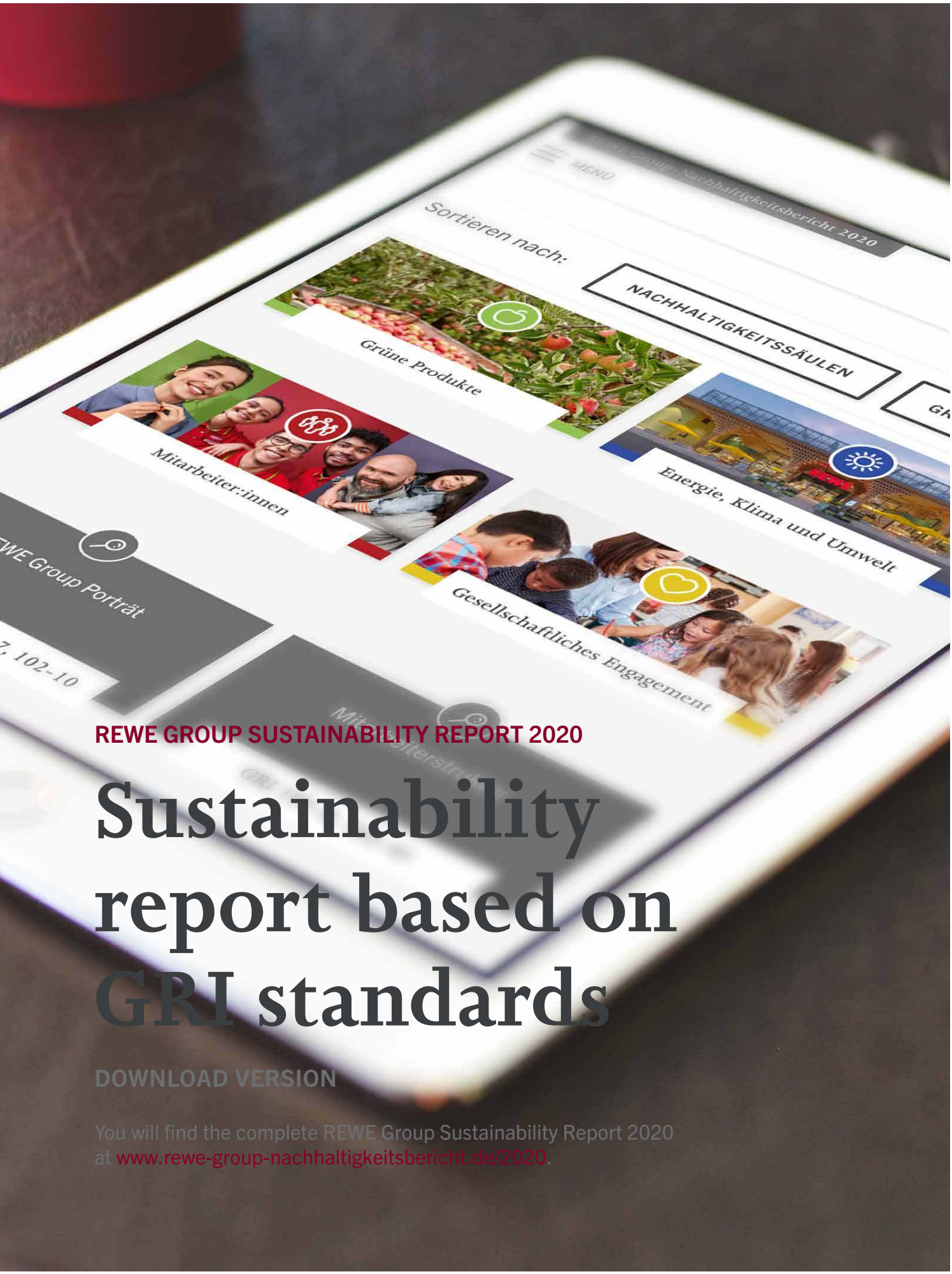
REWE GROUP



REWE GROUP SUSTAINABILITY REPORT 2020

Sustainability report based on GRI standards

DOWNLOAD VERSION

You will find the complete REWE Group Sustainability Report 2020 at www.rewe-group-nachhaltigkeitsbericht.de/2020.



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

A highlight of our digital REWE Group dialogue forum in May 2021 was Prof. Richard David Precht's keynote speech entitled "Sustainability opportunities and challenges in times of pandemic". It gave us the chance to see how the philosopher and publicist pleaded with great passion for a realistic optimism – as a prerequisite for successfully overcoming the enormous environmental and social challenges we face. His concrete examples impressed me – and particularly the sentence: "Companies can show politicians what's possible."

We at REWE Group should understand this both as a mission and a spur to action. In fact, we have already been active in the past on our own and jointly in industry initiatives, and have shown politicians what is possible. Prominent examples include the animal welfare initiative, our fight against the killing of chicks, the elimination of plastic packaging or the reduction of sugar, salt and fat in our store brand products. We very recently set an important example with "Very Fair" chocolate at REWE and PENNY. The cocoa for these store brand chocolate bars comes from a pioneering project with a cooperative in Ghana, which ensures living incomes in this part of the supply chain. All of these are key projects and initiatives that involve our core business in the food retail sector and are highly relevant for our customers.

We do not want to and should not wait until regulatory and statutory guidelines point the way to a solution to the problem at all times and in all places. I take the view that we as a company have the responsibility and particularly the innovativeness and dedication to tackle environmental and social problems and to develop solutions.

We are certainly not perfect in these efforts – we also make mistakes and sometimes take paths that prove not to be productive. When working towards fair and sustainable agriculture in Germany and Europe, for example, we as a company must also make more effort to play an even greater part.

But, for reasons of conviction and responsibility, we have already embarked on this path of becoming an increasingly sustainable company, setting off down this route almost 15 years ago. And on the way, we have become more able to learn and more able to take criticism. For this reason, we know that we will never reach a point at which we can say "mission completed". Rather, sustainable business practices (and life) are a continuous process, which constantly presents new challenges.

The coronavirus pandemic in particular has brought home to us how quickly supposed certainties and habits can be lost. As a company, the pandemic has challenged us in an unprecedented way. Supplying consumers with high-quality, safe food without restriction took enormous effort for all those involved, especially during the first lockdown – particularly for our employees in the stores and logistics. At the same time, the almost complete collapse of the tour operator market hit our DER Touristik Group hard.

I would particularly like to thank all REWE Group employees in Germany and abroad and the independent REWE retailers, who – each in his or her place – have ensured with great dedication that our company has come through the crisis largely unscathed up to this point. And what is more, our performance in the food retail sector and in the DIY store business very decisively contributed to being able to keep the business running. At the same time, the cohesion and solidarity in our cooperative group is stronger than ever.

Another thing we have seen very clearly is that demand for more sustainable products has grown enormously in the pandemic. Healthy and balanced diets with organic and regional products and food whose origin and processing are transparently identifiable as more sustainable – for example through our PRO PLANET label – have become much more important to people.

We know from our market research that the pandemic has further increased consumers' need for sustainability and the orientation towards meaningful consumption.

Looking beyond the current crisis, however, we must also note that, despite the coronavirus, climate change and the loss of biodiversity remain the greatest threats. And they have direct significance for the production of food.

We at REWE Group are going to further toughen our own climate goal: we want to be climate neutral by 2040. That – following the reduction in greenhouse gas emissions we have already achieved – is our new target decided by the Management Board.

Daring to look positively into the future, in the spirit of Richard David Precht's speech, does not mean naivety but rather focusing on the opportunities. We will continue to do that – when implementing new regulations such as the Supply Chain Act, which I hope will not burden us with excessive bureaucracy; and also in new initiatives in the four pillars of our sustainability strategy: Green Products, Energy, Climate and the Environment, Employees and Social Involvement.

I hope that you find this 2020 sustainability report both interesting and insightful.

Lionel Souque
CEO



Goals and KPIs

Green Products

Topic	KPI	Target	Status	Measures
Training programme for better working conditions	Percentage of strategically relevant production sites that are integrated into a training programme (capacity building)	100 % by the end of 2030	↗	See the section Social Aspects in the Supply Chain
Complaint mechanism	Introduction of a complaint mechanism system in relevant supply chains	End of 2025	↗	
Environmental programme	Percentage of relevant food and non-food producers integrated within an environmental programme (REWE and PENNY in Germany)	100 % by the end of 2030	↗	See the sections Environmental Aspects in the Supply Chain and Packaging
Packaging	Percentage of more environmentally friendly store brand packaging	100 % by the end of 2030	↗	
Greenhouse gas emissions in the supply chain	Absolute greenhouse gas emissions in the supply chains for store brand products (REWE and PENNY in Germany)	Reduce by 15 % compared with 2019 by 2030	↗	See the section Climate Protection in the Supply Chain
Sugar and salt content	Percentage of store brand items which have been checked for the sugar and salt content	100 % by the end of 2020	✓	See the section Nutrition
	Percentage of relevant* store brand items in which a sugar or salt reduction has been implemented	50 % by the end of 2020	✓	

↗ Being implemented ✓ Target attained ✗ Target not attained

* Not relevant are, for example, mono-products such as rice, potatoes or flour as well as products that have no added sugar/salt such as mineral waters, cooking oils or vinegar.

Energy, Climate and the Environment

Topic	KPI	Target	Status	Measures
Greenhouse gas emissions at company level	Greenhouse gas emissions (CO_2 equivalents) for Germany and Austria per square metre of sales area	A 50 % cut by 2022 compared with 2006	-53.6 %	See the section Climate Protection at Company Level
	Refrigerant-related greenhouse gas emissions per square metre (in kg of CO_2 equivalent/m^2) in Germany and Austria	Reduction of 35 % between 2012 and 2022	-46.7 %	
	Greenhouse gas emissions at company level	Reduce by 30 % compared with 2019 by 2030	No status because of new targets	
		Climate neutrality by 2040		
Electricity Consumption	Electricity consumption per square metre of sales area (in kWh/m^2) in Germany and Austria	Reduction of 7.5 % between 2012 and 2022	-11.2 %	See the section Energy

Employees

Topic	KPI	Target	Status	Measures
Training Percentage	Training percentage (share of trainees in the company's workforce measured in full time equivalents)	Maintain at 5.4 % until 2025	5.3 %	See the section Education and Training Programmes
Internal Hiring	Internal hiring of managers	Increase to 80 % by 2025	72.4 %	
Gender Ratio	Gender ratio in management positions	Achieve a balanced gender ratio in management positions by 2025	45.6 % female, 54.4 % male	See the section Diversity and Equal Opportunity
Accidents	Accidents per 1,000 full-time equivalents	Decrease the number of accidents per 1,000 FTEs to 43.5 by 2025	46.5	See the section Occupational Health and Safety Management
Rate of People with Disabilities	Rate of people with disabilities by headcount*	To at least maintain the level of 3.0 % through 2025*	3.0 %	See the section Diversity and Equal Opportunity

* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis from the mandatory share of employed people with severe disabilities according to Section 154, 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).

Social Involvement

Topic	Key figure	Status	Measures
	Percentage of long-term projects (> two years)	88 %	See the section Projects and Sponsorships
Nutrition and Exercise	Number of children and adolescents reached (2020)	43,271	See the section Projects and Sponsorships
Children and Adolescents	Number of children and adolescents reached (2020)	12,580	See the section Projects and Sponsorships
Vigilant Approach to Food	Percentage of stores (REWE and PENNY in Germany as well as sales lines in Austria) that work with food banks (2020)	84 %	See the section Projects and Sponsorships
Biodiversity and environmental protection	Project total (2020)	3,432,500 euros	See the section Projects and Sponsorships and Biodiversity

Raw Materials in Focus and Products

Topic	Key figure	Target	Status	Measures
Working Conditions in the Supply Chain	Percentage of tier-1 production sites in risk countries, which are integrated into the Social Improvement Programme (REWE and PENNY in Germany)	100 % by the end of 2020	100 %	See the section Social Aspects in the Supply Chain
Bananas and Pineapples	Percentage of conventional bananas and pineapples from Rainforest Alliance-certified cultivation (REWE and PENNY in Germany)	100 % by the end of 2016	100 %	See the section Raw Materials in Focus – Food
Cotton and Textiles	Percentage of textiles certified for Cotton made in Africa and GOTS at REWE, PENNY and toom Baumarkt DIY stores in Germany	100 % by 2025	91 %	See the section Raw Materials in Focus – Non-Food
Biodiversity Measures in Fruit and Vegetable Cultivation	Hectares of planted and upgraded flower strips	Ongoing	842	See the section Biodiversity
	Number of nesting boxes and nesting aids for birds and bats	Ongoing	11,745	
	Number of insect nesting aids	Ongoing	5,698	

↗ Being implemented ✓ Target attained ✕ Target not attained

Eggs	Percentage of store brand fresh egg products bearing the seal of the Verband für Lebensmittel ohne Gentechnik e.V. (VLOG) (German Association of Non-Genetically Modified Foods) at REWE and PENNY in Germany – fresh egg product range	100 %	100 %	See the section Animal Welfare
	Percentage of REWE Bio fresh eggs which fall under the brand “Spitz & Bube”	100 % by the end of 2020	100 %	
Fish	Percentage of store brand fish products in Germany, which are certified for MSC, GLOBALG.A.P., ASC or the organic logo/label	100 % by the end of 2020	70 %	See the section Raw Materials in Focus – Food and the Guidelines for Fish and Seafood
	Percentage of store brand fish products with tracking code	Ongoing	63 %	
Meat	Switch fresh meat at REWE in the service counter product range at least to Haltungsform (Livestock Farming Conditions) level 2	50 % by the end of 2021	↗	See the Animal Welfare section
	Switch store brand fresh meat products (beef, pork and poultry) at REWE and PENNY in Germany in the self-serve product range and in the service counter product range at least to Haltungsform (Livestock Farming Conditions) level 2	100 % by the end of 2025	↗	
	Switch store brand fresh meat products (beef, pork and poultry) at REWE and PENNY in Germany in the self-serve product range and in the service counter product range at least to Haltungsform (Livestock Farming Conditions) level 3 and level 4	100 % by the end of 2030	↗	
	Percentage of poultry products at REWE and PENNY in Germany in the self-serve product range and in the service counter product range with Haltungsform (Livestock Farming Conditions) level 3 and level 4	Double by the end of 2023	↗	
	Poultry product range at REWE and PENNY in Germany in the self-serve product range and in the service counter product range with Haltungsform (Livestock Farming Conditions) level 3 and level 4	At least 20 % by the end of 2026	↗	
	Switch sausage product range (beef, pork and poultry) at REWE and PENNY in Germany in the self-serve product range to Haltungsform (Livestock Farming Conditions) level 2	50 % by the end of 2025	↗	

↗ Being implemented ✓ Target attained ✕ Target not attained

Wood and Paper	Percentage of wood and paper products certified for Blauer Engel (Blue Angel), FSC Recycled, PEFC Recycled, FSC 100 %, PEFC™ or FSC Mix in the Near-food area at REWE and PENNY in Germany	100 % by 2020	100 %	See the section Raw Materials in Focus – Non-Food
	Percentage of wood and paper products certified for Blauer Engel (Blue Angel), FSC Recycled, PEFC Recycled, FSC 100 %, PEFC™ or FSC Mix in the Non-food area at REWE and PENNY in Germany	100 % by 2025	99 %	
Coffee	Percentage of store brand coffee products certified for Rainforest Alliance/UTZ, the organic logo/label or Fairtrade at REWE and PENNY in Germany	100 % by the end of 2020	100 %	See the section Raw Materials in Focus – Food and the Guidelines for Coffee
Cocoa	Percentage of store brand products in Germany that contain cocoa certified for Fairtrade, the Fairtrade Sourcing Programme, the Rainforest Alliance/UTZ	100 % by the end of 2020	98 %	See the section Raw Materials in Focus – Food and the Guidelines for Cocoa Products
	Percentage of store brand products in Austria that contain cocoa certified for Fairtrade, the Fairtrade Sourcing Programme, the Rainforest Alliance/UTZ	100 % by the end of 2015	100 %	
	Percentage of store brand chocolate items, instant cocoa, nut/nougat spreads, sweet baked goods and all organic store brands that contain cocoa ingredients at REWE and PENNY in Germany certified for Fairtrade or the Fairtrade Sourcing Programme	100 % by the end of 2020	100 %	
Cosmetic products	Percentage of store brand cosmetic products at REWE and PENNY in Germany whose recipe does not contain microplastics in accordance with the REWE Group understanding defined in the guideline	100 % by the end of 2020	100 %	See Water section and Guideline on Microplastics in Cosmetic Products
Nordmann Fir	Percentage of Nordmann firs which are fairly grown “Fair Trees” at toom Baumarkt DIY stores in Germany		100 %	See the section Raw Materials in Focus – Non-Food
Orange Juice	Percentage of store brand orange juice certified for Fairtrade, Naturland, the Rainforest Alliance, the EU organic logo and the EU organic label at REWE and PENNY in Germany	100 % by the end of 2025	100 %	See the section Raw Materials in Focus – Food and the Guidelines for Orange Juice
Palm (Kernel) Oil	Percentage of RSPO-certified palm (kernel) oil in store brand products (Germany and Austria)	100 %	100 %	See the section Raw Materials in Focus – Food and the Guidelines for Palm Oil

↗ Being implemented ✓ Target attained ✕ Target not attained

Soy in Animal Feed	Percentage of store brand fresh milk and UHT milk products bearing the seal of the Verband für Lebensmittel ohne Gentechnik e.V. (VLOG) (German Association of Non-Genetically Modified Foods) at REWE and PENNY in Germany	100 %	100 %	See the section Raw Materials in Focus – Food
Tea	Percentage of store brand black tea and green tea items in which 100 per cent of the raw material is certified for the Rainforest Alliance, Fairtrade or the organic logo/label at REWE and PENNY in Germany	100 % by the end of 2018	100 %	See the section Raw Materials in Focus – Food and the Guidelines for Tea
	Percentage of store brand herbal tea and fruit tea items in which at least 30 per cent of the raw material is certified for the Rainforest Alliance, Fairtrade or the organic logo/label at REWE and PENNY in Germany	100 % by the end of 2025	93 %	
Peat-Free Soil	Elimination of peaty soils from store brands and brand products at toom Baumarkt DIY stores in Germany	100 % bis 2025	↗	See the section Raw Materials in Focus – Non-Food
Packaging	Percentage of PET packaging in the area of washing and cleaning agents made of recycled material (where possible at least 20 per cent recycled materials from Germany's "Gelber Sack" (yellow bag) programme, in which plastic waste is collected from private households in the country)	100 % by 2021	↗	See the Packaging section and the Guideline on More Eco-Friendly Packaging
	25 per cent recycled materials on average in all PET drink bottles	100 % by the start of 2025	↗	
	Percentage of plastic in store brand packaging (REWE and PENNY in Germany)	Reduction by 20 % by the end of 2025	↗	
	Percentage of recyclable store brand packaging (REWE and PENNY in Germany)	100 % by the end of 2025	↗	

↗ Being implemented ✓ Target attained ✗ Target not attained

REWE Group Portrait

GRI 102-1: Name of the organization

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. REWE Group is proud of its cooperative roots. The Supervisory Board, shareholders, the independent REWE 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.

REWE-ZENTRALFINANZ eG, Cologne, (RZF) together with its subsidiaries forms RZF Group and, together with the cooperatively organised independent REWE retailers, REWE Group.
As of 31 December 2020, in addition to the parent company RZF, the group comprises 275 (previous year: 266) domestic and 171 (previous year: 149) foreign subsidiaries.

With effect as of 1 May 2019, RZF acquired all but eight shares with restricted transferability held by the shareholders of REWE Zentral Aktiengesellschaft, Cologne (RZAG). After buying the remaining eight shares on 17 June 2020, RZF now owns all shares in RZAG.

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

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 2020, REWE Group operated stores in 22 European countries and employed about 384,000 people (previous year: 363,633). Total external revenue generated in 2020 increased to 75.3 billion euros (previous year: 62.7 billion euros). In its home market of Germany, REWE Group employed 282,000 people (previous year: 260,179). The number of employees abroad was 102,000 (previous year: 103,454).

The group operates in various business segments, which are subdivided into divisions and segments:



The **Retail Germany** business segment includes the REWE, PENNY Germany and Retail Germany Central Companies divisions.

The REWE division operates in both the retail and wholesale segments. For instance, 1,722 supermarkets and stores operate under the REWE and REWE CENTER brands. In its wholesale business, REWE supplies 2,653 REWE and REWE Dortmund partners and nahkauf markets as well as other major customers. REWE also has an online presence via the REWE delivery and parcel service on REWE.de.aktiv. In 2020, retail revenue from the REWE stores, together with

wholesale revenue from the independent REWE retailers and other partners, increased by 12.3 per cent from 23.6 billion euros to 26.5 billion euros.

In the PENNY Germany division, 2,150 discount stores are operated under the PENNY sales brand. In 2020, PENNY Germany increased revenue by 5.4 per cent and, consequently, reached the 8 billion euros mark for external revenue for the first time.

The Retail Germany Central Companies division comprises the domestic real estate companies as well as the production and sale of bakery products under the Glocken Bäckerei brand and meat and sausage products under the Wilhelm Brandenburg brand, domestic and foreign merchandise companies as well as internet retail trade (ZooRoyal and Weinfreunde) and eCommerce services (REWE Digital).

The **Retail International** business segment includes the Austrian and CEE full product ranges and PENNY International. In the Austria and CEE full product ranges, supermarkets and stores are operated at 2,892 locations. In Austria, stores are operated under the brands BILLA, MERKUR (from April 2021 BILLA Plus) and ADEG.

In addition, 358 ADEG partner stores are supplied within the framework of the wholesale business. With the BILLA supermarket format, Retail International is also represented in Bulgaria, Russia, Slovakia and the Czech Republic. In Croatia and Austria, drug stores are also operated under the BIPA brand. IKI supermarkets are operated in Lithuania.

In the 2020 business year, in the International Full-Range Stores area REWE Group divested itself of its markets in Ukraine and now has supermarkets and drug stores in Austria, the Czech Republic, Slovakia, Russia, Bulgaria, Croatia and Lithuania. Revenue increased by 2.4 per cent (3.6 per cent adjusted for currency effects) from 10.1 to 10.4 billion euros.
Austrian full-range stores, with BILLA, BIPA, MERKUR and ADEG, generated a revenue increase of 4.3 per cent to 6.8 billion euros.

In the PENNY International division, the PENNY MARKT and PENNY MARKET brands were operated at 1,588 locations in Italy, Austria, Romania, the Czech Republic and Hungary. In Discount International, PENNY achieved dynamic growth and increased revenue by 8.3 per cent (11 per cent adjusted for currency effects) from 5.1 billion euros to 5.5 billion euros.

Within the framework of acquiring the Lekkerland Group, the new business segment **Convenience** was established with effect from 1 January 2020. It comprises the divisions Convenience Germany, Convenience International and Convenience Central Companies. The Convenience Germany division – including REWE To Go with 17 stores, which was managed in the Retail

Germany business segment until 31 December 2019 – and the Convenience International division deliver to filling station shops, department stores, food and beverage markets, fast food chains, kiosks, cafeterias, bakeries and other providers of convenience products. More than 85,700 points of sale are supplied. As well as in Germany and the Netherlands, Lekkerland also operates in Belgium, Luxembourg and Spain under the name Conway. Central services and IT services are aggregated in the Convenience Central Companies division. The new Convenience business segment, with the national and international activities of the Lekkerland Group in Germany, the Netherlands, Belgium and Spain, generated total external revenue of 13.1 billion euros. This figure includes the REWE To Go segment for the first time.

The **Travel and Tourism** business segment is split into the divisions Travel and Tourism Central Europe, Travel and Tourism Northern Europe, Travel and Tourism Eastern Europe, Travel and Tourism Destinations and Travel and Tourism Central. The umbrella brand DER Touristik comprises a large number of tour operators, travel sales (travel agency chains, franchisees and online portals) as well as destination agencies and hotels. Travel and Tourism operates in the source markets of Germany, Austria, Switzerland, Eastern Europe and, with the Kuoni units, also in Scandinavia, Finland, France, Great Britain and the Benelux countries. Travel and Tourism is covered mainly by the brands Apollo, Calimera, DER.COM, DER Reisebüro, DERPART, DERTOUR, EXIM Tours, FISCHER Group, Helvetic Tours, ITS, Jahn Reisen, Kuoni, Meier's Weltreisen and Sentido. Travel and Tourism includes more than 809 travel agencies. In addition, 583 points of sale are operated by franchisees.

Because of the Covid-19 pandemic, in 2020 consolidated revenues in the Travel and Tourism business segment fell by 73.9 per cent from 5 billion euros to 1.3 billion euros.

The **DIY Stores** business segment in Germany operates 281 stores under the brands toom Baumarkt DIY stores and B1 Discount Baumarkt DIY stores. As part of the wholesale business, 37 partner stores and franchisees are also supplied. In the DIY Stores business segment, including toom Baumarkt DIY stores, revenue increased by 19.9 per cent, from 2.2 billion euros to 2.7 billion euros.

The **Other** business segment especially includes central services provided by the parent company and various subsidiaries for group companies and third parties. These are mainly procurement functions (wholesale and warehousing), central regulation, del credere-assumptions, IT services, energy trading (EHA) and coordinating cross-group advertising activities.



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 REWE retailers (scope of the sustainability report), rose from 244,000 (2019) to about 264,000 (2020). Across Europe, REWE Group currently employs about 384,000 people.

The scope also includes approximately 69,000 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 independent REWE retailers that 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 REWE retailers, REWE Dortmund SE, akzenta, REWE Spedition und Logistik GmbH and the small companies ZooRoyal and Eurogroup in Germany as well as ADEG and Sutterlüty in Austria.

The percentage of trainees among the workforce in Germany and Austria has been relatively stable for years. In 2020, this figure was 3.7 per cent. The percentage of part-time employees (excluding marginally employed individuals and trainees) was about 41.2 per cent during the reporting period. The share of open-ended full-time employees was about 87.4 per cent in 2020. 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

	2018 (not specified)	2018 (diverse)	2018 (female)	2018 (male)	2018 (total)	2019 (not specified)	2019 (diverse)	2019 (female)	2019 (male)	2019 (total)	202 (specifi
Temporary contract	-	-	15.838	13.633	29.471	0	0	12.920	11.552	24.472	
Open-ended full-time contract	-	-	107.667	51.318	158.985	0	1	117.151	58.736	175.888	

Austria

	2018 (not specified)	2018 (diverse)	2018 (female)	2018 (male)	2018 (total)	2019 (not specified)	2019 (diverse)	2019 (female)	2019 (male)	2019 (total)	2020 ✓ (not specified)
Temporary contract	-	-	2.981	1.171	4.152	0	0	2.702	1.149	3.851	0
Open-ended full-time contract	-	-	29.102	10.157	39.259	0	0	29.777	10.424	40.201	0

All regions

	2018 (not specified)	2018 (diverse)	2018 (female)	2018 (male)	2018 (total)	2019 (not specified)	2019 (diverse)	2019 (female)	2019 (male)	2019 (total)	202 (specifi
Temporary contract	-	-	18.819	14.802	33.623	0	0	15.622	12.699	28.321	
Open-ended full-time contract	-	-	136.769	61.477	198.240	0	1	146.928	69.162	216.091	

Employees by type of employment and gender

Female

	2018	2019	2020 ✓
Full time	36.232	37.310	39.988
Part time	86.787	91.165	94.004
Trainees	4.126	4.487	4.611
Marginally employed	28.443	29.588	33.273

Male

	2018	2019	2020 ✓
Full time	44.280	46.183	50.575
Part time	10.910	12.453	14.869
Trainees	4.361	4.862	5.238
Marginally employed	16.728	18.363	21.812

Diverse

	2018	2019	2020 ✓
Full time	-	0	1
Part time	-	0	1
Trainees	-	0	0
Marginally employed	-	1	1

Not specified

	2018	2019	2020 ✓
Full time	-	0	3
Part time	-	0	16
Trainees	-	0	0
Marginally employed	-	0	0

Total

	2018	2019	2020 ✓
Full time	80.512	83.493	90.567
Part time	97.679	103.618	108.890
Trainees	8.487	9.349	9.849
Marginally employed	45.171	47.952	55.086

Percentage distribution of employees by business segment

2018

Retail Germany	163949*
Retail International	43366
DIY stores	15453
Travel and tourism	5133
Convenience	437
Other	3529*

2019

Retail Germany	176535
Retail International	44006
DIY stores	15407
Travel and tourism	4337
Convenience	527
Other	3600

2020 ✓

Retail Germany	191.718
Retail International	44.499
DIY stores	17.227
Travel and tourism	4.011
Convenience	3.237
Other	3.700

* GRI 102-48: Due to changes in classifications in Retail Germany and Other, the values deviate from those in the previous year's report.

GRI 102-41:

Collective bargaining agreements

As of 31 December 2020, 192,350 of the 195,762 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 98.3 per cent. With regard to the scope of the sustainability report, including independent REWE retailers, 72.8 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. Independent REWE 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 from a wide range of supply chains. The supply chain links of raw materials production and processing involve a heightened risk of non-observance of labour and social standards and also of negative environmental effects. Accordingly, REWE Group activities are focused on these.

The Covid-19 pandemic posed challenges for those involved in many different supply chains. As a food supplier, REWE Group is part of the critical infrastructures (KRITIS). By remaining in constant dialogue with suppliers and business partners throughout the supply chains, REWE Group has been able to maintain the supply of goods for the population and to protect the health of employees through various safety measures, also during times in the pandemic that were very challenging with regard to planning and control.

In its human rights policy statement, REWE Group commits to strengthen human rights and prevent human rights violations in its own business operations and also in the global supply chains. To ensure environmental and social standards, especially in cultivation and processing, REWE Group purchases certified raw materials for its store brands and, in its raw material guidelines, defines a binding operational framework with contractual partners in the supply chains.

With regard to the supply chain, REWE Group outlines fundamental approaches, actions and goals in the sections Social Aspects in the Supply Chain and Environmental Aspects in the Supply Chain.

In this sustainability report, a selection of particularly relevant supply chains is described 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
- Living Wages and Income
- Raw materials in Focus – Food
- Raw Materials in Focus – Non-food
- Women in the Supply Chain
- Child Labour and Forced Labour
- Climate Protection in the Supply Chain
- Environmental Aspects of the Supply Chain
- Product-related Risk Analyses
- Social Aspects in the Supply Chain
- Animal Welfare
- Water



Risk Management

REWE Group strives to create a balance among the economic, environmental and social impacts of its business operations wherever possible. To this end, 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. To that end, risk managers send risk reports that contain inventories of relevant individual risks from the risk areas as of a given closing date. Risks with similar content and causes are subsequently aggregated at the combine level into risk categories and classified as high, medium or low, 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 Group Management Report for the 2020 Financial Year, pages 33–41.

Analysis of the social and environmental 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: Risk Analysis, Derivation of Focal Points and Goals, Measures, Definition and Implementation of Measures, Monitoring and Reporting. For further information on the analysis of the social and environmental risks in the supply chains, see the section Product-related Risk Analyses.

Industry Initiatives and Memberships

In line with its belief to promote sustainability and move it into the mainstream, REWE Group supports numerous initiatives and organisations that are dedicated to sustainable action, environmental protection, animal welfare, conscious nutrition and social issues.

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.

The initiatives with a link to sustainability that REWE Group plays an active part in include:

5 am Tag (5 a Day): 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 vegetables and fruit 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 vegetables and fruit since 2000.

Aktion Mensch e.V.: The initiative champions an inclusive society and supports social funding projects and campaigns. REWE Group works together with the initiative in various projects – for

example, setting up inclusive playgrounds.

amfori Business Environmental Performance Initiative (BEPI): amfori BEPI helps companies improve their environmental performance in global supply chains.

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

Arbeitsgemeinschaft Ökologisch engagierter Lebensmittelhändler und Drogisten (ÖLD) (Working Group of Environmentally Committed Food Retailers and Drugstores): ÖLD is an alliance of companies in food retail and drugstores that offer an extensive range of organic products. The members pursue the aim of further developing the segment, supporting organic farming and also publicly playing an active role in matters of nutrition.

ARGE Gentechnik-frei: The Arbeitsgemeinschaft für Gentechnik-frei (Working group for GM-free food) is an independent platform, supported by companies in the retail food, food production, animal feed and farming industries and by organisations and associations in the areas of environmental protection, consumer protection, farming and science. Gentechnik-frei has awarded the label “Ohne Gentechnik hergestellt” (produced without GMOs) in Austria since 1997. The platform represents about 220 companies that use the label on their products. REWE Group in Austria is a co-founder and has a mandate in the voluntary board of “ARGE Gentechnik-frei”.

Aquaculture Stewardship Council (ASC): The seafood quality seal campaigns for improvements in the environmental compatibility of aquacultures and certifies seafood that is farmed in an environmentally conscious manner. The council and REWE Group are in continuous dialogue and cooperate with each other constantly.

German Environmental Management Association (Bundesdeutscher Arbeitskreis für Umweltbewusstes Management e. V., B.A.U.M. e.V.): This corporate network for sustainable business practices interlinks economic, environmental and social issues. As a member, REWE Group, together with the other companies, aims to raise awareness among business, local authorities and organisations for the vision of sustainable business practices and to help realise them in an environmentally effective, economically sensible and socially fair way.

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 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.

Bund Ökologische Lebensmittelwirtschaft (BÖLW) (Alliance of the Organic Food Industry): BÖLW is the central association of agricultural producers, processors and retailers of organic food in Germany. It pursues the objective of ensuring that the organic food industry's environmental, economic and social activities are appropriately recognised in politics and society. REWE Group joined the alliance as part of ÖLD in 2017.

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. REWE Group will develop a new roadmap for 2021 that contributes to the goals of the alliance.

Diversity Charter: The Diversity Charter is an employer initiative to promote diversity in companies and institutions. At its heart is companies' voluntary commitment to diversity management. REWE Group signed the Diversity Charter in 2017.

