2018. Units that left REWE Group in 2018 were excluded: TEMMA, Gartenliebe, Smart People. The data have been adjusted to reflect these changes. As a result, they do not match the figures contained in the Sustainability Report 2017.

Self-produced renewable energies comprise solar power, photovoltaics, 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 total energy consumption during the reporting period, this specific energy consumption (energy consumption per square metre of sales area) of REWE Group fell by nearly 2.9 per cent from 2016 to 2018. This change was the result of an increase of square metres of sales area and the implementation of a broad range of electricity-efficiency measures, including the use of LED lighting (see the [KPI for electricity consumption](#) and the table [Steps to Lower Electricity Usage](#)).

### Energy Intensity

	Unit	2016	2017	2018 ✓	Change 2016 – 2018
Total energy consumption	in GWh	5,265	5,384	5,637	7.1 %
Energy consumption per square metre of sales area	in kWh/m <sup>2</sup>	473.27	464.82	459.71	-2.9 %

1 TJ | 0.2778 GWh, 1 MJ/m<sup>2</sup> | 0.2778 kWh/m<sup>2</sup> (Source: International System of Units (SI))

Scope: REWE Group including retailers. The consumption data of the former Kaiser'sTengelmann and Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) stores have been included in the totals since 2017. Those of REWE Dortmund have been included since financial year 2018. Units that left REWE Group in 2018 were excluded: TEMMA, Gartenliebe, Smart People. The data have been adjusted to reflect these changes. As a result, they do not match the figures contained in the Sustainability Report 2017.

GRI 302-4:

## Reduction of energy consumption

To systematically save energy 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, Austria and central and Eastern European countries. 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. Since 2017, REWE Markt GmbH has been conducting potential-identification analyses to develop optimisation measures.

## **Lighting**

Lighting affects customers' well-being and product presentation – a pleasant light makes a strong contribution to 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.

### **Project to Convert to LED Lighting**

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. In recent years, significant improvements have been made in the light colour and service life of LED lighting systems. As a result, they are now ideally suited for wide-scale use. In all of its new construction and renovation projects, REWE Group uses new LED light concepts for its stores and logistics locations. The use of LED lighting has played a key role in the reduction of electricity consumption per square metre of sales area in recent years.

## **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 are also used for dairy products in new stores and large remodelling projects. In Austria, the MERKUR and PENNY sales lines are currently testing glass doors for dairy display cases.

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

#### Refrigerating Forum Ensures Regular Dialogue

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 lines BILLA, MERKUR and PENNY present an energy efficiency award for refrigeration companies as part of their Refrigeration Partner Conference.

#### Measures to Lower Electricity Usage

Measures	Reduced Electricity Consumption (GWh)		
	2016	2017	2018
Lighting Conversion of lighting systems to LED, optimisation of light management, reduction of turn-on times	27.2	47.8	25.8
Refrigeration Including 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	12.5	19.8	12.3
Improvements in the technology of other systems, particularly in production	0.1	2.2	1.0
<b>Total savings</b>	<b>39.7</b>	<b>69.7</b>	<b>39.1</b>

1 TJ | 0.2778 GWh, 1 MJ/m<sup>2</sup> | 0.2778 kWh/m<sup>2</sup> (Source: International System of Units (SI))

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

In 2018, measures implemented by the sales lines of REWE Group in Germany and Austria lowered electricity usage by about 39 GWh. The use of LED lighting played a key role in the savings achieved in all areas. The use of LEDs in a wide range of areas represents 66 per cent of total savings at nearly 26 GWh. Refrigeration is responsible for about half of electricity

consumption at grocery stores. Therefore, many steps regarding refrigeration were taken during the reporting period to reduce cooling losses. Steps have been taken in other places, too. These involved such areas as ventilation and other systems – especially in the area of 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 differentiated logistics concepts, use of more efficient technology and modified driver behaviour.

In 2018, the REWE Group warehouse network infrastructure was further optimised. This work included expansion of REWE's regional warehouse in Raunheim, the completion of remodelling work at the REWE-Koblenz location and construction-related modernisation and reorganisation activities at other warehouse sites. 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. In 2018, total vehicle utilisation rose slightly once again. The continuous enhancement of the logistics network at REWE Group has resulted particularly in lower average route lengths.

#### **Training for Lorry Drivers**

REWE Group conducts training programmes in which its drivers learn petrol-saving techniques. It is also implementing measures based on the company-wide system for monitoring fuel usage. In 2018, 15 per cent more lorry drivers were trained than in 2017. Fuel consumption in 2018 remained at the previous year's level. In spite of increasing traffic congestion, lower speeds and an increased number of traffic jams, this performance is viewed as a success in terms of reduced fuel consumption.

To further reduce the carbon footprint of its vehicle fleet, REWE Group continuously upgrades its vehicles. At the end of 2018, the share of vehicles that met the Euro 6 emission standard was 49

per cent in Germany and more than 50 per cent in Austria (in terms 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. In the REWE Region Central, gas-powered lorries are a regular part of the fleet. REWE International AG is also working with alternative drive options. Three e-hybrid lorries and seven gas-powered lorries are currently being used in Austria. In September 2018, an all-electric lorry for use in making deliveries to trade companies in the Vienna metropolitan area was delivered. For many years now, REWE International AG has been active in the Council for Sustainable Logistics. The development and commissioning of the e-lorry took place in this partnership.

#### **Winner Project for Sustainable Logistics**

The research project "GeNaLog" (Geräuscharme Nachtlogistik, or silent night logistics) in which REWE Group acted as a trade partner was named as one of the winners in the competition "Sustainable Urban Logistics" in December 2018. In this national competition, the German Ministry for Environment, Nature Conservation and Nuclear Safety joined forces with the German Environment Agency to recognise projects and measures that represent sustainable logistics in German cities in a special way. The competition involved innovative urban logistics concepts across Germany that were especially environmentally, economically and socially sustainable. By integrating an all-electric lorry as well as using smart processes and low-noise transport aids, the research project "GeNaLog" 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. As part of this focus, eligible employees have the opportunity to individually apply their mobility budgets – for instance, they can select a smaller car model and use the money that they save in the process for another purpose. Users of electric vehicles receive a monthly bonus of 150 euros in addition to their mobility budget. The monthly stipend 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. More than 3,300 bicycles have been purchased by employees during this period.





## Water

REWE Group needs the natural resource water both in its own locations and in the production of products in the supply chain. Because water is a limited resource, steps must be taken to ensure its sustainable and economical use.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. Activities associated with water consumption are part of the conservation of resources area of action. REWE Group is committed to reducing its use of water wherever possible.

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 manufacture of products. In this area, REWE Group is working in product-related projects in its supply chain (for more information, see the section Environmental Aspects of the Supply Chain).

## Water withdrawal by source

REWE Group uses water in its approximately 15,600 stores, 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. Total water usage rose from about 6.6 million cubic metres in 2016 to 7.2 million cubic metres in 2018. The increase in usage resulted from the addition of new companies to REWE Group – particularly the establishment of Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) in 2017 and the addition of REWE Dortmund into the scope of consolidation in 2018. The new warehouses of REWE Digital Fulfilment Services were another cause of increased water consumption. Specific water consumption changed very little year on year.

### Water Consumption of REWE Group

	Unit	2016	2017	2018	Change 2016 – 2017	Change 2017 – 2018
Total water consumption	1,000 m <sup>3</sup>	6,593	6,712	7,184	1.8 %	7.0 %
Energy consumption per square metre of sales area	(m <sup>3</sup> /m <sup>2</sup> )	0.59	0.58	0.59	-2.2 %	1.1 %

Scope: REWE Group including retailers. The consumption data of the former Kaiser'sTengelmann and Supermärkte Nord Vertriebs GmbH & Co. KG (SuNo) stores have been included in the totals since 2017. Those of REWE Dortmund have been included since financial year 2018. Units that left REWE Group in 2018 were excluded: TEMMA, Gartenliebe, Smart People. The data have been adjusted to reflect these changes. As a result, they do not match the figures contained in the Sustainability Report 2017.



## Climate Protection

The climate is massively impacted by human activity climate change has a powerful effect on ecosystems and, as a result, on societies as well. 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.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. In terms of climate protection, the activities of REWE Group are included in the area of action climate-relevant emissions.

GRI 305: Emissions

### Management Approach

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 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.

KPI	Target	Status
Greenhouse gas emissions (CO <sub>2</sub> equivalents) for Germany and Austria per square metre of sales area	A 50% cut by 2022 compared with 2006	-43.0 %

Total greenhouse gas emissions for Germany and Austria have fallen from 2.37 million tonnes in the base year of 2006 to about 2.02 million tonnes in 2018. This represents a decrease of about 15 per cent. Specific greenhouse gas emissions (unit: CO<sub>2</sub> equivalents per square metre of sales area) plunged by 43 per cent during the same period (see [Greenhouse Gas Emissions Intensity](#)). As this result demonstrates, REWE Group continues to make good progress in its effort to cut its specific greenhouse gas emissions by 2022.

In addition to this overarching environmental goal, REWE Group has defined other KPIs with related goals, focussing on activities in energy, climate and the environment. These are areas where significant levels of consumption occur and where REWE Group can have a direct impact by taking its own measures: Energy efficiency (refrigeration and lighting, see the section [Energy](#)) and refrigerant-related greenhouse gas emissions. The goals for all sales lines and holding areas in Germany and Austria have been defined and put into place in binding targets. The investments that must be made in new technologies and processes to achieve this goal are approved by the strategic business units and the holding areas themselves.

### Carbon Footprint as a Monitoring Instrument

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 Austrian 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 the section [Energy](#)).

Greenhouse gas emissions were calculated in accordance with the GHG Protocol. In determining CO<sub>2</sub> 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.

**Promoting the Use of 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 only applies the share of new systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint in Germany (about 25 per cent). In 2018, 86.8 per cent of green electricity came from hydro power, 12.2 per cent from wind power and 1 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 2018, REWE Group operated photovoltaic systems at 48 locations in Germany (previous year: 46). These units have a potential peak power output of 14,534 kWp.

**Reduction of Refrigerant-Related Greenhouse Gas Emissions**

The greenhouse gas emissions produced by refrigerating systems are largely the result of the refrigeration agents used in them. To cut emissions, REWE Group decided at an early stage to use the most climate-friendly refrigeration agents. As a way of reducing refrigerant-related greenhouse gas emissions, REWE Group defined the following KPI and related target:

KPI	Target	Status
Refrigerant-related greenhouse gas emissions per square metre (in kg of CO <sub>2</sub> equivalent/m <sup>2</sup> ) in Germany and Austria	Reduction of 35% between 2012 and 2022	-36.2 %

Through the reduction of 36.2 per cent, REWE Group in Germany and Austria hit the target for 2022 in 2018. The use of climate-friendly refrigeration agents played a key role in reaching this target. These agents are increasingly natural refrigerants like CO<sub>2</sub> and propane with lower greenhouse gas potential.

As part of REWE Group's sustainability strategy, all multicompressor systems of commercial refrigeration used in new stores and most of remodelled stores at REWE and PENNY use the natural refrigerant CO<sub>2</sub>. Plug-in refrigerating units that will be used in future at all new and remodelled stores will use the natural refrigerant propane (R290). In terms of the use of natural refrigerating agents in heating and air-conditioning systems, the company currently has no solutions that comply with energy and economic aspects. A solution is to be developed in the next one year to two years.