Competitive Cashew Initiative (ComCashew): ComCashew's aim is to increase the competitiveness of the cashew value chain in selected African countries. The initiative helps producers in Benin, Burkina Faso, Côte d'Ivoire, Mozambique and Ghana to increase their returns and the quality of the nuts. More than 100 public and private partners have joined forces in the initiative, and research institutions are additional partners. REWE Group has been a member of the initiative's board since 2019.

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 a member of the Consumer Goods Forum, is represented in the Board of Directors and works actively within the framework of a working group concerned with plastics.

Consumer Insight Action Panel – Club for Sustainable Packaging: The Club for Sustainable Packaging was established in 2019 as part of the EU-wide project "Consumer Insight Action Panel" from the Collaborating Centre for Sustainable Consumption and Production (CSCP) together with other stakeholders. In addition to REWE Group, the stakeholders include representatives from retail, industry, system catering, packaging, collection and recycling, non-government organisations (NGOs) and research institutes. The aim is to hasten the transition to a circular economy in the area of packaging by focussing on consumer behaviour. The club is supported by the German Federal Environmental Foundation (Deutsche Bundesstiftung Umwelt, DBU).

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 established to help European fruit juice producers integrate CSR measures in their company strategies and achieve a long-term sustainable contribution throughout the global value chain for 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. REWE Group was also a member of the Steering Committee from 2017 to 2021.

Demeter e.V.: This is the oldest bio-association in Germany. Demeter growers and producers work according to biodynamic principles and on the basis of guidelines that go well beyond the standards of the EU Organic Farming Regulation. To promote bio-farming in the whole of Germany and encourage agricultural structures in the region, the REWE sales line joined the Demeter bio-association in September 2020.

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, the network develops new knowledge and facilitates the exchange of existing know-how – with the aim of tackling economic, social and technological changes and the associated challenges in the network with other companies and organisations.

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, PENNY and toom Baumarkt sales lines campaign for sustainable construction. Promotional means include the certification of sustainable buildings, internal spaces and accommodation.

Deutsche Stiftung Verbraucherschutz (German Consumer Protection Foundation): The foundation aims to strengthen consumer work in Germany. It supports projects to better inform, advise and educate consumers. REWE Group is represented on the foundation's advisory board.

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. In addition, DER Touristik is the deputy chair of the DRV Sustainability Committee. The committee addresses the topics of environmental and climate protection, human rights and social responsibility and sees itself as a trendsetter for the travel sector.

German Red Cross (DRK): The German Red Cross helps people in need and campaigns for international humanitarian law. REWE Group works together with the German Red Cross and supports the initiative with donations, such as for the DRK homeless charity.

Floriculture Sustainability Initiative (FSI): This organisation from the Netherlands champions responsible production and responsible trading with plants in the supply chain. Through its membership in the initiative, toom Baumarkt DIY stores are committed to the goal of the initiative to purchase at least 90 per cent of its ornamental plants sustainably by 2020 and in the future in accordance with the criteria of the initiative. Accordingly, suppliers must have environmental and social standards in line with applicable certification systems, such as GLOBALG.A.P. and MPS GAP or GRASP and MPS SQ. toom Baumarkt DIY stores are also active in working groups that aim to make ornamental plant trading more sustainable.

Food for Biodiversity: In March 2021, REWE Group together with other companies, associations and certification organisations from the food industry as well as environmental associations and representatives from science, founded the association "Food for Biodiversity". This first industry-

wide alliance champions protection of biodiversity as a key issue in the food industry and in the upstream value chains.

Forest Stewardship Council (FSC®): The organisation campaigns for sustainable forestry and ensures compliance with important environmental and social standards. FSC is considered the solution for sustainable forestry because of its global standards, the involvement of all relevant interest groups and support by well-known companies and renowned independent environmental and social organisations.

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. REWE Group joined the forum in 2014.

Forum Nachhaltiger Kakao e.V. (GISCO) (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.

Fur Free Retailer: This global programme helps bring fur-free companies together with interested consumers. REWE Group joined the programme in 2018.

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 and is currently represented on the Management Board.

GLOBALG.A.P. Working group for environmental aspects in crop cultivation: In the working group, REWE Group and other members continuously develop the GLOBALG.A.P. standard, focussing on environmental sustainability for the certification of agricultural crops. The standard is to be introduced in September 2021.

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.

Haltungsform (Livestock Farming Conditions): REWE Group is committed to the improvement of industry-wide animal welfare standards. The four-tiered labelling for livestock farming for REWE Group's fresh own-brand items was converted into an industry solution in 2019. The uniform labelling of "Livestock Farming Conditions" serves to transparently represent farming conditions. It consists of four tiers and defines criteria for chickens, turkeys, pigs and cattle.

HolyGrail 2.0 – Digital Watermarks Initiative: The aim of the HolyGrail 2.0 pilot project, overseen by the European Brands Association (AIM) as a continuation of the HolyGrail, which is supported by the Ellen MacArthur Foundation, is to develop better conditions for a circular economy in the packaging industry. Digital watermarks on packaging will improve sorting behaviour and, as a result, enable high-quality and high-volume recycling. REWE Group, as a founder member, has been involved in the project since July 2020.

Sustainable Agricultural Supply Chain Initiative (INA): The initiative campaigns for more sustainability in global agricultural supply chains, with the aim of improving living conditions for small farmers. REWE Group is involved in the initiative and campaigns for living wages within the framework of a working group.

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. The German food retail companies involved fund the extra cost of animal welfare measures beyond the statutory 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): The interest group aims to promote awareness of healthy food and sustainability in society. REWE Group is a member of the IG FÜR Management Board.

Kindernothilfe e.V.: The association supports children in difficult living conditions by enabling access to education and improving the situation in their everyday lives. Since 2010, REWE Group has been working with the children's relief group Kindernothilfe in Haiti to improve access to education for children and adolescents.

klimaaktiv pakt2020 (klimaaktiv pact 2020): The klimaaktiv pact 2020 is Austria's climate pact for large businesses. Together with the Ministry of Sustainability, twelve major companies are working on achieving the Austrian climate goals by 2020 within the framework of corporate climate protection. REWE Group in Austria makes a decisive contribution to the success of the pact as the largest participant. The progress is presented in annual reports.

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 Group in Austria, 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.

Lean & Green Initiative: The not-for-profit initiative honours participating companies for their success in reducing their CO_2 emissions in warehousing and logistics processes. Lekkerland has been part of the initiative since 2014 and is represented on the advisory board.

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. REWE Group holds regular discussions with the organisation.

Naturland e.V.: With around 100,000 farmers, bee keepers and fish farmers in 60 countries, Naturland pursues the goal of promoting sustainable farming and food industries in which genuine organic quality products are produced. Naturland guidelines go beyond the requirements of the EU Organic Farming Regulation by covering many more areas and thus contribute to resource conservation, biodiversity, animal welfare and better working conditions in high-risk countries. Since 2009 the REWE sales line has had a close partnership with Naturland to support organic farming and make organic produce accessible to a broader market.

Naturschutzbund Deutschland e.V. (NABU): In 2015, REWE Group set up a strategic partnership with NABU, thus intensifying a working relationship that was 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, 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.

Partnerschaft für Nachhaltigen Orangensaft (PANAO) (Partnership for Sustainable Orange Juice): The partnership promotes social justice, labour laws and environmental protection in the orange juice supply chain. In the long term, the proportion of sustainably produced orange juice in the German and European markets will be increased. REWE Group is a founder member.

Programme for the Endorsement of Forest Certification Schemes (PEFC™): This system for ensuring sustainable forest management looks at the whole of product production from the raw material to the finished product; verification is carried out by an independent expert. All protections are appropriately taken into account in forest management.

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. In 2018, Rainforest Alliance merged with the standards organisation UTZ in order to achieve a greater impact.

Recyclat-Initiative: The Recyclat-Initiative was created in 2012. The cooperative effort involving partners from different industries campaigns for effective recycling. The members aim 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. As a founding member, REWE Group is committed to value chains in the spirit of the circular economy.

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. (Regional Window) in 2012 and has been applying the group's regional window concept to selected products in PENNY and REWE stores since 2014.

respACT: The corporate platform for responsible business practices in Austria informs, interlinks and drives sustainability in Austria. REWE Group in Austria has been a supporting member of respACT since 2009.

Roundtable on Sustainable Palm Oil (RSPO): The not-for-profit organisation RSPO works with its members on developing and implementing global standards for sustainable palm oil. In order to produce sustainable palm oil, companies must comply with a set of environmental and social criteria. REWE Group has been a member of RSPO since 2011.

SÜDWIND e.V.: The association campaigns for equitable economic relationships and supports women and those in need. SÜDWIND e.V. is represented by a research associate in the Sustainability Advisory Board of REWE Group, where they advise especially in the “Fairness” area of action.

The Sustainable Finance Committee of the German Federal Government: The committee comprises representatives from the financial and the real economy, civil society and academia and advises the German government on the development and implementation of its Sustainable Finance Strategy. REWE Group is represented on the committee by its head of Corporate Finance.

Tafel Deutschland e.V.: The organisation collects surplus good-quality food and distributes this to people in need. REWE Group has been one of the main supporters of more than 950 local Tafel food banks across Germany since 1996. For many years now, it has also sponsored many events organised by Tafel Deutschland e.V.

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. REWE Group also supports the RMG-Sustainability Council (RSC), which was established in 2020 to take over the official tasks of the accord.

The Centre for Child Rights and Business (formerly Center for Child Rights and Corporate Social Responsibility): The Centre helps member companies such as REWE Group to implement policies relating to children’s rights. DER Touristik has been a member since 2018.

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. DER Touristik signed it in 2016. 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.

TransFair e.V.: The charitable association campaigns for equitable trade relationships throughout the world with the Fair Trade seal. Fair Trade indicates goods that come from fair trading and where specific social, environmental and economical criteria were met during their production. The objectives of Fair Trade are to improve the working conditions of disadvantaged small farmers and workers, to strengthen the domestic economy and, in the long term, to reduce inequitable

global economy structures. REWE Group works together with TransFair in various projects and certifies many products with the Fair Trade seal.

Verband für Lebensmittel ohne Gentechnik e.V. (VLOG) (German Association of Non-Genetically Modified Foods): In Germany, non-genetically modified foods may be labelled by the German Association of Non-Genetically Modified Foods (VLOG). REWE Group in Germany has been a member of VLOG since 2012.

VERBRAUCHER INITIATIVE e.V. : This initiative is involved in environmental, health and social work for consumers. The federal managing director of VERBRAUCHER INITIATIVE e.V. is represented on the Sustainability Advisory Board of REWE Group and especially advocates issues affecting consumers.

Verein Donau Soja (Danube Soya Association): Since 2016, REWE Group has been involved in a protein partnership with Donau Soja to promote GMO-free soya bean cultivation. In 2017 and 2018 this resulted in a joint project aimed at supporting farmers in the Županja region in Croatia.

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 goal was to initiate development of concrete climate protection actions in companies to help achieve climate protection targets. Within the framework of the Circular Economy working group, REWE Group works with other companies to focus on developing ideas relating to the circular economy. The topic of packaging is also being looked at more closely. The initiative was concluded in March 2020.

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 Advisory Board since 2014.

XertifiX: To track the complete supply chain of natural stone back to the quarry and independently check compliance with social and ecological criteria, toom Baumarkt DIY stores

work together with the independent experts from XertifiX.

You can find other partners and memberships in the section on Sustainability on the REWE Group website.

Principles and Guidelines

REWE Group has defined fundamental values, norms of behaviour, the Guidelines on 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, Independent REWE 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 the REWE Group Code of Conduct. The code is also designed to serve as a guide to those who work with REWE Group.

The foundation of sustainable activities at REWE Group are the Guidelines on 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 2021:

- **Guideline on Living Wages and Income:** Specifies requirements and measures for improving the wage and income situation in the supply chain (download).
- **Guideline on Fairness:** Defines processes for strengthening human rights and improving working conditions (download).
- **Guideline on Women in the Supply Chain:** Defines goals and measures for the protection and promotion women in the supply chain (download).
- **Guideline on the Prevention of Child Labour:** Defines requirements with regard to the prevention and elimination of child labour (download).
- **Guideline on Water Protection in the Supply Chain:** Defines goals and measures for the sparing use of water in the supply chains (download).
- **Guideline on Fish and Seafood:** Defines standards for wild fish and fish from aquaculture, including demanding transparency criteria (download).
- **Guideline on Coffee:** Defines goals and measures for a more sustainable coffee sector (download).
- **Guideline on Cocoa Products:** Defines requirements for the procurement of cocoa and explains the transition to certified sources that has already taken place (download).
- **Guideline on Orange Juice:** Defines goals and measures for more sustainable orange juice production and defines obligations of business partners (download).
- **Guideline on 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 on Organic Products:** Defines standards for organic store brands that exceed the requirements of the EU organic farming label in many cases (download).

- **Guideline on 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).
- **Guideline on Tea Products:** Defines goals and measures for more sustainable tea production (download).
- **Guideline on Animal Welfare:** Formulates fundamental principles and goals for implementing species-appropriate animal-husbandry practices (download).
- **Guideline on Microplastics in Cosmetic Products:** Defines requirements and measures for eliminating or reducing the use of microplastics in cosmetic products (download).
- **Guideline on More Sustainable Textiles:** Defines requirements for the social and environmental standards of textile product suppliers (download).
- **Guideline on Natural Stone Products:** Defines an implementation framework for improving social and environmental standards in the production of natural stone (download).
- **Guideline on More Eco-Friendly Packaging:** Defines REWE Group's operational framework for making store-brand packaging more environmentally friendly (download).

In 2021, 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.

Sustainability Strategy

The Management Board has clearly defined the company's position in its Guidelines on 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 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 between 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 this way, it has in many cases implemented new approaches as a pioneer, and these have become general standards today. 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 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 on 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 Declaration of principles. 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.

To implement its sustainability strategy, REWE Group introduced 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.

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 their own strategy and individual business model. For all sales lines, the higher-level topics of REWE Group's four pillars of sustainability and the Guidelines on sustainable business practices serve as the joint direction and canon of values for the commitment to sustainability. Within this strategic framework, each sales line focuses on the topics that are important for it. For example, DER Touristik Group has defined the following five strategic areas of action for itself: "The Environment and Nature", "Customers and Products", "Partners at Travel Destinations", "Employees" and "Society".

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. In 2020, an extensive materiality analysis, in which consumers, employees and expert stakeholders were surveyed, was carried out once more for this purpose (for further information, see the Materiality analysis section).

For more information about the areas of action and 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

Green Products

Areas of action:

1. People
2. Animals

3. Environment
4. Nutrition

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 nutrition 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 has been directed by the CEO. He believes that sustainable business practices 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. A group-wide sustainability information event is held twice a year to facilitate communication between the individual sales lines (REWE, PENNY, Lekkerland, DER Touristik, toom Baumarkt DIY stores and REWE International AG) at management team and Executive Board levels. It is also used to promote dialogue with stakeholders, for example non-governmental organisations, and to share best practices. In autumn 2020, REWE Group held this event digitally for the first time due to the coronavirus pandemic.

At REWE and PENNY, the Sustainable Products department is responsible for the pillar Green Products. It reports directly to Purchasing and provides support in designing sustainable product ranges there.

The Sustainability Advisory Board

The Sustainability Advisory Board consists of five independent experts and representatives of non-governmental organisations. It is involved in the development, assessment and implementation of all sustainability-related measures for the REWE and PENNY sales lines in Germany. This includes both 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. For more information, see the PRO PLANET section.

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.

The Executive Board members or managing directors are responsible for the four pillars of sustainability, 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.

Independent REWE 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. A group of experts consisting of independent REWE retailers, referred to as sustainability ambassadors, talks twice a year to discuss new project ideas and campaigns and to promote dialogue between the independent REWE retailers and the area of sustainability. The sustainability ambassadors have the job of promoting sustainability topics in their region.

Responsibility in the individual sales lines

Corporate Responsibility develops the sustainability strategy of **REWE** and **PENNY** in Germany in coordination with the respective strategy units, pillars of sustainability and departments. It provides a key account manager each for REWE and PENNY that further advances the sustainability strategy of the sales lines. The department is also responsible for implementing the sustainability strategy of the entire REWE Group and acts as a central interface between the sales lines and in dealings with external stakeholders.

The sustainability organisation of **REWE Group in Austria** is led by the Management Board of REWE International AG, which is supported by the Sustainability department. Responsibility in the individual trade companies under the umbrella of REWE International AG is assigned to the respective Management 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.

At **toom Baumarkt** DIY stores, the managing director for purchasing and logistics has had the main responsibility for sustainability since 2018. As in the entire REWE Group, the sales line's sustainability management is based on the four pillars of sustainability. In addition, a department in the purchasing division coordinates sustainability at toom across the whole company, beyond the development of the range of more sustainable products. Decisions about the strategic focus, measures and projects are taken by a sustainability committee at regular meetings. This

committee is composed of representatives of the management team, managers for the pillars and other nominated employees from relevant departments.

The CEO 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. Since 2019, the sustainability team has been set up as an executive department that reports directly to the CEO of DER Touristik Group and has responsibility for the group. In addition, an international structure for sustainability topics was implemented during 2019: The sustainability officers of the individual national units are represented in an international CR board. Here, they contribute their respective requirements with the result that strategic focuses for DER Touristik Group are jointly determined. The committee meets once a year for an annual review and further planning and communicates regularly on current topics. CR steering committees in the national units coordinate and steer sustainability topics at local level. A CR steering committee for Germany, Austria and Switzerland was founded at the end of 2019. It is composed of managers from the relevant departments and its responsibilities include the development and regional implementation of the group strategy.

At **Lekkerland**, the chief operating officer (COO) is responsible for the topic of sustainability and is supported by the Quality Management and Corporate Responsibility department. Lekkerland's sustainability team is gradually being integrated into various working groups on sustainability topics and into REWE Group's extensive sustainability management system. In this way, Lekkerland can build sustainability structures with REWE Group's expertise.

Sustainable Development Goals

The 17 UN sustainable development goals (SDGs) address the most important challenges of sustainable development at a global level. They 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. REWE Group's sustainability officers prioritised the SDGs and their targets on the basis of this analysis, thus forming a ranking of the most relevant SDGs. This was discussed with stakeholders in a panel discussion at the REWE Group dialogue forum in 2016. The feedback provided by stakeholders was used in an overall ranking, which contains the following SDGs with high relevance for REWE Group:

SDG 12: Responsible consumption and production

SDG 12 targets necessary changes in lifestyles and business practices. It thus relates both to individual consumption and to transforming the value creation patterns underlying production. The circular economy and sustainable supply chains are just as relevant as the avoidance or responsible disposal of waste and the reduction of food waste.

Large parts of REWE Group's efforts contribute to the achievement of SDG 12. The basis for this are the principles and guidelines defined by the company – which address environmental aspects and social issues along its supply chains (further information can be found in the Principles and Guidelines, Environmental Aspects in the Supply Chain and Social Aspects in the Supply Chain sections). Organic and regional store brand products are promoted as an important contribution to more sustainable agricultural production, as are products for which REWE Group achieves social and environmental improvements in supply chains. The company uses internationally recognised certification standards, works together with the industry in initiatives and set up its own projects. In addition, since 2010 it has labelled products that are produced in a socially and environmentally more sustainable way or that meet increased animal welfare standards with the PRO PLANET label – by the end of 2025, 25 per cent of REWE and PENNY store brands in Germany should have this label. The label signposts more sustainable products for consumers and gives them transparent information for their purchasing decisions (further details can be found in the Green Products Management Approach, Regional Products Organic and PRO PLANET sections). Modern forecasting systems and automated order processes are used to reduce food waste – supported by employees' commercial experience. This means stores can be supplied with fresh goods as they are needed. REWE Group also raises its customers awareness of campaigns on this topic and works together with 940 local food banks (further examples of REWE Group's work in this area can be found in the Promoting Sustainable Consumption and Projects and Sponsorships sections). The conscious use of resources is also reflected in the REWE Group focus topic of the circular economy, in which packaging in particular plays an important role. The strategic approach here is "avoid, reduce, improve". By the end of 2025, for example, 20 per cent less plastic is to be used for product and service packaging for REWE and PENNY store brands, and where this is unavoidable, the plastic is to be recyclable (further information can be found in the Packaging section).

SDG 15: Life on land

The aims of SDG 15 are to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss.

In order to protect and promote biodiversity, REWE Group relies on collaborations and projects, together with numerous farmers and partners such as Naturschutzbund Deutschland (NABU) or the Lake Constance Foundation. For example, the “Food for Biodiversity” association was only founded in March 2021. And the PRO PLANET project has already improved biodiversity in conventional fruit and vegetable farms in cooperation with farmers and conservationists since 2010. It initially had a focus on apple and pear orchards, but since 2016 has also included various other fruit and vegetable crops. By 2025, all relevant, regional outdoor fruit and vegetable produce is to be shifted to biodiversity-enhancing farming. When designing more sustainable product ranges, maintaining biodiversity it is also an important criterion that is taken into account through standard systems such as Bio, Fairtrade or the Forest Stewardship Council (FSC®). REWE Group also supports environmentally sound and socially responsible forest management: by the end of 2025, supply chains in the areas of wood/paper, palm oil and soy animal feed are to be deforestation-free (further information can be found in the Raw Materials in Focus – Food sections).). And the company increasingly purchases wood and paper for its products and packaging from sustainably managed sources that are certified in accordance with sustainability standards (further information is available in the Promoting Sustainable Consumption, Environmental Aspects in the Supply Chain and Raw Materials in Focus – Non-food sections).

SDG 14: Life below water

This SDG aims to significantly reduce the pollution of oceans and seas. This includes reducing acidification and the sustainable management of coastal ecosystems and fish stocks.

REWE Group is aware of the effects on water that arise along its supply chains and works continuously on resolving hotspots identified: for example, the contamination of water by chemicals is to be reduced in a targeted way with a detox programme for store-brand clothing, shoes and household textiles (for further information, see the Environmental Aspects in the Supply Chain section). The company also wants to completely dispense with harmful micro-plastics in the store-brand products – and expand this policy to include additional product groups (further information can be found in the Water section). And in the Guidelines for Fish and Seafood, REWE Group imposes transparency requirements on its suppliers – in the interests of sustainable use of the sea as a resource and sustainable fishing. The aim here is to source 100 per cent certified store brand products (MSC, GLOBALG.A.P., ASC, organic certification) in the areas of deep frozen, convenience, fresh and tinned fish and seafood (further information can be found in the Guideline on Fish and Seafood and in the Raw Materials and Focus – Food section).

SDG 8: Decent work and economic growth

The aim of SDG 8 is sustained, inclusive and sustainable economic growth, full and productive

employment and decent work for all.

As an international company, REWE Group commits in its Declaration of Principles and its Guideline on Fairness to strengthening human rights and improving working conditions within the supply chains of all REWE, PENNY and toom Baumarkt DIY stores store brand products – the focus is on the topics of child labour and forced labour, living wages and income and women in the supply chain. By 2030, for example, REWE Group wants all strategic suppliers to participate in training programmes to reduce negative impacts along the supply chain in a targeted way. To this end, a complaints mechanism system for relevant supply chains is to be established by 2025 (further information can be found in the Social Aspects in the Supply Chain, Child Labour and Forced Labour, Living Wages and Income and Women in the Supply Chain sections). The REWE Group also supports sustainable and fair cooperation locally with its REWE sales line: The "REWE Local Partnership" supports local suppliers and producers and defines mandatory cooperation (further information can be found in the Regional Products section). As an employer, REWE Group offers its employees flexible working models for work-life balance and occupational health management, among other things, and shows great commitment to training and professional growth (further information can be found in the Employees, Job and Phases of Life and Training and Education sections). In addition, employee representatives, serving as elected representatives of works councils or supervisory boards, are involved in nearly all decisions taken by REWE Group (see Labor/Management Relations section).

SDG 2: Zero hunger
SDG 2 aims to end hunger in the world, achieve improved nutrition and promote sustainable agriculture.

To combat hunger in the supply chains, REWE Group is committed to, for example, stabilising the livelihoods of small farmers find giving them planning certainty – for instance with purchase guarantees. In addition, approaches to guaranteeing living wages and income are to be tested in pilot projects until 2025 and scaled if successful. REWE Group also wants to strengthen women in particular along the global value chain – for example with women's committees in projects such as the Fairtrade coffee cooperative Valle de Incahuasi in Peru, which deal with food security, advanced training and measures to create income especially for women (further information can be found in the Social Aspects in the Supply Chain, Living Wages and Income and Women in the Supply Chain sections). In order to achieve better nutrition, REWE Group raises its consumers awareness on this topic, for example through campaigns. Children and young people are introduced to a healthy way of life with plenty of exercise and a balanced diet in various workshops in childcare centres and sports clubs, and school classes are given healthy food. In

addition, the company transparently provides information about the nutritional values of products – REWE Group has also used the Nutri Score label for this since 2020. In addition, the company is adapting its product range and recipes in its store brands by reducing sugar, salt, fat or saturated fatty acids (further information can be found in the Organic, Nutrition, Promoting Sustainable Consumption and Projects and Sponsorships sectoions).

SDG 7: Affordable and clean energy

The aim of SDG 7 is access to affordable, reliable, sustainable and modern energy for all. In addition, the proportion of renewable energies in the global energy mix is to be significantly increased and the rate of the increase in energy efficiency is to be doubled.

REWE Group already switched the source of the electricity used by its stores, warehouses and travel agencies in Germany and Austria to green energy at the start of 2008 for the purposes of the aims of SDG 7, thus contributing to the expansion of renewable energies. In addition, the company saves energy through an effective, certified energy management system and optimising logistics. And with its Green Building policy, the group has pursued a holistic sustainability approach for its sites since 2009 (further information can be found in the Energy, Logistics and Mobility and Green Building sections). The use of renewable energies and the systematic saving of energy are key components for achieving the company's climate goals – for instance reducing absolute greenhouse gas emissions at company level by 30 per cent compared to the base year of 2019 by 2030 and achieving an absolute reduction in greenhouse gas emissions in the supply chains for its store brand products of 15 per cent compared with 2019 by the end of 2030 (Climate Protection in the Supply Chain and Climate Protection at Company Level sections).

For these seven goals, REWE Group identified 27 SDG sub-goals 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. The company regularly identifies additional potential for future activities.

You will find more information about the approaches 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, for example at (digital) events, panel 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 for the first time 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, the Sustainability Advisory Board and stakeholder surveys. The key stakeholder groups with which the company conducts a dialogue include 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 REWE 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 Customer Advisory Board Austria
Employees	Dialogue forums Works Council Internal communications Employee survey Sustainability Weeks Employee participation campaigns REWE Staff Sustainability Advisory Board
Independent REWE retailers	Dialogue forums Joint projects Joint committees Sustainability ambassadors REWE independent retailers
Suppliers	Dialogue forums Communication of guidelines Joint projects
Business partners	Communication of guidelines
Political leaders	Dialogue forums Continuous discussions Membership of associations Offices in Berlin and Brussels
NGOs	Dialogue forums Continuous discussions Sustainability Advisory Board Strategic partnership with NABU Joint projects Answering enquiries
The academic community	Dialogue forums Cooperation with universities Preparation of studies
Media	Dialogue forums Answering enquiries from journalists Logger 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 its stakeholder groups. For example, REWE Group organises both larger dialogue events with up to 250 participants and smaller expert dialogues on specific topics, in various formats.

In 2020, the coronavirus pandemic and the associated restrictions on contact and travel meant planned dialogue formats could not take place or could not take place in the planned form. For this reason, REWE Group started holding digital stakeholder dialogues and workshops in the financial year. For example, experts from various NGOs took part in the fairness stakeholder dialogue in September 2020 and discussed the development of the Guideline on fairness with the REWE Group's competent experts. Moreover, REWE Group held its first digital dialogue forum in April 2021. Almost 450 participants from politics, academia, NGOs and REWE Group took part in the event. Current REWE Group projects were presented in video contributions. A discussion group, at which the participants were able to ask questions in a live chat, was also part of the dialogue forum. Current developments in sustainability during the pandemic and potential steps to allow REWE Group to create sustainability out of the crisis were discussed.
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 (digital) dialogue events as speakers and panellists in order to share the experience they have gained in sustainability activities and to exchange specialist information in a constructive dialogue.

In 2020, REWE Group updated its materiality analysis. 6,150 consumers, employees and other expert 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 that helps REWE Group to refine its sustainability strategy, supports its efforts to make its range of products even more sustainable and provides advice about communications issues. The role of the former PRO PLANET Board of Advisers was refined in 2019. For example, the Board of Advisors now works together with REWE Group on developing, assessing and implementing all the sustainability-related measures of the Green Products pillar for the REWE and PENNY sales lines in Germany. It confronts the company with the requirements of science and NGOs in the area of sustainability and is at the same time a co-developer of and a source of ideas and a communications partner for REWE Group. The aim of its role is to help with and support the development strategies, goals and measures for REWE Group's commitment to sustainability. In addition, it contributes its topic-related expertise and networks, and initiates internal and, where necessary, external discussions. In addition, each member of the Advisory Board has been assigned responsibility for a specific topic (for more information, see the PRO PLANET section).

Members of the Sustainability Advisory Board:

- Georg Abel (Die VERBRAUCHER INITIATIVE e.V.), Advisory Board expert on consumers
- Bernward Geier (COLABORA), Advisory Board expert on organic products
- Friedel Hütz-Adams (SÜDWIND e.V.), Advisory Board expert on the “human” area of action
- Kristian Klöckner (NABU Bundesverband e.V.), Advisory Board expert on the “environment” area of action
- Stefanie Pöpken (independent expert on animal welfare in livestock farming), Advisory Board expert on the “animal” area of action

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, 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. In 2020, REWE Group joined the “Gemeinsam Boden gut machen” (Improving the soil together) project as a partner. The project supports farmers who want to convert their farm to organic production or expand their existing organic operations.

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 and social media channels, in

their stores or as part of campaigns on the topic of sustainability. This is intended to raise consumers' awareness of sustainability and environmentally and socially responsible products and strengthen the opportunity to make an informed purchasing decision (for more information, see the Promoting Sustainable Consumption section).

In addition, employees are informed, have their awareness raised and are 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 differentiation from competitors.

In order to promote conversations about the topic of sustainability within its workforce, the REWE marketing line founded the REWE Staff Sustainability Advisory Board in 2020. Employees from the regions, stores and logistics meet twice a year to accelerate the progress of various sustainability topics in the company. The advisory board met for the first time at the start of 2021.

The active involvement of REWE Independent REWE retailers also plays a special role: as sustainability ambassadors, they contribute their knowledge and perspective to the continuous dialogue with the sustainability area.

All employees of REWE and PENNY stores and REWE Group headquarters have the opportunity to explore the topic of sustainability on an e-learning tool. The corresponding REWE e-learning was redesigned in 2018 and 2019 and was awarded the e-learning award in the gamification category. The content was updated during the financial year.
At toom Baumarkt DIY store, the sustainability e-learning module was published in a new form and with current content in 2020. Employees of the stores and headquarters are given an understanding of the relevant sustainability topics using the four pillars of sustainability.

Customers have been included in sustainability activities at REWE Group in Austria through a customer advisory board since 2013. This at the same time formalises direct communication about sustainability topics. The customer advisory council has an advisory role and actively plays a part in the development of the sustainability agenda of REWE Group in Austria. It is nominated for two years, meets four times a year and is composed of around 50 customers of the BILLA, MERKUR, PENNY, BIPA and REWE Austria Touristik trade companies. No Customer Advisory Board meetings were held in the financial year due to the restrictions on contact and travel made necessary by the coronavirus pandemic. A new Customer Advisory Board member is to be nominated in 2021.

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 2020. The results of the previous analysis from 2018 formed the basis for this. The Corporate Responsibility department therefore reviewed the originally 18 sustainability topics to check that they were up-to-date, relevant and not missing focal points. To this end, the topic list was compared with various frameworks, such as the GRI standards or the German Sustainability Code. The terms used for selected topics were changed for reasons of clarity. The topic of “conscious diets” was subdivided into “promoting healthy eating” and “expanding the range of sustainable products” for better comprehensibility. The result is a consolidated list of 19 sustainability topics.