### Promoting Electromobility

Electromobility is a theme of the future. Even though ensuring electricity for e-cars is not an original focal point of food retailing, the company still makes a contribution to efforts to expand the charging infrastructure. In one aspect of this work, REWE Group has been installing charging station for the car parks of new Green Buildings. Currently, about 131 of its stores in Germany and Austria have charging stations. REWE Group continuously looks for partners whose business models are directly impacted by electromobility – that is, automakers, energy suppliers and providers who can make a contribution to a functioning and national charging infrastructure. REWE Group is conducting a dialogue with both regional and national providers about this issue. Only through collaboration can secure supplies be provided.

GRI 305-1, 305-2, 305-3:

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

	2006	2016	2017	2018	Change 2006–2018
Scope 1: Direct greenhouse gas emissions (GRI 305-1)	760,214	669,156	681,743	660,246	-13 %
Scope 2: Indirect energy-related greenhouse gas emissions (GRI 305-2)	1,343,056	1,092,428	1,066,990	1,036,428	-23 %
Scope 3 <sup>1</sup> : Other indirect energy-related greenhouse gas emissions (GRI 305-3)	270,607	348,120	333,045	326,644	21 %
Total greenhouse gas emissions	2,373,876	2,109,704	2,081,778	2,023,318	-15 %

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

	<b>2006</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>GRI 305-3: Other indirect energy-related greenhouse gas emissions (Scope 3)<sup>1</sup></b>	270607	348120	333045	326644
<b>GRI 305-2: Indirect energy-related greenhouse gas emissions (Scope 2)</b>	1343056	1092428	1066990	1036428
<b>GRI 305-1: Direct greenhouse gas emissions (Scope 1)</b>	760214	669156	681743	660246

Scope: Companies of REWE Group in Germany and Austria including 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 in 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 in Germany (about 25 per cent).

GRI 305-4:

## Intensity of Greenhouse Gas Emissions

During the reporting period, both the total and the specific greenhouse gas emissions (per square metre of sales area) of REWE Group decreased. In 2018, specific greenhouse gas emissions totalled 199.3 kilograms of CO<sub>2</sub> equivalents per square metre. They were reduced by 43.0 per cent compared with the base year of 2006. 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>

	<b>Unit</b>	<b>2006</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Total greenhouse gas emissions</b>	t CO <sub>2</sub> -equivalents	2,373,876	2,109,704	2,081,778	2,020,431
<b>Specific greenhouse gas emissions per square metre of sales area</b>	kg CO <sub>2</sub> -equivalents/m <sup>2</sup>	350	219	208	199
<b>Achieved savings of specific greenhouse gas emissions since the base year 2006</b>	%		-37.4	-40.3	-43.0

Scope: Companies of REWE Group in Germany and Austria including 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 in 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 in Germany (about 25 per cent).

The greenhouse gas emissions of REWE Group were broken down in the following manner for 2018:

## Share of Greenhouse Gas emissions in 2018 by Originator Group (Scopes 1–3)

Electricity	50.4%
Heat	13.2%
Refrigerants	11.8%
Logistics	12.4%
Business trips	2.7%
Paper	9.5%

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

GRI 305-5:

## Reduction of greenhouse gas emissions

REWE Group has launched a variety of electricity-saving measures designed to reduce greenhouse gas emissions. As a result of these efforts, about 11,700 tonnes of carbon dioxide equivalents were saved in 2018.

### Steps to Lower CO<sub>2</sub> Emissions<sup>1</sup>

Measures	Savings of CO <sub>2</sub> -equivalents (tonnes)		
	2016	2017	2018
Lighting Conversion of lighting systems to LED, optimisation of light management, reduction of turn-on times	8,432	16,874	8,123
Refrigeration Including 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	3,608	6,169	3,242
Improvements in the technology of other systems, ventilation systems and IT infrastructure	23	818	373
<b>Total</b>	<b>12,062</b>	<b>23,861</b>	<b>11,738</b>

Scope: REWE Group including 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.

GRI 305-6:



# Emissions of ozone-depleting substances (ODS)

In recent years, REWE Group has systematically cut 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 11 kilograms of CFC-11 equivalents.

## Emission of Ozone-Depleting Substances by Weight (Kilograms)

	Unit	2016	2017	2018
Total emissions of ozone-depleting substances from refilled refrigerants	kg of CFC-11 equivalents	10	10	11

Scope: Companies of REWE Group in Germany and Austria including 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 (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>) and other significant air emissions

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

In terms of total emissions of airborne pollutants at REWE Group, the share of airborne pollutants from logistics breaks down this way: about 22 per cent for nitrogen oxides (NO<sub>x</sub>), around 6 per cent for sulfur oxides (SO<sub>x</sub>) and approximately 8 per cent for fine particulate matter (particle <10 µm). The issue of airborne pollutants became a higher priority for REWE Group’s logistics operations in Germany during 2018 as a result of the first-time imposition of driving bans on diesel vehicles in congested downtown areas. In response to the restrictions placed on vehicles by individual cities and towns, deliveries to affected grocery stores and branches were assured by making changes to route scheduling and selecting the right vehicle for the particular job.

To further reduce the emissions of its vehicle fleet, REWE Group continuously upgrades its vehicles. At the end of 2018, the share of vehicles that met the Euro 6 emission standard was 49 per cent in Germany and more than 50 per cent in Austria (in terms 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. In the REWE Region Central, gas-powered lorries are a regular part of the fleet. REWE International AG is also working with alternative drive options and is already using several natural gas-powered lorries and natural gas/diesel hybrids. In September 2018, an all-electric lorry was also delivered; it is intended to make deliveries to trade companies in the Vienna metropolitan area. Unfortunately, the supply of such vehicles, particularly in the 40-tonne class, is small or non-existent. The availability of vehicles and the related fuelling and charging infrastructure is extremely limited.

#### Air Emissions Including Upstream Chains (Tonnes)

	2016	2017	2018
NO <sub>x</sub>	2,799	2,749	2,655
SO <sub>x</sub>	1,614	1,581	1,531
Fine particulate matter (particle < 10 µm)	214	191	172
Non-methane volatile organic compounds	417	427	422

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



## Waste

A range of wastes is produced by REWE Group's business activities. One of the Group's key goals is to reduce the production of waste and to appropriately recycle it as a way of conserving precious resources.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. Activities associated with waste management are part of the conservation of resources area of action. REWE Group's goal is to mechanically recycle waste in order to conserve resources.

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 mechanically recycled to the optimal degree.

This is particularly the case for non-hazardous wastes. These wastes can be reprocessed to a large extent, and many of them can even be mechanically recycled. Since 2008, this rate has been more than 90 per cent and since 2012, the percentage has remained relatively constant at more than 95 per cent. Nearly all paper, cardboard and boxes are mechanically recycled. This

group makes up the largest share of all waste at about 45 per cent. Paper, cardboard and boxes are 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.

**Avoidance of Food Waste**

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 to a minimum.

A key role in estimating need is the commercial experience of employees. REWE Group regularly provides training to them in this area. For more information about REWE Group’s commitment to the avoidance of food waste, see the section [Projects and Sponsorships](#).

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 682,000 tonnes in 2018 (previous year: about 650,600 tonnes). Hazardous waste – in particular certain types of used electric equipment, oils, vehicle batteries and fluorescent lamps – made up only a very small portion of overall waste in 2018 at 1,671 tonnes (previous year: 1,567 tonnes). Compared with non-hazardous waste, the amount of hazardous waste totalled significantly less than 1 per cent.

Non-Hazardous Waste – Total Volume (Tonnes)			
	2016	2017	2018
Total volume (tonnes)	637089	650610	682080

**Non-Hazardous Waste – Specific Volume per Square Metre of Sales Area (kg/m<sup>2</sup>)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Specific waste volume (kg/m <sup>2</sup> )	87.7	88.4	88.8

**Non-Hazardous Waste – Percentage Volume by Type of Waste**

Waste for recycling	10.5 %
Organic	18.5 %
Paper and cardboard/boxes	45.7 %
Plastics	13.7 %
Residual waste	6.0 %
Other (e.g. wood, metals, construction waste)	5.7 %

**Hazardous Waste – Total Volume (Tonnes)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total volume (tonnes)	1357	1567	1671

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



## Green Building

REWE Group operates stores throughout Germany and Austria. Energy and other resources are used to run these stores every day. The company is determined to systematically reduce the energy that these stores use and to design its buildings in a more sustainable manner.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Three areas of action have been defined for the pillar Energy, Climate and the Environment: energy efficiency, climate-relevant emissions and conservation of resources. Activities associated with Green Buildings are part of the areas of action energy efficiency and conservation of resources. REWE Group's goal is to lower the amount of energy and resources used by its stores by applying the Green Building concept.

RG1: Green Building

### Management Approach

“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 Green Building concept of REWE Group 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 at the time. 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 Group frequently leases its stores, the support of investors and landlords for more sustainable building concepts must be gained. Criteria such as economic value, flexibility 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.

### Elements of the Green Building 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 100 per cent certified green power, just like all other stores, warehouses and travel agencies of REWE Group. Photovoltaic systems are installed in areas where such technology makes sense.
4. **Heating:** For heating purposes, no fossil fuels are required thanks to the use of heat pumps and the waste heat of refrigeration systems.
5. **Use of rain water:** To clean floors, flush toilets and water outdoor areas, rain water is collected in containers.
6. **Refrigeration systems and units:** The natural coolant CO<sub>2</sub> is used for normal and combined refrigeration and deep-freeze systems. The natural refrigerant propylene 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 glass heaters 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.

### **Certification by the German Sustainable Building Council**

In 2013, REWE Group decided to apply the Green Building concept to all new construction projects and all new leases in Germany as long as fundamental conditions permitted its use. Since 2012, REWE's Green Building concept has received multiple certification at the "Gold"\* level by the German Sustainable Building Council (DGNB). For the REWE sales line, new buildings are designed in accordance with the Green Building concept or the council's criteria for sustainable construction practices. In 2014, toom Baumarkt DIY stores received multi-certification from the DGNB. The DGNB's criteria for the "Gold" standard were incorporated into building specifications and application of the Green Building concept is now a standard operating procedure at toom Baumarkt DIY stores. The PENNY sales line achieved multi-certification for the "Gold"\* standard for its building specifications in 2016. Since then, all new PENNY buildings are erected in consideration of the DGNB's criteria. Increasingly, the buildings are certified according to these criteria as well. As a result of the inclusion of the DGNB's criteria in the sales lines' building specifications, these requirements also explicitly apply to the property leased by REWE Group.

The DGNB's 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 review. 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)**



**Finished Stores That Meet the Requirements of the German Sustainable Building Council (Green Building). Status: the End of Each Financial Year.**

	2016	2017	2018
REWE	79	106	144
PENNY	1	7	25
toom Baumarkt DIY stores	9	12	13
Warehouses	1	1	1
Total	90	126	183



# Employees

REWE Group faces 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, shifts in cultural values and growing individualisation. The work world of the future will be more digital, connected and flexible. As a result of structure change, many jobs will differ greatly from today's occupations (source: German Ministry of Labour and Social Affairs: Digitalised Work World 2019).