In addition to these 19 topics, REWE Group defined five further topics. These were not discussed in the analysis, however, since they concern higher-level management concepts that are

particularly relevant for the business activities of REWE Group, or because 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

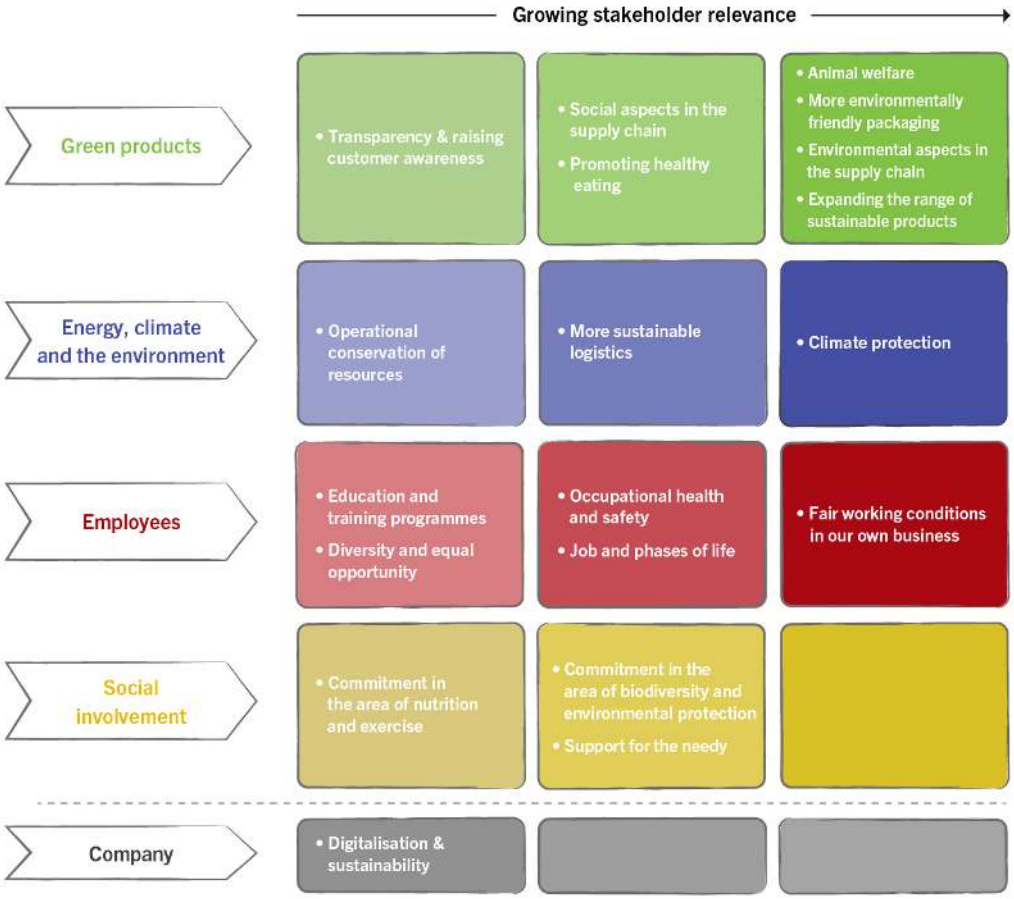
In a second step, REWE Group conducted an online survey of consumers, employees and other expert stakeholders. In total, 6,150 stakeholders in Germany and Austria* assessed the 19 topics in terms of their relevance. In the results, the respondents rated the following topics as particularly relevant for REWE Group: animal welfare, more environmentally friendly packaging, climate protection, fair working conditions in REWE Group's own business and environmental aspects in the supply chain. Compared with the last stakeholder survey from 2018, the topic of animal welfare increased in relevance.

In addition to prioritising the 19 topics, the respondents had the opportunity to openly express their specific expectations for their "top topic". With regard to the topic of animal welfare, which was classified as the most relevant topic, interest was expressed in a greater range of animal products with very good husbandry conditions. And the discontinuation of animal products with poor animal welfare was also a key expectation. With regard to more environmentally friendly packaging, a large proportion of respondents mentioned avoiding plastic, reducing the quantity of packaging, expanding reusable packaging solutions and improving packaging from an environmental perspective. 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 in conjunction with a stronger range of regional products are an important factor for a large number of respondents.

The participants were also asked to rate REWE Group's performance in its "top topic". Overall, at least half of respondents rated REWE Group's performance with regard to each of the 19 topics as "satisfactory" (equivalent to a C grade) or better. Respondents expressed the highest level of satisfaction on the topic of education and training programmes: 77% gave a grade of C or above here. The expansion of the range of sustainable products was placed second in the performance rating, and occupational health and safety took third place. By contrast, REWE Group's performance regarding the topic of more sustainable logistics, digitalisation & sustainability and animal welfare were rated the least positively.

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 results of the materiality analysis were presented to top management in various committees and working groups.

* Number of participants in the consumer and employee survey by group: 3,848 Germany (external), 655 Germany (internal), 505 Austria (external), 1,144 Austria (internal). The groups were weighted to calculate the overall result.

GRI 102-47:

List of material topics

Topics of the materiality analysis	Classified GRI topics
Green Products	
Expanding the range of sustainable products: For example, a larger proportion of products with sustainability labels and certifications (including organic, regionality and Fairtrade)	Procurement Practices (GRI 204); percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards, broken down by standard (GRI FP2)
Promoting healthy eating: For example, products with less sugar, nutritional information labelling or dietary tips for a more diverse and healthier diets	Healthy, affordable food (FP)
Environmental aspects in the supply chain: For example, the consideration of environmental aspects in the supply chain or when REWE Group is purchasing goods (such as the reduction of pesticides and chemicals in order to protect biodiversity, protect areas of water stress, deforestation-free land use)	Supplier Environmental Assessment (GRI 308)
Social aspects in the supply chain: 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, fair pay)	Supplier Social Assessment (GRI 414), Human Rights Assessment (GRI 412)
Animal welfare: For example, compliance with and improvement of animal protection standards (including more space for animals, no castration of pigs without anaesthesia, no beak trimming), the protection of animal rights at travel destinations	Animal welfare (FP10)
Transparency and raising customer awareness: For example, the labelling of products and services (including comprehensible information on husbandry conditions, traceability, sustainability seals and labels for products and trips)	Marketing and Labeling (GRI 417)
More environmentally friendly packaging: For example, the avoidance, reduction and improvement of packaging (including through plastic-free or unpackaged goods, reusable packaging and take-back systems, recycling of packaging)	Materials (GRI 301)
Energy, Climate and the Environment	
Operational conservation of resources: For example, energy efficiency (including LED lighting and efficient refrigerating units in the stores), more sustainable construction (including 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)
Climate protection: For example, the avoidance of CO_2 emissions and other greenhouse gas emissions (including through more climate friendly product ranges, renewable energies, climate-friendly refrigeration agents for refrigeration systems)	Emissions (GRI 305)
More sustainable logistics: 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	

* The topic of "digital responsibility" is not an explicit topic in the GRI standards. The abbreviation "RG 2" therefore does not represent any connection with the GRI standards, but instead stands for a REWE Group indicator.

Occupational health and safety: accidents and illnesses (including through preventive measures for physically demanding activities), promoting health (including through sports and relaxation offerings)	Occupational Health and Safety (GRI 403)
Education and training programmes: For example, a broad range of entry-level and training opportunities, needs-oriented training (classroom and digital), regular assessment and feedback, a wide range of professional growth opportunities	Training and Education (GRI 404)
Job and phases of life: For example, ensuring work-life balance (including flexible working models such as working from home, part time, flexitime, care-giver leave or family caregiver leave, sabbaticals), support during reintegration	Employment (GRI 401)
Fair working conditions: For example, the assurance and measurement of employee satisfaction, fair wages, right to co-determination	Employment (GRI 401), Labor/Management Relations (GRI 402)
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)

Social Involvement

Commitment in the area of nutrition and exercise: For example, the support of projects aimed at promoting a balanced diet and exercise (including to kindergartens)	Indirect Economic Impacts (GRI 203)
Commitment in the area of biodiversity and environmental protection: For example, the promotion of projects aimed at environmental protection and the preservation of biodiversity	Biodiversity (GRI 304)
Support for the needy: For example, the support of children, adolescents, refugees and the elderly	Local Communities (GRI 413)

Company

Dialogue	General Disclosures (GRI 102)
Digitalisation & sustainability: For example, responsible use of digital solutions (including creating more transparency in the supply chain by tracing products), careful handling of customer data	Customer Privacy (GRI 418), Digital responsibility (RG 2)*
Fair business relationships	Anti-competitive Behavior (GRI 206)
Integrity and compliance	Anti-corruption (GRI 205) Public Policy (GRI 415) Socioeconomic Compliance (GRI 419) Customer Privacy (GRI 418)
Sustainability in company management	General Disclosures (GRI 102)
Business performance	Economic Performance (GRI 201)

* The topic of “digital responsibility" is not an explicit topic in the GRI standards. The abbreviation “RG 2” therefore does not represent any connection with the GRI standards, but instead stands for a REWE Group indicator.

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 REWE retailers in the partner model. 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.
The key figures in the pillar Employees also include approximately 69,000 employees of REWE independent retailers. Independent REWE retailers predominantly operate their stores using the REWE partnership model, where REWE and the independent retailer work together to establish a general mercantile partnership. The key figures include all independent REWE retailers that can be recorded via a central accounting system – this amounts to around 95 per cent. Since 2020, Lekkerland's approximately 2,800 employees have also been included in the employee key figures.

The social sustainability work undertaken by independent REWE retailers is addressed and presented only in individual cases due to the large number of activities and the entrepreneurial autonomy of the independent REWE retailers. This approach has also been taken for locations outside Germany and Austria.

GRI 102-48:

Restatements of information

REWE-ZENTRALFINANZ eG, Cologne, (RZF) together with its subsidiaries forms REWE Group, an international trade and tourism group. With effect as of 1 May 2019, RZF acquired all but eight shares with restricted transferability held by the shareholders of REWE Zentral Aktiengesellschaft, Cologne (RZAG).
Following the acquisition of the remaining eight shares, RZF has held all the shares in RZAG since 17 June 2020.

The new Convenience business segment was created as part of the acquisition of Lekkerland Group with effect as of 1 January 2020. It comprises the Convenience Germany, Convenience International and Convenience Central Companies divisions. The activities of the Convenience Germany and Convenience International divisions include supplying filling station shops, department stores, food and beverage markets, fast food chains, kiosks, canteens, bakeries and other vendors of products for convenient consumption on the go. REWE To Go, which was part of the Retail Germany business segment until 31 December 2019 and operates 17 stores, is allocated to the Convenience Germany division.

GRI 102-50:

Reporting period

REWE Group’s 2020 sustainability report covers the 2020 financial year (1 January 2020 to 31 December 2020) and was published on 30 June 2021. The editorial deadline was 15 June 2021.

GRI 102-51:

Date of most recent report

REWE Group’s 2019 sustainability report was released on 03 July 2020.

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
Telephone: +49 (0) 221 149-1791

Editorial Note: REWE Group uses respectful and gender-neutral language in this report.

GRI 102-54:

Claims of reporting in accordance with the GRI Standards

This report has been prepared in accordance with the GRI standards: Core option.

GRI 102-55:

GRI content index



Like last year, the 2020 sustainability report is guided by the GRI Standards. In the statement of the Materiality Disclosures Service, the GRI Services Team confirms that the GRI content index is presented comprehensibly and the references for disclosures 102-40 to 102-49 match the corresponding sections in the report.

Information	Link to website

GRI 101: Foundation 2016

GRI 102: General Disclosures 2016

Organizational profile

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

Strategy

GRI 102-14: Statement from senior decision-maker	Foreword by Lionel Souque

Ethics and integrity

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

Company Management

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

Stakeholder Engagement

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

Reporting Practice

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

Material Topics

GRI 201: Economic Performance 2016

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

GRI 203: Indirect economic impacts 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Projects and Sponsorships
GRI 203-1: Infrastructure investments and services supported	Projects and Sponsorships

GRI 203-2: Significant indirect economic impacts	Projects and Sponsorships

GRI 204: Procurement Practices 2016

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

GRI 205: Anti-corruption 2016

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

GRI 206: Anti-competitive Behaviour 2016

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

GRI 207: Tax 2019

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Tax
GRI 207-1: Approach to tax	Tax
GRI 207-2: Tax governance, control, and risk management	Tax
GRI 207-3: Stakeholder engagement and management of concerns related to tax	Tax

GRI 301: Materials 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Materials Packaging
GRI 301-1: Materials used by Weight or Volume	Materials Packaging
GRI 301-2: Recycled Input Materials Used	Materials Packaging

GRI 302: Energy 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Energy
GRI 302-1: Energy consumption Within the Organization	Energy
GRI 302-3: Energy intensity	Energy
GRI 302-4: Reduction of energy consumption	Energy

GRI 303: Water 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Operational Water Consumption
GRI 303-1: Water withdrawal by source	Operational Water Consumption

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 at Company Level Climate Protection in the Supply Chain
GRI 305-1: Direct (Scope 1) GHG emissions	Climate Protection at Company Level
GRI 305-2: Energy indirect (Scope 2) GHG emissions	Climate Protection at Company Level
GRI 305-3: Other indirect (Scope 3) GHG emissions	Climate Protection at Company Level
GRI 305-4: GHG emissions intensity	Climate Protection at Company Level
GRI 305-5: Reduction of GHG emissions	Climate Protection at Company Level Logistics and Mobility
GRI 305-6: Emissions of ozone-depleting substances (ODS)	Climate Protection at Company Level
GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Climate Protection at Company Level Logistics and Mobility

RG1: Green Building

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

GRI 306: Waste 2020

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Waste
GRI 306-1: Waste generation and significant waste-related impacts	Waste

GRI 306-2: Management of significant waste-related impacts	Waste
GRI 306-3: Waste generated	Waste

GRI 307: Environmental Compliance 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 307-1: Non-compliance with environmental laws and regulations	Compliance

GRI 308: Supplier Environmental Assessment 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Environmental Aspects in the Supply Chain
GRI 308-2: Negative environmental impacts in the supply chain and actions taken	Environmental Aspects in the Supply Chain

Animal Welfare

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Animal Welfare
GRI FP10: Physical alterations of animals	Animal Welfare

GRI 401: Employment 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Job and phases of life
GRI 401-1: New employee hires and employee turnover	Job and phases of life
GRI 401-3: Parental leave	Job and phases of life

GRI 402: Labor/Management Relations 2016

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

GRI 403: Occupational Health and Safety 2018

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Occupational Health and Safety
GRI 403-1: Occupational health and safety management system	Occupational Health and Safety
GRI 403-2: Hazard identification, risk assessment, and incident investigation	Occupational Health and Safety
GRI 403-3: Occupational health services	Occupational Health and Safety
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety
GRI 403-5: Occupational health and safety training	Occupational Health and Safety
GRI 403-6: Promotion of worker health	Occupational Health and Safety

GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Health and Safety
GRI 403-9: Work-related injuries	Occupational Health and Safety

GRI 404: Training and Education 2016

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

GRI 405: Diversity and Equal Opportunity 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Diversity and Equal Opportunity
GRI 405-1: Diversity of governance bodies and employees	Diversity and Equal Opportunity
GRI 405-2: Ratio of basic salary and remuneration of women to men	Diversity and Equal Opportunity

GRI 406: Non-discrimination 2016

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

GRI 412: Human Rights Assessment 2016

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

GRI 413: Local Communities 2016

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

GRI 414: Supplier Social Assessment 2016

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

GRI 415: Public Policy 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Public Policy

GRI 415-1: Political contributions	Public Policy

GRI 416: Customer Health and Safety 2016

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

GRI 417: Marketing and Labeling 2016

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

GRI 418: Customer Privacy 2016

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

GRI 419: Socioeconomic Compliance 2016

GRI 103: Management Approach 2016 (including GRI 103-1, 103-2, 103-3)	Compliance
GRI 419-1: Non-compliance with laws and regulations in the social and economic area	Compliance

GRI 102-56:

External Assurance

To ensure quality and credibility, REWE Group engaged PricewaterhouseCoopers GmbH 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 independent assurance report 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 reviewed by INFRAS AG.

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, independent REWE retailers and the Management Board of REWE Group consider the long-range cooperative structure to be a guarantee of independence and selfdetermination.

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 principle is spelled out in the Guidelines on 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.

Sustainable finance

REWE Group agreed a credit line aligned with the ISS ESG agency's ESG rating for the first time in 2021. The 750 million euro credit line has a term of 18 months. This expands REWE Group's sustainability strategy to the financial sector – as the credit line is linked to sustainability factors such as working standards, climate protection and socially and environmentally friendly products. ISS ESG gave REWE Group a rating of C+, corresponding to the "Prime" level. The company's transparency level is rated as "very high". To underline its commitment to sustainability in the financial sector, REWE Group's head of Finance represents the group in the German Federal Government's Sustainable Finance Committee. The committee is composed of representatives from the financial sector and the real economy, civil society and academia, and it advises the German government on working out and implementing its sustainable finance strategy.

GRI 201-1:

Direct economic value generated and distributed

In 2020, REWE Group's total external revenue increased to 75.3 billion euros. REWE Group's revenue – excluding independent REWE retailers and companies accounted for at equity – grew, adjusted for exchange rate effects, by 23.9 per cent from 55.3 billion euros to 68.2 billion euros (further details can be found in the Group Management Report for the 2020 Financial Year from page 12).

As a result of the Covid-19 pandemic, consolidated revenues in the Travel and Tourism business segment fell 73.9 per cent from 5 billion euros in 2019 to 1.3 billion euros in 2020.

Revenue development

in million €	2020	2019	Change in absolute figures	Change in %
Retail Germany	34,737.5	32,317.2	2,420.3	7.5
Retail international	15,877.1	15,209.1	668.0	4.4
Convenience	13,083.8	0.0	13,083.8	-
DIY stores	2,656.3	2,214.8	441.5	19.9
Travel and tourism	1,296.2	4,958.3	-3,662.1	-73.9
Other	578.4	585.3	-6.9	-1.2
Total	**68,229.3**	**55,284.7**	**12,944.6**	**23.4**

Result, key figures

in million €	2020	2019	Change in absolute figures	Change in %
Revenue	68,229.3	55,284.7	12,944.6	23.4
Cost of materials, incl. changes in inventories	-52,850.6	-41,477.0	-11,373.6	27.4
Gross profit	15,378.7	13,807.7	1,571.0	11.4
Gross profit ratio	22.5%	25.0%		
EBITDA	4,368.2	4,063.5	304.7	7.5
Depreciation, amortisation and impairments/reversals of impairment losses and impairment losses (excl. goodwill)	-3,145.7	-3,153.5	7.8	0.2
EBITA	1,222.5	910.0	312.5	34.3
Goodwill impairments	-2.6	0.0	-2.6	0.0
EBIT	1,219.9	910.0	309.9	34.1
Financial result	-493.1	-538.6	45.5	8.4
EBT	726.8	371.4	355.4	95.7
Taxes on income	-281.3	135.2	-416.5	< -100
Results from continuing operations	445.5	506.6	-61.1	-12.1
Result of discontinued operations	-30.2	0.3	-30.5	< -100
EAT/net income for the year	415.3	506.9	-91.6	-18.1

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 pension scheme that is designed especially with the needs of retail workers in mind.

In addition to providing pension payments, the REWE Group pension fund provides benefits covering disability and death. Employees can retain its cover even 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 2020, the fair value of the defined-benefit obligation (DBO) was 1,270.5 million euros (in addition to 261.5 million euros of pension-like obligations; 2019: 1,143.9 million euros and 256.6 million euros, respectively). More information can be found in the Group Management Report for the 2020 Financial Year from page 145.

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	2018	59,117,549
	2019	62,775,994
	2020	65,273,060
Retail International (Austria)	2018	-
	2019	-
	2020	-
Convenience	2018	90,043
	2019	106,477
	2020	214,620
Travel and tourism	2018	245,000
	2019	234,000
	2020	212,000
DIY stores	2018	2,699,678
	2019	2,758,171
	2020	2,758,635
Other	2018	7,336,008
	2019	7,783,293
	2020	8,247,777
Total (scope of application of the sustainability report)	2018	69,488,278
	2019	73,657,935
	2020	76,706,092

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	2018	19.2	37,645,901
	2019	18.6	44,243,790
	2020	17.4	42,373,025
Retail International (Austria)	2018	5.2	620,400
	2019	5.3	661,800
	2020	5.2	655,800
Convenience	2018	11.7	132,472
	2019	10.2	137,747
	2020	35.9	1,885,670
Travel and tourism	2018	62.2	5,631,000
	2019	58.2	5,182,000
	2020	63.7	4,615,000
DIY stores	2018	25.9	4,096,453
	2019	24.1	4,250,087
	2020	20.9	4,254,168
Other	2018	40.1	6,128,106
	2019	39.6	7,187,052
	2020	37.2	6,674,362
Total (scope of application of the sustainability report)	2018	18.5	54,254,332
	2019	17.7	61,662,476
	2020	16.9	60,458,025

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.
GRI 102-48: Since the 2020 financial year, in addition to the pension fund and the voluntary pension benefits, other investment types in pension schemes (direct insurance, provident fund) have been taken into account. Dates have been adjusted retroactively and no longer match those in the 2019 sustainability report.



Compliance

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 Behavior

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 REWE Group Code of Conduct, 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, since June 2010, the Governance & Compliance corporate department has bundled

and coordinated the compliance activities of REWE Group. Support is provided by decentralised compliance officers who serve as experts in the respective business units and country companies.

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. The CMS focuses on around 150 REWE Group companies, which are selected according to certain criteria such as level of revenue and headcount. This achieves a high level of coverage. Acquisitions are gradually integrated into the CMS. For example, the integration of Lekkerland is to take place in 2021.

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. These include risk assessments, training and consultations, training for employees and special rules for handling gifts and favours to top executives or purchasing departments. In 2015, the CMS was subjected 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. Subsequently the second certification stage, the appropriateness test, was started. As a result of resource-related delays, this step will likely only be completed in 2022 for those companies in the compliance scope. The Governance & Compliance headquarters department has been responsible for the group guideline management of REWE Group since 2016. A group-wide process has been implemented for this. All group guidelines relevant to compliance are accessible for all employees in an interactive IT tool. Employees receive information about all changes to and new features of relevant group guidelines, for instance via the intranet.

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). This includes domestic and foreign locations of operations, meaning that 100 per cent of locations of operations within the scope of compliance are checked. Appropriate measures are derived on the basis of the risks recorded and evaluated. "Commercial bribery" was identified as a key corruption risk.

The Governance & Compliance headquarters department will create the basic conditions, guidelines and processes for a uniform Group risk management system with regard to compliance risks of antitrust breaches and corruption. 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 Governance Risk & Compliance (GRC) integration project, 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 2020 Financial Year, pages 33–41).

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 and favours (anti-corruption). In 2018 and 2019, two new e-learning modules on ethics and anti-corruption were put in place. Refresher formats are also provided for both courses to ensure that participants' knowledge is up to date. This training was rolled out step by step and in several languages in 2020 and was successfully implemented by the end of the year. Since then, all modules have been available group-wide on the relevant learning management systems.

The training addresses managers and employees alike. Targeted training sessions – largely in the form of e-learning sessions due to the coronavirus pandemic – and workshops were also held during the financial year. These taught employees how to fulfil compliance requirements in specific areas. The 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 provides 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

	2018	2018	2019	2019	2020		2020
	Non-management level, absolute	Management level, absolute	Non-management level, absolute	Management level, absolute	Non-management level, absolute		Management level, absolute
					Classroom training sessions	E- learning sessions*	
Retail Germany	19	1	201	61	170	4,451	74
Retail international	1,403	141	1,605	137	116	6,237	88
DIY stores	37	0	0	0	0	1,426	0
Travel and tourism	0	0	0	0	0	1,093	0
Other	65	11	77	32	0	2,122	0
Total	**1,524**	**153**	**1,903**	**230**	**286**	**15,329**	**162**

*In 2020, training sessions were largely held in the form of e-learning due to the coronavirus pandemic.

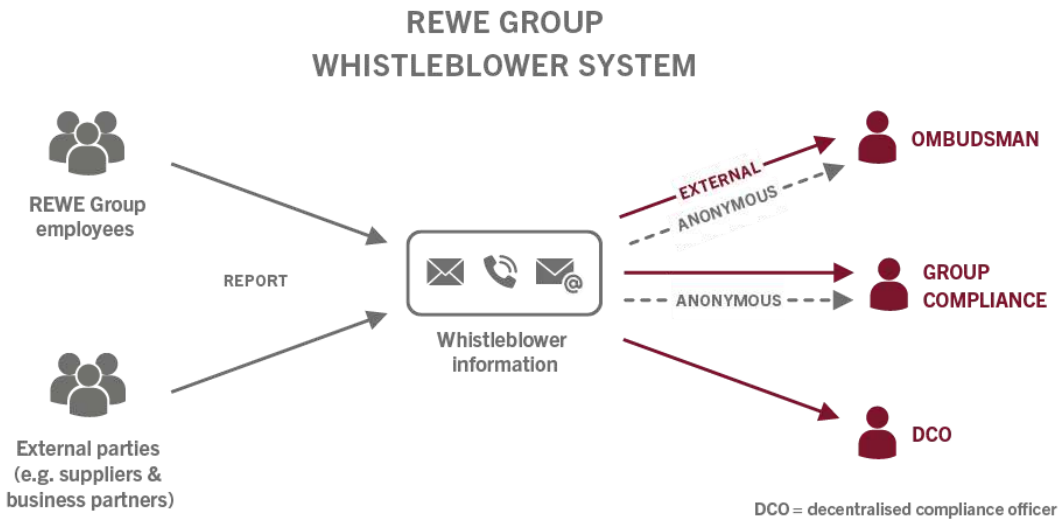
GRI 102-17:

Mechanisms for advice and concerns about ethics

In every REWE Group business segment, decentralised compliance officers (DCOs) together with the compliance delegates are available to all employees if they have any compliance questions. The same applies to the Compliance headquarters department. All REWE Group employees have the opportunity to get in touch with the contacts anonymously at any time if they have questions on compliance topics. This can be done in writing, by email or through the hotline set up for this purpose.

Violations of legal regulations or internal rules, particularly regarding corruption, can be reported using a combine-wide whistleblower system. This serves to ensure a group-wide, uniform and transparent approach for dealing with whistleblower information. However, formal complaints can also be addressed to a number of different departments at REWE Group, including Management, Compliance, Quality Management and Purchasing, or can be addressed directly to the stores.

Any employee of REWE Group or a third party – for example suppliers or business partners – can report information to the responsible compliance officer or an external ombudsman. Information is relevant for compliance if there is a suspicion of a criminal or administrative offence or another breach of the rules (including internal rules). This particularly includes incidents of corruption or anti-trust breaches.



Contacts and phone numbers can be found on https://www.rewe-group.com/en/company/compliance.

After the information has been systematically recorded in the whistleblower information tool, it is assigned to the relevant headquarters department or DCO. The facts are then clarified, for example by the Group Audit department, the Store Audit department, external lawyers or the internal compliance organisation. This organisation 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. After clarification, the whistleblower receives confirmation of completion. If whistleblower information proves to be unfounded, all personal data is erased in line with the locally applicable statutory data protection requirements.

GRI 205-3:

Confirmed incidents of corruption and actions taken

Four reports of corruption were received by Compliance in 2020, all of which, however, proved to be unfounded. If violations are confirmed, sanction measures are taken. For example, when business partners are involved in corruption violations, termination of the contractual relationship is commenced. REWE Group has pledged to protect the identity of whistleblowers and affected individuals as part of its whistleblower management system. For example, comprehensive information on those affected or on disciplinary actions is not permitted for data protection reasons because it may lead to inferences regarding personal data.

Together with decentralised compliance officers, the Governance & Compliance headquarters department holds regular workshops for the purpose of jointly 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 Group Management Report for the 2020 Financial Year from page 33. Other provisions for court, litigation and legal-consulting costs are reported in note 35 of the Group Management Report for the 2020 Financial Year on page 154.



Taxes

As an international combine, REWE Group bears a special responsibility for its actions. It pays taxes and complies with applicable tax laws in all countries in which it operates. It is concious that this money is used to finance important local investments in education, research or infrastructure.
In its operational business activities, REWE Group aims to meet its tax obligations at all times.

GRI 207-1: Approach to tax

GRI 207-2: Tax governance, control and risk management

GRI 207-3: Stakeholder engagement and management of concerns related to tax

Management Approach

REWE Group's Management Board has overall responsibility for the management and control of tax positions as well as group-wide compliance with statutory and internal regulations. It has mandated the tax consultancy firm Pro-Data GmbH Steuerberatungsgesellschaft to ensure tax compliance in REWE Group through a holistic approach. The management team in charge of taxes at the combine level provides the Chief Financial Officer (CFO) of REWE Group with regular updates about all significant tax issues and risks and their effects on the combine's financial figures.

With its conservative tax strategy, created jointly by the Management Board of REWE-ZENTRALFINANZ eG and management at Pro-Data GmbH Steuerberatungsgesellschaft, REWE Group is seeking to create a simple and tax-efficient structure which enables business operations in all countries. The company pursues the strategy of fully meeting its tax obligations, always

operating within the legal framework, and refraining from aggressive tax models. The aim is to keep the value added tax burden neutral and to reduce profit taxation to the legally permissible minimum. In addition, REWE Group is committed to a complete and timely declaration, and strives for constructive and trustworthy cooperation as well as open and transparent communication with the tax authorities.

In order to ensure compliance with statutory regulations and to minimise and/or identify the risk of regulatory violations in time, REWE Group has implemented a system intended to ensure the regulatory compliance of tax management (Tax Compliance Management System (TCMS)). The TCMS is checked by an external auditor. The auditor has confirmed that the TCMS is suitable and effective.
The Tax Compliance Officer (TCO) is responsible for the implementation, monitoring and further development of the TCMS. Audits conducted by an auditing firm, the internal audit, the tax audit carried out by tax authorities, and reports from tax officers or other REWE Group employees are used for monitoring purposes. The TCO analyses the reports and initiates appropriate measures if necessary – with the aim of eliminating the sources of error in the future or correcting the error. In addition, the TCO can request the responsible persons to monitor implementation of the measures.



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. The group follows an approach of not excluding anyone who shares its values and principles from this dialogue.

In 2019, with the presentation of the EU Green Deal, the European Commission published a roadmap which is intended to make the EU economy more sustainable overall and turn challenges relating to climate and environmental policy into opportunities. REWE Group welcomes the fact that the EU Commission is setting a coherent framework so that the course will be set in the coming years for achieving climate neutrality across Europe and decoupling economic growth from the conservation of resources. The EU Green Deal is giving rise to European strategies which provide direction and affect REWE Group in all business areas and activities, such as the Farm to Fork strategy for sustainable food supply chains or the EU's Circular Economy Action Plan. For some years now, REWE Group has been working intensively on various areas of the EU Green Deal. The expansion of regional value chains and the fight against food waste are just two examples. In the view of REWE Group, the long-term competitiveness of European companies is inextricably linked with a sustainable, strategic alignment, something which the trade company continues to support.

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. Due to the COVID-19 pandemic, a large number of these dialogues took place digitally. These conversations covered topics such as locality, the introduction of Nutri-Score nutritional information labelling on store brands, and the future of the tourism industry. 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. Furthermore, representatives of REWE Group participated as speakers, guests 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 the company. This is because, as a trade and tourism company, REWE Group is affected by legislative procedure such as the introduction of a due diligence act or the banning of chick culling. During the reporting period, the focus of work carried out by the Public Affairs team was on the effects of the COVID-19 pandemic on the business units of REWE Group.

Donations made to parties or political groups, elected representatives, government authorities, churches and other religious groups must be approved by the Management Board member

responsible for the particular area and the Chief Compliance Officer of REWE Group. Every donation must comply with legal regulations and regulatory guidelines at REWE Group, including the code of conduct.

Since 2014, REWE Group has reported on its activities and annual spending on political dialogue at European level in the European Union’s Transparency Register.

GRI 415-1:

Political contributions

REWE Group conducted no political party sponsoring during the reporting period. No information is available for independent REWE 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 38,000 euros. REWE Group has also been a member of the Wirtschaftsbeirat (economic advisory board) 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 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. Data protection coordinators across the group assist and support them. The data protection officers report directly to the top management level of the companies or to the central data protection management team of REWE Group. This in turn regularly reports to REWE Group's Management Board. In the 2020 financial year, there were 24 data protection officers within REWE Group.

The central data protection management team is responsible for the group-wide governance of data protection and for the management of the REWE Group Data Protection Board, for the consolidation of reporting and for controls. The data protection management team reports to the Management Board and the Supervisory Board. In addition, it is responsible for promoting synergies between the activities of the data protection coordinators and data protection officers, and for running information and training campaigns for REWE Group.

REWE Group's Data Protection Board ensures that the implementation requirements for rulings on data protection during the year that are relevant to the group are clarified and provided to controllers via the data protection organisation.

Commitment to data protection

The Group Management Board of REWE Group made the following commitment to data protection in 2018: "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."

During the reporting period, the group-wide reporting on data protection was constantly optimised in order to improve transparency on relevant fields of action for controllers. The experience previously gained on implementing the EU's GDPR as well as court rulings on various data protection matters that took place during the year were evaluated and influenced the optimisation of documentation and processes relevant for data protection. In addition, the target-group-oriented training programme, both for classroom instruction and – due to the COVID-19 pandemic – digital training courses, was expanded.

In the reporting year, emerging data protection issues, also due to the pandemic, were dealt with, and necessary measures were derived and implemented. For instance, data protection officers helped relevant departments of REWE Group in an advisory capacity and checked the admissibility or inadmissibility of measures – for example, when collecting employee data in the case of a suspected infection or in the event of an actual infection by COVID-19. The guidelines provided by data protection supervisory authorities on the handling of personal data (including health data) of employees by employers formed the basis for decision-making. REWE Group also used a portal to provide its employees with further information on the "COVID-19 pandemic and data protection", including, for example, instructions on using the Corona-Warn-App from a data protection perspective.

GRI 418-1:

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

In the 2020 financial year, all rights as data subjects for REWE Group customers were successfully clarified and completed in good time.

All complaints and reports of potential data protection violations or breaches (189 cases in 2020, 2019: 137) have been reviewed, processed and documented. In 24 cases, data protection supervisory authorities were involved. These were either internally discovered, reportable data protection breaches or cases brought to REWE Group's attention via the supervisory authorities. The underlying facts were analysed, technical or organisational measures were changed where necessary and the complaining party – either a data subject or supervisory authority – was notified about the findings and potential measures to be taken as a result.



Digital Responsibility

Digitalisation is an important driver of fundamental changes in politics, science, economics and society. Trade and the travel industry are also affected by the transformation through modern information technology and digital possibilities: for example, food is increasingly bought via digital channels and trips are booked online. As a pioneer in digital commerce when it comes to food and all products related to nutrition, cooking and the household, REWE Group is particularly aware of its responsibility towards customers, employees and suppliers. It knows that digitalisation offers great opportunities, but that possible risks must also be taken into consideration.

By leveraging data-driven insights, REWE Group can optimise its business and make better informed decisions. The tailoring of offers according to the needs of customers and the more efficient design of processes both represent opportunities for responsible data usage. A responsible use of digital products and services can also offer added value in terms of sustainability. For instance, the use of data analysis tools saves resources, for example through needs-based planning of the inventory and its delivery. In addition, technologies can help to make supply chains more transparent. For example, SELEGGT GmbH, a joint venture between REWE Group, HatchTech Group and the University of Leipzig, uses a blockchain-based process for checking the supply chain of eggs. A further example is the use of a QR code for REWE store-brand bananas, Fairtrade Biohelden bananas and pineapples from PENNY, which allows customers to trace the supply chain back to the grower. This tracing feature has also been available for REWE Beste Wahl pineapples since January 2020 (for more information, see the section Raw Materials in Focus – Food).