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. As part of the pillar Employees, REWE Group systematically works to prepare itself for the future, attract talented individuals and turn them into long-term employees. In this process, the company applies strategic human resources management – with employee-focused work concepts, safe working conditions, tailored training opportunities and respect for every individual.

## Strategic Approach

Dedicated, well-qualified employees contribute immensely to the company's success. Fostering satisfaction, performance and productivity plays a major role in this process at REWE Group. To achieve this goal at such a large and diverse company, it takes a strong sense of community among all employees. Additionally, a range of factors plays a role – these include fair pay, additional company benefits that extend beyond the level of negotiated wages, flexible working models that can be adjusted to meet individual employee needs as well as tailored ways to

achieve a work-life balance. The corporate culture of REWE Group fosters 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 led by Dr Daniela Büchel (Divisional Management Board of Retail Germany – HR and sustainability areas).

## Targets and Key Performance Indicators (KPIs)

As a way of measuring the progress being achieved in the pillar Employees, REWE Group defined KPIs and their targets:

KPI	Target	Status	Measures
Training percentage (share of trainees in the company's workforce measured in full time equivalents)	To rise to 5.0% by 2022	5.2 %	See the section <a href="#">Education and Training Programmes</a>
Internal hiring of managers	To maintain the level of 75.0% through 2022	78.0 %	
Percentage of management positions held by women	To maintain the level of 47.9% through 2022	46.5 %	See the section <a href="#">Diversity and Equal Opportunity</a>
Accidents per 1,000 full-time equivalents	To maintain or improve the level of 48 accidents per 1,000 FTEs through 2022	46.1	See the section <a href="#">Occupational Safety and Health Management</a>
Rate of people with disabilities by headcount*	To at least maintain the level of 3.0% through 2022*	3.0 %	See the section <a href="#">Diversity and Equal Opportunity</a>

\* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis than when determining 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).

# UN Sustainable Development Goals

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

## Reporting

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

- Diversity and equal opportunity
- Education and training programmes
- Employment
- Labour/management relations
- Non-discrimination
- Occupational health and safety



# Employment

Demographic change and developments in digitalisation and globalisation are altering the work world and creating new challenges for companies. Dedicated and satisfied employees are the foundation of long-range business success – fostering these employees and gaining their loyalty are more important than ever before.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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.

GRI 401: Employment

## Management Approach

REWE Group offers attractive and fair working conditions to its employees. These conditions include fair pay, additional company benefits that extend beyond the level of negotiated wages, flexible working models that can be adjusted to meet individual employee needs as well as tailored ways to achieve a work-life balance.

REWE Group welcomes the statutory minimum wage that was introduced in Germany in 2014. In their work with contractors, the companies of REWE Group focus 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. These guidelines apply both to working relationships with temporary employment agencies and to the use of contractor employees as

part of work or service agreements. Under these guidelines, 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. This process is executed by TÜV Rheinland. The audits are conducted in areas such as product replenishment, picking and cleaning personnel.

### **Certification by career and family audit**

Since 2009, REWE has been certified by berufundfamilie Service GmbH, an initiative of the non-profit Hertie Foundation, based on the “career and family audit”. About 2,550 REWE stores and retailer stores, six administrative locations and three logistics sites have been certified for several years. As a result, about 102,000 employees profit from the “career and family audit” certification. As part of store recertification, the new target agreement that is valid from 2018 was developed in numerous workshops and with the involvement of all interfaces.

In 2018, PENNY Markt GmbH became the first discounter in Germany to receive the “career and family audit” certificate for its strategic family- and life-phase-focused HR policies. This certificate applies to all 27,000 employees who work in stores, logistics and administrative offices.

Since 2012, REWE Group’s headquarters in Cologne has had “career and family audit” certification and it was recertified in reporting year 2018.

The stores, headquarters and logistics facilities of toom Baumarkt DIY stores, with the company’s approximately 15,400 employees, have been certified since 2016.

In Austria, REWE International Dienstleistung GmbH has been certified by berufundfamilie Service GmbH since 2013. Other members of the Group have received “career and family audit” certification as well: the Austrian sales lines BILLA (since 2015), MERKUR (since 2016), BIPA (since 2016) and PENNY (since 2018). As a result, about 40,300 employees in Austria profit from “career and family audit” certification.

REWE Group is the largest company in Germany to receive certification from “career and family audit”.

REWE Group has also received a number of awards, including:

- Top Employer 2018 (Top Employers Institute)
- Fair Trainee Programme 2018 (trendence)
- Best Recruiter 2017/18 in the retail category (BEST RECRUITERS)

### **Employee Satisfaction**

A key component of the appreciative HR management applied by REWE Group is regular employee surveys. They reflect company morale and identify problem areas. In the reporting period of 2018, REWE Group contacted more than 134,000 employees in the stores of selected sales lines. This group represented about 41 per cent of all employees (nearly 92,000 employees of REWE stores, about 23,000 logistics employees and 19,000 employees from other sales lines). Nearly half of them (45 per cent) responded to the survey. Analysis of the results showed that employees gave the highest ratings to the factors of identification with the company and transparency/clarity. In contrast, the topic of work organisation received a somewhat lower rating. Differentiated evaluations were provided to the individual sales lines. This information can be used to develop specific measures in individual stores together with employees. More than 3,000 store reports were prepared for REWE and PENNY alone.

## **Measures and Projects for a Good Working Relationship**

REWE Group implements measures and projects that facilitate a work/life balance and foster an attractive work environment. A number of programmes have been developed to enable employees to create a more individual and flexible work day. These programmes include home office options, more flexible reduction of overtime (several consecutive comp-time days, also before or after holiday days), the elimination of core work times and the expansion of working hour windows. The measures were made binding by including them in various employer/works council agreements.

### **Child Care**

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. The company day-care centres in Cologne have a capacity of 105 slots. DER Touristik has 23 slots for children under three years of age in a toddler group. In individual regions of Germany and

Austria, cooperation agreements for kindergarten places and/or slots in private kindergartens at affordable prices have been developed. REWE Group continuously works to expand the number of cooperation agreements.

#### **Achieving More with Partnerships: awo lifebalance**

The partnership between REWE Group and awo lifebalance (formerly AWO ElternService) that was initiated in 2008 has been expanded across Germany. As a result, the services are now available to all employees in headquarters and regional locations as well as in stores and logistics facilities. All employees in Germany are reached by a wide range of assistance related to child care and support. In addition, REWE Group offers summer camps across Germany through the service awo lifebalance.

A large number of support options related to child care are also available during holiday periods in Germany and Austria. The headquarters in Vienna has also set up child care for “bridge days”. In 2018, on certain school-free days that are not days-off for parents, 50 children were cared for and occupied with activities that covered all aspects of plastic. Special programmes have also been set up at regional locations, including child care during company events, emergency child care, and game chests and children’s chairs in cafeterias.

Specially furnished parent-child offices at all headquarters locations enable employees to bring their offspring to work if necessary. As a result, employees can still perform their regular jobs while keeping an eye on their playing children.

In Cologne, 18 children attended a sports camp in the reporting year.

toom Baumarkt DIY stores also offer low-price tutoring to employees’ children. The aim of this programme is to provide affordable support and ease worries about children’s grades. A salary supplement of 100 euros gross is paid each month for a period of six months to support tutoring for an employee’s child. A total of 250 slots for employee children are available at the provider Studienkreis. Since September 2015, employees of BIPA in Austria have had access to reduced-price tutoring offered by the company Schülerhilfe.

#### **Care for Relatives**

Assistance with nursing-care situations is becoming a higher priority. To supplement the new German Family Caregiver Leave Act (Familienpflegezeitgesetz), REWE Group completed a new



labour-management agreement in 2015 and 2016 that offers many benefits to employees. These benefits include:

- Care and family-care periods, regardless of the number of employees, to the employees of all companies
- Two hours of paid time-off to take care of visits to government offices and complete paperwork related to care
- Assignment of employees to their original jobs following time off for care and family care, as long as no pressing company-related reasons prevent such assignments
- Initial contact offices offered by advisers who can provide support to affected employees during meetings and provide some initial information

### **Sabbaticals**

REWE Group offers breaks from work during sabbaticals and has received positive feedback about this programme: A total of 159 employees took advantage of this support in the reporting year. 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.

GRI 401-1:

## **New employee hires and employee turnover**

The turnover rate among REWE Group employees has been relatively stable between 17 per cent and 20 per cent for many years. Compared with 2017 (18.2 per cent), the fluctuation rate rose slightly to 19.5 per cent in 2018. The industry average in Germany was 29.7 per cent in 2017<sup>\*</sup>. The hiring rate of new employees at REWE Group rose from 19 per cent in 2017 to 20.9 per cent in 2018.

<sup>\*</sup> Information reported by the Cologne Institute of Economic Research, 18th edition, 2018. Key performance indicator applies to the sectors retail, maintenance and repair of motor vehicles.

### **New Hires and Resignations**

2018 ✓

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Germany	Austria
New hires	20991	14541	3822	24274	15080	27968	11386
Resignations	-17412	-13332	-6123	-22973	-13894	-26374	-10493

2017

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Germany	Austria
New hires	19367	13155	3238	22527	13233	25410	10350
Resignations	-15745	-12022	-5256	-20872	-12151	-23302	-9721

2016

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Germany	Austria
New hires	18174	12028	2855	21116	11941	23149	9908
Resignations	-14576	-10485	-4816	-19107	-10770	-21189	-8688

|

## Personnel Turnover Based on Business Segment in Per Cent

	Retail Germany	Retail international	DIY stores	Travel and tourism	Other	Total (scope of application of the sustainability report)
2016	16.0	21.5	12.1	11.2	27.3	17.2
2017	16.7	23.7	12.4	10.7	29.3	18.2
2018 ✓	18.0	25.1	13.2	11.7	33.4	19.5

## Personnel Turnover by Gender and Age in Per Cent

	2016	2017	2018
Total personnel turnover	17.2	18.2	19.5
Turnover female	15.6	16.3	17.4
Turnover male	21.1	22.6	24.4
Turnover age group up to 30	33.8	35.5	38.5
Turnover age group 31 to 50	12.8	14.2	15.3
Turnover age group over 50	9.9	10.0	10.9

## Parental leave

Expecting parents receive support both before and during their parental leave – including information meetings on parental leave and returning to work. In Austria, employees at BILLA receive a “BILLA Babybox” that contains information and products to complement information provided about pregnancy, maternity leave and return to work. During parental leave, an informal meeting of parents in parental leave and their children is held. At BIPA, an information package and a meeting are offered to expecting mothers. BIPA also supports the “dad’s month” and leave for fathers. Employees who are returning to work can use a range of part-time models and job sharing.

### Return to Work after Parental Leave

REWE Group increasingly works to encourage a work-life balance and makes it as easy as possible for employees to return to their jobs following parental leave. In 2018, 10,967 employees in Germany and Austria took parental leave. The group consisted of 942 male and 10,025 female employees. During the reporting period, 3,818 employees returned to the workplace. A total of 86.5 per cent of employees who returned from parental leave in 2017 were still employed by REWE Group as of 31 December 2018. The right to parental leave is legally regulated in Germany and Austria.