REWE Group's intensive occupation with digital responsibility enables it to better counteract the effects of digitalisation, for example the loss of privacy when using data or possible discrimination

through algorithms.

Approach

REWE Group is responsible for its customers, employees and suppliers. Against the background of digital transformation, it is only logical for the trade company to also bear this responsibility in the digital space.

First and foremost, REWE Group understands Corporate Digital Responsibility (CDR), i.e. digital responsibility, in the sense of the conscientious handling of data. The focus is on an ethical use of data and data protection. However, REWE Group also understands CDR to be the interplay of the responsible use of different technologies. It is about supporting digitalisation and promoting digital skills. In addition, data traffic should be open – always in compliance with the relevant laws and a common data ethics framework. For REWE Group, people are always at the heart of digitalisation.

Since March 2020, REWE Group employees have largely been working from home due to the corona pandemic. Against this background, REWE Group has worked more in the financial year on investigating to what extent mobile working can be implemented and entrenched even more strongly in the future at the administration sites of REWE Group. The “REWE DNA – Your New Work World” project has been created for this purpose. Topics such as data protection and the teaching of digital skills also play an important role here.

REWE Group believes it has a responsibility to help shape digitalisation in a responsible manner. This led to the establishment of the CDR internal working group in 2019. Its members come from different areas of the company and encourage exchange on the topic throughout the combine.

REWE Group is actively involved in cross-company committees and associations in order to entrench digital responsibility in the company. For example, REWE Group, as part of its membership in the Corporate Digital Responsibility Initiative of the Federal Ministry of Justice and Consumer Protection, is working with other companies with the aim of creating a common understanding of CDR and promoting the exchange of experiences. The aim of the alliance is that more and more companies shape digitalisation in a people- and value-oriented manner. In addition, consumers should get a better overview of how companies are handling their data.

Artificial intelligence: a manifesto

The development of projects around artificial intelligence (AI) requires forward-looking and reliable guidelines and directives. REWE Group, too, is increasingly dealing with AI-based applications and processes. Against this background, the company published the 'AI Manifesto' in 2020. It contains clearly understandable, specific recommendations which must be taken into account when developing AI applications. The manifesto raises awareness of the potential risks and dangers involved in dealing with AI technology and is intended to help develop sustainable and responsible systems.



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 show that 78 per cent of the population buy organic products at least occasionally (source: BMEL: Environmental Barometer 2020), while 56 per cent of the population believe that environmental and social sustainability is important when on holiday (source: BMU: Travel Analysis 2019).
In other words, an increasing number of people are interested in the social and environmental impact of their actions. 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 REWE Group for the future and make sustainability an integral part of procurement processes. The strategy focuses on the supply chains for store brand products distributed in Germany by REWE, PENNY and toom Baumarkt DIY stores. The strategic approach is based on the core elements of the OECD guidelines for responsible agricultural supply chains.

The sales lines of REWE Group distribute both store brand products and products of third-party brands. The trade company holds regular discussions with brand producers and promotes professional exchanges on sustainability within the framework of industry initiatives or through joint projects, for example. This dialogue and collaboration are important to promote the subject of sustainability. But REWE Group has a lot of influence with its store brand products and, consequently, a particular responsibility. This is why the focus of its sustainability commitment lies here.

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 the 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 area of food, this includes organic and regional store brand products and products for which REWE Group has achieved improvements in the supply chain. Since 2010, REWE, PENNY and toom Baumarkt DIY stores have been identifying products that are socially and environmentally sustainable and/or that fulfil high animal welfare standards with the PRO PLANET label. It thus provides a reliable and comprehensible orientation for shoppers. REWE Group wants to encourage sustainable consumption among a broad group of consumers. The 10-year anniversary in 2020 was taken as an occasion to redesign the PRO PLANET label and the procurement process (for more information, see PRO PLANET). In tourism too, an increasing number of more sustainable offers are now available. For example, 2021 sees DER Touristik publishing its first catalogue in magazine form called “Bewusst Reisen” (conscious travel). It lists hotels with sustainability certification and provides information about the travel destinations as well as the hotels' commitment to sustainability.

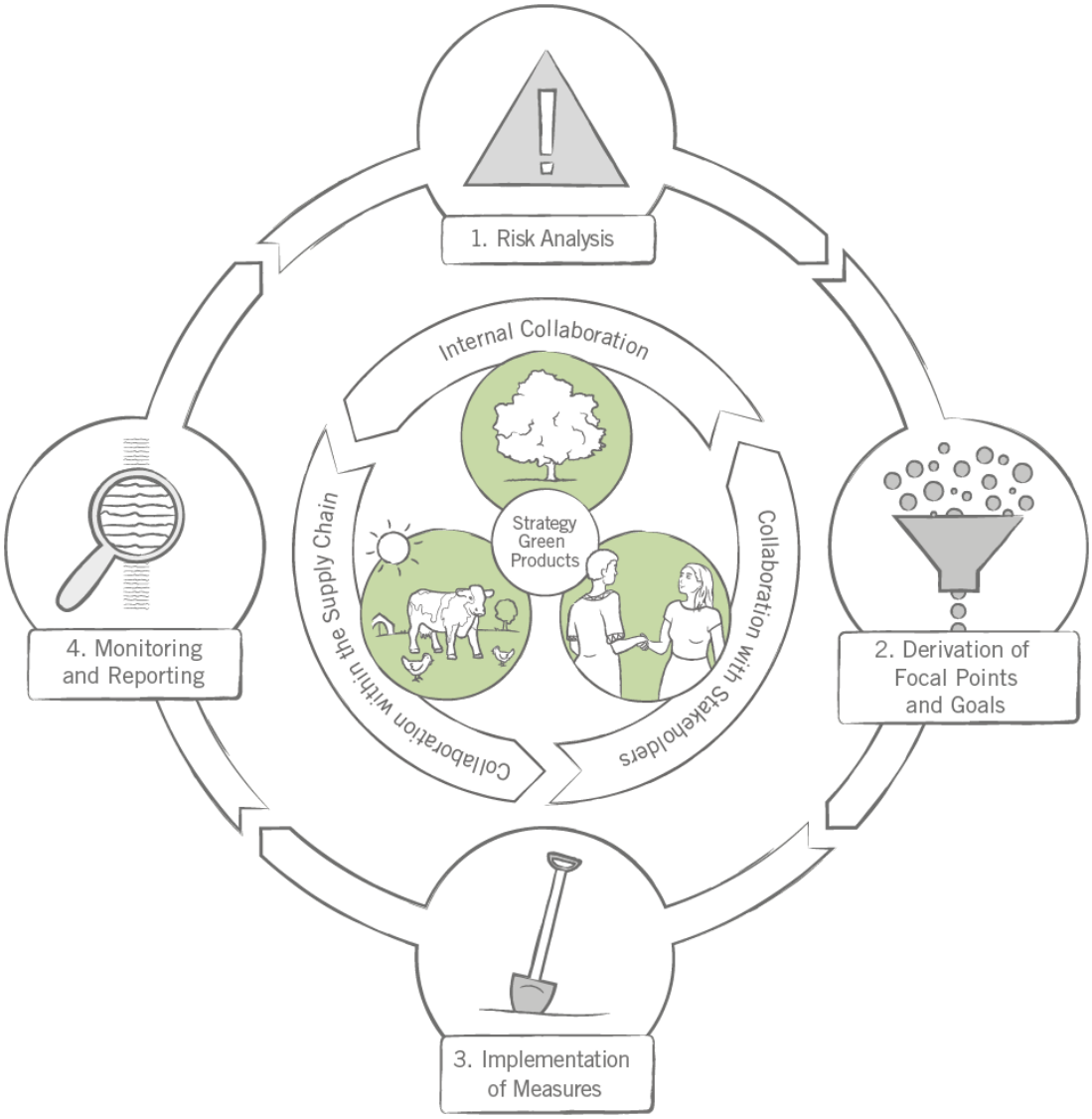
The Green Products strategy of REWE Group defines the framework to identify and assess the impact of store brand products on people, animals and the environment and to take effective measures. This strategy is embedded in the overall REWE Group sustainability strategy, defining the strategic alignment and operational implementation of sustainability as part of the pillar Green Products. 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). First of all, with the aid of a risk and opportunity analysis, environmental, social and business data was evaluated to assess the social and environmental impact of the products and to identify where the greatest impacts on sustainability are (for more information, see the section Product-Related Risk Analyses). Building upon this, the impacts that 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:

- People
- Animals
- Environment

The strategy is implemented by means of a comprehensive management approach that defines the principles and tools required to carry out the measures:



1. **Risk Analysis:**
   REWE Group continuously evaluates opportunities and risks in the area of sustainability. On the one hand, these analyses are based on external analyses of product areas, specific products and raw material supply chains. On the other hand, assessments and the experience of the external NGO expert committee for sustainability and other stakeholders, such as producers, suppliers and employees are included.

2. **Derivation of Focal Points and Goals:**
   Based on the risk analyses, specific raw materials, focal topics, goals and measures were defined, which are adapted and scrutinised when new results or findings are available.

3. **Definition and Implementation of Measures:**
   Measures to reach goals and process the specific raw materials and focal topics are implemented on three different levels of collaboration:

3.1 Internal Collaboration

Through internal training courses and awareness-raising measures, continuous analysis of opportunities and risks and by formulating strategies and goals REWE Group integrates sustainable procurement in the purchasing process with the aim of considering sustainability aspects in supplier and/or product decisions.

3.2 Collaboration within the Supply Chain

In its collaboration with the companies involved in the supply chain REWE Group takes a three-step approach, which includes formulating requirements, monitoring and developing the companies. Business partners in the store brand supply chains of REWE Group are obliged to name the production sites in which products for REWE Group are produced. By raising awareness and obligating the business partners it is possible to create specific rules to implement sustainability in the entire supply chain.

Training helps suppliers and producers implement the requirements of REWE Group and ensures continuous improvement. In various projects, REWE Group works directly with raw material producers to overcome the challenges. Transparency and the integration of sustainability are also promoted as part of the supplier evaluation process. Another important element in the supply chain work is developing effective complaint mechanisms.

3.3 Collaboration with Stakeholders

Sustainability in the supply chain can work in the long term only through collaboration with all relevant stakeholders. REWE Group encourages continuous dialogue with a large number of stakeholders and is involved in various national and international initiatives, alliances and forums.

Important elements include participation in external events, industry initiatives, partnerships, a commitment to continue developing sustainability standards and monitoring relevant developments on political and regulatory levels.

4. **Monitoring and reporting:**
   The activities are reviewed and evaluated. Findings from monitoring flow into the further development of measures.

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

- Nutrition

With consideration of nutrition, transparent information about the nutritional values of the products and adapting the product range play significant roles. Reducing the salt and sugar content of store brand products is the primary objective for REWE Group. The company has published a strategy paper outlining processes and goals for salt and sugar reduction. REWE Group also began to introduce Nutri-Score labelling in 2020 for the first store brand products of REWE and PENNY. The labelling is gradually being expanded. With this eye-catching nutritional information labelling REWE Group wants to help consumers have a healthy diet.

In the 2020 reporting period, the pillar Green Products for the food retail sector in Germany was overseen by Marcel Weber (Managing Director for Store Brands Purchasing & Development national/international). The Sustainable Products area managed by Dirk Heim together with Purchasing and Category Management are responsible for implementing the measures and achieving the goals set 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 changed conditions are picked up.

Areas of Action

The following focal topics were identified within the four areas of action, for which specific measures are being taken. They show which aspects within the areas of action have especially high risks and opportunities for REWE Group and are therefore handled in a targeted manner.

People: living wages and income, child labour and forced labour, and women in the supply chain
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. The discrimination of women is also a challenge for global supply chains. REWE Group is active to ensure fair working conditions and the upholding of human rights in the supply chain.

Animals: livestock farming conditions
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. Furthermore, males are often not raised to a slaughterable age in their supply chains. As a food retailer, REWE Group works actively to improve animal welfare in livestock farming, including animal-appropriate living conditions, the rearing of males, cooperation with local farmers, and the use of alternative breeds and limiting over-breeding.

Environment: Circular Economy, climate 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 nutrition and exercise, the topic is also addressed in the design of its product range. Between 2018 and 2020, REWE and PENNY reviewed the sugar and salt content of all store brand products. Since 2018, more than 550 store brand products have been improved with regard to sugar and/or salt content on this basis. No alternative sweeteners are used as substitutes. The sugar or salt content of the products is being reduced gradually so that customers slowly get used to the new taste. The plan is to continue optimising the sugar and/or salt content of store-brand recipes in the future.

Targets and key performance indicators (KPIs)

For the areas of action "people", "the environment" and "nutrition", 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: people

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

KPI	Target	Status	Measures
Percentage of strategically relevant production sites that are integrated into a training programme (capacity building)	100 % by the end of 2030	↗	See the section Social Aspects in the Supply Chain
Introduction of a complaint mechanism system in relevant supply chains	End of 2025	↗	

↗ Being implemented ✓ Target attained ✕ Target not attained

Area of action: the environment

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	Measures
Percentage of relevant food and non-food producers integrated within an environmental programme	100 % by the end of 2030	↗	See the sections Environmental Aspects in the Supply Chain, Packaging
Percentage of more environmentally friendly store brand packaging	100 % by the end of 2030	↗	
Reduction in greenhouse gas emissions in the supply chains of store-brand items compared with 2019	15 % by the end of 2030	↗	See the section Climate Protection in the Supply Chain

↗ Being implemented ✓ Target attained ✕ Target not attained

Area of action: nutrition

With its measures in the area of nutrition, REWE Group encourages people to have a varied and balanced diet.

KPI	Target	Status	Measures
Percentage of store brand items which have been checked for the sugar and salt content	100 % by the end of 2020	✓	See the section Nutrition
Percentage of relevant* store-brand items in which a sugar or salt reduction has been implemented	50 % by the end of 2020	✓	

↗ Being implemented ✓ Target attained ✕ Target not attained

*Not relevant are, for example, mono-products such as rice, potatoes or flour as well as products that have no added sugar/salt such as mineral waters, cooking oils or vinegar.

Sustainable Development Goals

The activities conducted in the pillar Green Products are also focused on the global goals of sustainable development. 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 Strategy). Three of the highest-priority SDGs fall within the scope of the pillar Green Products: SDG 12: Responsible Consumption and Production, SDG 15: Life on Land, SDG 14: Life Below Water. The SDGs were also an important element in the development of the Green Products 2030 strategy (see Strategic Approach).

Reporting

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

- Biodiversity
- Organic
- Living Wages and Income
- Raw Materials in Focus – Food
- Raw Materials in Focus – Non-food
- Women in the Supply Chain
- Nutrition
- Child Labour and Forced Labour
- Climate Protection in the Supply Chain
- Customer Health and Product Safety
- Promoting Sustainable Consumption
- Environmental aspects in the supply chain
- PRO PLANET
- Product-related risk analyses
- Regional Products
- Social Aspects in the Supply Chain
- Animal Welfare
- Packaging
- Water

Product-related Risk Analyses

REWE Group strives to reduce the environmental and social impacts of its business operations wherever possible. To achieve this, 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 put the measures into concrete terms. Within this scope, REWE Group continuously assesses its own performance and the progress made in order to minimise risks. 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

The risk analyses by REWE Group help determine and assess the impact of its business operations on people, animals and the environment. The aim is to identify any significant negative ecological and social effects store-brand products have, and where these occur. The analysis creates a basis for the strategic alignment in terms of more sustainable product ranges and helps decision makers decide which measures have higher priority – with the aim of minimising risks and taking advantage of opportunities. For example, the information was used to develop the strategy Green Products 2030, in which topics, key performance indicators (KPIs), goals and measures are defined.

Product-related risk analyses: trade

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: fruit and vegetables in general, bananas and pineapples in particular; meat and dairy products, including animal feed; coffee, cocoa, tea, palm oil, fish, orange juice, cotton, textiles and natural stones (for more information, see the sections 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. In addition to these topics from the value chain levels raw material production and processing, transparency and business practices, environmental impact and CO_2

emissions from transport, and packaging and food waste were also identified as sustainability topics.

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_2 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	• CO_2 emissions from using fertiliser and energy consumption during farming • CO_2 emissions from logging to gain farming land • Transport emissions
Biodiversity	• Risks to biodiversity from pesticides, use of chemicals, etc. • Risks to biodiversity from logging to gain farming land and the associated soil exhaustion and erosion
Soil	• Exhaustion of agricultural soil • Soil erosion
Water	• Water pollution from fertiliser • Waste of fresh water during cultivation and during production/processing
Working conditions	• Workplace safety (handling chemicals, pesticides, pollutants, etc.) • Wages (e.g. of agricultural workers and also during processing) • Limited access of small farmers to information, technology and resources
Human rights	• Risk of child labour and forced labour

The scorecards indicate the key issues and their relevance and present the individual findings in detail. A comparison of the results with the current sustainability activities of REWE Group Germany also shows necessary measures that must be taken.

To substantiate the results, REWE Group carries out additional investigations for individual product lines, focal topics or vulnerable groups of people. For example, a risk analysis was carried out in 2019 regarding forced labour (for more information, see the section Child Labour and Forced Labour) and in 2020 regarding women (for more information, see the section Women in the supply chain).

For further information see also Risk Management.

Human rights risk analysis: DER Touristik Group

To get a comprehensive overview of human rights risks in its value chain and in the destinations, DER Touristik Group also carried out a human rights risk analysis. As part of this, actual and potential risks associated with the business activities were identified and evaluated. For this purpose, a destination risk register was compiled in 2018 containing all destination countries in the portfolio of DER Touristik Germany. The destinations were assessed with regard to the severity of human rights violations in a country (assessment based on international standards and country reports) and the significance of the human rights risks for the tourism industry.

The relevant human rights risks in tourism include:

- Children's rights
- Workers' rights
- Modern slavery
- Equality
- Local residents' access to land, water and food
- Rule of law with the focus on personal rights
- Living standards
- Corruption
- Political participation
- Rule of law with the focus on political rights

In the next step, DER Touristik prepared an analysis to prioritise the identified countries and human rights issues. To do this, the severity of the impact of various human rights risks for a country was put in relation to the possible influence of DER Touristik (assessed according to

turnover and the business activities of DER Touristik in the respective country). As a result, violations of workers' and children's rights were identified as a very significant risk. High-risk countries with high significance for DER Touristik are Thailand, South Africa and Egypt in particular.

Based on the analysis, measures and targets were derived to reduce the risks. The risk analysis is repeated at regular intervals. The risk analysis planned for 2020 for the entire DER Touristik Group was postponed due to the coronavirus pandemic. DER Touristik plans to continue the measures when the restrictions caused by the pandemic have been lifted to allow this again.

Social impact assessment in Thailand

In 2019, as a result of the risk analysis, DER Touristik together with the Round Table for Human Rights identified specific challenges in Thailand as part of a social impact assessment. These include working conditions, the involvement of local people in the tourism value chain, the loss of cultural identity, women's rights and child protection. Environmental issues that have a direct impact on local communities, such as a shortage of water and waste on beaches and in the ocean, were also identified. In the next step, topics will be prioritised and specific aid measures developed based on these findings. Significant challenges, such as modern slavery, sexual exploitation and land theft will also be addressed within the scope of industry initiatives.

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 many 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. Short transport routes and seasonality have the additional benefits of reducing the environmental footprint. The current materiality report of REWE Group has shown that the relevance of this topic has increased even more in 2020 as a result of the Covid-19 pandemic (for more information, see Materiality Analysis).

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 original produce comes from. 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 with suppliers in the region as well as transparent, attention-grabbing communication about the special quality of these products to consumers – for example via the REWE Regionality 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 (e.g., a German state), a cultural region (e.g., the Franconia area of northern Bavaria) or a traditional cultivation region. Examples include sausage and eggs from North Rhine-Westphalia, apples from the Altes Land region or Spreewald gherkins. The regional assortment performed very well during the reporting period.

REWE Regional (Germany) [1]

	2018	2019	2020 ✓
REWE stores that sell REWE Regional products[3]	3,451	3,729	3,845
Customer contacts[2]	118,324,151	128,825,717	158,780,375
Number of products[3]	660	747	804

1 The values deviate from those in the 2019 sustainability report, since scanner data for REWE Dortmund is taken into account from 2020.
2 Customer contacts are based on scan totals for individual products.
3 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 label creates transparency for customers that complements store-brand-specific information. These products include apples, carrots, asparagus and tomatoes that frequently come from one or more suppliers per region. In the financial year, regional plants, such as shrubs and Nordmann firs have also been marked with the Regional Window label.

The REWE sales line identifies products with the Regional Window label if they are on offer in the stores in the regions where they come from. The label is used for the REWE regional products to carry out a neutral check of the regional origin and to show this in a transparent manner.

PENNY labels products that are available seasonally in Germany 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 "from the German Lake Constance region". 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.

Number of Regional Window products and product groups from REWE and PENNY (Germany)

	2018	2019	2020 ✓
REWE	354	463	552
PENNY	342	360	577

Since September 2014, another regional concept has been used by REWE Group in Austria in the stores of BILLA, MERKUR and Sutterlüty. It is called “Da komm ich her” (I'm from Here). The store brand range includes seasonal and regional fresh fruit and vegetables and eggs and now includes more than 220 products.

Regional Concept “Da komm ich her”[1] (Austria)

	2018	2019	2020 ✓
Customer contacts[2]	86,317,000	84,261,000	93,803,000
Number of products	255	261	226

1 BILLA, MERKUR and Sutterlüty in Austria.
2 Customer contacts are based on scan totals for individual products.

Products that are made according to typical Austrian recipes and contain only Austrian ingredients are sold under the PENNY store brand “Ich bin Österreich” (I’m Austria). At the end of 2020, the range included about 200 products. In 2020, more than 107 million customer contacts were achieved with “Ich bin Österreich” products.

Locality

When the word “local” is used, it refers to products that generally come from small suppliers or sellers of agricultural items who directly supply a regionally limited number of stores. In REWE stores, local items are typically marketed under the umbrella brand “From Your Region” and are placed in stores and labelled accordingly. To further increase the number of locally produced products, REWE has appointed locality officers, thus creating a structure that is concerned solely with the local demands of customers and suppliers. They establish contacts between the REWE stores and local producers and suppliers and supervise the entire route of the products from local farmers – from the field to the supermarket shelf. For example, they organise locality days, where

suppliers can present their products. In the financial year, there were a total of 20 locality officers in the six REWE regions. 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 2020, 312 stores sold more than 3,200 Landmarkt items.

Landmarkt, Hesse (Germany)

	2018	2019	2020
Stores that sell Landmarkt items	300	310	312
Customer contacts[1]	9,511,383	9,960,520	9,990,460
Number of products[2]	Over 3,200	Over 3,200	Over 3,200

1 Customer contacts are based on scan totals for individual products.
2 Products on sale on the basis of item number (NAN), starting in market entry year.

The independent REWE retailers also maintain very long partnerships with local suppliers and farmers. In addition, some independent REWE retailers have created their own regional product ranges. In the REWE Richrath stores in the Cologne area, for example, consumers will find a large number of products that bear the label “Wir aus der Region” (We from the Region).

Promoting a balanced cooperation with local suppliers at REWE

To strengthen sustainable and fair cooperation, the REWE sales line has defined shared values with suppliers and producers and anchored these in the "REWE Local Partnership". The document presents four topics that the sales line uses as a basis for cooperation with local suppliers:

- Reliable business partner
- Good money for good work
- Use of shared networks
- Shared innovations – to protect animals and the environment

REWE acknowledges its local responsibilities and offers a reliable orientation for the cooperation with small and medium-sized farmers and producers in the direct vicinity of the stores. In the practical implementation, REWE has "locality officers" who work together with independent REWE retailers and store managers. Together they provide various aids and support for their local suppliers to utilise synergies and grow together in close, trusting collaboration.

Raw Materials in Focus – Food

The supply chain links of raw material cultivation 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. Within the scope of its product-related risk analysis, the company identified the following raw materials in the food area as critical: fruit 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 anchor sustainability more strongly within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts and effects on animal welfare 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 is continuously working towards ensuring that social and environmental factors as well as animal welfare aspects are taken into account in its supply chains. 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 fruit and vegetable growers must prove in the form of external audits (such as GLOBALG.A.P. Risk Assessment on Social Practice (GRASP), SA8000, Rainforest Alliance or amfori BSCI) that they comply with the above requirements. 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 fruit and vegetable farming in Germany, requirements for the use of pesticides and adherence to standards such as Rainforest Alliance or Fair Trade.

Bananas and Pineapples: Projects in growing areas and production requirements improve environmental and social conditions in Central America

Banana and pineapple farming can result in negative environmental and social impacts in the producer countries. These include poor working conditions at fruit farms, the widespread use of pesticides and damage to ecosystems.

Because of this, REWE Group has been striving to improve the environmental and social conditions of banana and pineapple-farming in Central America since 2008. More than 4 million euros were provided for this effort by the REWE Group Central America Fund – known as the banana fund in the past – from 2013 to 2020. The fund is designed for local organisations whose project ideas compete to win financial support. It is used to improve the living conditions of the workers and their families and the environmental situation on banana and pineapples plantations. At the same time, local organisations and communities are to be bolstered in the planning and implementation of projects. Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) coordinates the project applications and monitors local project implementation. The funding is approved by a board of trustees on which representatives of the suppliers and REWE Group serve.

Within the framework of a working group under the umbrella of the Sustainable Agricultural Supply Chain Initiative, REWE Group also campaigns for living wages in the banana sector. More information can be found in Living Wages and Income.

The commitment is supplemented with stringent requirements concerning cultivation practices. For instance, all growers of bananas and pineapples that are sold in the sales lines of REWE Group in Germany must fulfil organic standards or be certified by the Rainforest Alliance. Bananas and pineapples in the REWE Beste Wahl range, pineapples at PENNY and Chiquita bananas all carry the PRO PLANET label of REWE Group. PENNY also sells Fairtrade organic bananas.

Customers can trace the store brand bananas from REWE and the Fairtrade Biohelden bananas and pineapples from PENNY back to the grower with the help of a QR code. Since January 2020, this traceability is also possible for REWE Beste Wahl pineapples (for more information, see Promoting Sustainable Consumption).

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

	2018	2019	2020
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 CO_2.

Against this backdrop, REWE Group developed its Guideline on 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 company relies primarily on the certification standard of the Roundtable on Sustainable Palm Oil (RSPO), of which the Group has been a member since 2011. 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

	2018	2019	2020
RSPO-certified palm (kernel) oil in store brand products (REWE and PENNY 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, RSPO-certified 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 2020.

REWE Group in Germany is working with its suppliers to achieve the last per cent needed to achieve the ambitious goals of the voluntary commitment. 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 REWE Group in Austria, all palm and palm kernel oil used in store brand products is also RSPO-certified and, apart from a few exceptions, is purchased via the segregation trade model.

Increasing transparency in the palm oil supply chain

Since 2018, REWE Group has been supporting a cooperation project between FONAP and the Malaysian NGO WildAsia. In the first phase of the project, selected small farmers in the Perak/West Malaysia region have tested the applicability of additional FONAP criteria. These include, for example, not using highly dangerous pesticides and implementing strict reduction targets for greenhouse gases. In this manner, they were able to develop a better understanding of the importance of biodiversity and show that organic production, without the use of pesticides, is possible – and can even produce higher yields. Within the framework of the second phase of the project from the end of 2019 to March 2021, the small farmers were helped to trace their produce. An app recorded the transactions of certified small producers and palm oil dealers. This allows end-to-end tracing of certified palm oil. The aim is to give the small farmers better access to the market, since transparency in the supply chain is an increasingly important requirement in the sale of raw materials.

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 in that region have to battle difficult business conditions 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 Child Labour and Forced Labour).

In a policy document called the Guideline on cocoa products, 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 – ensured by using the Fairtrade, Fairtrade Sourcing Program, Rainforest Alliance / UTZ standards. At the end of the 2020 financial year, 98 per cent certified raw cocoa was used for the store brands of REWE and PENNY. The missing two per cent are mainly suppliers who process very small amounts of cocoa as they often have difficulties sourcing certified cocoa. Because of this, REWE Group was unable to close the gap to the 100 per cent target by the end of 2020 in the REWE and PENNY store brands in Germany. REWE Group is continuing to work towards meeting this target. At REWE Group in Austria, all raw cocoa supplies for store brands

were certified in 2020.

To help improve local living conditions in the cocoa sector in the long term, REWE Group set itself an additional target in 2018: By the end of 2020, 100 per cent of the store brand chocolate products and instant cocoa, nut-nougat spreads and sweet baked goods and all organic store brands containing cocoa in REWE and PENNY in Germany are to be changed over to Fairtrade and the Fairtrade cocoa programme. REWE Group reached this target in the financial year.

Percentages of certified cocoa in store brand products

	2018	2019	2020
Certified store brand products in Germany that contain cocoa based on Fairtrade, Fairtrade Sourcing Programme, Rainforest Alliance / UTZ	99 %	99 %	98 %
Certified store brand products in Austria that contain cocoa based on Fairtrade, Fairtrade Sourcing Programme, Rainforest Alliance / UTZ	80 %	100 %	100 %
Certified store brand chocolate products and instant cocoa, nut-nougat spreads and sweet baked goods and all organic store brands containing cocoa in REWE and PENNY in Germany based on Fairtrade or Fairtrade Sourcing Programme		65 %	100 %

In cooperation with the German Federal Ministry for Economic Cooperation and Development and Fairtrade, REWE Group started a project to ensure a living wage in the cocoa sector: Fairtrade chocolate bars from this project will be sold by REWE and PENNY from the middle of 2021. The cocoa beans from which this chocolate is made can be physically traced back completely (for more information, see Living Wages and Income).

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 cocoa project in the Ivory Coast, which is carried out in cooperation with Gesellschaft für Internationale Zusammenarbeit (GIZ), a German development agency, pursues the goal of professionalising cocoa producing family companies and their cooperatives. In particular, women are to be given opportunity to optimise their own income and create an improved basis for feeding their families. Cocoa cultivation is also 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. After completion of the first phase, PRO-PLANTEURS began a five-year follow-up phase in 2020. Since the project began in 2015, the project has been able to improve the living conditions of 30,000 cocoa farming families. For example, 76 rural consultants were trained, 16 projects with 2,100 women were carried out to increase their incomes and 5,500 cocoa farmers were taught good farming practices.

Orange Juice

Orange growing and orange juice production involve complex societal and environmental challenges. These include existential problems faced by small farmers, precarious employment conditions, improper 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. Since 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 Guideline on orange juice stating that the REWE and PENNY store brands will switch to 100 per cent certified orange juice. REWE Group already achieved this goal at the start of 2020 and changed over all cooled and un-cooled NFC

juices and juice concentrates to Fairtrade, Rainforest Alliance or organic. REWE Group in Austria has also been selling certified store brand orange juice since 2020.

In the future, information will be available for customers about the origin of individual orange juice products. REWE Group also wants to see higher wages paid in the orange juice supply chain.

In 2016, REWE Group became a member of the European Fruit Juice CSR Platform and works to improve the social and environmental aspects of the industry's supply chain. The platform helps European fruit juice producers integrate sustainability measures in their corporate strategies in order to make a long-term contribution for all stakeholders throughout the global value chain for fruit juices. 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.

Partnerships in the fruit juice industry

In 2020, REWE Group, together with other companies and organisations, such as the German Federal Ministry for Economic Cooperation and Development (BMZ), the Christian Initiative Romero (CIR), TransFair e.V. and ver.di, established the Partnerschaft für Nachhaltigen Orangensaft (PANAO) (Partnership for Sustainable Orange Juice). As a member of the partnership, REWE Group is committed to actively promoting social justice and labour laws as well as environmental protection in the orange juice supply chain. In the long term, the proportion of sustainably produced orange juice in the German and European markets will be increased. PANAO's work is based on talking with all the players that are involved, developing concepts for sustainable procurement practices and identifying starting points to strengthen employee representatives.

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 in Germany set themselves the

goal of switching all of their store brands to Rainforest Alliance / UTZ, organic or Fairtrade certified coffee by the end of 2020. The goal was already reached in 2019.

Percentages of certified store brand coffee

	2018	2019	2020
Store brand coffee products at REWE and PENNY (Germany) certified organic or by Rainforest Alliance / UTZ or Fairtrade	71 %	100 %	100 %

Lekkerland also contributes to sustainable cultivation with its store brand coffee: the coffee beans from the Coffee Bean Company are Rainforest Alliance-certified and thus stand for environmentally friendly land utilisation and socially responsible management.

A special relationship: supporting coffee farmers in their local areas

REWE Group entered into a partnership with the people of the fair trade 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 by Fair Trade. 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.
Because of the Covid-19 pandemic, no training courses could be carried out in the financial year. Instead, a good farming practices manual was developed and distributed among the coffee farmers. Resources were also provided to set up organic vegetable gardens to ensure local food security. Due to the ongoing pandemic, some measures were delayed and because of this, the duration of the project was extended to March 2021.

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 as well as Fairtrade and the EU organic logos.

REWE Group set itself the target that all black and green tea products would contain 100 per cent certified raw material. This target was already reached at the end of 2018. All herbal and fruit tea products (including rooibos tea) will also be certified by the end of 2025 and contain at least 30 per cent certified raw material. The company will strive to continuously increase the percentage of certified raw material in all products. REWE Group summarised these targets along with the challenges and actions in its Guidelines on tea products.

Percentage of certified tea products/raw materials at REWE and PENNY

	2018	2019	2020
Black and green-tea products at REWE and PENNY in Germany certified organic or by Rainforest Alliance or Fairtrade	100 %	100 %	100 %
Herbal and fruit-tea products at REWE and PENNY in Germany certified organic or by Rainforest Alliance or Fairtrade		57 %	93 %

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. Because of this, within the scope of its Guideline on fish and seafood REWE Group committed itself to purchasing 100 per cent certified store brand products (MSC, GLOBALG.A.P., ASC, organic certification) in the areas of deep freeze, convenience, fresh and tinned by the end of 2020. However, due to the lack of availability of certified products, this target has not been reached to date. In the future, REWE Group will also sell only certified tuna.

Percentage of more sustainable REWE Group store brand fish products in Germany

	2018	2019	2020
Store brand fish products in Germany certified organic or by MSC, GLOBALG.A.P. or ASC			70[1] %
Store brand fish products in Germany certified organic or by MSC, GLOBALG.A.P. or ASC and store brand tuna from selected suppliers[3]	90[2] %	96 %	
Share of store-brand fish products with tracking code	78 %	78 %	63[4] %

[1] As opposed to 2018 and 2019, this KPI no longer includes store brand tuna from selected suppliers that are members of the International Sustainable Seafood Foundation (ISSF), from a ship that is registered in the Proactive Vessel Register (PVR) or from a Fishery Improvement Project (FIP).

[2] The value for 2018 included no organically certified store brand fish products.

[3] If not MSC-certified, the tuna comes from a supplier that is a member of the International Sustainable Seafood Foundation (ISSF), from a ship that is registered in the Proactive Vessel Register (PVR) or from a Fishery Improvement Project (FIP).

[4] The decline is the result of an error due to which the 2020 tracking code was not shown on all intended products.

The product range of REWE Group in Austria for store brand and industry brands includes about 400 MSC-certified fish products.

Meat

Meat is an inherent part of many people's diet. Consequently, animal products make up a significant part of agricultural production. REWE Group champions species-appropriate breeding. To this end, the company works together with business partners and suppliers towards implementing binding standards and promotes dialogue between all partners to counteract the negative effects with consideration of the animals' welfare. In its Guidelines on animal welfare the company defines specific measures and goals for individual animal species. For comprehensive insights regarding the strategic approach and specific targets and measures, see also Animal Welfare.

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. Therefore, REWE Group in its Guidelines on soy in animal feed has stated that producers of store brand products must ensure that soy beans contain no genetically modified material. 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), for example. For animal-

based organic products no organically modified feed is used. As in the previous year, the entire range of poultry, fresh eggs as well as fresh and UHT milk products of REWE Group in Germany were awarded the VLOG seal in 2020. The REWE sales line already has six regional and national pork and beef programmes which guarantee that no GMO feed is being used. Non-GMO feeding and feed is also ensured for all meat products in husbandry system levels 3 and 4. 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)

	2018	2019	2020
Fresh milk and UHT milk	100 %	100 %	100 %
Fresh egg assortment	100 %	100 %	100 %
Fresh poultry	100 %	100 %	100 %

Since land-consuming soy cultivation has a disastrous impact on the environment, especially in South America, REWE Group continuously analyses all supply chains with a high proportion of soy regarding their carbon footprint. To approach this in a targeted manner, the group plans to structure its supply chains, including in the area of soy feed, so that they are deforestation free by the end of 2025. By using more sustainable soy for feed, REWE and PENNY in Germany were already able to structure their entire range of store brand fresh eggs, drinking milk and fresh poultry as certified deforestation-free since the end of 2019. This commitment is to be expanded to include fresh pork and beef and, with 100 per cent deforestation-free soy animal feed by the end of 2021, will contribute towards a deforestation-free supply chain. To this end, the company works together with certification organisations and carries out specific projects in the countries of origin. As a founding member of the Donau Soja Association since 2015, REWE Group, in collaboration with more than 200 farmers, has promoted the cultivation of certified deforestation-free soy in the Županja region in Croatia.

For more information about REWE Group's involvement in organisations and initiatives, see 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 its 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 a move to more strongly anchor sustainability within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops 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 its 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. The company also supports the new German textile seal “Grüner Knopf” (Green Button). 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 2020, this figure was 91 per cent.

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

	2018	2019	2020
Percentage of CmiA or GOTS-certified textiles	85 %	88 %	91 %

REWE Group began to support CmiA in 2008. The initiative from the Aid by Trade Foundation 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.

Grüner Knopf (Green Button)

REWE Group supports the Grüner Knopf seal, which was introduced in 2019, in order to give its customers orientation when buying more sustainable textiles. The government seal for sustainable textiles aims to ensure environmental and social standards in the textile supply chain. A total of 46 social and environmental criteria set binding requirements for the product and its production process – from wastewater limit values to a ban on forced labour. Attached directly to the product, it is simple for customers to find when shopping. REWE and PENNY in Germany label 23 products with the Grüner Knopf. These include cotton shopping bags, the reusable mesh bags for fresh produce from PENNY and clothing and home textiles from the REWE and PENNY stores.

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. 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 clothing, shoes and household textiles product groups. The aim is to produce textiles safely with no hazardous chemicals. To achieve this objective, REWE Group is working with its suppliers to systematically remove hazardous chemicals from textile production. The Greenpeace detox campaign was officially ended in 2020. Regardless of this, REWE Group is still committed to eliminate dangerous chemicals from textile production (for more information, see Environmental Aspects in the Supply Chain).

In 2013, REWE Group signed the Bangladesh Accord on Fire and Building Safety to improve safety in the Bangladeshi textiles industry. For more information, see Social Aspects in the Supply Chain. REWE Group is also a member of the international Fur Free Retailer Program. The ban on real fur has been in effect for several years in our store brand ranges. In the Guideline on more sustainable textiles REWE Group describes its management approach and its activities.

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). Many REWE Group products already carry these seals. For the REWE and PENNY marketing lines in Germany, in the financial year, REWE Group set itself the target of having 100 per cent of wood and paper products with a wood and paper proportion of least 95 per cent certified by the Blue Angel, FSC Recycled, PEFC Recycled, FSC 100%, PEFC™ or FSC Mix standards in the non-food area by the end of 2025 and in the near-food area by 2020. The target was reached in the near-food area. All toilet paper products at REWE and PENNY bear the label from FSC®, PEFC™ or the Blue Angel.

toom Baumarkt DIY stores also have a steadily growing assortment of certified items in numerous product categories, and have been a member of FSC® and PEFC™ since 2018. Hence, they support the high standards for transparency and control in the product chain of both systems for sustainable forestry. Since the end of 2019, the marketing lines REWE, PENNY and toom Baumarkt DIY stores in Germany have been marketing only FSC® or PEFC™-certified charcoal in Germany, with the exception of one product.

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. In 2020, ten peat-free store brand products were on offer: seven toom Naturtalent potting soils and three products from the toom quality brand. Consequently, at the end of 2019, with the exception of two special soils, all store brand soils were either peat-free or peat-reduced. The two special soils also contain peat-reduced soil since 2020. In the next step, they will gradually be changed over to peat-free soil. 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 want to ensure that in the mining and production of natural stone products social and environmental standards are complied with. 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. As a representative of the trade, toom Baumarkt DIY stores worked actively in the revision of this standard, which applies until 2023. Certified natural stone products have been available in toom Baumarkt DIY stores since 2016, bearing the XertifiX PLUS and PRO PLANET labels – they make up 82 per cent of natural stone sales. This range of certified products is being continuously expanded. For example, all natural stone products for the garden from China that are available at toom DIY stores bear the XertifiX PLUS label.

Nordmann firs

Eighty per cent of the seeds of all Nordmann firs come from the economically underdeveloped region of Racha in 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 programme 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.

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.

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, In 2020, for example, a soccer club for girls was established, grants were awarded to pupils from the region and food and hygiene packages were distributed to 60 families as immediate pandemic assistance.

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. Within this framework, a project was launched to prevent food waste in hotels and guidelines were drafted to analyse effects on human rights resulting from the business operations of large travel and tourism companies. The completed Green Travel Transformation project led to an industry-wide recognised and uniform qualification for sustainable travel products: Since winter 2019, hotels that are certified as sustainable have been identified with a green leaf. In 2021, DER Touristik published its first catalogue in magazine format, the “Magalog”. It includes hotels with sustainability certification in Europe and North Africa (for more information about the two projects, see Promoting Sustainable Consumption. The member companies are also working to reduce the volume of tourism-related plastic waste on the Balearic Islands. This project, called “Plastic Free Balearics”, is currently on hold due to the Covid-19 pandemic.

To raise awareness among employees, DER Touristik organises regular training sessions on the subject of human rights and tourism.

Organic

Organic products have a positive effect on human beings, animals and the environment: for example, no artificial colourings or flavourings, no chemical pesticides and no readily-soluble mineral fertilisers are used. This protects our soil and waters. Animals also have more space in the barns and have outdoor runs. Because of this, organic products have become an important and growing customer segment: in 2020, Germans bought almost 20 per cent more organic vegetables. REWE Group is pursuing the strategic objective of expanding its more sustainable product range and organic products will play a large role in this.

GRI FP2: 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 on organic products adopted in 2014, REWE Group formulated requirements for suppliers and companies that, in many cases, exceed organic standards like the EU organic farming logo.

In 2020, REWE Group joined the “Gemeinsam Boden gut machen” (Improving soil health together) project as a partner. In the project, farmers are encouraged to change their farms over to organic farming or to extend their existing organic farm. REWE Group makes a contribution towards improving waters and soil and protecting biodiversity. This also increases the range of organic food that is produced in Germany. This is important since, currently, production of organic food in Germany does not meet the high demand.

The various organic product ranges offered by the marketing lines of REWE Group performed well during the reporting period. A positive trend is also evident for organic farming across Germany, for instance, revenue from organic food in Germany increased by about 22 per cent in 2020 alone.

Organic brands at REWE Group

REWE Group sells organic store brands in its individual marketing lines and is steadily expanding the product range.

REWE organic store brands

The quality standards of many REWE Bio products, the REWE store brand for organic produce, exceed the statutory standards set by the EU. Already, 325 organic products sold by the REWE sales line are subject to the significantly stricter criteria of the farming organisation Naturland. In addition, the entire REWE organic range has been expanded continuously since 2013. More than 700 REWE organic products were offered during the reporting period (average for the full year). As a result, REWE Bio products made up about 17per cent of the REWE store brand sales value in 2020.

To increase the sales value even more and to raise awareness among its customers for organic products, REWE launched the campaign “Mehr Bio für dich, besser für alle” (More organic food for you is better for everyone) in 2020. Based on specific REWE organic products with the Naturland label and the associated added value – such as not using artificial flavourings, better husbandry conditions to improve animal welfare and social standards – the sales line shows why organic products are better for consumers, the animals, the environment and humankind.

A strong partner for more than ten years: Naturland

Since 2009, the REWE sales line has had a close partnership with Naturland, one of the largest international environmental associations to support organic farming and make organic produce accessible to a broader market. With around 100,000 farmers, beekeepers and fish farmers in 60 countries, Naturland pursues the goal of promoting sustainable farming and food industries in which genuine organic quality products are produced. Naturland guidelines go beyond the requirements of the EU Organic Farming Regulation by covering many more areas and thus contribute to resource conservation, biodiversity, animal welfare and better working conditions in high-risk countries. In 2020, the share of Naturland goods in the REWE product range increased to 325 – including trend and vegan products, such as pasta made from peas, various coconut products and soy drinks, as well as various dairy products. Thirty new products were added in 2020 alone. Together with Naturland, REWE Bio can offer a wider range of products – with a clear focus on regional and also international variety.

Together for organic farming: Demeter

To promote organic farming in the whole of Germany and encourage agricultural structures in the region, the REWE sales line joined the Demeter biodynamic association in September 2020. Demeter growers and producers work according to biodynamic principles and on the basis of guidelines that go well beyond the standards of the EU Organic Farming Regulation. In its stores throughout Germany, REWE is increasingly offering products bearing the Demeter organic seal, which indicates that they fulfil the strict quality criteria of the association.

Naturgut: organic products at PENNY

PENNY has been selling Naturgut brand products since 2014. Naturgut has focused exclusively on organic products since 2019. In the 2020 financial year, depending on the respective

promotion period, PENNY had about 170 Naturgut products in its range – roughly 70 more than in the previous year. The share of Naturgut products in the sales value of store brand products is six per cent and has thus increased slightly. In 2020, PENNY relaunched the Naturgut packaging to further increase the signal effect of organic products. Green price labels will also be introduced in the stores to draw attention to the organic products. Naturgut is also the first brand from PENNY that states the Nutri-Score on the respective products. The score indicates the nutritional value of the product on a scale of five (for more information, see Nutrition).

The Naturgut brand Bio-Helden also includes organic fruit and vegetables that have minor flaws in their shape or skin. These problems are more common with organic products but they do not reduce the quality of the products in any way. By selling these products since 2016, PENNY plays an active role in the fight against food waste in upstream production.

Incentives for organic farming

To satisfy the growing demand for organic products, more producers are needed in the area of organic farming. Because of this, PENNY launched the Naturgut Junior-Helden in 2018. These are “in-conversion products” from producers who do not yet have an official organic certificate due to the required transitioning time of one to three years (depending on the fruit or vegetable crop) but who already produce organically and, consequently, more expensively. With Naturgut Junior-Helden, PENNY offers these producers a new opportunity to market their products: They 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 German organic farming label after the conversion period.

Performance of organic products in Germany (in per cent)

	2018	2019	2020 ✓
Organic products* (% of net sales value of organic store brands and manufacturer's brands in the net sales value of store brands and manufacturer's brands of REWE and PENNY in Germany)	5 %	6 %	7 %
Organic store brands* (% of net sales value of organic store brands of REWE and PENNY in Germany in net sales value of store brands)	11 %	13 %	14 %
REWE Bio* (% of net sales value of "REWE Bio" in net sales value of store brands at REWE)	14 %	15 %	17 %
PENNY Naturgut* (% of net sales value of "Naturgut" in net sales value of store brands at PENNY)	5 %	5 %	6 %

* Excluding near-food and non-food, tobacco and alcoholic beverages.

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 430 products in 2020.

Organic in Austria

With the creation of "Ja! Natürlich" in 1994, BILLA and MERKUR were pioneers in organic farming in Austria. The range now includes 1,100 different organic products that are available on the shelves of BILLA, MERKUR, ADEG and Sutterlüty. PENNY Austria sells its organic products under the store brand Echt B!O.

Performance of organic products in Austria (in per cent)

	2018	2019	2020 ✓
Ja! Natürlich[1] (% of gross sales value, full range[2] Austria)	6.7 %	6.8 %	7.1 %
Echt B!O[1] (% of gross sales value, PENNY Austria)	1.7 %	2.0 %	2.4 %

[1] Excluding near-food and non-food, tobacco and alcoholic beverages.

[2] Full range defined as BILLA and MERKUR.

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 for the company that the store brand products are produced in a more socially and environmentally sustainable manner and that higher animal welfare standards are fulfilled. With this is mind, REWE Group has developed the PRO PLANET label. PRO PLANET represents one major goal of REWE Group: to make products in the mass market more sustainable while promoting sustainable consumption among a larger consumer group. REWE, PENNY and toom Baumarkt DIY stores identify store brand products with the PRO Planet label that take account of social, environmental and animal welfare aspects. The PRO PLANET label thus provides a reliable and comprehensible orientation for shoppers.

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 label

The PRO PLANET label was developed in 2010 and can be used on all store brand products of REWE Group. REWE Group saw the 10-year anniversary in 2020 as an occasion to redesign the label and further develop the assigning process. The Sustainability Advisory Board plays a key role in this regard. It is integrated in the entire PRO PLANET processes and also in the continuous development of the REWE Group's sustainability strategy.

The PRO PLANET involvement essentially pursues a holistic approach to improve sustainability in the supply chain of REWE Group store brand products. To implement sustainability in a targeted manner, in Germany, REWE Group works with a due diligence approach. This management

approach is based on an OECD guideline that was developed so that companies can establish responsible agricultural supply chains.

The process includes five levels: Management system, risk analysis, strategy, review and reporting. The strategy of REWE Group is derived from this process with regard to how store brand products are produced in a more socially and environmentally sustainable way and how they comply with higher animal welfare standards. As part of this, sustainability aspects are integrated into the purchasing processes, collaboration is systematically carried out with suppliers and there is continuous dialogue with the relevant stakeholders. This diverse and strategic sustainability involvement of REWE Group is the basis for PRO PLANET and the collaboration with the Sustainability Advisory Board.

The Sustainability Advisory Board

The entire PRO PLANET process is supported by an independent group of stakeholders: The Sustainability Advisory Board comprises independent experts and representatives from NGOs, who contribute their knowledge and approve the use of the PRO PLANET label. The board members get together up to four times a year for two-day meetings. In addition, REWE Group draws on the project-specific expertise of external partners in the issuance process. Since 2019, the board has worked with REWE Group on the development, assessment and implementation of many measures with sustainability relevance for the REWE and PENNY marketing 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. Each board member was given responsibility for a specific area.

Members of the Sustainability Board of Advisers:

- Abel, Georg (Die VERBRAUCHER INITIATIVE e.V.), Advisory Board expert on consumers
- Geier, Bernward (COLABORA), Advisory Board expert on organic products
- Hütz-Adams, Friedel (SÜDWIND e.V.), Advisory Board expert on the "human" area of action
- Klöckner, Kristian (NABU Bundesverband e.V.), Advisory Board expert on the area of action "the environment"
- Pöpken, Stefanie (expert on animal welfare in livestock farming), Advisory Board expert on the "animal" area of action

The PRO PLANET Process

The PRO PLANET assigning process consists of the following steps:

1. Analysis and strategy check:
   The people with responsibility for sustainability in REWE Group and the Sustainability Advisory Board research and analyse the challenges and measures in various product groups and their supply chains. The analyses are then aggregated and prepared. REWE Group discusses the results in internal workshops and derives actions. These actions are presented to the board and the members work together to create a shortlist of actions.

2. Putting actions and PRO PLANET requirements into concrete terms:
   The Sustainability Advisory Board, the people with responsibility for sustainability and the purchasing department of REWE Group put the actions that are developed in the first step into concrete terms. Depending on the challenges in the supply chain, these may involve different activities, such as purchasing certified raw materials, drafting (raw material) guidelines and defining targets or implementing in-house projects (e.g. a biodiversity project for domestic fruit and vegetable farming or training programmes for small farmer cooperatives in Brazil). With regard to purchasing certified raw materials, the Sustainability Advisory Board checks in detail whether the criteria of the respective standards (e.g. UTZ / Rainforest Alliance, Fairtrade, Naturland or EU-Ecolabel) address important environmental and social problems. The members also develop a proposal for action that REWE Group must implement so that product groups and products are allowed to bear the PRO PLANET label. The results are presented to the full Sustainability Advisory Board and the actions are then approved in a strategy and budget process of REWE Group.

3. Implementation of actions and final approval by the Sustainability Advisory Board:
   The people with responsibility for sustainability in REWE Group draft a binding project plan for the agreed actions and requirements, including the time required for processing, milestones and targets. On this basis, the Sustainability Advisory Board makes a final decision whether the agreed actions and requirements are sufficient for the product groups or products to have a PRO PLANET label. If product groups or products meet the final agreed requirements, they may bear the PRO PLANET label for a certain time.

Focus on planet Earth: the PRO PLANET label

The PRO PLANET label that was redesigned in 2020 has planet earth as a focal point. In many cases, challenges from several groups of themes are processed through the actions of REWE Group – depending on the specific problems that exist for people, animals or the environment in the production of the store brand products. The sustainability contribution below the globe describes only the most important contribution of REWE Group for the respective product or product group. More information can be found on the www.pro-planet.info website. Currently, products with the old and new labels are in circulation. In the financial year, REWE Group informed consumers about the introduction of the new label.



Development of PRO PLANET Products

Within the scope of the realignment, REWE Group set a target for the development of PRO PLANET: By the end of 2025, 25 per cent of the store brands of REWE and PENNY in Germany will bear the PRO PLANET label. To monitor this target accurately, REWE Group records the respective KPIs based on the purchasing volume of the products.

In 2020, the PRO PLANET products in individual product groups generated varying results. The total number of PRO PLANET products in Germany increased overall. The share of PRO PLANET products in the purchasing volume of store brand products at REWE and PENNY in Germany was nine per cent in 2020, which was slightly lower than the previous year's level (2019: 10 per cent). This can be attributed to the large increase in the total purchasing volume of all product groups due to the Covid-19 pandemic. At toom Baumarkt DIY stores, the number and share of PRO PLANET products in relation to the purchasing volume of store brand products remained at a constant level.

PRO PLANET products Germany (GRI 102-48)

	2018	2019	2020
Number of PRO PLANET products at REWE and PENNY in Germany[1]	872	933	1,266
Percentage of PRO PLANET products in relation to the purchasing volume of store brand products at REWE and PENNY in Germany[1]	10 %	10 %	9 %
Number of PRO PLANET products at toom Baumarkt DIY stores in Germany[1]	298	309	306
Percentage of PRO PLANET products in relation to the purchasing volume of store brand products at toom Baumarkt DIY stores in Germany[1]	10 %	10 %	10 %

[1] The purchasing volume is the number of sales units of the purchased store brand products.

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 throughout 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 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 a move to anchor sustainability more strongly within procurement processes in the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. Within the area of action of the environment, the circular economy, climate and biodiversity have been identified as core topics. In the circular economy core topic, packaging has a special significance.

GRI 301: Materials

Management Approach

In its Guideline on 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.

Guideline provides framework

To make sales and service packaging more environmentally friendly, REWE Group drafted Guidelines on more eco-friendly packaging. They define a binding framework for REWE Group and its contractual 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.

The circular economy is an important solution for the REWE Group for conserving resources and protecting the environment and the climate. Since packaging causes a significant consumption of resources, the company has developed a comprehensive approach to more environmentally friendly packaging. REWE Group cooperates closely with key stakeholders ranging from purchasing departments to select NGOs and packaging design experts.

To begin with, data was analysed to develop the approach. Based on this analysis, the main effects and levers were identified. Specific targets and measures were then determined as part of this approach. It will be continuously developed in a stakeholder review process.

To make progress measurable, REWE Group defined the following key performance indicators (KPIs) and the respective targets for the area of packaging:

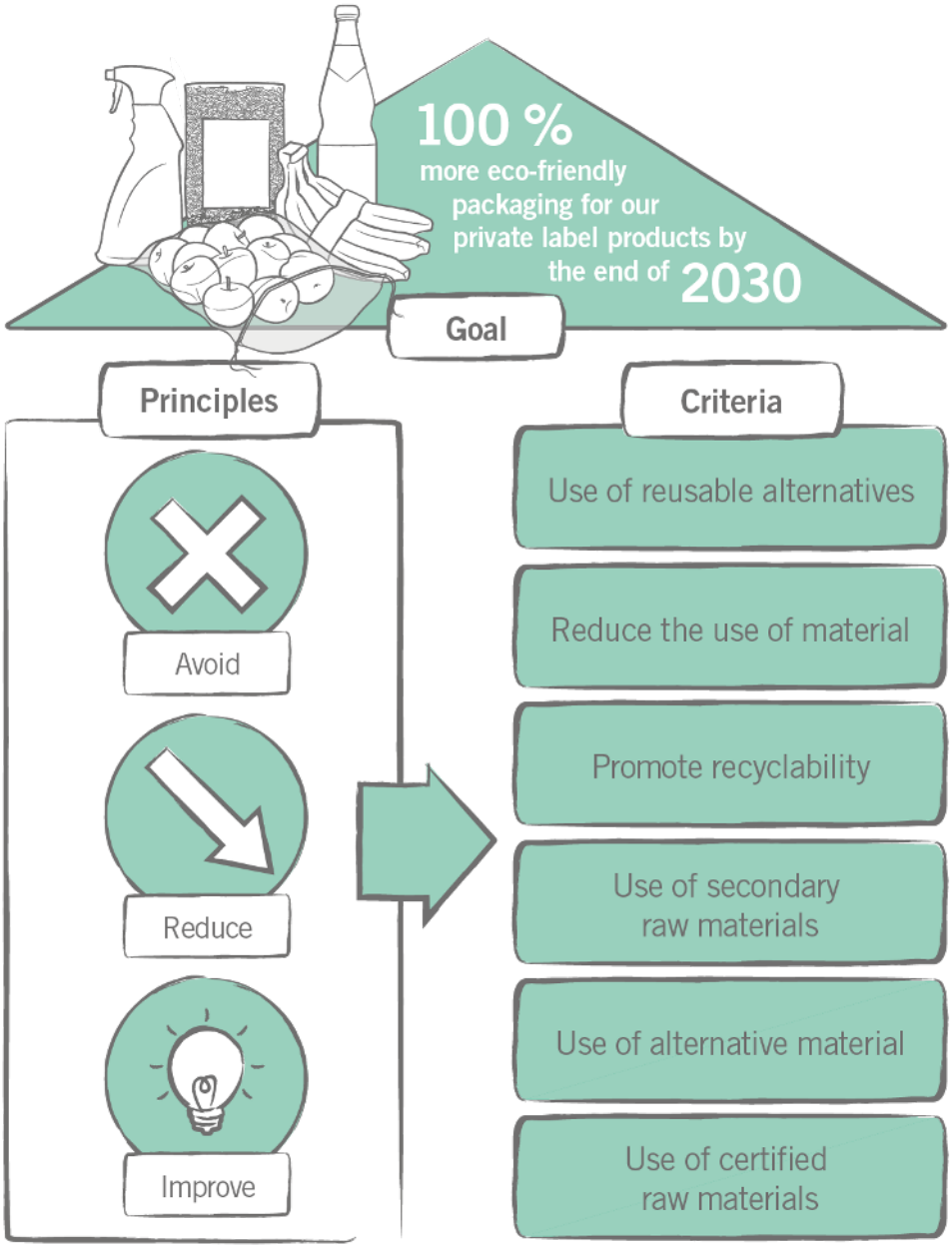
KPI	Target	Status
Percentage of more environmentally friendly store brand packaging[1]	100 % by the end of 2030	↗

↗ Being implemented ✓Target attained ✕ Target not attained

[1] The purchasing volume of the store brand packaging is considered here. This target applies to REWE Group in Germany (REWE, PENNY, toom Baumarkt DIY stores) and, since 2019, also to the international brands (BILLA, MERKUR, PENNY and ADEG).

"More environmentally friendly packaging" is packaging that has the least possible impact on the environment. The aim is to avoid and reduce packaging where possible or to improve its

environmental impact. These principles are to be applied in the order shown here – the packaging that is best for the environment is packaging which can be completely avoided.



Six criteria for more environmentally friendly packaging

The following six criteria are levers to reduce the negative environmental impacts of packaging:

- Use of reusable alternatives
- Reduce the use of material
- Promote recyclability
- Use of secondary raw materials
- Use of alternative materials
- Use of certified raw materials

Ideally, packaging to which the criteria are applied has a better result in a life cycle assessment. REWE Group sees life cycle assessments as a useful tool to assess the environmental friendliness of packaging, for example, if a material is changed.

Optimisation of packaging or a packaging element according to the criteria always has a positive impact on the environment, helping reach the goal of "100 per cent more environmentally friendly store brand packaging". Packaging should always be optimised and/or reduced as extensively as possible. Packaging is continuously reviewed and optimised on the basis of the current state of research and the latest developments.

In addition to the strategic packaging objective "100 per cent more environmentally friendly store brand packaging", REWE Group has defined more sub-targets that are also subject to a continuous progress review: for instance, 100 per cent of the PET packaging in the areas of laundry and cleaning products will consist of 100 per cent recycled material – where possible, REWE Group will strive to use at least 20 per cent recycled material from the "Gelber Sack" (Yellow Bag) programme by the end of 2021. In addition, all PET beverage bottles will, on average, contain 25 per cent recycled material by the end of 2025.

Also, by the end of 2025, 20 per cent less plastic will be used in the store brand packaging of REWE and PENNY in Germany. The two marketing lines also aim to ensure that all store brand packaging is recyclable by the end of 2025. REWE and PENNY in Germany just missed their target of using 100 per cent certified store brand paper packaging by the end of 2020. They are continuing to work towards meeting this target.

REWE Group draws attention to products that are packaged more environmentally friendly with three corresponding labels. With the labels on an increasing number of products, customers can see at a glance which measures have already been implemented to optimise the packaging, such as reduced use of material, use of secondary raw materials or the use of alternative materials.



Reduced use of materials
This label marks packaging made with less material, for example by reducing the packaging volume or the thickness of the material.



Use of secondary raw materials
This label marks packaging that has been otimised by using recycled material (at least 25%) instead of primary material.



Use of alternative materials
This label marks packaging that has been improved by the use of alternative materials, such as grass paper.

** Percentage may vary on individual packaging.*

Systematic integration in the purchasing processes

The approach to use more environmentally friendly packaging will be systematically integrated into all product ranges in the purchasing processes. REWE Group ensures knowledge transfer within the company through a permanent working group on the topic of packaging.

For the implementation, REWE Group uses three pillars that build upon one another:

- The company has anchored defined requirements for more environmentally friendly packaging within its purchasing processes. To assess packaging and packaging alternatives, REWE Group developed tools based on the requirements that make it possible to classify packaging as environmentally friendly.
- Talks with suppliers form a basis for cooperation to realise improvement potential in making packaging more environmentally friendly.
- Innovation projects lead to the development of new packaging concepts, for example by collaborating with partners in the supply chain, by being involved in research projects and industry initiatives or by working together with startups. The projects could involve the use of alternative raw materials or avoiding packaging by means of innovative technologies.

Award for more sustainable packaging ideas

In the financial year, REWE Group, together with the German Sustainability Award Foundation, awarded the special Sustainable Packaging Award for the second time. The focus of the competition are concepts and ideas that reduce, optimise, or avoid packaging and, at the same time, meet the requirements of consumers with regard to hygiene, information and convenience. Food producer Frosta was the winner for its deep freeze packaging made from paper.

Measures for more environmentally friendly packaging

To help reduce plastic waste, REWE Group has stopped selling plastic shopping bags. In Germany, this step was initiated by the marketing lines REWE (2016), PENNY (2017), DER Touristik travel agencies (2017), and toom Baumarkt DIY stores (2018); and in Austria by BILLA, MERKUR, PENNY, BIPA and ADEG in 2017.

"Away from Plastic"

REWE Group in Austria 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, the store brand of PENNY Austria, has been selling blood oranges in cotton netting since 2018. Some fruits and vegetables, such as pumpkins and courgettes, are also sold unpacked. Since the end of 2019, the entire organic fruit and vegetable range in Austria has been sold only unpacked and loose or with environmentally friendly packaging and in 2020 organic milk in the store brand range Ja! Natürlich was changed over to returnable glass bottles. Since the packaging optimisation measures were started in 2011, with the Ja! Natürlich brand alone 1,100 tonnes of plastic and 4,830 tonnes of CO_2 have been saved.

In addition, REWE Group has implemented a variety of other measures to make packaging more environmentally friendly and to optimise the use of resources. As a result of the more than 2,000 packaging changes, REWE and PENNY save around 8,900 tonnes of plastic each year (as at October 2019).

As a first step, REWE Group is working intensively to **avoid (1)** packaging:

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 time and time again for transporting fruit. It was also pointed out that fruit and vegetables with a natural protective skin can also be transported without packaging. As the first major supermarket chain in Germany, REWE introduced these reusable mesh bags in October 2018. PENNY followed this lead in 2019 by introducing the cotton bags throughout the country. REWE Group was also the first retailer to offer reusable mesh bags for fresh produce in Austria (2018) so that customers can transport unpackaged fruit and vegetables in a more resource-efficient manner. In the financial year, REWE Group in Austria received the WorldStar Packaging Award.

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 seasonal planning, fruit and vegetable products will be regularly checked to see if they are suitable for natural branding and, where appropriate, will be tested and changed over to this method.

Unpackaged fruit and vegetables

REWE and PENNY have been offering various fruits and vegetables unpacked for a long time, and this range will be expanded. Since April 2020 REWE has been selling organic fruit and vegetables throughout Germany largely without plastic or with improved packaging. This produces annual savings of around 210 tonnes of plastic and 80 tonnes of paper in the area of organic fruit and vegetables. Prior to this, an "unpackaged trial" was carried out in 630 REWE and nahkauf stores in Baden-Württemberg, the Palatinate and Saarland. Organic fruit and vegetables were largely sold without packaging or more environmentally friendly packaging was used. Naturschutzbund Deutschland e.V. (NABU) provided support with its expertise.

Another example of the avoidance of packaging material is the changeover from film packaging to adhesive tape or adhesive labels in the case of cucumbers. As a result of REWE and PENNY selling cucumbers without shrink-wrap, each year around 160 tonnes of plastic were saved.

toom Baumarkt DIY stores are also reducing the amount of the packaging material they use. For instance, the sales line is reducing the use of plastic labels on plant products. Seven million labels had been saved by the end of 2020.

DER Touristik avoiding non-recyclable plastic bottles

On average, each tourist uses at least 20 plastic bottles during a tour of Asia. In order to reduce the amount of plastic waste in holiday regions, 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 in Indonesia at the start of their trip since the winter season 2017/18. At the end of their holiday, they can take these bottles home with them. The bottles can be filled at water dispensers in all the hotels where tourists stay during their tour and also at the restaurants where they dine. 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. In 2019 this action was expanded to Vietnam and Sri Lanka.

Avoiding disposable plastic in the tourism industry "Plastic Free Balearics"

The Futouris project “Plastic Free Balearics” is pursuing the goal of reducing or completely eliminating disposable plastic in the hotel industry. The volume of plastic waste is also to be reduced and recycling is to be optimised. In 2019, plastic hot spots were identified in selected hotels: these include water bottles and hygiene products made from disposable plastic in hotel rooms, individually packaged portions at buffets and the use of disposable plastic mugs and cutlery outdoors. DER Touristik Group is participating in this project with a hotel in Mallorca. Based on the findings, actions such as providing non-plastic straws, loose leaf tea, and dispensers for soap, shampoo and shower gel were introduced, communication measures were developed for guests and employees were trained. The plastic packaging of delivered goods and food is also analysed and reduced where possible.