### Number of Employees Who Have Taken Parental Leave

	2016	2017	2018
Female	9,155	9,564	10,025
Male	686	841	942
Total (scope of application of the sustainability report)	9,841	10,405	10,967

### Number of Employees Who Returned to Work Following Parental Leave\*

	2016	2017	2018
Female	2,692	2,829	2,977
Male	578	727	841
Total (scope of application of the sustainability report)	3,270	3,556	3,818

\* 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)

			In % of all male and female employees who returned from parental leave in		In % of all male and female employees who returned from parental leave in		In % of all male and female employees who returned from parental leave in
		Total	2016	Total	2017	Total	2018
			2016		2017		2018
Female	Resignation within 12 months	233	12.4	227	10.5	326	12.9
	Still employed at the company after 12 months	1,652	87.6	1,931	89.5	2,202	87.1
Total number of women		1,885		2,158		2,528	
Male	Resignation within 12 months	67	16.8	67	12.5	112	15.7
	Still employed at the company after 12 months	332	83.2	470	87.5	603	84.3
Total number of men		399		537		715	
Total	Resignation within 12 months	233	12.4	294	10.9	438	13.5
	Still employed at the company after 12 months	1,652	87.6	2,401	89.1	2,805	86.5
Total		1,885		2,695		3,243	



## Labour/Management Relations

The inclusion of employees in the decision-making process is a critical factor in companies. This step can foster a trusting relationship between employers and employees, and strengthen employee identification with the company in this way.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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.

GRI 402: Labour/Management Relations

### Management Approach

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

In addition, the combine-wide Guidelines for Sustainable Business Practices serve as a basis for action. 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**

Employee representatives, serving as elected representatives of works councils or supervisory boards, are involved 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.

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.



# Occupational Safety and Health Management

Safe jobs and the promotion of every employee's good health are top priorities at any company. This work includes avoiding work accidents and promoting preventive health measures, in order to prevent large numbers of lost days and protect employees. To facilitate safety and good health as effectively as possible, these aspects must be well integrated into company structures.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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. With its activities in the area of action health and safety, REWE Group has set the goal of facilitating occupational safety and maintaining and promoting the health of employees.

GRI 403: Occupational Health and Safety

## Management Approach

REWE Group takes special care to ensure that all valid laws and standards related to occupational health and safety are followed. It also provides a safe, hygienic work environment. As part of this effort, the retail company analyses and monitors relevant work processes for potential health and safety risks and takes steps to reduce them.

## **Health Management**

In addition to classic occupational health and safety, the Centre of Expertise (CoE) Health & Innovation is responsible for health management at REWE Group, working constantly on behalf of the company's employees. One important goal is to promote employees' health over the long term and to increase the health quota. To achieve this goal, the CoE Health & Innovation develops and coordinates concepts, projects and opportunities for individual sales lines and their employees. This work includes preventive health screenings, Fit.Netz activities (exercise and relaxation courses) and an initiative called LoS! – Lebensphasenorientierte Selbsthilfekompetenz (Life Phase-Oriented Self-Help Skills).

Uniform occupational health care is offered by a single cross-company service provider for the sales lines 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.

The health-promotion programmes of REWE International AG are based on three areas: physical, social and mental well-being. Based on pilot projects in the branches, a programme for employees in the headquarters of the trade companies has also existed since 2010. The activities of company health-promotion programmes focus on the biopsychosocial health of employees and managers. They are broken down into the categories 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 of physical and mental health factors.

## **Occupational Health and Safety**

The HR services occupational health and safety have combined experts in occupational safety into a single organisational unit. Acting as internal service providers and in accordance with legal requirements, they provide support in particular to the companies of Retail Germany, toom Baumarkt DIY stores, retail and warehouse services and REWE Digital Fulfilment Services. The six regional and holistically supporting 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 employers' liability



insurance associations) are performed, regular coordination meetings with managers in sales or the construction department, etc. are conducted and meetings of the Occupational Safety Committee are held. Another key goal is to increase managers' and employees' awareness levels about occupational safety as well as health-enhancing working conditions and processes. As part of a continuous development process, possible areas of action are presented, and focal points are regularly reviewed and enhanced in a coordinated process.

### **Systematically Tracking and Evaluating Risks**

One success factor in the systematic monitoring and evaluation of risks is efficient risk assessment. This work involves a system that helps to record and evaluate risks as well as to develop solutions. The electronic tracking of risks helps occupational safety officers during the systematic store inspections that they conduct. A system called "Online Risk Assessment" of the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution (BGHW) has been introduced nationally in particular at PENNY, toom Baumarkt DIY stores and REWE Digital Fulfilment Services (as well as the logistics locations that are part of them): With the help of a tablet, laptop or a PC in the store, an electronic checklist that contains relevant issues is opened and appropriate measures are developed.

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

To serve as a fundamental instrument for training in REWE and PENNY stores, e-learning programmes on the topic of occupational health and safety have been used at all stores since 2012. They are attended by employees and managers (with an additional module on responsibility). 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 regularly by managers with users on site. The interactive training document "Azupoly" teaches the required information in an entertaining manner to trainees at PENNY. In 2015, Azupoly was presented with the Prevention Award by the employers' liability insurance association Berufsgenossenschaft Handel und Warendistribution (BGHW). Since then, the

programme has become a standard training course conducted annually. It has also been introduced nationally in other sales lines, including REWE and toom Baumarkt DIY stores.

Legally required fire safety and evacuation assistants as well as first-aid providers are trained in all stores. The training programme for fire safety assistants has been conducted as a specific e-learning course (PENNY) and as a classroom course (REWE). Both sales lines have enhanced it with practical instruction like fire extinguishing drills. First-aid training is offered by certified providers.

REWE International AG conducts legally mandated occupational safety training and regularly inspects its locations of operations. In addition, safety training for cars and lorries is continuously conducted. Every employee who receives a new company car must attend a driver safety course.

GRI 403-2:

## Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities

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

In 2018, compared with 2017, the rate increased to 46.1 accidents per 1,000 FTEs but remained under the goal of 48 accidents per 1,000 FTEs.

KPI	Target	Status
Accidents per 1,000 full-time equivalents	To maintain or improve the level of 48 accidents per 1,000 FTEs through 2022	46.1

Unfortunately, the number of occupational and commuting accidents rose during the reporting period. The accidents were fatal in five cases. Sick leave at REWE Group rose slightly during the reporting period. The total was 6.7 per cent in 2018 (2017: 6.4 per cent). Paid sick leave was 4.5 per cent during the reporting period, a slight rise since 2017 (4.2 per cent).

REWE Group has regularly 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.

Robberies remain an issue at REWE Group, just as they do for the entire retail industry. The affected employees can suffer physical and psychological harm as a result of such incidents, causing them to miss work for a significant amount of time. Acute intervention following traumatic events – that is, professional psychological counselling – is systematically provided at REWE Group.

In 2018, 180 employees in Germany and Austria were the victims of robberies, 15 more than in the previous year.

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		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Accidents per 1,000 FTEs*	Female	40.1	40.7	44.5	47.5	48.7	52.2	16.1	13.9	18.6
	Male	47.1	49.5	49.0	50.6	54.2	53.3	31.9	28.1	28.9
	Total	42.6	43.8	46.1	48.6	50.7	52.6	20.9	18.2	21.7
Number of employees injured in accidents (occupational and commuting)	Female	3,820	4,035	4,549	3,456	3,718	4,114	364	317	435
	Male	2,488	2,751	2,863	2,175	2,471	2,570	313	280	293
	Total	6,308	6,786	7,412	5,631	6,189	6,684	677	597	728
Number of employees injured in accidents (occupational accidents)	Female	2,926	3,137	3,475	2,926	3,137	3,475	-	-	-
	Male	1,938	2,166	2,244	1,938	2,166	2,244	-	-	-
	Total	4,864	5,303	5,719	4,864	5,303	5,719	-	-	-
Number of employees injured in accidents (commuting accidents)	Female	530	581	639	530	581	639	-	-	-
	Male	237	305	326	237	305	326	-	-	-
	Total	767	886	965	767	886	965	-	-	-
Employees who experienced robberies	Female	119	108	104	119	108	104	-	-	-
	Male	60	45	65	60	45	65	-	-	-
	Total	201	165	180	179	153	169	22	12	11
Fatal accidents	Female	1	1	4	1	1	4	-	-	-
	Male	2	-	1	1	-	1	1	-	-
	Total	3	1	5	2	1	5	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) is 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

	Gender	2016	2017	2018
Total (scope of application of the sustainability report)	Female	85,270	89,237	99,789
	Male	42,969	50,475	54,473
	<b>Total</b>	<b>128,239</b>	<b>139,711</b>	<b>154,262</b>
Germany	Female	79,814	85,186	93,559
	Male	38,739	45,521	50,155
	<b>Total</b>	<b>118,553</b>	<b>130,706</b>	<b>143,714</b>
Austria	Female	5,456	4,051	6,230
	Male	4,230	4,954	4,318
	<b>Total</b>	<b>9,686</b>	<b>9,025</b>	<b>10,548</b>

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal. Deviations in totals may occur due to rounding.

## Sick days

Region	Gender	2016 %	2017 %	2018 %
Total (scope of application of the sustainability report)	Female	6.8	6.9	7.3
	Male	5.4	5.5	5.7
	<b>Total</b>	<b>6.3</b>	<b>6.4</b>	<b>6.7</b>
Germany	Female	7.6	7.6	8.0
	Male	5.8	5.8	6.0
	<b>Total</b>	<b>6.9</b>	<b>7.0</b>	<b>7.2</b>
Austria	Female	4.6	4.8	5.1
	Male	3.9	4.2	4.3
	<b>Total</b>	<b>4.4</b>	<b>4.6</b>	<b>4.9</b>

Excluding EHA Austria, Mayflor, Commercetools and Zoo Royal. Deviations in totals may occur due to rounding.

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.

### **Systematically Promoting Good Health and Preventing Illness**

REWE Group conducts a range of projects to encourage employees to live healthy lives. Fit.Netz, the prevention courses offered by the company's occupational health management in Cologne, enjoys high levels of participation: From 2016 to 2018, a total of 2,715 course slots were filled – including 1,044 slots in the 2018 financial year. 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, many different preventive offerings are available in the sales lines, 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 health insurance provider. The health-promotion programmes offered by toom Baumarkt DIY stores also include seminars on the topic "Healthy management" and a health olympics in individual DIY stores.

The programme offered by REWE International AG 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 to attend the check-up. In addition, training sessions showing how to lift and carry loads properly and ergonomic orthopaedic shoes are also offered.

### **Staying in Shape Together: “Gemeinsam.topfit”**

By offering an online platform, an app, printed material, an e-learning programme and a video, REWE Group began in 2019 to help employees to live healthy lifestyles. From stress management to nutrition tips and pedometers, employees can choose from a range of programmes offered by “Gemeinsam.topfit”. From the job-information module, employees receive valuable tips about daily work and manual labour, including lifting and carrying heavy products, stocking shelves and sitting at the till, in addition to video and audio courses, nutrition plans, recipes and other information. In autumn 2018, about 1,100 employees of REWE Group tested the platform during a pilot phase.

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. As a result to the very good response to it, the project has been a permanent part of training programmes at the entire REWE since 2014.

In 2016, toom Baumarkt DIY stores decentralised their health-promotion programmes. As part of this change, addiction counselling offered locally by trained experts was introduced. Personal psychosocial counselling sessions were also added. Since April 2016, this support has been offered to employees who work at the headquarters locations in Cologne.

Other examples of the health-promotion programmes offered by REWE Group include:

- Gyms are being set up step by step 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.
- The programme JobRad (Job Bike) was introduced for employees of REWE Group at the end of 2016. This programme enables employees to buy a company bicycle as part of a deferred-compensation model. It has been used by more than 3,000 employees since being introduced.
- Since 2017, the “Gesundschreiber” is played twice per week on the in-store radio PENNY LIVE before the stores open. In this programme, experts and doctors give tips on how to improve health. The topic of health is also discussed by the in-store radio offered by BILLA, MERKUR and

PENNY in Austria: Exercise and nutrition tips are offered as part of the programmes “Fit for Spring” and “Fit for Fall”.

Measures offered by REWE International AG in Austria include the management academy, which is mandatory throughout the Group, with one module focusing 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. The research project “Enable 50+” conducted by the University of Graz is examining the topic of age-appropriate work at REWE International AG, with a focus on store employees. For its high level of commitment in the area of health promotion, REWE International AG (Austria) has received the “company health promotion” seal of approval for the third time.

Dealing with stress and mental strain also plays an important role in health promotion. 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 2018, initial advisers on a co-worker level were trained during 12 disseminator courses. As a result, the company now has 170 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.

### **Facilitating the Return to Work: Company Integration Management**

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, among other things.

In 2017, company integration management (part-time reintegration) was also introduced in Austrian law.





## Education and Training Programmes

The labour market is constantly changing: Digitalisation is altering the work world, and demographic change has created a shortage of skilled workers. For this reason, promotion of education and training programmes is critically important to companies: By taking this approach, they can fill in gaps of expertise, train employees accordingly and address the requirements of digitalisation – while positioning themselves for the future.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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. With its activities in the area of action training and professional growth, REWE Group is striving to attract talented employees to the company. The company is working to recruit as many skilled employees and managers from its own ranks as possible and to create a long-term relationship with qualified and motivated employees.

GRI 404: Education and Training Programmes

### Management Approach

REWE Group offers about 25 different training options, in such areas as retail or wholesale, foreign trade, food production, IT, logistics and tourism. New options are continuously added, such as the trainee programme for e-commerce management assistant at toom Baumarkt DIY stores and REWE Digital, a programme that has been available since 2018. REWE Group offers a

guaranteed full-time job in the company to trainees who perform strongly during the programme. In Germany and Austria (scope of application of the sustainability report), REWE Group employs a total of 8,487 trainees.

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 sale lines' broad range of needs while considering the employees' individual requirements.

The issue of sustainability plays a role in the company's education and training programmes; as part of courses and projects, trainees, employees and managers of REWE Group gain insights into general and specific sustainability topics.

The goal of increasing the share of internal hirings of managers to 75.0 per cent by 2022 was achieved far ahead of schedule in 2017. In 2018, the total was 78.0 per cent (2017: 79.1 per cent).

KPI	Target	Status
Internal hiring of managers	To maintain the level of 75.0% through 2022	78.0 %

REWE Group intends to increase the training percentage or, at the least, to maintain it at the current level. In the financial year, trainees made up 5.2 per cent of the company's workforce.

KPI	Target	Status
Training percentage (share of trainees in the company's workforce measured in full time equivalents)	To raise it to 5.0% by 2022 or to maintain it at the very least	5.2 %

## Measures and Projects in the Areas of Training and Education

REWE Group introduces a number of measures and projects that are designed to provide additional support to the company's training and education activities. In particular, the sales operations of individual sales lines at REWE Group are committed to hiring employees after they complete their training programmes as well as to offering them targeted advanced training

opportunities and support. Preparation for assuming a managerial position in a store takes two to three years, depending on the sales line.

### **Systematically Preparing Trainees by Using Special Learning Concepts**

As part of its training activities, REWE offers classroom instruction and extensively applies e-learning and blended-learning concepts that combine classroom and online training. Trainees are given a tablet free of charge at the beginning of their learning programme and may keep it after they have finished their programme. With this tablet – or their own smartphone – and the company's e-learning app, the trainees can study for tests anywhere. Today, about 5,200 trainees at REWE use tablets as part of their learning programme. 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 manner that facilitates the retention of knowledge. In 2018, REWE received the HR Excellence Award for this paper chase.

In addition, the topic of sustainability is integrated into the classroom courses of training programmes as part of many projects. For instance, the project FOENAKO (Förderung von Nachhaltigkeitskompetenz für Auszubildende und das Bildungspersonal im Einzelhandel, or Promotion of Sustainability Knowledge Among Trainees and Training Personnel in Retail) was implemented in the REWE Region Central. This work was carried out in cooperation with the German Institute for Vocational Education and Training and the German Ministry of Education and Research. During a logistics camp, trainees also made 500 nesting boxes that were then distributed to environmental protection groups around the company's logistics locations. In the Region Southwest, all REWE trainees who are focusing on wholesale and foreign trade spend 40 hours each working in charity facilities.

To improve the training programmes of PENNY, a partnership was started with Prozubi – an online learning platform for trainees in commercial occupations. Trainees can prepare for their final examinations by using a variety of quiz questions that are based on the originals contained on the exams administered by the Chamber of Industry and Commerce. PENNY has also developed a learning app for its trainees and has made sustainability topics a fixed part of the training curriculum. During the financial year, a broad range of sustainability projects was carried out, including a competition among trainees that focused on biodiversity and the mass death of bees.

As part of REWE International AG's Career Forge, trainees in Austria are offered a combine-wide training platform. This platform enhances training opportunities and exam preparations by

offering special events. In addition to the combine's philosophy, the concepts behind such store brands as "Ja! Natürlich" are discussed.

In 2012, the individual sales lines became solely responsible for trainee marketing. By taking this approach, these units can systematically recruit new trainees and meet the need for skilled employees. In summer 2018, the training campaign for REWE was redesigned. The campaign is primarily conducted in the social networks Instagram, YouTube and Facebook. In addition, job ads designed especially for trainees were placed on a number of portals. Additional attention to the job ads was generated by placing ads on Google and Facebook as well as by systematically posting banner ads. School partnerships, applicant training courses and participation in trade fairs were intensified as well. Online campaigns were also conducted on Facebook, Instagram and Spotify for PENNY. The company also cooperates with social influencers and bloggers to increase the coverage of the campaigns. toom Baumarkt DIY stores also conducted a video campaign in which trainees explained how work is done at toom Baumarkt DIY stores: Under the title "toom sucht Helden in Ausbildung" (toom is Looking for Heroes in Training), the trainees introduced themselves, their training programme and their employer in a video.

#### **Development of Young Employees with the REWE Group Star**

As part of the combine-wide competition REWE Group Star, trainees and young employees are encouraged to make sustainability a part of their lives. This way, the sustainability philosophy within the company is to be strengthened. In teams, employees work on sustainability issues that they want to advance. Subsequently, they plan specific projects and carry them out on their own. In 2018, 11 teams enthusiastically developed creative projects and submitted them to a competition among young employees. Five winning teams were named during the "German Sustainability Award" congress. The projects included the improvement of living conditions for animals in an animal shelter and the clean-up of rubbish in a river.

Trainees in all sales lines also conduct small projects on their own, take part in idea competitions and assume responsibility, for example in such areas as store management. The projects are selected in such a way that they contribute particularly to the topic of sustainability.

## **Supporting Scholarship Holders**

In 2018, REWE Group sponsored 14 scholarship holders the Deutschlandstipendium, or Germany Scholarship, programme. The selected economics students attend the University of Cologne and the Technical University of Cologne. Through the financial support, visits 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 future.

## **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), the Mannheim and Ravensburg Cooperative State Universities (DHBW) 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 business informatics. During the reporting period, 128 students were enrolled in the dual training programme.

## **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 position held during the 18- to 24-month programme primarily involves an individual focal point. Stations in relevant interface areas are also addressed, including locations outside Germany. During the reporting period, 41 university graduates began their on-the-job training.

A trainee programme for retailers was launched in 2016. It consists of a 24-month training phase and a subsequent 12-month assignment as a store manager. The programme is designed for college graduates who want to become independent business people and have a strong interest in retailing; the goal is to become an independent REWE retailer. 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 2018, six trainees started the programme as expected, additional trainees are planned for 2019.

GRI 404-2:

# Programs for upgrading employee skills and transition assistance programs

REWE Group systematically promotes the education and training of its employees by applying a range of concepts and programmes.

## 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 in stores, sales or the headquarters. In 2018, the company introduced special group-wide training courses and the Future Journey programme to mid-level managers as a way of preparing this critical target group for the future demands of the work world in terms of innovation and leadership and of more closely connecting them to one another. 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. All programmes also address the topic of sustainability on a number of different levels: reflection on and discussion about individuals' own attitudes on the one hand, practical activity as part of excursions on the other.

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 this position.
- REWE Markt GmbH promotes young employees on a number of different hierarchy levels in special sales and logistics programmes. With training courses offered by the Junior Campus, young retailers are assisted on their way to becoming independent business people.
- 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 programme is available to full-time and part-time employees.
- In 2018, toom Baumarkt DIY stores launched a modular qualification programme for the target groups junior category manager/purchaser and junior manager.

## Education

A multifaceted range of seminars is offered to all employees. This programme 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 are offered in all regions and in the

different sales lines. Additional topic-specific academies for the departments of human resources, property, accounting, products and IT complement the qualification programmes. The seminars are designed with the (future) needs of the individual target group in mind and educate members of the group about a particular subject.

### **Systematically Training Managers**

In addition to the broad range of training opportunities for all employees of REWE Group, the company provides members of mid-level and top management with special education programmes. The programme LEAD 4.0 was launched in the reporting year for members of mid-level management. It is designed to strengthen managers in their role, prepare them to face the challenges of the future and promote international networking. The seminars cover the areas of leadership, communication and new work. A trend expedition is taken as a complement to the Future Journey programme – this personnel development measure is designed to promote leadership skills and innovation.

The ambitious internal training programme myCampus provides needs-based knowledge and helps top 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 sustainability can be integrated into the company's management and culture.

### **Digital Learning and Blended Learning**

REWE Group is increasingly using digital-learning and blended-learning concepts. Digital learning has proven itself to be an efficient method to reach all employees and provide them with an opportunity to learn 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-digitalisation age. For this purpose, REWE Group continuously conducts pilot projects about new innovative training concepts and implements them. For example, the new blended learning course "Putting the Harvard Negotiating Principle to Practice" was developed. In 2018, 112 purchasers and category manager attended it.



The company-wide training portfolio comprises about 100 e-learning courses. Some of these courses cover legally required information, including food and personal hygiene, prevention of infection and occupational health and safety. The portfolio also includes voluntary courses for employees that cover subjects like career and succession planning. 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 pilot project regarding a new cloud-based IT platform for the sales lines REWE, PENNY and headquarters departments in Cologne and the regions was conducted. The “Learning” module was rolled out step by step in 2017 and 2018. Separate e-learning platforms are available for toom Baumarkt DIY stores, DER Touristik and in Austria.