Packaging-free products at meat and cheese counters

After successful trials in March 2019 and the roll-out in July 2019, at REWE Group in Austria customers can now have their own containers filled with meat, cheese, and coffee in all BILLA and MERKUR stores. Customers bring along an empty, clean reusable container or coffee mug. Staff fill the container and put a label on it. This reduces packaging usage. Since June 2019, it has been possible for customers to bring along their own containers at nearly all REWE stores in Germany which have a meat and cheese counter.

Reusable system for the salad bar

As the first food retailer in Germany, the REWE sales line, together with the startup VYTAL, began offering a free reusable system at the salad bar in 2020. The special feature is that the system works without deposits.
A VYTAL dispenser with clean reusable packaging is located next to the salad bar. Customers scan the QT code of their VYTAL customer account which allows them to take a bowl from the dispenser. They can then fill the bowl as usual and pay for the contents at the till. The weight of the bowl is deducted automatically. Customers must return the bowl within 14 days either at the reverse vending machine in the REWE store or at other VYTAL partners, such as cafés and restaurants. This returnable no-deposit system is being trialled initially in five REWE stores in Cologne.

REWE Group is working on a range of measures to **reduce (2)** the amount of material used where complete packaging avoidance is not possible.

Reducing packaging material

By using less film packaging on selected REWE and PENNY store brands, such as sandwich and rubbish bags, and for kitchen towels and toilet paper packaging it has been possible to reduce plastic packaging by 590 tonnes per year. In Austria, REWE Group is also finding ways to reduce the use of packaging material: Since 2020, the BIPA sales line has been selling selected products from the “bi good” range in reusable bags. This measure saves up to 75 per cent of packaging material.

Savings with tubular bags

Since 2020, the REWE sales line has been selling beef mince from Wilhelm Brandenburg in tubular bags. The packaging with its protective gas atmosphere reduces the use of plastic by about 60 per cent, which equates to about 35 tonnes per year.

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. By using secondary raw materials, it is possible to keep raw materials in a closed loop and, as a result, conserve resources. 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 circular economy principles. 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 waste is collected from private households. Since 2017, packaging for the “washing, cleaning, scrubbing” product group at REWE and PENNY is being gradually switched to materials made entirely of recycled material. Twenty per cent of this material comes from “Gelber Sack” collections. In addition, since 2019, REWE and PENNY have been marketing “today” brand shower gel and soap in packaging made 100 per cent of recycled material. Here, too, 20 per cent comes from “Gelber Sack” collections. The use of the “Gelber Sack” raw materials is made possible by sorting technology based on laser optics. In future, REWE Group plans to change more packaging over to recycled material (for more information, see “Management Approach”).

Drink bottles made entirely of recycled material

For some time now, many REWE Group store brand drink bottles have contained a significant proportion of recycled PET (rPET). With the introduction of a water bottle made completely from recycled material at the start of 2019, REWE and PENNY were the first retailers to offer such a store brand drink bottle – for example, the 0.75 litre (still) water bottle with sports cap from the PENNY Ready and REWE Beste Wahl brands. By the start of 2025, all PET beverage bottles will contain 25 per cent recycled material on average.

Using recycled plastic

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 2020, the assortment of paint buckets made of recycled plastic (Procyclen®) comprised 130 items. The CO_2 emissions from containers made from recycled material are reduced by up to 50 per cent compared to packaging made of primary, non-recycled material. Since these containers were introduced, toom Baumarkt DIY stores have saved more than 1,000 tonnes of CO_2. In 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. In addition, since July 2020, toom Baumarkt DIY stores have been insisting that their plant suppliers use only recyclable plant pots, which contain at least 50 per cent post-consumer recycled material.

Yoghurt lids as a reusable solution

REWE and PENNY are selling selected store brand 500-gram yoghurt tubs without the additional plastic lid. With this measure, the two marketing lines save 120,000 kilogrammes of plastic each year. REWE and PENNY offer food-safe reusable lids so that customers can close the yoghurt tubs again conveniently and hygienically.

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.

Supporting a functioning recycling system

A functioning recycling system is important so that packaging materials can be reused after they have been disposed of. For this to work, it must be possible to sort the packaging waste into the different materials. To support this process, REWE Group became a co-founder of “Holy Grail 2.0” in 2020. The initiative aims to prove the viability of digital watermarking on packaging to improve sorting. The codes, which are invisible to the naked eye, are applied to the entire packaging. A high-resolution camera in the waste sorting plant detects the watermark and the packaging can be sorted automatically based on the respective data. This results in improved sorting flows and, consequently, higher-quality recycled material.

Use of alternative materials

Another approach for improving packaging is the use of grass paper. The alternative 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 life cycle assessment.

REWE Group is currently using grass paper packaging for PENNY Naturgut organic apples and PENNY Naturgut organic vine tomatoes nationally and for REWE organic pears regionally. REWE Group in Austria also started packaging herb and flower seeds and teas in the Ja! Natürlich range in grass paper packaging in 2020.

To improve plant packaging, toom Baumarkt DIY stores gradually began changing the protective covers to thin kraft paper during the financial year.

Water

The natural resource “water” is needed to manufacture products in the supply chain. Many products are produced in regions that suffer water stress. Since water is a vital resource and high consumption leads to water shortages, it is important to ensure that it is used in a sustainable and conserving 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. The Green Products Strategy 2030 was adopted in a move to more strongly anchor sustainability within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. The activities in the area of water are part of the area of action “environment”. The focus is on the use of water in the food and non-food supply chains of REWE Group. Measures relating to operational water use by REWE Group are described in Operational Water Consumption.

GRI 303: Water and Effluents

Management Approach

The Guideline on sustainable business practices of REWE Group applies to all business relationships. They are based on the UN Universal Declaration of Human Rights, the conventions of the International Labour Association (ILO) and UN Global Compact. The guidelines include standards for the sparing use of soil, air, water and other natural resources. These basic principles

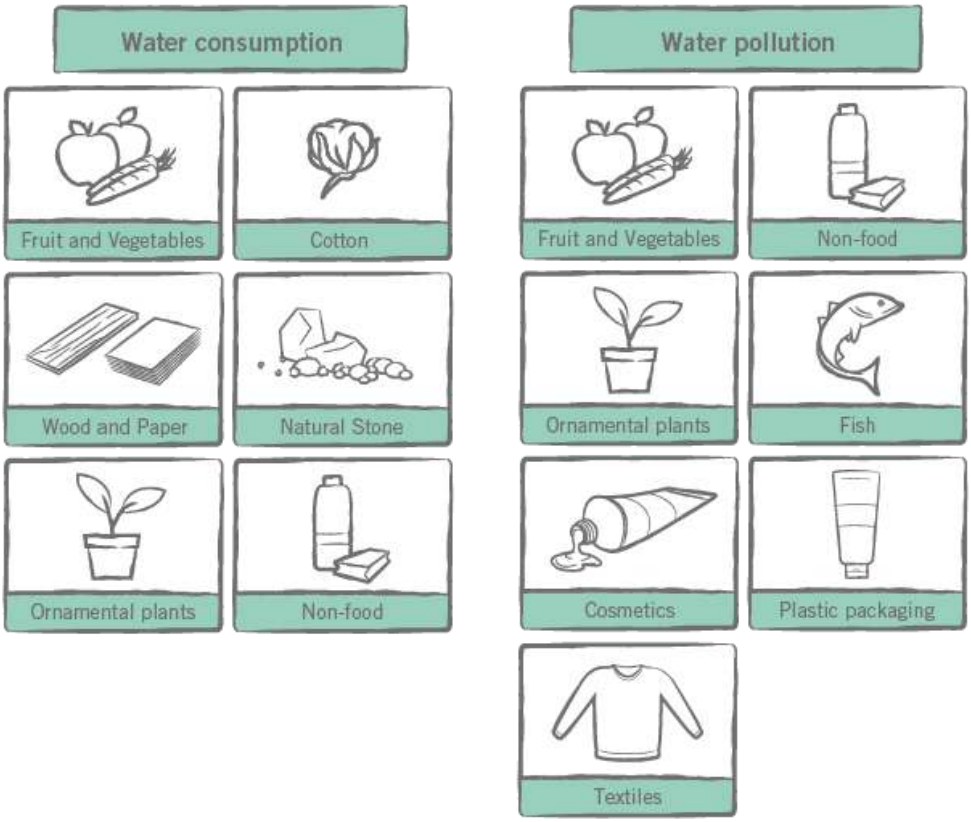
apply to the company's own business processes and to those of REWE Group's business partners and suppliers. REWE Group reserves the right to apply sanctions when the values set forth in the guidelines are deliberately and flagrantly breached.

In its Guideline on water protection in the supply chain published in 2020, REWE Group lists its measures and targets aimed at reducing the use of water and water pollution. They define a binding framework and aim to raise awareness among employees and partners in the supply chain about the importance of using water sparingly.

Within the scope of a risk analysis carried out in 2017 and other individual hot spot analyses, water use and water pollution in raw material production and manufacturing were identified as key issues: A lot of water is consumed, for example, in forestry, cotton growing and natural stone quarrying as well as in the cultivation of fruit and vegetables. Production of paper, metal and plastic is also associated with high and, in many instances, inefficient use of water. Water pollution occurs especially in the cultivation of ornamental plants, in fruit and vegetable growing and in fish farming. In textile production, too, the use of environmentally hazardous chemicals pollutes waterways and can cause serious environmental damage.

Microplastics and dissolved, liquid and gel polymers in wastewater end up in inland waters and the oceans, where they represent a risk for our water resources. The situation is similar with disposable plastic and plastic packaging that can decompose to microplastics.

With consideration of water consumption and water pollution, REWE Group defined the following focal product groups and raw materials:



To support the responsible use of water in the entire supply chain, REWE Group pursues the overarching management approach for responsible supply chains (see Environmental aspects in the supply chain).

Negative environmental impacts in the supply chain and actions taken

With its actions, REWE Groups strives to reduce water consumption in the supply chains and increase water efficiency. Water pollution is to be avoided and effective water treatment is to be implemented.

Water consumption

To reduce water consumption in cultivation and in the production of its store brand products, REWE Group works together with certification systems that obligate their producers to use water resources in their processes in a sustainable manner. These systems include Rainforest Alliance / UTZ, Fairtrade, Cotton made in Africa and Naturland.

As part of the Green Production Program of REWE Group, metal and plastics producers are ISO 14001-certified or undergo a self-assessment, which also includes information about water consumption. Producers for strategic suppliers where there is a high risk in this respect are also

supported in training and consulting projects to reduce their water consumption (for more information, see Environmental aspects in the supply chain).

Water pollution

The Green Production Programme of REWE Group also contributes towards reducing water pollution: For example, producers for selected suppliers are provided with support and advice for their wastewater management in training courses. This includes analysis of existing improvement potential, actions to reduce pollutants in wastewater and measurement of the progress they have made.

To counteract water pollution in the textile supply chain, REWE Group established a Detox programme for store brand clothing, shoes and home textiles. Within the scope of this programme, water pollution caused by chemicals will be specifically reduced (for more information, see Environmental aspects in the supply chain).

In addition, REWE Group has precise standards with regard to the use of pesticides and fertilisers on agricultural land that considerably exceed statutory regulations. Accordingly, critical substance classes may not be used in the cultivation of ornamental plants or in fruit and vegetable growing. REWE Group also limits the amount of pesticide residue permitted in fruit and vegetable cultivation. This is to avoid negative additive effects that could arise from using different active ingredients. A limit for the “acute reference dose” is also specified. This is the amount of active ingredients that a human being can ingest safely in one day and is defined by the World Health Organisation. Fruit and vegetable suppliers of REWE Group must also comply with certain nitrate values. Within the scope of residue monitoring, REWE Group regularly checks that these standards are complied with.

In the area of water pollution control, REWE Group also works together with certification organisations such as Rainforest Alliance / UTZ, QS Qualität und Sicherheit and GLOBALG.A.P. In addition to their own residue monitoring, they also carry out extensive measures for pre-emptive water pollution control. In fish farming, REWE Group values the ASC standard, which requires regular monitoring of water quality and wastewater treatment.

Avoiding microplastics

Microplastics and dissolved, liquid and gel polymers are used in formulations for cosmetic products. For this reason, in its Guideline on microplastics in cosmetic products REWE Group defines requirements and measures with regard to the use of these substances in cosmetic products. The company has set itself the goal of eliminating microplastics in the formulations of all store brand cosmetic products of REWE and PENNY in Germany by the end of 2020 in line with the REWE Group understanding defined in the guidelines. Where possible without reducing performance, the focussed synthetic and semi-synthetic polymers in dissolved, gel or liquid form will also be removed from all formulations for cosmetic products. Both targets were reached in the financial year. For this purpose, the company continuously reviews its entire range of store brands in the area of cosmetics in close collaboration with its suppliers in order to develop new formulations without microplastics. In this way, REWE Group eliminated microbeads, which are used, for example, in exfoliating products, from all its store brand cosmetic products in 2014.

REWE Group has developed its own logo to make it easier for consumers to make a choice. It identifies store brand cosmetics that are free of microplastics according to the REWE Group understanding and also contain none of the dissolved, gel or liquid polymers in focus.

In its three-step approach for more environmentally friendly packaging, REWE Group is aiming to use 100 per cent more environmentally friendly packaging for its store brand products by the end of 2030. The company has also defined specific sub-goals for REWE and PENNY brand products in Germany: By the end of 2025, all plastic product and service packaging for REWE and PENNY brands that cannot be avoided will be recyclable. Also, by the end of 2025, 20 per cent less plastic will be used for product and service packaging for REWE and PENNY brands.
By avoiding, reducing and improving packaging, it will be possible, among other things, to use less plastic material. This is because it is a source of microplastics that can pollute our environment and our waters. For more information, see Guideline on more eco-friendly packaging.

Effectively combat marine litter in the Maldives

REWE Group is campaigning to prevent and reduce litter in the oceans. This is particularly a problem in regions that have no functioning waste disposal infrastructure. Especially in the smaller islands of the atolls of the Maldives, waste is not disposed of properly. From 2019 to 2020, REWE Group, in collaboration with its tuna supplier followfood, helped the Maldives reduce the increasing amount of litter in the ocean. Measures in the Laamu Atoll included continuous disposal of the plastic waste on the islands, installation of reusable drinking water systems to avoid plastic bottles on fishing boats and environmental training for young and older children.

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 areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. In the action area of the environment, biodiversity was defined as one of the focus issues. 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 on sustainable business practices 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 the 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 organic, Fairtrade, Forest Stewardship Council (FSC®), Rainforest Alliance / UTZ and the Marine Stewardship Council (MSC). They are also used in the Guidelines the REWE Group has drawn up for raw materials such as palm oil, fish and cocoa. Impacts on biodiversity are also examined during product-related analyses conducted within the scope of the procurement process of the PRO PLANET labels. This allows identification of negative impacts on biodiversity and measures to be taken for preserving and promoting biodiversity (for more details see PRO PLANET).

REWE Group works in alliances to advance biodiversity. The company promotes regional projects that address biodiversity in agriculture with numerous farmers and its partners, such as German environmental organisation NABU, the Lake Constance Foundation and several cultural landscape foundations.

To promote biodiversity, the REWE Group has set itself the goal to change all relevant regional outdoor fruit and vegetable produce to biodiversity-enhancing farming by 2025.

Food for biodiversity: alliance to protect biodiversity

In March 2021, REWE Group together with other companies, associations and certification organisations from the food industry as well as environmental associations and representatives from science, founded the association "Food for Biodiversity". This first industry-wide alliance champions protection of biodiversity as a key issue in the food industry and in the upstream value chains. The members want to make a contribution towards achieving the goals of the German and European biodiversity strategy, the objectives of the Convention on Biological Diversity and the UN Sustainable Development Goals.

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: hand in hand for more biodiversity

The aim of the PRO PLANET project is to increase biodiversity in conventional fruit and vegetable farms by encouraging a good level of cooperation between farmers and conservationists. In addition to the many participating farmers, the Lake Constance Foundation, NABU and various cultural landscape foundations are important partners of REWE Group when it comes to implementing individual measures to protect biodiversity. When the project was launched in 2010, the focus was on apple and pear orchards. After the success of the pilot runs, in 2016, the project was extended to cover various fruit and vegetable crops. More than 530 fruit and vegetables orchards have now joined the project (at the end of 2020). Apart from apple and pears, the products include broccoli, Chinese cabbage, iceberg lettuce, cos lettuce, carrots, potatoes, onions, cherries, plums and blueberries. The fruit and vegetables receive the PRO PLANET label with the addition “contributing to the protection of biodiversity”.

The project is having a broad range of positive effects: Since 2010, a total of 24,900 bushes, trees and shrubs have been planted throughout Germany (2019: 14,300). Around 842 hectares (2019: 612 hectares) of flower strips were planted and upgraded and various forms of structural enhancements such as dry-stone walls and small bodies of water have been added. In addition, since 2010, approximately 11,745 (2019: 10,130) nesting boxes and nesting aids for birds and bats and 5,698 insect nesting aids (2019: 4,722) were installed. REWE Group regularly monitors the success of the implemented actions. A wild-bee monitoring programme initiated in 2017 in the Lake Constance region found that various bee species had grown significantly. Compared with 2010, the species had increased by about 100 per cent from 56 to 117, including 25 (2010: 5) endangered species. In 2019, a wild-bee monitoring programme was also carried out in southern Rhineland. As a result of this it was discovered that more individual wild bees were present in ideal flowering areas with a high density of flowers in peaceful locations than in areas where no measures had been carried out. Nesting possibilities in the soil had a positive effect on the number of species. As a result, it can be said that flowering areas have a positive effect on wild bee colonies, assuming these areas are undisturbed, well developed and have a high flower density. REWE Group intends to expand its monitoring activities to

review this success. For instance, wild-bee monitoring will likely be carried out in 2021.
In 2020, the project was included in the retail guidelines for protecting pollinators in the European Union. In 2019, it received the European Bee Award and in the same year was one of the United Nations Decade on Biodiversity projects. The project was also awarded the German CSR Prize in 2016.

Biodiversity on apple farms: for the love of bees

REWE Group campaigns for more biodiversity together with the Polish Society for the Protection of Birds (OTOP) and farmers in the Grójec region: On the apple farms in the largest apple-growing region in Poland, the measures include planting flower strips as a source of food for insects as well as building insect hotels and bird houses. The apples purchased from the growers are handled separately and used to produce REWE Beste Wahl apple juice and PENNY Paradiso apple juice “For the Love of Bees”, which bear the PRO PLANET label and are available seasonally.

Insect protection fund with the NABU to promote biodiversity in agriculture

Various research studies come to the conclusion that the population of flying insects has declined sharply during the past few decades. Because of this, REWE supported the establishment of an Insect Protection Fund by its long-term strategic partner NABU in 2018 and 2019 to the sum of 300,000 euros. This funding made possible the nationwide implementation of broad insect protection measures to counteract the dramatic decline in insect populations.
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. A total of 164,800 square metres of land were purchased. For instance, 25,000 square metres of conventionally farmed land was bought and farming was stopped so that development measures for insect diversity could be implemented. Various actions to monitor insects were also implemented, flowering areas were planted and land owners and leaseholders were given advice on insect propagation.

Promoting domestic species diversity through the environmental protection programme “Blooming Austria”

The “Blooming Austria” foundation was established in 2015 by REWE Group in Austria together with the nature conservation organisation BirdLife Austria. The foundation mandate involves strategic, transparent and systematic funding of nature conservation projects. “Blooming Austria” especially supports regional cooperation with projects being implemented in collaboration with partners from public institutions, charitable organisations and the private economy. The foundation’s financing and project activities have been linked to certain products: Part of the revenue from every product sold from 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) goes to the foundation. These days, the foundation is not only the first but also the largest private initiative for a healthy environment and sustainable farming ion Austria. In 2020, the foundation budget was 1.4 million euros.

The foundation's nature conservation strategy for 2018–2022 entitled “Anchoring sustainability, enlivening Austria’s diversity” aims to protect a total of 1,000 hectares of threatened natural areas by 2022. In 2020, 132 farms participated in the FLORA programme aimed at supporting farmers and organisations in order to preserve biodiversity. As a result, 621 hectares or environmentally valuable area will be maintained for a premium payment of just under 290.000 euros. The financial support also gives the small structured farming families a planning perspective and secures jobs.

REWE, PENNY and toom Baumarkt DIY stores change over to peat-free potting soils

To harvest peat, centuries-old moors were and are drained. The process destroys the habitat of animals and plants. It also releases the carbon trapped in the moors as climate-killing CO_2. 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. In 2020, the store brand range of peat-free soils consisted of ten products, seven of them are Naturtalent by toom® potting soils and three are products of the

toom quality brand. Naturtalent by toom® potting soils bear the PRO PLANET label and the Bio-Grünstempel® 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. Because of the risk to humans and the environment, toom Baumarkt DIY stores stopped selling products containing glyphosate in 2015; it was the first chain of DIY stores in Germany to do this.

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 the protection of bees and the environment, toom Baumarkt DIY stores have tightened requirements for their ornamental plant suppliers. In 2017 it became the first DIY store chain in Germany to exclusively offer ornamental plants produced without the use of pesticides classified as particularly harmful to bees by Greenpeace. In the area of chemical pesticides, in 2015 toom completely stopped selling products which, according to a Greenpeace study, contain active ingredients that are especially 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. An entomologist evaluates all relevant products with regard to bee friendliness. At the end of 2020, almost 1,000 products had been assessed bee friendly, including flower bulbs, herbs and fruit trees, and thus bear the claim “Bee Friends”.

Pesticide blacklist for conventionally farmed fruit 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 producers, 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 blacklist of substances which farmers are prohibited from using. For more information about the

use of pesticides in conventional fruit and vegetables, see Environmental Aspects in the Supply Chain.



Climate Protection in the Supply Chain

The world community is facing special challenges due to climate change. Human activities are contributing to global warming, impacting ecosystems and thus also social life. This is why 195 countries came together in 2015 in Paris, where they agreed to the target of limiting global temperature rise to well below two degrees. This climate agreement is now being implemented at a national level through political conditions and objectives. Various scientific institutions have developed methods and recommendations for action to translate this ambitious goal into practice.

In view of the major significance of greenhouse gas emissions from global agriculture for climate change, the focus of retailers' climate protection efforts is increasingly on the upstream value chain. Greenhouse gas emissions are also released through activities in the upstream supply chains of REWE Group: for example, in the cultivation and manufacture of products or during transport to market. At the same time, climate change also creates risks for the trade company – from adverse effects on agriculture due to severe weather events to regulatory developments such as CO_2 pricing.

Consumers, employees and expert stakeholders at REWE Group also assessed the topic as especially important for the company as part of the materiality analysis: they want climate protection to be taken into account at all levels. A more sustainable product range with more regional products is also essential in the view of stakeholders (for more information, see the section Materiality Analysis).

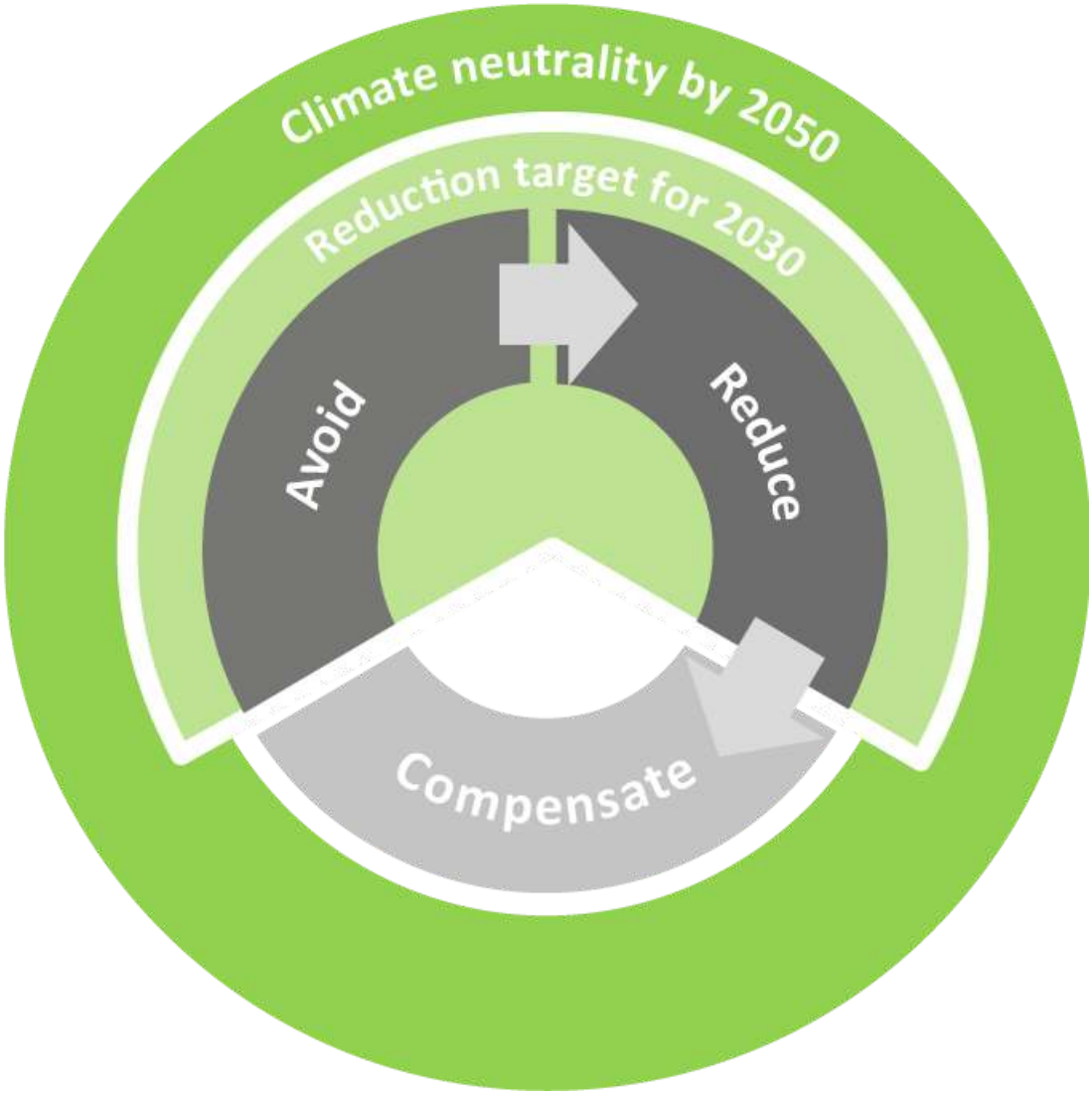
To permanently integrate sustainability into its company processes, REWE Group has developed an all-encompassing sustainability strategy that is made up of four main pillars: Green Products;

Energy, Climate and the Environment; Employees; and Social Involvement. The Green Products 2030 strategy was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. Climate is one of the three focal topics in the area of action of “the environment”. Within this framework, REWE Group's goal is to reduce CO_2 emissions in its upstream supply chain and thus make an effective contribution to climate protection.

GRI 305: Emissions

Management Approach

REWE Group wants to make a contribution to limiting global warming and achieving the Paris Climate Agreement in its own supply chains. For this purpose, the company has adopted a strategic approach in the financial year with the principle of “Avoidance first, then reduction, then compensation”. This concerns the upstream value chains of all store-brand items distributed by REWE and PENNY in Germany.



As part of this approach, REWE Group's goal is to achieve an absolute reduction in greenhouse gas emissions of 15 per cent in the supply chains of its store-brand items by the end of 2030 compared with 2019. When developing this target, the company aligned itself with the requirements of the independent Science Based Targets initiative (SBTi). The alliance of the UN Global Compact, World Resources Institute and WWF helps companies to develop science-based climate goals in order to limit global temperature rise to well below two degrees Celsius by 2050.

Calculating the CO_2 footprint

In order to define the goal and set the base year, REWE Group calculated the entire CO_2 footprint of REWE and PENNY store brands for the first time for the 2019 calendar year. For this purpose, the company examined its supply chain for Scope 3 emissions in accordance with the GHG Protocol. The emissions from major product groups caused by cultivation and raw material extraction, manufacture, further processing and transport were taken into account.
For reasons of materiality, influenceability and data availability, the store-brand products purchased centrally by REWE and PENNY in Germany were taken into consideration initially – data regarding supply chain emissions from third-party brands and other goods (e.g. operating resources) and services procured by REWE Group was not collected.
The calculation method is based on the environmentally extended input-output model, which maps global product streams as well as the environmental and social impacts that correspond to the purchasing volume in a specific sector and in a specific region.

Based on this footprint, the company then identified any product groups with a high impact on the climate. These are milk and dairy products, sausage, vegetables, cheese, poultry, fruit, eggs as well as pork and beef. These nine product groups are the focus when it comes to deriving climate protection measures.

In addition to the greenhouse gas emissions produced in the supply chain of REWE Group, emissions are also released at the stores and administration sites of REWE Group (for more information on the measures being taken to reduce operational greenhouse gas emissions, see the section Climate protection on a company level).

Measures and projects to reduce greenhouse gas emissions

In order to reduce greenhouse gas emissions consistently in the supply chain of store brands, REWE Group is already implementing a number of different measures. The company is aware that

a continuous expansion of these measures is necessary in order to achieve the reduction target.

Deforestation-free supply chains

REWE Group's goal is to make its supply chains deforestation-free in the areas of wood/paper, palm oil and soy animal feed by the end of 2025. To achieve this, the company has set specific goals (for more information, see the sections Raw Materials in Focus – Food and Raw Materials in Focus – Non-Food). In this way, REWE Group is seeking to reduce the footprint of its supply chain. Thanks to the use of more sustainable soybeans as animal feed, the entire store brand range for fresh eggs, milk and poultry at REWE and PENNY has already been certified deforestation-free since the end of 2019. REWE Group wants to extend this commitment to fresh pork and beef and contribute to a deforestation-free supply chain with 100 per cent deforestation-free soy feed by the end of 2021.

PRO PLANET greenhouse

With its PRO PLANET greenhouse crops such as bell peppers, tomatoes and strawberries, REWE and PENNY are focussing on resource-saving cultivation in particularly sustainably operated greenhouses. Renewable energies are used here, thus reducing greenhouse gas emissions.

Peat-free soil

By the end of 2025, REWE Group aims to have converted its entire line of soils – both store brands and branded products – at REWE, PENNY and toom Baumarkt DIY stores to peat-free alternatives. By eliminating peat, REWE Group is reducing the emission of greenhouse gases from drained moors. For more information, see the section Raw Materials in Focus – Non-Food.

Packaging

By the end of 2030, REWE Group intends to have made all product and service packaging of store brands at REWE, PENNY and toom Baumarkt DIY stores more environmentally friendly. This can avoid greenhouse gas emissions – for example, by saving plastic or using recycled material. For more information, see the section Packaging.

Plant-based alternatives: Food for Future

Greenhouse gases can be saved by avoiding animal products. With this in mind, the PENNY sales line has been promoting the consumption of plant-based alternatives since 2020 with its vegan store brand “Food for Future”: meat, eggs or milk are replaced by pea, soy or lupin, for example.



Environmental Aspects in 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 also adopted in a move to anchor sustainability more strongly within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops 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 relate to the area of action of “the environment” – with the aim of protecting natural resources and preserving biodiversity along the supply chain. For this purpose, three focus issues were defined, and specific work is being carried out on these. in addition to a circular economy and biodiversity, this includes the focus issue of climate, which was added for the first time in the financial year. As regards the topic of a circular economy, the focus is currently on packaging.

GRI 308: Supplier environmental assessment

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. REWE Group has formulated the principles of its business relationships with the Guideline on sustainable business practices. 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 Product-Related Risk Analyses.

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

Step 3: The focus raw materials and 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 collaboration, through training of purchasers, for example
2. Collaboration within the supply chain, through requirements for suppliers or for purchasing certified raw materials, for example
3. Collaboration with stakeholders, by further developing standards organisations, for example

Measures can be defined in different ways depending on which risks are identified. They include a requirement 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 the environment, the following targets and key performance indicators for store brands have been defined (for more information, see the overarching Green Products Management Approach):

KPI	Target	Status
Percentage of relevant food and non-food producers integrated within an environmental programme (REWE and PENNY in Germany)	100 % by the end of 2030	↗
Percentage of more environmentally friendly store brand packaging[1]	100 % by the end of 2030	↗

↗ Being implemented ✓ Target attained ✕ Target not attained

[1] The reference quantity of store brand packaging is considered. This target applies to REWE Group in Germany (REWE, PENNY, toom Baumarkt DIY stores) and, since 2019, has also applied to the international brands (BILLA, MERKUR, PENNY and ADEG).

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 collaboration

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.

2. Collaboration within the supply chain

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. Special requirements are factored in already in the tender invitation process and integrated into supplier contracts.

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 Guidelines for Sustainable Business Practices, meaning that compliance is confirmed by the suppliers within each tender or contract. For focus raw materials, such as cocoa and palm oil, REWE Group has defined Guidelines with detailed requirements and objectives which, in turn, are imposed on 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), Cotton made in Africa for sustainable textiles or the FSC® and PEFC™ certifications for sustainable forest management. Standards such as Rainforest Alliance, Naturland, Fairtrade, Blauer Engel (Blue Angel), the German Association for Non-Genetically Modified Foods (VLOG) and the EU organic logo are also important ways for REWE Group to bring about improved environmental 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 such as the Forum for Sustainable Palm Oil and the German Initiative on Sustainable Cocoa (GISCO) 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).

Climate protection in the global supply chain

In view of the major significance for climate change of global agriculture's greenhouse gas emissions, REWE Group wants to make a contribution to limiting global warming through involvement in its own supply chains. Consumers, employees, and expert stakeholders of REWE Group also rated the topic as particularly significant for the company in the materiality analysis (for more information see the Materiality Analysis section). The company has thus set itself the target of a 15 per cent absolute reduction in greenhouse gas emissions in the supply chains for store brand products compared with 2019 by the end of 2030. More information on the approach to reducing greenhouse gas emissions in its supply chains is available in the Climate Protection in the Supply Chain section.