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

#### Overview of Participants as well as Online Courses and Classroom Training in 2018

	Completed online courses	Completed classroom courses
REWE and PENNY	829,012	35,674
toom Baumarkt DIY stores	65,457	No information

#### Sustainability Training

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 specific 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. All employees of REWE stores can use an e-learning tool and learn about sustainability. The tool was redesigned in 2018 and received the eLearning Award in the Gamification category in 2019. At REWE Austria, all new employees in headquarters departments and all trainees receive regular training about sustainability. Managers, too, can obtain information about current trends and developments in many different event formats.

#### Transition Assistance

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. In addition, REWE Group provides its employees with a partial retirement programme that eases their transition from the work world.

GRI 404-3:

## **Percentage of employees receiving regular performance and career development reviews**

Systematic career and succession planning (CSP) is a key part of company-wide talent management at REWE Group. The aim of CSP is to enable the company's own skilled workers and managers to expand their bases of knowledge: High-potential employees are to be recognised at an early stage and a long-term relationship with qualified employees is to be promoted. To meet these goals, regular performance and job-potential assessments, job-potential conferences and individual professional-development dialogues are conducted in the sales lines and company headquarters.

In each sales line and 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. This appraisal and the employee's own self-assessment are then discussed during so-called potential conferences held by management. During these potential conferences, managers on a particular hierarchical level or in a particular segment/department discuss employees whom they directly supervise. The aim is to develop joint standards for judging performance and potential, set up targeted and effective development planning and 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 with employees 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 2018, the CSP process was conducted for 17,721 employees and managers, from top executives to sales and logistics managers.

In 2015 and 2016, planning and implementation of a cloud-based IT platform were initiated for the sales lines REWE, PENNY, toom Baumarkt DIY stores and headquarters departments as well as all top executives throughout the company. The rollout began in October 2018 following a comprehensive pilot project with about 1,100 managers that was conducted at the beginning of 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.



# Diversity and Equal Opportunity

Demographic change, globalisation, processes of individualisation and fundamental shifts in values are making society more and more diverse. Diversity can produce added value especially in companies: Collaboration promotes creative ideas and facilitates adaptability. Equal opportunity at the company is more necessary than ever before. Therefore, the promotion of diversity in the company is a critical factor in its business success.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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. With its activities in the area of action diversity and equal opportunity, REWE Group is striving to stay adaptable and facilitate fair interaction.

GRI 405: Diversity and Equal Opportunity

## Management Approach

Individuals from more than 140 countries have been working peacefully and respectfully at REWE Group for many years now. REWE Group would be unable to stay in business without the help of many thousands of employees from different cultural backgrounds. By bringing diversity to life, 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 fostering a diverse employee structure and on

maintaining a discrimination-free workplace for employees irrespective of their gender, age, religion, sexual identity, origin or disability. At the same time, the company works intensely to ensure that all employees have equal opportunities. This also includes equal pay for men and women.

In this effort, the company has defined the following issues:

- Inclusion ensures that employees with disabilities are treated equally. This effort includes work areas and work stations adapted to the needs of the disabled.
- Respect for 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.

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. At the beginning of 2017, REWE Group signed the Charta of Diversity, a commitment to diversity management made by the business community.

## Measures and Projects to Promote Diversity and Equal Opportunity

In a wide range of projects and measures, REWE Group actively works to foster diversity and equal opportunity in the company.

### Inclusion

People with disabilities and people at risk of disability can turn to the company's representative for the disabled and the inclusion officer at any time. The representative for the disabled will assist them with the submission of applications to the government agency that handles disability-related matters, the transition back to work following a long illness and all other legal questions. The representative will also help the employer during the inclusion of new employees. As part of this effort, work stations at the till were developed for employees in wheelchairs.

In 2017, REWE Group started a strategic partnership with Aktion Mensch, a German social organisation. In the same year, a roundtable discussion on the subject of "inclusion and work" was held. The aim was to discuss options to improve the integration of people with disabilities in

the company and/or also to train them. Webinars are planned for the purpose of raising the awareness level of executives and HR managers and educating them about inclusion in the regions.

Respectful and responsible interactions with one another are also a fundamental aspect of the corporate culture of toom Baumarkt DIY stores. toom Baumarkt DIY stores have 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. During the reporting period, a hearing-impaired trainee who is assisted by a sign language interpreter was hired.

In Austria, REWE Group applies a holistic concept regarding the subject of disability: The vision “We think without barriers and give employees, customers and partners the same opportunities” involves, on the one hand, increasing the number of employees with handicaps in the company itself. Hearing-impaired employees 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 support this process. As part of its DisAbility strategy, REWE International AG has defined the following goals that the company intends to reach by 2019:

- Double the number of employees with disabilities
- Set up an accessible pilot branch
- Have accessible websites throughout the Group
- Raise the awareness levels of employees and managers

A disability manager position has been created in Austria to promote implementation of the measures and goals of the company-wide strategy. In the financial year, a total of 100 employees with disabilities were hired. REWE International AG also employed 33 per cent more integrative trainees in 2018. These individuals have been given a longer training period. In cooperation with the Special Stars Foundation, the company has integrated an employee with autism. During the financial year, “Disability Day” was conducted for headquarters managers for the purpose of raising awareness levels about inclusion. A pilot project involving the employment of visually impaired employees was also launched in selected MERKUR stores. To help people with disabilities obtain information, two barrier-free websites were certified during the reporting period.

## Integration of Refugees

REWE Group actively strives to help refugees gain a foothold in society and the work world. To help young refugees enter the workforce, internships throughout Germany were offered to them. The offer of training positions to refugees – particularly in sales and logistics – was done following an intensive recruitment effort conducted as part of open houses and internships. As an initial step, refugees very frequently enter a six- to 12-month orientation programme that focuses on language and culture. They begin a training programme afterwards.

### Supporting Refugee with JOBLINGE

REWE Group is also active in a 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 to obtain qualifications 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 (“Ehrensache”, or Act of Honour, programme). A total of 130 mentor teams have been set up across Germany. During more than 500 internships, participants in the JOBLINGE programme have gained insights into the practical aspects of the work world. More than 110 young people have been hired.

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 now integrated as trainees. Others are taking part in language courses to prepare them for training in sales and logistics.

In Austria, refugees are being systematically recruited. A total of 348 refugees have been hired. Twenty apprenticeships have also been filled by refugees.

## European Logistics Recruiting

In the European Logistics Recruiting project, lorry drivers, pickers and packers from the rest of Europe are being systematically recruited for REWE and PENNY. But the real effort to attract employees extends well beyond mere recruitment. The aim is to integrate new co-workers – on

the job and in their private lives. For this reason, the project includes intensive integration support like German-language courses, mentors for initial support and assistance with the search for a flat. To open up different paths, the project also aims to acquire and integrate the target group of refugees. The successful experiences from the South region will be used as a basis to develop a concept for the entire REWE Group. Implementation in the North, East and South regions commenced at the start of 2018. In 2019, other locations are being added.

### **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 projects that are part of the initiative “Diversity at REWE Group”. As part of this work, the Women’s Drive programme has been conducted since 2017 with 16 participants each year. It provides systematic support to women with managerial responsibilities and lasts one year. The programme consists of four seminars with supporting mentoring from internal managers. In response to the initiative of participants, the creation of a women’s network is planned for 2019.

Since 2017, REWE has also been a partner in the Cologne-based alliance “Mit Frauen in Führung“ (Leading with Women). A total of 15 well-known Cologne companies have established this active network offering numerous activities designed to provide women and men with equal professional growth opportunities and to set an example. In addition to the regular dialogue conducted with other member companies in the alliance, REWE Group takes part in a cross-mentoring programme with five mentees and mentors.

### **Different Together: Promoting LGBT Networking**

The national LGBT network “different together”, or di.to, celebrated its fifth anniversary in August 2018. During an official event attended by many guests, a range of perspectives about the issue of sexual orientation was discussed in talks. During this celebration, the guests had an opportunity to support regional LGBT organisations; the donation check went to a group called SCHLAU NRW, a statewide network in the German state of North Rhine-Westphalia. di.to is designed to help employees to network in the work environment and promote dialogue outside their own sales lines. A 10-employee working group is responsible for setting up the network and organising regular meetings and events, among other things. For example, with a successful rainbow sticker campaign, di.to has encouraged all REWE and PENNY stores in recent years to demonstrate tolerance and diversity by attaching the symbol to the door of the store. During World AIDS Day on 3 December, teddy bears were sold at all Cologne locations. The proceeds were donated to the Cologne help group Kölner Aidshilfe. di.to is also a contact for employees who feel discriminated against because of their sexual identity. The network now has about 250 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 network is active in Austria as well.

GRI 405-1:

## **Diversity of governance bodies and employees**

Women made up 67.1 per cent of the workforce of REWE Group in 2018 (2017: 67.7 per cent). Women represented 11.2 percent of top management, while they made up about 46.5 per cent of managers (2017: 46.2 per cent). The total is slightly below the goal to maintain the share of management positions filled by women at 47.9 per cent.

<b>KPI</b>	<b>Target</b>	<b>Status</b>
Percentage of Management Positions Held by Women	To maintain the level of 47.9% through 2022	46.5 %



The Supervisory Board of REWE-Zentral-Aktiengesellschaft (RZAG) had 18 ordinary members (16 men and two women) as of 31 December 2018. The Supervisory Board of REWE-ZENTRALFINANZ eG (RZF) had 20 ordinary members (17 men and three women) in 2018. 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 under 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 3.0 per cent in 2018, (2017: 3.0 per cent; 2016: 3.1 per cent).

KPI	Target	Status
Rate of people with disabilities by headcount*	To at least maintain the level of 3.0% through 2022*	3.0 %

\* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis than when determining 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).

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 2018

Top executives	
Women	11.2%
Men	88.8%
Managers	
Women	46.2%
Men	53.8%

## Employees

Women	68.8%
Men	31.4%

## Composition of Employees by Employee Categories

	Region	Employees			Managers			Top executives		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Total staff	Total	202,064	210,165	217,010	14,056	14,489	14,647	231	225	206
	Germany	165,704	173,255	178,791	8,780	9,232	9,487	199	192	174
	Austria	36,360	36,910	38,219	5,276	5,257	5,160	32	33	32
Women %	Total	69.8	69.2	68.6	46.6	46.2	46.2	10.0	11.6	11.2
	Germany	68.5	67.9	67.2	36.5	36.5	35.9	9.0	10.4	10.3
	Austria	75.5	75.6	75.1	63.3	63.3	65.1	15.6	18.2	15.6
Men %	Total	30.2	30.8	31.4	53.4	53.8	53.8	90.0	88.4	88.8
	Germany	31.5	32.1	32.8	63.5	63.5	64.1	91.0	89.6	89.7
	Austria	24.5	24.4	24.9	36.7	36.7	34.9	84.4	81.8	84.4
Up to 30 years old %	Total	31.6	31.2	30.7	14.3	14.2	13.8	-	-	-
	Germany	30.9	30.5	30.0	14.0	13.7	13.3	-	-	-
	Austria	34.7	34.3	34.1	14.8	15.1	14.5	-	-	-
31–50 years old %	Total	40.8	40.3	40.0	59.5	59.3	59.4	48.9	51.1	46.6
	Germany	39.5	39.0	38.8	58.6	59.4	59.5	50.3	51.0	46.6
	Austria	46.8	46.3	45.6	61.0	59.0	59.1	40.6	51.5	46.9
Older than 50 years %	Total	27.6	28.5	29.3	26.2	26.6	26.9	51.1	48.9	53.4
	Germany	29.6	30.5	31.2	27.4	27.0	27.2	49.7	49.0	53.4
	Austria	18.5	19.4	20.2	24.3	25.9	26.4	59.4	48.5	53.1
People with Disabilities by Headcount*	Total	2.8	2.9	3.0	1.8	1.9	1.8	1.7	1.3	1.4
	Germany	3.2	3.3	3.4	2.2	2.3	2.1	1.5	1.0	1.1
	Austria	1.0	1.3	1.3	1.0	1.2	1.3	3.1	3.0	3.1

\* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis than when determining 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	2016	6	0	100	0	17	73
	2017	5	0	100	0	20	80
	2018	4	0	100	0	25	75
Supervisory Board Germany	2016	28	14	86	0	29	71
	2017	31	16	84	0	19	81
	2018	31	16	84	0	19	81
Management Board RIAG (Austria)	2016	6	0	100	0	33	67
	2017	6	0	100	0	50	50
	2018	5	0	100	0	60	40
Supervisory Board (Austria)	2016	7	0	100	0	14	86
	2017	6	0	100	0	33	67
	2018	5	0	100	0	40	60

## Share of Employees with Foreign Nationality

	Region	Employees			Managers			Top Executives		
		2016	2017	2018	2016	2017	2018	2016	2017	2018
Total staff	Total	202,064	210,165	217,010	14,056	14,489	14,647	231	225	206
	Germany	165,704	173,255	178,791	8,780	9,232	9,487	199	192	174
	Austria	36,360	36,910	38,219	5,276	5,257	5,160	32	33	32
Headcount, foreign nationality	Total	26,067	28,564	31,426	1,241	1,310	1,400	12	16	15
	Germany	17,590	19,488	21,570	479	529	597	7	8	6
	Austria	8,477	9,076	9,856	762	781	803	5	8	9
Share of foreign nationality %	Total	12.9	13.6	14.5	8.8	9.0	9.6	5.2	7.1	7.3
	Germany	10.6	11.2	12.1	5.5	5.7	6.3	3.5	4.2	3.4
	Austria	23.3	24.6	25.8	14.4	14.9	15.6	15.6	24.2	28.1



## Non-Discrimination

Discrimination involves the unfair treatment of individuals or groups of people due to certain defining characteristics. The prohibition of discrimination is defined as a human right and forms the foundation of respectful interaction. Preventing discrimination is a major issue particularly at companies.

To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. Five 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. Activities associated with non-discrimination are part of the area of action diversity and equal opportunity.

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 sales line 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 the section 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. At REWE Group in Austria, 14 trained contact partners are available to employees for this purpose. The Remuneration Transparency Act took effect in 2017. It is designed to ensure that equal compensation is paid to women and men who do the same or similar work. During the financial year, 17 inquiries were filed by employees regarding this issue. Employees can turn to the central Department on Compensation & Benefits for questions about equal pay. This process has been coordinated with works councils.

GRI 406-1:

## **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. One case was worked out during a meeting between a manager and the other individuals involved. In Austria, two employees consulted their contact partner regarding sexual discrimination. A mutual solution was reached out in both cases. No anonymous inquiries were filed during the reporting period. 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 in the company at any time by doing such things as having a confidential conversation with them or actively taking steps.



## 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. The company works with strong partners who can draw on their local experience and provide effective support. A special issue in this regard is the development of long-term partnerships that all sides can count on. When possible, REWE Group integrates its customers and employees into its projects. This approach strengthens the sense of community and expands the projects' reach.

REWE Group takes part in projects that promote the development of children and young people, among other things. One aim of this effort 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 diets. Access to education also plays a major role in the international involvement of REWE Group. For instance, the company supports school construction projects around the world, 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. In the campaigns it conducts in its stores, the company reaches large numbers of customers, sharpening their focus on more sustainable lifestyles. REWE Group draws on a wide range of

formats in this process – from participatory events and informative action weeks to fund-raising drives conducted through the sale of selected products.

## Areas of Action

REWE Group has identified the following four areas of action in the pillar Social Involvement: 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. The preamble of the areas of action for the sales lines REWE and PENNY says, “REWE and PENNY support non-profit organisations and projects as well as groups that provide consumer education.”

All areas of action are monitored by the “Social Involvement” project group, a team that has been led by Dr Daniela Büchel (Divisional Management Board of Retail Germany – HR and sustainability areas) since mid-2016.

## Targets and Key Performance Indicators (KPIs)

As a way of measuring the progress being achieved in the pillar Social Involvement, REWE Group has defined goals and KPIs:

KPI	Target	Status	Measures
Share of long-range projects (span: more than two years)	At least 70%	88 %	See the section <a href="#">Projects and Sponsorships</a>
Evaluation of the most important projects with budgets of more than 30,000 euros	Annual evaluation	100 %	

## UN Sustainable Development Goals

As part of an analysis conducted in 2016, REWE Group compared and aligned its sustainability strategy with the Sustainable Development Goals (SDGs). It then identified and prioritised the SDGs that were relevant to the company. The review determined that the Social Involvement of REWE Group contributes to the global goals of more sustainable growth, including the SDG 12: Responsible Consumption and Production, SDG 4: Quality Education and SDG 1: No Poverty. As part of this analysis, sustainability officers of REWE Group and external stakeholders gave a high

priority to SDG 12: Responsible Consumption and Production (see the section [Sustainability Strategy](#)).

## Reporting

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

- [Projects and Sponsorships](#)
- [Child Protection](#)





## Projects and Sponsorships

As an international trade company, REWE Group assumes responsibility that extends beyond its core business. With the help of strong, long-range partnerships and dedicated employees, the company carries out a broad range of projects and measures designed to help society.

As a way of permanently integrating sustainability into company processes, REWE Group has drawn up a comprehensive sustainability strategy that consists of four central pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. As part of the pillar Social Involvement, four areas of actions have been defined to develop targeted measures: healthy diets and exercise; opportunities for children and adolescents; vigilant approach to food and biodiversity; and environmental protection. As it carries out projects, REWE Group is striving to advance the individual areas of action.

GRI 203: Indirect Economic Impacts

### Management Approach

REWE Group considers itself to be a good corporate citizen. This means that it assumes responsibility where it does business and where help is needed within the realm of its own possibilities. In particular, it works on behalf of children and adolescents and promotes healthy diets and a conscious approach to food (see the section Social Involvement).

GRI 203-1:

### Infrastructure investments and services supported

REWE Group invests in the infrastructure and services of its locations as well as in destinations and countries where support is desperately needed. One focal point of this effort is long-range partnerships with non-profit organisations. Another priority is improving access to education, by taking such steps as building schools and supporting educational institutions. The following section describes selected projects undertaken during the reporting period.

### **Food Bank Support**

REWE Group has been one of the main supporters of more than 940 local Tafel food banks across Germany since 1996. For many years now, REWE Group has also served as a sponsor of many events organised by the food banks' umbrella organisation, Tafel Deutschland e.V. In 2018, REWE Group supported the event to mark the organisation's 25th anniversary and the national Tafel day. Since 2009, customers have been able to purchase so-called Tafel bags and support the food banks as part of the annual campaign called "Fill the Plate Together!" The bags are filled with foods that are rarely donated because of their long shelf lives, including noodles, rice, chocolate and jelly. For two weeks in November 2018, customers at REWE stores and the REWE Delivery Service could buy Tafel bags for five euros. About 505,000 donation bags worth a total of 2.53 million euros were donated to the Tafel. The REWE sales line itself donated 40,000 bags.

### **Together for Haiti**

Ever since a devastating earthquake struck Haiti in 2010, REWE Group has been working with the children's relief group Kindernothilfe Haiti to improve access to education for children and adolescents. Nearly 4 million euros have been donated as a result of the efforts of REWE Group and the strong commitment of its employees. The money was primarily used to rebuild the destroyed school Collège Véréna that about 1,500 students can attend in a slum in Port-au-Prince. New projects were also initiated for Restavèk children – children from rural areas whose impoverished families sent them to guest families in the city – to ensure that they receive a basic school education. REWE Group created a scholarship programme that enables graduates of Collège Véréna who are in great need and Restavèk children to undergo vocational training or college. The partnership with Kindernothilfe is scheduled to run until 2020 at the very least as a way of providing continued support to the new school and of continuing and expanding education projects.

### **The DER Touristik Foundation**

The DER Touristik Foundation was set up in 2014 as a non-profit organisation of DER Touristik. In taking this step, the international travel company DER Touristik has assumed its responsibility for people and environment of destination countries. The aim is to use the power of tourism to protect the diversity of our planet and to foster the economic development of host countries. DER

Touristik Foundation bundles the social commitment of DER Touristik beyond its business activities. In addition, the foundation ensures that sponsorship projects receive effective, long-term support.

The DER Touristik Foundation strives to promote and protect the social and economic conditions of people and the ecosystems in less developed tourism regions of the world. Training measures are designed to create future opportunities and empower local residents to reduce poverty and inequality, contribute to growth and prosperity and to promote the protection of nature and wildlife.

#### **Access to Education: School Construction Worldwide**

Since 2014, the DER Touristik Foundation has facilitated the construction and renovation of more than 45 schools in 21 countries on five continents. In 2018 alone, seven school construction projects in Africa (Kenya, Namibia, Tanzania, Uganda) and Asia (Cambodia, Sri Lanka) were carried out with the help of donated funds. This support enables disadvantaged children and adolescents to get an education and increases their ability to live independent lives.

#### **“Know One Teach One” (KOTO): Education Project in Vietnam**

In 2016, the DER Touristik Foundation began to provide financial support to the Vietnamese educational organisation KOTO. This group provides extremely disadvantaged and at-risk adolescents with occupational training that enables them to gain qualifications for jobs in the hospitality and tourism industries. In 2018, support funds were used to finance the renovation and expansion of a KOTO training restaurant in Hanoi where students complete their practical training. Under the plan, students will have an improved learning environment, gain practical experience and strengthen their self-confidence for work with guests. The support is based on the principle “helping people to help themselves”. Ultimately, KOTO wants to use the revenue produced by the restaurant to gain mid- and long-range financial independence.

#### **Regional Development Project in Tanzania**

Since 2016, the DER Touristik Foundation has been supporting a number of development projects in Tanzania that benefit residents of the Simanjiro District located south of Kilimanjaro. In 2018, the refurbishment and construction of new classrooms at two primary schools (Malambo and

Kampuni) were financed. The need for new school space is extremely large as a result of the growing population. The aim is to create a supportive learning environment so that more pupils can qualify to attend secondary school.