Blacklist of prohibited pesticides for conventional fruits and vegetables

REWE Group has set the goal of continuously reducing the number 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 health and assure production and yield certainty for farmers. REWE Group has drawn up a blacklist. It lists substances that producers are prohibited from using. The list is regularly expanded – by a further 42 substances in 2020. REWE Group has significantly tightened the upper limit for residues for another 20 substances: they are now only permitted to amount to 25 per cent of the legally prescribed maximum values. To continue developing the specifications, in recent years REWE Group has had specific analysis reports prepared – for example, for 2017 a report on endocrine disruptors and for 2018 a report on substances that harm bees. Also, within the scope of quality management, all fruit and vegetable products are checked regularly for possible pesticide residues on the basis of a risk-oriented sampling plan. This risk analysis is also part of the annual seasonal planning of purchasing because it is a decision-making criterion for whether and how a product is marketed.

Studying environmental effects and achieving improvements through the Green Production Programme

In 2018, REWE Group launched an environmental programme for suppliers to REWE, PENNY and toom Baumarkt DIY stores to help achieve the KPI: this Green Production Programme serves to improve environmental effects at suppliers' production sites and monitor them regularly. To this end, every production site must submit a self-assessment based on the amfori Business Environmental Performance Initiative (BEPI) or an ISO 14001 certificate. In addition, the production sites undergo an amfori BEPI audit at random to check compliance with environmental regulations. In 2020, all suppliers that produce for REWE Far East were included – which means 383 REWE Group suppliers (711 production sites) are now integrated in the Green Production Programme. For all strategic suppliers whose processes are classified as harmful to the environment, REWE Group carries out consultations on improvement. This excludes textile suppliers, as they already have the established 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 aim is to produce textiles safely with no hazardous chemicals. To achieve this objective, REWE Group is working with its suppliers to systematically remove hazardous chemicals from textile production. In 2020, the Greenpeace Detox campaign officially ended. Irrespective of this, REWE Group has committed to eliminating hazardous chemicals in textile production.

In 2015 to 2019, REWE Group documented its development with regard to the Detox Programme in annual progress reports. In 2020, the company started a new detox process. The approach particularly covers supplier development with regard to chemicals management.

Since 2020, REWE Group has used the Manufacturing Restricted Substances List (MRSL) from the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. It lists chemicals that are classified as hazardous and must not be used in manufacturing. In addition, the factories always need to

have a valid wastewater test and a chemical inventory and must take part in training annually. REWE Group purchases its products from a pool of wet processing factories that meet the new requirements.

Between 2018 and 2020, a total of 21 producers – for example from China, Serbia, Italy, Bangladesh, and Turkey – were trained. Improvements were achieved in the areas of chemicals management, management systems, process optimisation, wastewater, and waste management as well as water consumption. On average, the participating producers of REWE Group improved by 19 per cent.

In order to further advance the issue, REWE Group promotes communication with other retailers and textile companies and supports the Grüner Knopf (Green Button) textile seal.

3. Collaboration with stakeholders

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.

REWE Group is 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.
- Dialogue and cooperation with the Aquaculture Stewardship Council (ASC): The seafood quality seal campaigns for improvements in the environmental compatibility of aquacultures and certifies seafood that is farmed in an environmentally conscious manner.
- Member of the World Banana Forum: The forum brings together various stakeholders in the worldwide banana supply chain to achieve more sustainable cultivation, respect for human rights and improvements in 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. REWE Group will develop a new roadmap in 2021 that contributes to the goals of the alliance.
- 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 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.

- Dialogue and cooperation with the Forest Stewardship Council (FSC®): The organisation campaigns for sustainable forestry and ensures compliance with important environmental and social standards.
- Charter member of the German Initiative on Sustainable Cocoa (GISCO): This multi-stakeholder initiative is actively engaged in improving the living conditions of cocoa farmers, protecting natural resources and biodiversity, as well as growing and marketing sustainable cocoa.
- Founder 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.
- Member of the Roundtable on Sustainable Palm Oil (RSPO): The not-for-profit organisation RSPO works with its members on developing and implementing global standards for sustainable palm oil. In order to produce sustainable palm oil, companies must comply with a set of environmental and social criteria. REWE Group has been a member of RSPO since 2011.
- Member of the GLOBALG.A.P. working group on environmental aspects in crop cultivation: The working group deals with the further development of the GLOBALG.A.P. standard with a focus on environmental sustainability in the certification of crops. The standard is to be introduced in September 2021.
- 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.
- Dialogue and cooperation with the Programme for the Endorsement of Forest Certification Schemes (PEFC™): This system for ensuring sustainable forest management looks at the whole of product production from the raw material to the finished product; verification is carried out by an independent expert.
- 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.
- Participation in the “Wirtschaft macht Klimaschutz” (Business Drives Climate Protection) initiative: The aim of the dialogue forum is to initiate the development of concrete climate protection measures in companies in order to contribute to climate protection goals. The initiative ended in March 2020.
- Collaboration with XertifiX: To track the complete supply chain of natural stone back to the quarry and independently check compliance with social and environmental criteria, toom Baumarkt DIY stores work together with the independent experts from XertifiX.
- Sponsorship with the Donau Soja Association: Since 2016, REWE Group has had a protein partnership with the Donau Soja Association to promote GM-free soybean farming. In 2017 and 2018, this resulted in a joint project in the Županja region in Croatia to support farmers.

- Participation in the Biodiversity in Good Company initiative: 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.
- Founder member of the "Food for Biodiversity" initiative: In March 2021, REWE Group together with other companies, associations, and certification organisations from the food sector as well as environmental associations and research founded the "Food for Biodiversity" association. This first industry-wide association is working to anchor the protection of biological diversity as a central concern of the food issue right into the upstream value chain.
- 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".
- Member of the Floriculture Sustainability Initiative (FSI): The organisation from the Netherlands focuses on responsible production and trade of plants along the supply chain. Through their membership of the initiative, toom Baumarkt DIY stores express their commitment to the initiative's aim of sustainably sourcing 90 per cent of ornamental plants in accordance with the initiative's criteria by 2020 and beyond. Suppliers therefore need to have an environmental and social standard in accordance with the applicable certification systems such as GLOBALG.A.P. and MPS GAP or GRASP and MPS SQ. toom Baumarkt DIY stores are also actively involved in working groups to make the ornamental plant trade more sustainable.



Social Aspects 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 anchor sustainability more strongly within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. The activities with regard to social aspects and fairness in the supply change relate to the area of action of people. These 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 and promote dialogue between all partners – in order to strengthen human rights, and further improve labour and social standards.

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

Management Approach

The Guideline on sustainable business practices of REWE Group apply to all business relationships. They are based on the UN Universal Declaration of Human Rights, the conventions

of the International Labour Association (ILO) and the 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.

Position on the Due Diligence Act

Human rights are non-negotiable. REWE Group firmly believes that a binding framework is required to create fair conditions throughout global supply chains. For that reason, REWE Group is in favour of mandatory international supply chain regulations to effectively strengthen standards of due diligence throughout global value chains. A mandatory international solution that involves all stakeholders can create an effective level playing field. The aim must be to invest in what will have the greatest possible impact on improving human rights Rather than creating an excessive administrative burden. REWE Group announced its position on a possible regulation with concrete requirements but also solution-oriented ideas in November 2020.

In its Declaration of Principles, 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. Due to the special features in the tourism industry, in 2019 DER Touristik Group adopted its own, additional Policy statement on the observance of human rights and implemented a Supplier Code of Conduct. Corporate guidelines and processes are adapted to take account of human rights due diligence and the formulated measures are implemented successively.

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 Product-Related Risk Analyses.

Step 2: Focus raw materials and issues are identified based on insights obtained in step 1. Three focus issues that are relevant to many focus raw materials and countries have emerged. These are

child labour and forced labour living wages and income and the topic of women in the supply chain.

Step 3: The focus raw materials and 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 collaboration, through training of purchasers, for example
2. Collaboration within the supply chain, through requirements for suppliers or for purchasing certified raw materials, for example
3. Collaboration with stakeholders, by further developing standard organisations, for example

Depending on the risks that are determined, different actions are defined, such as demanding standards and certifications, collaboration with standards organisations, participation in industry initiatives and 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 people, the following key performance indicators (KPIs) for store brands have been defined (for more information, see the overarching Green Products Management Approach):

KPI	Target	Status
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	↗

↗ Being implemented ✓ Target attained ✕ Target not attained

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.

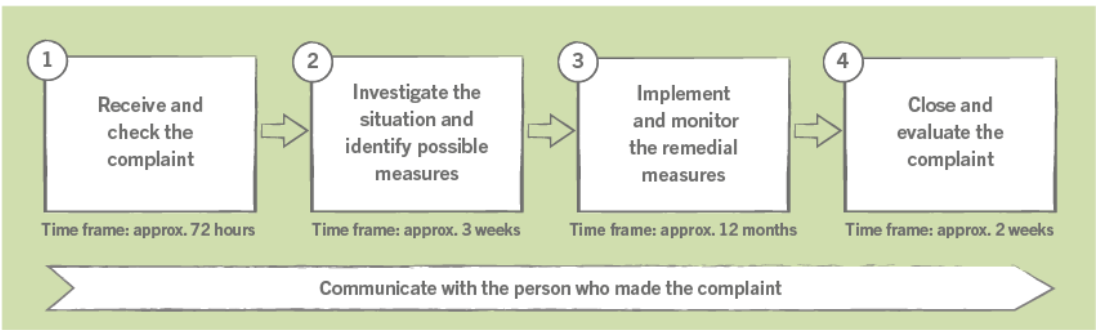
Value chain complexity presents major challenges for the travel industry, involving a large number of travel destinations and service providers. For instance, within the scope of its human rights due diligence, in 2018, DER Touristik Group carried out a risk analysis to determine actual and potential negative effects of its business operations on human rights (for more information, see Product-Related Risk Analyses). Human rights due diligence is a continuous process for DER Touristik.

Complaint mechanisms

REWE Group has developed a strategy for refining and implementing complaint mechanisms in its supply chains. When promoting complaint mechanisms, it focuses on its focus raw materials' areas of production and on processing in risk countries. The company already implements the corresponding measures here: For instance, complaint mechanisms in the supply chain are checked by requesting applicable audits. Strategic production facilities also take part in an intensive training programme. If during the preliminary talks with the production facilities it is discovered that they have no functioning complaint mechanisms, the corresponding content is included in the training courses. The development of back-up complaint mechanisms in the supply chain is also an important aspect for REWE Group. These are used when local mechanisms do not work or do not exist. For example, REWE Group contributes towards the development of a complaint mechanism in the supply chain in the project group of amfori. A pilot is planned in Vietnam in 2021. To this end, an evaluation had previously been made of which channels are best suited to this and which requirements need to be taken into account. As part of a public consultation process, all interested stakeholders will also have the opportunity to provide feedback. The findings will be used in the review process.

REWE Group has defined an internal process to handle complaints about human rights abuses in the supply chain. With this defined procedure, the company ensures that indications of deficiencies are followed up consistently and that remedial measures are taken when a complaint is received.

Handling complaints



1. Receive and check the complaint

After receipt of the complaint, it is documented and checked for reliability. Relevant contacts within REWE Group are informed.

2. Investigate the situation and identify possible measures

The complaint is then investigated – for example by meeting with suppliers, industry initiatives or NGOs, through on-site visits or in the form of interviews with those affected. Effective measures are identified on the basis of the results.

3. Implement and monitor the remedial measures

The supplier or production facility concerned must implement the defined measures, such as stopping the behaviour that was criticised, preventive actions through training courses or compensation for the persons concerned. REWE Group checks consistently that the measures have been implemented – if they are not, the supplier may not receive any orders in the future.

4. Close and evaluate the complaint

If countermeasures were successfully implemented, the complaint is closed.

Guidelines define the framework

In the Guideline on fairness published in 2019, REWE Group outlined its commitment 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. The guideline defines a binding framework for the business relationships with contractual partners and specifies requirements and goals. They are updated regularly based on current developments. In addition, REWE Group has created a Guideline on the prevention of child labour, a Guideline on living wages and incomes and a Guideline on women in the supply chain to specify the requirements and measures of the focus issues (for more information, see the Child Labour and Forced Labour, Living Wages and Income and Women in the Supply Chain sections).

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 collaboration

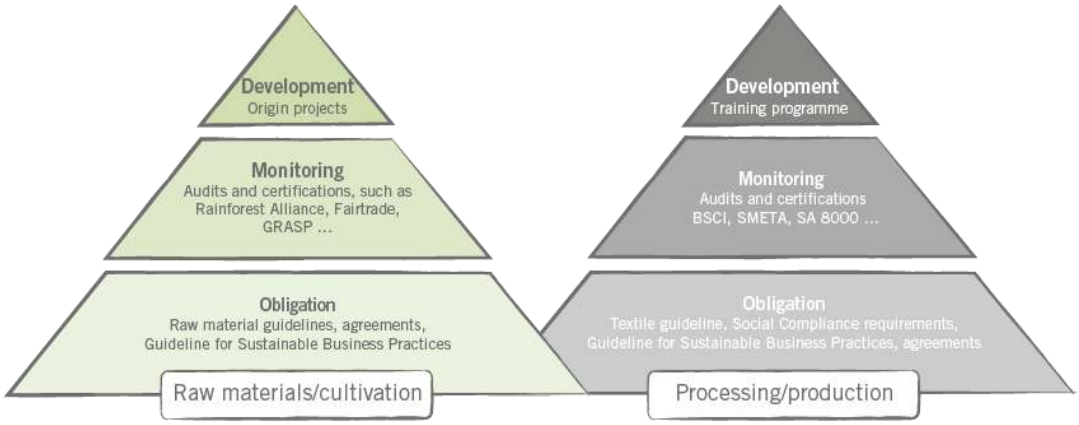
REWE Group is working to further integrate sustainable procurement into its purchasing processes to ensure that sustainability considerations are taken into account in every purchasing decision. REWE Group raises awareness internally by providing risk analyses and briefings, coordinating binding targets with purchasing departments and carrying out training on sustainability issues. For example, in the 2020 financial year 35 REWE Group employees were trained on the topic of social compliance in fruit and vegetables. The training is being continued in 2021.

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 reports enable continuous development within the area of action of people. External communication creates transparency vis-à-vis stakeholders.

2. Collaboration within the supply chain

REWE Group addresses sustainability risks in the supply chain that are pertinent to the area of action of people in a targeted manner through systematic supply chain management, involving close cooperation with suppliers as well as commitments on the level of production sites and raw materials production. 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 takes a three-pronged approach with regard to the area of action of people, which includes formulation of requirements, monitoring and developing the suppliers 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 for

At supplier events and in individual discussions with suppliers, REWE Group is constantly raising awareness of issues regarding human rights and working conditions. This also includes the social improvement coaching carried out in 2020:

Social improvement coaching for suppliers

In 2020, REWE Group provided social improvement coaching for strategically relevant suppliers with production sites in risk countries. In this way, the company wants to support suppliers to better help production sites implement social standards. Following a self-assessment, a series of virtual workshops were held. The development of an action plan to improve social standards was the priority here. In the subsequent coaching, suppliers were able to obtain support with implementing the action plan from a partner of REWE Group.

The social improvement coaching teaches suppliers new tools to tackle problems systematically in the future. In this way, social standards and working conditions in the production sites can be continuously improved. In addition, the coaching strengthens communication between suppliers and production sites.

Focus topic: raw materials

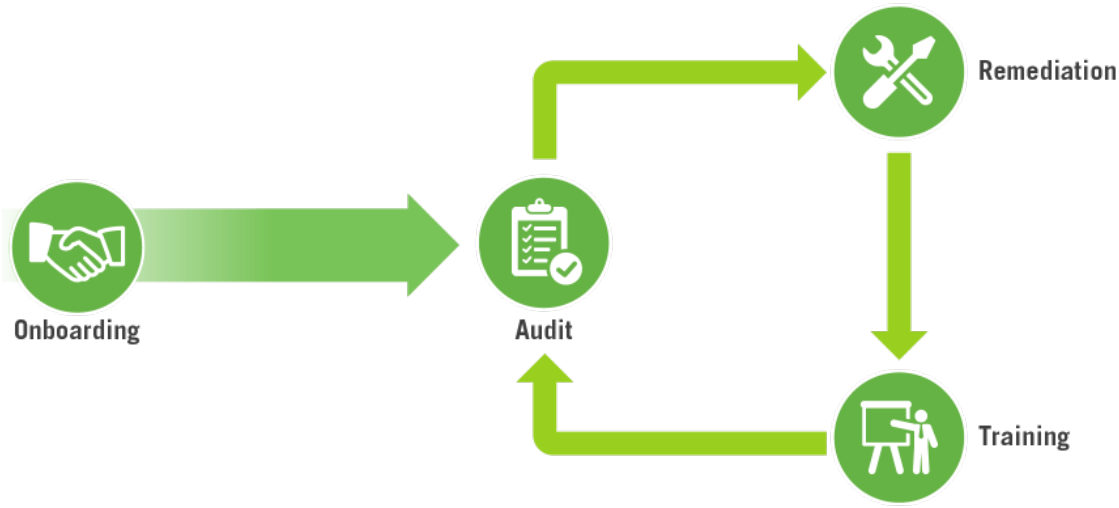
Based on the product-related risk analyses, the following critical raw materials have been defined to be relevant to the area of action of people: coffee, cocoa, tea, palm oil, orange juice, fish and fruit and vegetables in general, with a particular focus on bananas and pineapple, as well as cotton, textiles, and natural stones.

Raw materials for REWE and PENNY in Germany

REWE Group has defined Guidelines with detailed requirements and goals for certain focus raw materials. For more information, see 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. In high-risk countries, REWE Group orients its approach around the assessment of amfori: This 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 further **training (4)** courses. REWE Group reserves the right to terminate the business relationship if a production site is unwilling to take such improvement measures.

	2018	2019	2020 ✓
Percentages of production sites in the respective stages of the Social Improvement Programme[1]			
Onboarding stage	1 %	0 %	0.3 %
Audit stage	99 %	100 %	99.7 %
Percentages of Production Sites According to their Audit Results			
SA8000	3 %	4 %	3.5 %
Naturland	0 %	0 %	0.2 %
amfori BSCI A	3 %	5 %	4.4 %
amfori BSCI B	5 %	8 %	6.6 %
amfori BSCI C	71 %	67 %	68.5 %
amfori BSCI D	6 %	2 %	0.9 %
amfori BSCI E	0 %	0 %	0 %
SMETA	4 %	6 %	6.6 %
Expired audit	6 %	8 %	9.4 %

[1] Values are rounded. 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.

Factory Improvement Training (FIT)

REWE Group set up a training programme ("Factory Improvement Training", FIT) for its strategically important production sites to build social skills. It will help them better understand the importance of complying with the REWE Group standards for sustainable business practices and establish systems and work practices to strengthen sustainable management. Specifically, the production facilities receive support to measure and improve the social working conditions in their factories. They are also supposed to increase their own responsibility to the extent that they can carry out their own programmes to comply with social standards. 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 sessions addressing shared challenges across different production sites. The businesses are previously analysed with regard to their social standards, and individual action plans are created based on the results. In order to document progress, key figures are defined and measured on an ongoing basis and employees are surveyed.

REWE Group has the aim of integrating 100 per cent of its strategic suppliers' relevant production sites in the FIT programme by the end of 2030. 14 businesses in China, Thailand, Vietnam, and Bangladesh already completed the training between 2018 and 2020. In addition to improving complaint mechanisms, carrying out training sessions to raise awareness of the topic of modern slavery and dealing with various occupational safety topics, ten businesses were able to build improved processes for recording working time as a result of the training. This also had a positive impact on the correct payment of wages for overtime.

In 2020, twelve additional businesses, including in Pakistan, India, and Turkey, started the programme. Following the experiences of the first time the programme was run, content was added – for instance on topics relating to employee health in the context of Covid-19 and empowering women.

As part of the Bangladesh Accord on Fire and Building Safety, annual inspections are made. In 2020, it was possible to achieve an above average rate of progress for the identified deficiencies. By the end of 2020, the textile factories of REWE Group operating in Bangladesh had rectified 98 per cent of all findings from the inspections. 2020, the Remediation Sustainability Council (RSC) officially took over the tasks of the accord. This council works together with the Bangladeshi government to continue with the occupational safety successes that have already been achieved in the country. REWE Group supports the handover to the RSC so that the work carried out to date can be continued smoothly.

The accord's transition phase ended in May 2021. Since then, REWE Group has supported the measures in the factories and taken part in the discussion about continuing the efforts to improve occupational safety in Bangladesh.

3. Collaboration with Stakeholders

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. Hence, good collaboration with the stakeholders is an important starting point to identify the relevant topics and implement the sustainability strategy. REWE Group thus remains in constant dialogue with stakeholders, who are regularly invited to discussion events.

Stakeholder dialogue on strengthening social standards

In 2020, REWE Group held its first digital stakeholder dialogue on the topic of fairness. The status and future development of the REWE Group strategy on the topic of fairness was discussed together with representatives of NGOs and standards, advisers, and politicians. As part of various workshops, topics such as living incomes, women in the supply chain, complaint mechanisms and purchasing practices were intensively discussed.

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 to encourage continued development.

- 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. REWE Group will develop a new roadmap for 2021 that contributes to the goals of the alliance.
- Member of The Centre for Child Rights and Business: The centre helps companies implement policies relating to children's rights.
- Member of the Competitive Cashew Initiative: The Competitive Cashew Initiative (ComCashew) pursues the goal of increasing the competitiveness of the cashew value chain in selected African countries.
- 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".
- 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.
- Global Organic Textile Standard (GOTS): GOTS is a global, independent standard for textiles that covers the whole of production. The label ensures that items of clothing or textiles are manufactured under monitored socially and environmentally responsible conditions. REWE and PENNY textiles with the PRO PLANET label are manufactured in accordance with the criteria of the international Global Organic Textile Standard (GOTS).
- 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.
- Founder member of the Partnership for Sustainable Orange Juice (PANAO): The partnership promotes social justice, labour rights and environmental protection in the orange juice supply chain. In the long term, this should increase the proportion of sustainably produced orange juice in the German and European market.
- Founder member of the German Initiative on Sustainable Cocoa (GISCO): This multi-stakeholder initiative is actively engaged in improving the living conditions of cocoa farmers, protecting natural resources and biodiversity, as well as growing and marketing sustainable cocoa.
- Founder member of the 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.
- Member of the GLOBALG.A.P. Technical Committee GRASP: GRASP is a module developed for the social risk assessment of farms that are certified in accordance with the GLOBALG.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 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.
- Participation in the Initiative for Sustainable Agricultural Supply Chains: As part of a working group under the umbrella of the Initiative for Sustainable Agricultural Supply Chains, REWE Group is committed to living wages and incomes in the banana sector.
- Member of the Roundtable on Sustainable Palm Oil (RSPO): The not-for-profit organisation RSPO works with its members on developing and implementing global standards for sustainable palm oil. In order to produce sustainable palm oil, companies must comply with a set o f environmental and social criteria. REWE Group has been a member of RSPO since 2011.

GRI 412-2:

Employee training on human rights policies or procedures

See Internal Collaboration.

Women in the Supply Chain

REWE Group purchases a broad range of products from all over the world through supply chains. These include countries where the state framework for the protection of human rights is inadequate and where applicable labour and social standards are disregarded. Women are often involved at the start of global supply chains and, in many cases, are excluded from the economic opportunities and advantages of international trade. Accordingly, REWE Group activities are focused on them.

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 2030 strategy was adopted in 2017 in a move to more strongly anchor sustainability within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. Women in global supply chains has been identified as a focal point within the area of action of people. REWE Group's goal is to protect and promote women in its supply chains.

GRI 414: Social aspects in the supply chain

Management Approach

The Guidelines on sustainable business practices of REWE Group apply to all business relationships. Among other things, they include the fair treatment of employees and the

prohibition of discrimination.

In order to specify its requirements for the promotion and protection of women, REWE Group published the Guideline on women in the supply chain in 2021. They contain goals and measures to strengthen the rights of women along global value chains and to promote their economic independence and participation.

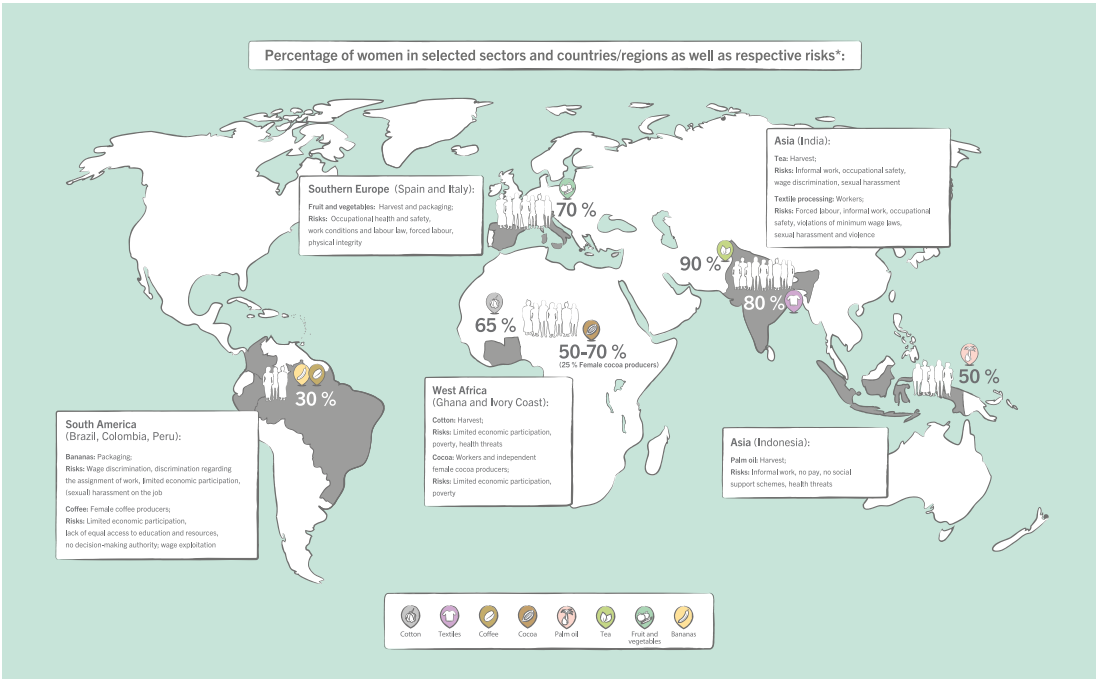
REWE Group is adopting a universal approach. This includes clear guidelines on the protection and promotion of women, which should serve as a guide in the supply chain for REWE Group and its business partners. In addition, REWE Group continuously checks existing measures as part of its approach and adapts them if necessary. Furthermore, new measures and goals are defined, where necessary, to cope with the needs and risks arising for particularly affected supply chains (i.e. those in which there is a high proportion of women and/or in which there are particularly big challenges).

In 2020, REWE Group joined the UN initiative “Women’s Empowerment Principles” and declared its commitment to the targeted empowerment of women within the company and in society.

Risk analysis

In 2020, REWE Group conducted a risk analysis to determine which negative human rights impacts women are particularly exposed to and in which sectors and countries relevant to REWE Group the risks are particularly high for women. During this analysis, special attention was given to the raw materials in focus identified in the Guideline on Fairness. Furthermore, where the availability of data allowed, the respective proportion of women in the sectors and countries under consideration was determined.

This resulted in the identification of three risk areas: Precarious employment conditions and low wages, occupational safety and health risks in the workplace, and lack of participation in economic life – for example, because women are often not involved in decision-making processes or are legally restricted when it comes to buying property. In addition, it can be said that women are present in all supply chains and that risks exist everywhere – albeit to different degrees.



Objectives

Based on the findings of the risk analysis and discussions on fairness also carried out in 2020 with stakeholders of civil society, REWE Group has defined three targets which serve to protect and promote women in its supply chains:

Target 1: Dialogue and communication:

REWE Group seeks and maintains a dialogue with standards organisations and other stakeholders in order to champion the rights and needs of women. It communicates its requirements to its stakeholders and trains relevant employees on the specific risks for and needs of women.

Target 2: Social Capacity Building Program:

REWE Group ensures that training content addresses the specific needs of and risks for women working in factories.

Target 3: Projects:

REWE Group initiates individual projects which strengthen the rights of women and promote their economic independence and participation.

Measures and projects

REWE Group increasingly buys certified raw materials – for example through Fairtrade, the Rainforest Alliance / UTZ, the Global Organic Textile Standard (GOTS), Cotton made in Africa, the Roundtable on Sustainable Palm Oil (RSPO), XertifiX, and the Forest Stewardship Council (FSC®).

All production sites on the first supply chain level from nations defined as risk countries must also provide proof of a social audit based on the amfori BSCI or SA8000 standards as well as SMETA audits. All of these certifications already set requirements for the non-discrimination and protection of women, which are checked in the course of audits. These relate, for example, to equal pay for men and women for the same work, the prohibition of discrimination on the basis of gender, or the provision of appropriate training.

In addition, REWE Group is implementing various measures and projects to promote the economic independence and participation of women. Selected examples are shown below.

Countering gender-based violence in textile supply chains

The goal of the Bündnis für nachhaltige Textilien (Alliance for Sustainable Textiles) is to improve the social and environmental conditions in global textile production. In order to address the widespread problem of gender-based violence against women, alliance members must carry out a risk analysis as part of mandatory reporting from 2021 and also deal with the sector-specific risks of discrimination, sexual harassment and gender-based violence. As an alliance member, REWE Group wants to actively contribute to the alliance's goal of countering gender-based violence in its textile supply chains by identifying suitable measures (e.g. the Social Capacity Building Program).

Social Capacity Building Program

As part of the Social Capacity Building Program, 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. The training program is carried out in factories for both food and non-food products. In 2020, it was reviewed to determine whether the specific needs and risks for women are being adequately addressed. Additional content was added as a result of this review. The focus is on raising awareness amongst employees and management in order to prevent and counteract gender-specific discrimination in the workplace.

Improved situation for cocoa farmers in Côte d'Ivoire

As a founding member of the multi-stakeholder German Initiative on Sustainable Cocoa, REWE Group works with other companies to support the PRO-PLANTEURS project, which was launched in 2015 and is being implemented in collaboration with the German and Ivorian governments. Over the next few years, 30,000 cocoa farmers and their producer organisations are to be professionalised in order to increase incomes and improve the families' living conditions.
In the eastern and south-eastern regions of Côte d'Ivoire, the project aims to give women in particular the opportunity to optimise their own income in order to create an improved basis for feeding their families. PRO-PLANTEURS supports these women in the production, processing

and marketing of agricultural products, for example. As part of the project, in collaboration with the National Nutrition Programme of Côte d'Ivoire, 76 women were also trained as agricultural advisers.

Support and training for coffee farmers in Peru

The fair trade coffee cooperative Valle de Incahuasi in Peru produces REWE Feine Welt coffee, which is certified organic and for Fair Trade. REWE Group has issued a purchase guarantee for the coffee, which gives the coffee farmers stability and planning security. The cooperative has 488 members, including 84 women. In every community that the cooperative serves, there is a women's committee that deals with food security, advanced training, and income-generating measures specifically for women – for example through grants for creating vegetable gardens, support for small businesses, or training on coffee quality control and basic business management.
As part of the long-term cooperation, REWE Group offers further training specifically for female farmers to strengthen the participation of women within the cooperative ("Women's School of Leadership").

Fair trade roses: long-term fair trade commitment

REWE Group was the first food retailer in Germany to sell fair trade cut roses from East Africa when it introduced them to its REWE and PENNY stores in 2007. Most of these roses, which bear the PRO PLANET label, come from Kenya. Pesticides often have a negative impact on the health of the predominantly female workers and the environment. As a result, PRO PLANET roses only originate from fair trade flower farms. The Fairtrade seal obliges producers to limit the use of chemicals and to pay workers fairly.



Living Wages and Income

REWE Group obtains a large number of products and product components through supply chains that may extend across several countries. Particularly in the supply chain links of raw materials production and processing, there is a high risk that work and social standards are ignored, such as with regard to a living wage and income. 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 areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. Living wages and income has been identified as a focus topic within the area of action of people. The aim of the efforts within this focus topic is to help improve the wage and income situation in the supplier countries.

A living wage should be sufficient to allow a worker and his family to live in conditions fit for human beings – this includes being able to pay for food, water, accommodation, training/school, health care, transport, clothing and other essential needs, plus having some extra cash for unexpected events. In many countries the statutory minimum wage is well below the subsistence level. Since many self-employed people, such as peasant farmers, do not receive a wage, but obtain their income by selling their goods or services, the term “living income” was also introduced. The definition is based on the net annual income.

Management Approach

REWE Group is dedicated to ensuring that the products in its range are manufactured with no abuses of human rights. All business partners of REWE Group are contractually obliged to comply with minimum requirements, such as national and international laws and the core working standards of the ILO and to acknowledge the Guidelines on sustainable business practices. Among other things, they include standards for remuneration and the fair treatment of employees. For example, it is a requirement that all companies in the supply chain pay the national minimum wage regularly (at least monthly). REWE Group reserves the right to apply sanctions when the values set forth in the guidelines are deliberately and flagrantly breached. REWE Group also takes responsibility for strengthening human rights and preventing abuses of human rights in its Policy Statement on Human Rights.

In its Guidelines on fairness, 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 DYI stores. In addition to child and forced labour, living wages and income and women in the supply chain are focus topics in the area of action of people. In its Guidelines on living wages and income, REWE Group raises awareness with regard to the importance of living wages and income in the supplier countries and identifies specific measures and targets. The guidelines define a binding framework for REWE Group and its business relationships with contractual partners.

In the long term, REWE Group has set itself the goal of enshrining the implementation of a living wage in its global supply chains in its sustainability strategy.

To support a living wage and income in the entire supply chain, REWE Group pursues the overarching management approach for responsible supply chains (see Social aspects in the supply chain).