A vocational training centre planned by the German Ministry for Economic Cooperation and Development, Upendo e.V. and local organisations will also be designed to provide a start into a better future. In 2018, the foundation stone was laid and necessary wells were dug. The new vocational centre is scheduled to open in 2019. Once in operation, it will teach craftsmanship skills and offer practical experience directly on site, including as part of school construction projects. Well trained young people will receive job opportunities, a chance to earn a living and future prospects in their region.

Because of the close vicinity of national parks, such as Tarangire National Park, nature and species conservation is also very important in this region. Since 2017, the DER Touristik Foundation has been supporting the environmental educational programme “Living in Harmony with Nature” at various secondary schools in the Simanjiro District. The long-term goal is to raise awareness among young people about the importance of wildlife and to increase conservation of natural resources, thus reducing the human-wildlife conflict.

### **Care Centre in Kleinmond (South Africa)**

The DER Touristik Foundation is determined to provide children and adolescents from Kleinmond (South Africa) with new opportunities. The township of Kleinmond is fighting a range of problems: poverty, unemployment and hopelessness along with teenage pregnancy, drug abuse, violence and gang crime. To counteract these developments, the DER Touristik Foundation began in 2018 to support the creation of a new centre for children and adolescents ages 12 to 18. The range of support covers the topics of health (lunch, drug counselling and psychological support), education (homework supervision, tutoring and computer courses) and recreation (sports, teamwork and development of personal skills). The young people should receive support that reflects their abilities.

### **Sanitary Facilities and Hygiene in India**

REWE Far East Ltd. is committed to its responsibility as a purchasing organisation of REWE Group and, since January 2017, has been supporting the “Water, Sanitation and Hygiene” project – or WASH – organised by Save the Children in India. Inadequate supplies of drinking water, the lack of sanitary facilities and virtually no hygiene education are the main causes of the high rates of child mortality in the informal settlements of marginalised groups of people in Delhi. 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. 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.

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 repaired.

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. In addition to the toilet complex, “water ATMs” have been set up. They offer clean, filtered water for one-fifth of the normal price. Solar modules were also installed to provide the toilet complex with continuous power.

By December 2018, REWE Far East and Save the Children had directly reached 4,864 children and adults with the project activities in the first two years. To ensure the long-term future of the project and 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 during the project were handed over to the communities. These communities were also shown how to manage and maintain them.

GRI 203-2:

## **Significant indirect economic impacts**

With its approximately 15,600 stores and travel agencies, REWE Group employs about 360,000 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

In its role as a charter member of the group “5 am Tag” (5 a day) and a member of the organisation’s Board of Directors, REWE Group has been encouraging efforts to boost consumption of fruit and vegetables to five portions a day and to promote healthy diets for children since 2000. To encourage a healthy lifestyle among children, REWE also distributes school cones to pupils who start school each year. They contain fruit and vegetables and information about nutrition that is suitable for children, among other things.

### Healthy Start to the Day: Power Boxes

With the food bank group Tafel Deutschland e.V. and other partners, REWE provides participating schools with Power Boxes that contain an alternating range of foods selected by dietary experts to be used in preparing breakfast in the classroom. This enables children to get their day off to a healthy start. At the end of 2018, 14 schools and about 1,600 children were receiving the boxes from Monday to Friday. In this way, more than 230,000 meals were provided in the 2017/18 school year. The project is supported with donations by Chiquita, Danone, Ehrmann, FrieslandCampina, Mondelez, Nestlé, Unilever, Zentis as well as the REWE Group production operations Glocken Bäckerei and Wilhelm Brandenburg, among others.

In many regions of Germany, REWE also promotes nutrition workshops. Depending on the region, the workshops are organised along with the ArbeitsKreisNeueMedien or with expika. The workshops are designed to motivate children in day-care centres and to help them to playfully learn about healthy diets. For this purpose, new media are used during the daily training course in a contemporary way that is appropriate for children. More than 170,000 children have attended a workshop.

## 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.

### **Sharing Experiences as a Business Partner: “Lernen macht Schule” Initiative**

During the educational and integration initiative “Lernen macht Schule” (Learning Catches On), children from socially disadvantaged families and students from the Vienna University of Economics and Business learn with and from one another. About 120 learning buddies from the university support about 240 children and adolescents in facilities operated by the Catholic charity Caritas. Both groups profit from the work by strengthening their personalities and having intense discussions. REWE International AG acts as a business partner.

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.

To promote motoric and social development at early ages, REWE supports construction of inclusive playgrounds along with the German charity Aktion Mensch and Procter & Gamble. Since April 2018, one cent from the sale of every Procter & Gamble product flows into the campaign “Stück zum Glück” (the Coin to Happiness). The money is being used over a period of three years to build new inclusive playgrounds and expand existing ones.

### **Germany and Austria make their own donations by rounding-up the total**

The sales line PENNY launched a sponsorship penny in November 2018. Customers can round up their total bill at the till to the next 10-cent level – the money is then donated to organisations that support children and adolescents in the neighbourhood. The recipients are thus the winners of the PENNY Goodwill Baskets in their neighbourhood areas.

As part of the “Aufrunden” programme, REWE International AG in Austria is active with the trade companies BILLA, MERKUR, BIPA and PENNY. Thanks to customers’ many years of support, nearly 900,000 euros had been raised by the end of 2018. The money is used to support projects by Caritas, such as learning cafés, special education programmes and mother-child homes.



### **PENNY's Goodwill Baskets Support Local Children and Adolescents**

With its PENNY Goodwill Basket programme, the sales line PENNY has been supporting non-profit groups that work on behalf of children and adolescents since 2015. In 2018, PENNY donated support funds totalling 250,000 euros. After organisations nominate themselves, a jury in each neighbourhood region selects three favourites to receive the donations. Customers also have an opportunity to vote for a neighbourhood organisation. The organisations that get the most votes receive donations from the Initiative Förderpenny (Sponsorship Cent).

### **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, 40 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 three popular DIY topics in simple language.
- Workshop work stations for people with disabilities in toom Baumarkt DIY stores.

One main focal point involves inclusion of employees. In this effort, toom Baumarkt DIY stores have set up work stations for Lebenshilfe workshops in 14 stores.

### **Vigilant Approach to Food**

REWE Group strives to keep food waste to a minimum. As part of this effort, it works with upstream production stages and its own stores. With the help of 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 warehouse locations and stores, end-to-end refrigeration from production to shelf as well as regular employee training help to keep losses to a minimum. On average, PENNY and REWE sell up to 99 per cent of their foods each year. Most of the remaining 1 per cent is donated across Germany to around 940 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. The sales line PENNY has been involved in this work for years. In addition to regular activities to sensitise consumers about such areas as the correct way to store foods or the creative use of leftovers, PENNY worked with two popular YouTube bloggers in 2018 as a way of explaining the topic of food waste to young target groups.

#### **PENNY Trainees Fight Food Waste**

Since it started in 2016, PENNY has been involved in the EU research project “Refresh” and has implemented pilot projects as part of this. In 2017 and 2018, all PENNY trainees attended a course on food waste during a programme that sensitised and educated them about the subject. The trainees were also asked to take part in an ideas competition and submit creative tips to prevent food waste. The winners from the approximately 200 submissions were invited to a culinary trend expedition in Cologne where they could see concepts that focus on the appreciation of food in a completely different way. The evening concluded with a “Schnippeldisco” (Snipping Disco) – a joint creative and relaxed cooking session done under the supervision of a young chef.

In 2019, PENNY won a Federal Award in the Retail category for a campaign on the topic of sell-by date called “Kostbares Retten” (Saving the Valuable) and Naturgut Bio-Helden with “Zu gut für die Tonne!” (Too Good for the Bin). In 2018, PENNY won second place in the Retail category with Naturgut Bio-Helden.

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 and carry out practical measures to prevent food waste.

### Food Waste Avoidance on Rhodes

One of the hotels in the project was Iti Asterias Beach Resort on Rhodes, which belongs to DER Touristik. In the first step, all leftover food was collected in the kitchen and separated into waste from storage, production waste, surplus production and leftover food 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 potential was 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 Iti 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 desk, which allows better planning in the kitchen. The introduction of more live cooking to complement the buffet has turned out to be very successful, too. Portions can be measured better as a result. Another important aspect is raising guests’ awareness for the topic. In particular, information about produce from the region and local specialities made people more aware about the food they ate.

A control measurement conducted in October 2017 showed that food waste was cut by an average of 18 per cent as a result of the first measures introduced. The reduction in waste from lunch and dinner was between 30 per cent 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 began in 2018 to introduce the concept to more of its own hotels. Employees who work in the food & beverage area are being trained about sustainable meal offerings and the avoidance of food waste. The hotel Iti Bellevue Park in Tunisia started the activities with a sensibilisation workshop.



## Child Protection

Millions of children become the victims of sexual violence and exploitation each year. In many cases, sexual offenders misuse the tourism infrastructure for these purposes. For this reason, the travel industry has a special responsibility to help to protect children.

As a way of permanently integrating sustainability into company processes, REWE Group has drawn up a comprehensive sustainability strategy that consists of four central pillars: Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. As part of the pillar Social Involvement, four areas of actions have been defined to develop targeted measures: healthy diets and exercise; opportunities for children and adolescents; vigilant approach to food and biodiversity; and environmental protection. With its activities in the area of action focussing on opportunities for children and adolescents, REWE Group is working for example to protect children.

GRI 413: Local communities

### Management Approach

DER Touristik employs a very ambitious child protection policy. In 2012, it defined a set of principles within its child protection policy that 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.

On 11 March 2016, Sören Hartmann, the Chief Executive Officer (CEO) of DER Touristik Group, signed “The Code”, a code of conduct that is designed to prevent children from being sexually exploited by tourists, during the ITB tourism trade fair in Berlin.

This code was initiated by the German Travel Association on behalf of its members and is 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 its implementation and supports DER Touristik as an expert partner. With its 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 the 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 the reporting of suspected cases
- Support of and collaboration with stakeholders in the fight against 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. This work includes actively informing travellers about the protection of children from sexual exploitation during holidays and sensitising tourism students and trainees about the issue. In addition, DER Touristik plays an active role in the preparation of 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 two workshops were held on Bali in 2018. The destination agency of DER Touristik also had an eight-hour training session there.

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.

DER Touristik conducted the following activities during the 2018 financial year:

- Six training courses in the hotels of DER Touristik (Tunisia, Austria, Greece)
- Training courses and presentations as part of destination workshops in Sanur and Ubud on Bali that were organised by the German Travel Association and ECPAT Deutschland e.V
- Training courses on sustainability for 109 new employees at the headquarters locations of DER Touristik Germany as part of the onboarding process
- Intensive public relations work (fliers, presence at trade fairs, customer events and press releases)
- Promotion of the international platform [“Nicht Wegsehen” \(Don’t Look Away\)](#) where people can report real and suspected cases of criminal activity
- Membership in the working group on child protection of the German Travel Association
- An introductory workshop on the subjects of sustainability and human rights in tourism for all trainees at the headquarters in Cologne

During the reporting period, DER Touristik conducted 10 seminars about child protection at five destinations. During the following activities in 2018, information and sensibilisation were offered on the issue of child protection:

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

The subject of child protection was also added to the orientation plan for new headquarters employees.