Training programmes

Training helps suppliers and producers implement the requirements of REWE Group and ensures continuous improvement. In various projects, REWE Group works directly with raw material producers to overcome the challenges. In cooperation with Fairtrade and four Fairtrade small farmer organisations in Brazil, REWE Group is involved in training programmes to improve income and achieve better living and working conditions for small orange-growing farms. In accordance

with the principle of “helping them to help themselves”, orange farmers learn how to manage their farms according to more efficient, social and environmental standards.

Collaboration with stakeholders

REWE Group encourages continuous dialogue with a large number of stakeholders and is involved in various national and international initiatives, alliances and forums. For instance, REWE Group is a member of the Competitive Cashew Initiative, which pursues the goal of increasing competitiveness in the cashew value chain in selected African countries.

Together with other German retail businesses, the German Ministry of Economic Cooperation and Development (BMZ) and German development agency Gesellschaft für Internationale Zusammenarbeit (GIZ), REWE Group is part of the German retailers’ “Living Income Working Group”. In a first step, the activities of the working group are aimed at global agricultural supply chains for the members’ store brand products. Together, the members have developed a voluntary commitment for this issue. With its signature, REWE Group has committed itself to actively develop and implement responsible business practices in coordination and collaboration with all the relevant players in its global supply chain. Activities include establishing the topic within the company and conducting a supplier survey on sustainable procurement practices and their level of knowledge about local production conditions.

In the Fruit Juice CSR Platform, REWE Group also funds a benchmark analysis of living wages in orange production in Brazil. As a member of this European initiative, REWE Group has been campaigning for social and environmental improvements in the supply chains of the fruit juice industry since 2016.

Pilot projects

With pilot projects in the focal supply chain, REWE Group wants to contribute towards implementation of the measures and evaluate the resulting successes. Within this framework, the trading company has set itself the goal of testing approaches to ensure living wages and income by 2025 and, if successful, scaling these. The first pilot projects have already been started:

A living wage for banana workers

REWE Group is involved in various initiatives to achieve a living wage in banana growing. The aim is to improve the wages and social conditions of workers on banana plantations. For instance, REWE Group is a member of the "Working Group on Distribution of Value" within the World Banana Forum, which belongs to the Food and Agriculture Organisation of the United Nations. Many different activities within the banana supply chain are bundled there. Banana growing is also an important topic within the framework of the aforementioned German retailers' "Living Income Working Group". The close collaboration with the farms and standards organisations enables tailored strategies for the banana value chain to be developed. As part of a pilot project in Ecuador with the focus on banana growing, in a first step, the working group conducted a survey of banana suppliers about their supply chain structures and procurement standards. Based on the findings, the focus of the measures is on strengthening employee representative groups who campaign for the rights of the employees on the plantations, the introduction of effective complaint mechanisms and having a monitoring system for wages and working conditions. This will allow risk to be analysed and effective measures to be developed and adapted. These measures will be implemented in collaboration with organisations that are responsible for introducing standards and with local civil society organisations.

Additional monetary surcharge to ensure a living wage for cocoa farmers

In cooperation with the German Federal Ministry for Economic Cooperation and Development and Fairtrade, REWE Group, as one of the first food retailers in Germany, started a project to ensure a living wage in the cocoa sector: In addition to the respective Fairtrade bonuses and minimum prices, the cocoa farmers receive a monetary surcharge in accordance with the Fairtrade reference price for a living income. Within the framework of this project, Fairtrade chocolate bars are being sold at REWE and PENNY stores from the middle of 2021. The cocoa beans from which this chocolate is made can be physically traced back completely. The chocolate will also be introduced successively in the international marketing lines of REWE Group.

Customer Health and Product Safety

Product safety and the health of customers are top priorities for 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.

GRI 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 their producers for 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 set itself the goal of reducing the amount of pesticides used in the cultivation of fruit and vegetables. As part of this, the company has a blacklist of substances which producers are prohibited from using. Also, within the scope of quality management, all fruit and vegetable products are checked regularly for pesticide residues.

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 that 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.

Covid-19 pandemic: protecting employees and customers in the stores

REWE Group has implemented specific measures to protect employees and customers in its stores. For instance, entry is restricted in some markets where the number of customers makes this necessary. This takes place through entry checks and by limiting the number of shopping trolleys and/or baskets. Notices and posters inform customers about the regulations that apply in the store.

All stores also have extensive HACCP hygiene concepts and are cleaned several times each day. Stickers on the floor show customers the distance that they must maintain between themselves and other customers. At the tills, REWE and PENNY have installed transparent protective screens as a preventive measure for the employees. The respective measures are explained on signs and in announcements over the in-store radio.

All employees must observe the strict hygiene regulations in accordance with the requirements of the Infection Protection Act. They also observe the Hands. Space. Face. rules (stay apart from others, wash your hands, wear a face covering) plus regular ventilation, which were also recommended by the employers' liability insurance associations.

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. In this context, REWE Group introduced a new IT application for product specifications for laboratory and report management in 2020. Due to this technical changeover, the number of product investigations ordered by the company was lower than in the previous year.

Health and safety audits (absolute figures) [1]

	2018	2019	2020
Supplier audits	665	522	483
Independent product tests of store brands[2]	45,282	32,123	19,320
External warehouse audits	99	111	114
External store audits[3]	1,494	3,804	3,687
Tests of products prepared in stores	12,982	16,606	17,306
Total number of inspections	60,522	53,166	40,910

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

[2] In 2020, REWE Group introduced a new IT application for product specifications for laboratory and report management. Due to this technical changeover, the number of product investigations ordered by the company was lower than in the previous year.

[3] In 2020, external audits were started in the stores and adjusted for 2019 retrospectively. They are based on internal checklists but are carried out by external experts.

GRI 416-2:

Incidents of non-compliance concerning the health and safety impacts of products and services

In 2020, there were eight public recalls of store brand products in Germany and three in Austria. Foreign matter was the cause of five of the public recalls in Germany and all of the recalls in Austria. Two other recalls in Germany were initiated because the wrong content was filled and, as a result, allergens were not completely labelled. toom Baumarkt DIY stores also carried out a recall. The reason for this was a suspected material fault because a limit value was not complied with. After the public recalls, the suppliers concerned were audited by external experts commissioned by Quality Management. The aim of these audits was to check which measures were initiated in the plants to prevent deviations such as these in future.

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.

GRI 416: Customer Health and Safety

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. These specially trained team members take care of the safety of and provisions for travellers and employees at the particular site. They support those affected locally and are a point of contact for the 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 locations.

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.

Crisis management during the Covid-19 pandemic

As a result of the Covid-19 pandemic, DER Touristik faced new, incalculable challenges. For example, since the middle of March 2020 the company had been working under high pressure to get its package-tour guests, who were stuck at their holiday destinations due to the pandemic, back home again. In this way, more than 44,000 travellers from DERTOUR, ITS, Jahn Reisen, Meier‘s Weltreisen, ADAC Reisen and Travelix were brought home safely. During this time, concepts were developed to restart travel and tourism after the lockdown. DER Touristik fell back on its tried and tested safety and crisis management system as well as numerous prevention measures. Individual restart concepts were developed for each destination and, in this context, hygiene concepts were developed for hotels and partners. The range of prevention measures was rounded off with special test strategies and offers, such as PCR tests at home and rapid tests at the destinations.
Developments in the individual holiday countries remain very dynamic. For instance, official regulations in Germany and in the origin and destination countries change continuously. This requires the existing concepts and communication to be adjusted constantly. DER Touristik is keeping a close eye on the situation so that it can respond quickly.

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 2020, separate training modules were developed for the restart within the framework of the pandemic and several thousand employees in travel agencies have been trained. The crisis management team has drafted an individual restart concept with a Covid-19 accreditation office for each destination country. In 2020, crisis management recorded 153 major damage events with extensive and complex retrieval or evacuation measures due to travel warnings or virus variant regions and 190 minor crisis events. There was also the very complex worldwide pandemic planning which involved setting up test centres throughout the world.

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 activities, 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

Within the framework of promotions, campaigns and communication measures throughout the year, the marketing lines of REWE Group address their customers in regard to sustainable consumption within the context of a superordinate social topic, such as conscious nutrition, organic products, regionality or social commitment. Through this process, REWE Group creates awareness about sustainability in purchasing decisions and promotes responsible consumption among its customers.

In 2020, as in previous years, PENNY organised three Sustainability Weeks where more sustainable industrial products were advertised. With sustainability campaigns, PENNY also drew attention to relevant topics, such as organic produce, food waste, biodiversity and packaging, throughout the year.

REWE Group in Austria has also been organising a Sustainability Week each year since 2010. The focus is on products with a sustainable added value with regard to a healthy diet, climate and environmental protection, biodiversity or social commitment.

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

REWE and PENNY calling attention to plummeting insect populations

The decline in insects was also a focus of customer communication in 2020. For example, PENNY organised a campaign week on protecting bees and promoting biodiversity in apple cultivation. Focus was on the apple juice “For the Love of Bees” which bears the PRO PLANET label “contributing to the protection of biodiversity”.
Since 2019, REWE has had prominent support for its communication activities on insect protection: Maya the Bee and her friends are ambassadors for REWE’s commitment to biodiversity and also promoted insect protection during the financial year.

Since 2020, PENNY has bundled all information and news about sustainability online under the motto “Unser grüner Weg” (Our Green Path). With the opening of the first sustainability experience store “PENNY Grüner Weg“ the sales line wants to raise awareness for the importance of sustainability among its customers. Twenty stations in the store focus on the most important

sustainability topics for customers and make them come alive – such as the benefits of Naturgut Bio-Helden, initiatives to avoid packaging and tips on how to create a bee-friendly environment. One station also shows the "true costs": they show clearly what some selected products really cost when certain environmental factors are taken into account. For this purpose, scientists at the University of Augsburg factored the effects of nitrogen, greenhouse gases and energy into the true sales price of eight selected store brand products that were produced conventionally and ecologically (apples, bananas, potatoes, mozzarella and Gouda cheese, milk, and mixed minced meat). The evaluation of the food that was produced by conventional means shows that the sales price per kilogram increases by about 62 per cent. With the organically farmed products, the sales price increases by around 35 per cent. Measured against the actual sales prices, this corresponds to an average price increase of 2.30 euros per kilogram conventionally produced goods and 2.28 euros for organically grown products.

Focus on regionality and organic produce at REWE

In 2020, REWE focussed on regionality and partnerships with local producers – especially against the background of the Covid-19 pandemic: the sales line advertised fresh produce from the region under the slogan "Gutes gibt's so nah. Frisch aus deiner Region" (Good things are so close. Fresh produce from your region). The campaign was advertised online, through TV spots and directly in the stores (for more information about regionality at REWE Group see Regional Products). REWE also drew attention to the benefits of organic products for the environment, humankind and animals in its store brand REWE Bio (for more information, see Organic).

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 label, REWE Group has created a system that enables it to clearly and transparently provide sustainability information on products. REWE, PENNY and toom Baumarkt DIY stores identify store brand products with the PRO Planet label that take account of social and

environmental as well as animal welfare aspects. It provides a reliable and comprehensible orientation for shoppers to encourage sustainable consumption among a broad group of consumers. More information about individual products can be found on the PRO PLANET website (for an overview of the share of these products in the range and an explanation of the PRO PLANET process, see PRO PLANET).

In 2020, REWE Group began introducing Nutri-score labelling for the first store brand products of REWE and PENNY. The labelling will be expanded successively. With this prominent nutritional value label, REWE Group wants to help consumers choose a healthy diet (for more information, see Nutrition).

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 Blaue Engel (Blue Angel), Fairtrade, the Forest Stewardship Council (FSC®), the Programme for the Endorsement of Forest Certification Schemes (PEFC™), the Rainforest Alliance / UTZ, the German Association of Non-Genetically Modified Foods (VLOG), the Marine Stewardship Council (MSC), the Aquaculture Stewardship Council (ASC) and GGN – certified aquaculture (GLOBALG.A.P.). Organic and regional products also have their own labels. Nearly all fresh-fish counters at REWE stores have been certified by the MSC since 2009 and by the ASC since 2012. So that consumers can make informed buying decisions amid this maze of labels, REWE and PENNY have compiled the most important information about the labels and certificates 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.

toom Baumarkt DIY stores worked with the consumer group Verbraucher Initiative e.V. to develop a guideline for sustainability labels. It 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 can be downloaded 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, the different labels in the travel organisers' catalogues were first of all reduced to the industry-wide, internationally recognised sustainability seal of approval Travelife and, in a

following step, within the scope of the project “Green Travel Transformation“ from the Futouris sustainability initiative, changed to an industry-wide recognised standard label for sustainable travel offers. This 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, hotels with sustainability certification will be designated by a green leaf symbol in the catalogues of DERTOUR, Meiers, ITS and Jahn. This denotes Travelife and other internationally recognised certifications. These hotels have agreed to uphold the environmental and social standards set by the Global Sustainable Tourism Council (GSTC).

In addition to the pictures in the catalogue, DER Touristik also offers an online option to search for sustainable hotels: Since the beginning of 2020, these hotels are also identified by the green leaf symbol on the travel agency booking platform and can be found by DER Touristik travel agency employees and be included in their consultations with customers. The number of sustainably managed hotels in the catalogues of DER Touristik organisers has been successively expanded through various measures and the development of sustainable travel products has been continuously promoted.

Sustainable Holiday Offers

In 2021, DER Touristik published its first catalogue in magazine format entitled “Bewusst Reisen“ (Conscious Travel). It contains hotels in Europe and North Africa with sustainability certification. At the same time, the “Magalog” provides information about the travel destinations and the hotels’ commitment to sustainability.
Tourists can also voluntarily offset their CO_2 emissions for the entire trip. The amount is calculated for each travel offer in the Magalog and is shown beneath the respective product.

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 desire 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 Regionalfenster (Regional Window) programme (see Regional Products).

REWE Group introduced a tracking code for store brand fish products in 2012. With this code, consumers can go to the websites of the REWE and PENNY sales lines and learn about the supply chain of fish products. In addition, the first aquaculture products can be tracked online all the way back to the farming region. In all, 60 per cent of fish products bear the tracking code. By scanning a QR code, customers can also track the supply chains for REWE store brand bananas, REWE Beste Wahl pineapple and Fairtrade-Biohelden bananas and pineapples from PENNY 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 on sustainabale business practices, REWE Group commits itself to complying with applicable consumer-protection regulations and to employing appropriate sales, marketing and information practises in its communications with consumers. To ensure that these factors are taken into account in advertising, the company's ads are approved by the Sustainability unit before being published.

From the 2020 reporting period, no significant violations are known.

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, the interaction with animals is a 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 discussion in society about animal welfare shows that consumers and holidaymakers now care a lot about how animals are kept – the stakeholders of REWE Group also regard the topic as especially relevant for the company. The focus for them is a larger selection of animal products with very good livestock farming (for more information, see 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 a move to anchor sustainability more strongly within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops effective measures to reduce environmental and social impacts as part of the Green Products commitment. With consideration of the "animal" area of action, REWE Group aims to promote animal welfare in its supply chains and at the holiday destinations of DER Touristik.

GRI FP10: Physical alterations of animals

Management Approach

REWE Group has adopted Guidelines on sustainable business practices to promote compliance with and improving of animal welfare standards and further the protection of kept animals. In line with this commitment, REWE Group published the Guidelines on animal welfare in 2019. This replaces the mission statement titled “Animal Husbandry of the Future” from 2015 and documents the attitude of REWE Group with regard to animal welfare and defines goals and measures for individual types of farmed animals. The guidelines outline the range of requirements that sustainable agriculture must address. In addition to animal welfare, these requirements comprise environmental and climate protection, resource efficiency, food safety and profitability. It is a binding framework for business partners and stakeholders of REWE Group and defines the demands the company places on more sustainable production of products from animal origin. In 2016, REWE Group in Austria published its own Animal Welfare Guidelines that describe the important measures and areas of action for Austria.

In 2020, REWE Group began revising and realigning its strategy for the “animal” area of action. For example, the company’s goal is to anchor more animal welfare in the supply chains. REWE Group is guided by a four-step process. This is used to identify the main effects on animal welfare and take appropriate measures to ensure improvement in the supply chains of the products:

Step 1: Effects are identified in detailed analyses. For this purpose, in 2020 REWE Group analysed hot spots for the “animal” area of action, took a closer look at the product range and store brands and determined the topics that are relevant for the stakeholders.

Step 2: Using the findings from step 1, priorities will be derived in workshops attended by stakeholders. For example, the focus topic “husbandry conditions” was confirmed. Other focus topics are currently being developed.

Step 3: The topics are processed with the respective measures to promote animal welfare. These measures are implemented by means of a management approach that is applied on three levels:

1. Internal collaboration through training of buyers, for example
2. Collaboration within the supply chain through requirements for suppliers or carrying out projects, for example
3. Collaboration with stakeholders by taking part and collaborating in industry initiatives, for example

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

Animal welfare at DER Touristik

To fulfil the aim of ensuring animal-friendly offers, DER Touristik also adopted binding Guidelines on animal welfare. They include 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. DER Touristik pursues the goal of protecting animals against exploitation and neglect. Together with experts and participants from the industry, DER Touristik is working towards improving standards for protecting animals in the area of tourism, raising awareness about the topic among local providers and helping them design more animal-friendly facilities. The focus is on animals that are especially affected by tourism activities. To check that the requirements are fulfilled, selected attractions are reviewed in external audits according to specific criteria, based on the Global Welfare Guidance for Animals in Tourism from the British travel association ABTA. For example, elephant rides and elephant shows have been removed completely from the programmes of DER Touristik operators. To help the providers improve the standards for animals, employees of DER Touristik, especially those in the worldwide destination agencies, are trained in this respect.

Projects, targets and measures to improve animal welfare

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

1. Internal collaboration

The aim is to integrate sustainable procurement in the purchasing processes of REWE Group to take account of sustainability aspects in each 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 raising with providing risk analyses and briefings, coordinating binding targets with the procurement units and offering training for sustainability topics. Internal reporting enables continuous development within the individual sustainability issues. External communication creates transparency vis-à-vis stakeholders.

2. Collaboration within the supply chain

REWE Group bases its cooperation with its suppliers, on these three levels: obligations through specific requirements, checks through audits and standards and development within the context of projects.

Improved husbandry conditions

REWE Group has campaigned for many years to improve industry-wide animal welfare standards. This includes transparent, comparable labelling of fresh meat products. REWE and PENNY label their complete store brand range of fresh meat in the self-service areas with the four-level husbandry system. On the product packaging it gives consumers an overview of how the animals from which the meat product originates are farmed. The label is currently available for chickens, turkeys, pork and beef – more species will be added in 2021.

The system consists of the following levels:
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. The criteria of level 2 meet the requirements of the Animal Welfare Initiative.
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.

With its store brands, REWE Group already sells only fresh chicken and turkey that is certified by PRO PLANET and that corresponds to at least level 2 of the husbandry system.

REWE Group has ambitious aims in its plans to expand animal welfare in its product range:

Fresh meat at REWE in the product range at service counters:

- Change over 50 per cent of fresh meat to at least level 2 of the husbandry system by the end of 2021

Store brand fresh meat products (beef, pork, and poultry) at REWE and PENNY in Germany in the self-service range of products and in the product range at service counters

- Change over 100 per cent of store brand fresh meat to at least level 2 of the husbandry system by the end of 2025
- Change over 100 per cent of store brand fresh meat to at least levels 3 and 4 of the husbandry system by the end of 2030

Fresh poultry products at REWE and PENNY in Germany in the self-service range of products and in the product range at service counters

- Double the share of fresh poultry products with levels 3 and 4 of the husbandry system by the end of 2023
- At least 20 of the poultry range in levels 3 and 4 of the husbandry system by the end of 2026

Sausage range* at REWE and PENNY (beef, pork, and poultry) in Germany in the self-service product range:

- Change over 50 per cent of the sausage range to at least level 2 of the husbandry system by the end of 2025

* including processed meat products (deep-frozen, canned and convenience containing >50 per cent meat)

Improved standards with "Fair zum Tier" (Be Fair to Animals)

REWE Group in Austria sells meat and dairy products and eggs that come from conventional farming with the label "Fair zum Tier" (Be Fair to Animals). The higher animal welfare standards concern husbandry, transport and slaughter and are well above statutory regulations. For example, in pig farming the focus is on converted or newly built stalls, as the guidelines specify more space, access to outdoors and ban on fully slatted floors. In addition, piglets must not be castrated or have their tails docked without them first being anaesthetised and receiving subsequent treatment for pain. All animals covered by "Fair zum Tier" are fed with genetically unmodified feed, most of which comes from Austria. Compliance with the standards is checked annually.

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 – in the past this was usually done without anaesthesia. Since the start of 2021, piglet castration without anaesthesia is legally banned. REWE Group agrees with this ban and was able to implement the requirements before the ban took place with most of its suppliers, by changing over to alternative methods. In this connection, REWE Group explicitly also accepts meat from vaccinated animals. Until the end of 2019, projects to vaccinate against boar taint were carried out together with farmers, abattoirs and processing plants. The vaccination prevents male piglets developing a hormone that can give the meat an unpleasant smell when they reach maturity.

Promoting an alternative turkey breed

Poultry breeding done under organic guidelines involves some tough challenges. For instance, conventional turkey breeds are suitable for organic poultry breeding only to a limited extent

because health problems can arise as a result of the turkeys' fast growth and the fact that the hens are not suitable for reproduction. REWE Bio is therefore providing support to Biofino GmbH and its pace-setting approach to breeding. A new breed was created by crossbreeding English free-range turkeys of the Auburn breed and a conventional hybrid breed. This new breed is characterised by its special robustness and vitality. It is also very well-suited for farms that employ free-range practises and use organic feed. Every animal has about 12 square metres of space in the barn, in the open air and in the covered outdoor area. A longer fattening period is deliberately accepted. In 2020, 50 per cent of organic fresh turkey meat in the REWE and PENNY store brands came from Biofino GmbH and, consequently, from these turkeys. REWE Group aims to change all of its organic fresh turkey meat in the REWE Bio store brands over to the new turkey breed.

Selling pasture milk for greater animal welfare in dairy cow 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. REWE Group set itself the goal of having 100 per cent of existing dairy products made from pasture milk certified with a standard for pasture farming by the end of 2020. This target was reached during the financial year. REWE and PENNY were also able to achieve the target of having 100 per cent of pasture milk with the animal welfare label "Für Mehr Tierschutz" (Promoting more animal welfare) from the German Animal Welfare Federation by the end of 2020. This places high demands on farming conditions, such as plenty of space, genetically unmodified feed and littered resting areas. Fresh milk is also sold with this label. REWE also markets six different cheese products made from pasture milk and the pasture butter bears the label "PRO WEIDELAND – Deutsche Weidecharta".

Early feeding: more animal welfare for newly hatched broiler chicks

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-Stall 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 eggshells 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 directly 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.

Cage-free eggs

The husbandry conditions of caged laying hens are unacceptable to REWE Group. Ever since 2010, REWE Group in Germany has been selling store brand 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.

No debeaking

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 was the first commercial company in Germany to change over to 100 per cent eggs from laying hens that are not debeaked. Since September 2017, REWE and PENNY stores have not sold any conventional store brand eggs from laying hens with trimmed beaks. Organic eggs are exempt from this requirement because farms already have to reject the practise of debeaking in order to qualify for organic certification.

Species-appropriate breeding of quails: "free to fly"

In Germany, there are no minimum requirements for the breeding conditions for quails for egg production. For their store brands, the REWE and PENNY sales lines use only quail eggs from "free to fly" breeding. In this form of breeding, the quails are kept in a run that imitates their natural habitat where they can peck, scrape, sand bathe and fly freely. The feed is genetically unmodified. This standard also does not use beak trimming, unnecessary live bird transports for more than 50 kilometres and day-old male chicks are reared.

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. Because they produce no milk and their meat is unpopular among consumers, there is little interest in rearing them and the animals are not given sufficient food or space. Animal welfare organisations keep drawing attention to the resulting problems and animal welfare abuses. 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.

Supply chains without chick culling

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 wants to end this practice.

Against this background, REWE Group aims to have 100 per cent cull-free supply chains for processed store brand products by the end of 2022. Prior to this, the REWE and PENNY sales lines will change fresh store brand eggs over to cull-free supply chains by the end of 2021.

For this purpose, REWE Group has implemented two methods – they concern the breeding of male chicks and determining the gender in the hatching egg. REWE Group is also concerned with the topic of dual-purpose breeds, where the animals are not just bred for one feature but, for example, can be used for egg and meat production.

Breeding male chicks

Under the exclusive brand “Spitz & Bube”, free-range eggs have been on sale throughout Germany in all participating REWE stores since July 2017. The beaks of the laying hens are left in their natural form and the male chicks are reared to slaughter age. Fresh Spitz & Bube free-range eggs have been available nationwide since 2018. And since the end of 2020, the REWE sales line has offered 100 per cent of organic eggs with rearing of male chicks. This will ensure that no male chicks are killed in the production of REWE organic eggs. The REWE Beste Wahl chicken fricassee also contains meat from the “Spitz & Bube” project.

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 reared.

Gender determination in the hatching egg

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. A laser burns a tiny, maximum 0.3-millimetre hole in the eggshell to remove a drop of allantoic fluid in order to determine the gender. The inside of the egg is completely unharmed. The fluid is then analysed, and the hatching eggs can be sorted by gender. The female eggs are then incubated and later, as laying hens, lay the respeggt eggs “without chick culling”. The male eggs are processed into high-quality animal feed.
The basic research for the SELEGGT process was carried out by the University of Leipzig. For its practical implementation, REWE Group formed the joint venture respeggt together with a Dutch technology company. In addition to gender determination, it also carries out supply chain verification and can thus guarantee the added value of “no chick culling” for customers.

Customers in all approximately 5,500 REWE and PENNY stores in Germany have been able to purchase the “respeggt free-range eggs” since the beginning of 2020. REWE Beste Wahl egg salad with chives containing respeggt eggs has also been available in all REWE stores since October 2020.

Regional programmes
With the help of various regional programmes throughout the whole of Germany, REWE Group plans to promote and maintain regional structures and ensure improved animal welfare with shorter transport routes and improved husbandry systems. Key to this are the partner-like and fair cooperation and close collaboration with the farmers. Against this background, REWE Group is currently implementing 13 regional programmes with animal welfare added value for pigs, cattle and chickens.

For example, the REWE sales line markets pork from pigs from the state of North Rhine-Westphalia that are reared mainly on straw under the brand “Strohwohl“. The pigs are bred and fattened in modern family-run businesses operating to the latest standards. The animals have twice as much space as legally specified and are given genetically unmodified feed. They are also not given any reserve antibiotics. And under the “FairMast” brand the stores offer meat from German chickens that were reared under humane conditions with more space than with other rearing methods. They are kept according to the standards of the European Masthuhn Initiative (broiler chicken initiative) and bear the label “Für Mehr Tierschutz” (Promoting more animal welfare) from the German Animal Welfare Federation.

No use of monkeys for picking coconuts
The general quality guidelines of REWE Group define that no animals be used to pick coconuts for

store brand products – this applies to store brand coconut milk from REWE Group and store brands with coconut ingredients that are processed. The general quality guidelines provide the basis for all supplier contracts with REWE Group and are binding.

3. Collaboration with stakeholders

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. To ensure and improve animal welfare standards, REWE Group holds discussions with suppliers, scientists, and various NGOs.

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. With the amalgamation, which started in 2015, the partners from farming, the meat industry, food retailers and catering, accept their joint responsibility for animal farming, animal health and animal welfare in animal husbandry. The Animal Welfare Initiative helps farmers implement measures that benefit their livestock and go beyond the regulatory standards.

As a result of the participation of more than 6,400 farms, husbandry conditions for more than two billion pigs, chickens and turkeys have been improved. Every company in the Animal Welfare Initiative is checked annually in a regular audit and in an unannounced audit. Companies in breach of the requirements of the Animal Welfare Initiative are subject to systematic sanctions. The Animal Welfare Initiative is in the third phase of the programme with its programme for 2021–2023. Since the initiative started, the participating food retailers have invested more than 645 million euros in the animal welfare of pigs, chickens, and turkeys. At the start of 2021, enormous additional investments were also agreed for pig farmers: to enable all interested companies to take part in the initiative, instead of the planned approximately 75 million euros, the participating food retailers will now provide about 135 million euros in a fund for piglet producers for 2021–2023. The piglet producers receive an animal welfare premium for each piglet in addition to the market price from this fund.

Consumer milk: “You're the boss here”

During the financial year, the consumer initiative “Du bist hier der Chef” (You're the boss here) conducted a survey to find out which features are especially important in milk as a product. The “consumer milk” resulting from this is available in the roughly 400 REWE stores in the Region Central. It offers fair remuneration for the farmers; a packaging made from renewable raw

materials and comes from organic farming. The cows receive feed produced in the region and spend at least four months each year on pasture.

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 a move to more strongly anchor sustainability within procurement processes. In the areas of action of people, animals and the environment, the trade and tourism company develops 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. Legal and illegal migrants and temporary workers are frequently victimised, and forced labour often goes unreported, making it difficult to monitor.

Management Approach

The Guidelines on sustainable business practices of REWE Group apply to all business relationships. They are based on the UN Universal Declaration of Human Rights, the conventions of the ILO and the 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 its Guidelines on fairness, 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 DYI stores. The focus is on child and forced labour, living wages and incomes and women in the supply chain. In the Guidelines on the prevention of child labour, REWE Group also puts into concrete terms its demands and measures with regard to the prevention and elimination of child labour and defines a binding operational framework for business partners. Building on the guidelines, REWE Group developed a tool kit to help its business partners and production facilities implement the requirements to prevent and combat child labour. Various other Guidelines for focus raw materials describe specific challenges and the requirements derived from these for suppliers of REWE Group also with consideration of forced labour and child labour.

The main reason for child labour is poverty. Because of this, in addition to taking measures to combat child labour, REWE Group also focusses on the promotion of living wages and incomes. For more information, see Living Wages and Income.

Risk analysis: forced labour in the supply chain

In 2019, REWE Group carried out a risk analysis to determine risk of forced labour in the supply chain. The first step was to determine the risks for forced labour in all countries that are involved in the supply chains of REWE Group. In a second step, goods and raw materials were analysed with regard to the risk for forced labour. The data that was determined here was then linked with the country risks. This was followed by a qualitative analysis of the hot spots. In these case studies, the existence of and causes for forced labour were investigated specifically with regard to these hot spots. Based on all the analysis results, REWE Group develops appropriate measures to minimise the risks.

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 most important organisations are Fairtrade, Rainforest Alliance / UTZ, Cotton made in Africa, MSC, ASC, GGN GlobalG.A.P. 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. With consideration of the raw material palm oil, the standard of the Roundtable on Sustainable Palm Oil is key – the aim of this standard is to ensure that no child labour or forced labour takes place on the 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 company utilises corresponding certifications, such as Fairtrade, Rainforest Alliance / UTZ and Naturland. For more information see also Guidelines on cocoa products.

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 seafood sector. The 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 Guidelines on fish and seafood.

For more information on dealing with child labour and forced labour in resource extraction, see 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 (see Social Aspects in the Supply Chain). 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. In case of obvious child labour or forced labour, the company audited is not assigned an overall rating; instead, the zero-tolerance principle of amfori BSCI is applied: The auditor issues 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 of 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 next steps, initiate measures and monitor their implementation.

Strategically relevant production facilities also take part in the REWE Group's Factory Improvement Training (FIT). This deals with the individual challenges faced by the production facilities. If there are risk factors for forced or child labour in a factory, these are dealt with in the training.

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. In order to respond quickly in cases of child labour, REWE Group began cooperating with The Centre for Child Rights and Business (formerly Center for Child Rights and Corporate Social Responsibility) in 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 can employ the tools developed. If cases of child labour are discovered, The Centre helps the company implement remedial measures.

Handling complaints and indications of forced and child labour

REWE Group encourages the development of effective complaint mechanisms in the supply chain. For example, the company wants to ensure that deficiencies in the supply chains can be uncovered. including instances of child labour or forced labour. Within the scope of audits and certifications, REWE Group already checks whether production facilities offer their employees opportunities to complain. REWE Group has developed a systematic process to handle complaints (for more information, see Social Aspects in the Supply Chain).

In 2020, REWE Group received five complaints. All five cases were dealt with by applying a systematic process. One case involved suspicion of forced labour and, in one case, child labour was suspected. As an example, the case of a factory in Egypt is described in more detail: During an amfori BSCI audit in August 2020, a case of child labour was discovered: Two 14-year-old girls who were unable to attend school because of the Covid-19 pandemic worked in the factory for two weeks. When it was realised that they were too young, they were paid one month's wages and dismissed. Immediately after this, a zero-tolerance process was initiated involving all amfori members that buy products from the factory. The Centre for Child Rights and Business (formerly Center for Child Rights and Corporate Social Responsibility) investigated the case and developed proposals for preventive measures and remedies. A training course was organised to raise awareness among the factory workers and especially the HR department and to introduce better age checks before people start working in the factory. To make amends, the factory paid for extra tuition for the girls until their graduation.



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 85 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 the company within the framework of the Green Products pillar, in particular in the four areas of action of people, animals, the environment, and nutrition. Nutrition-related activities, including product modifications and consumer awareness campaigns, are aimed at promoting healthy, varied diets.

GRI Food Processing (FP): Healthy, Affordable Food

Management Approach

With consideration of nutrition, transparent information about the nutritional values of the products and adapting the product range play significant roles. Through its store brand products,

REWE Group is able to promote varied and balanced 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 published a strategy paper outlining processes and goals for salt and sugar reduction.

In order to make progress measurable in the area of action of nutrition, 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	Measures
Percentage of store brand items which have been checked for the sugar and salt content	100 % by the end of 2020	✓	See the section Nutrition
Percentage of relevant* store-brand items in which a sugar or salt reduction has been implemented	50 % by the end of 2020	✓	

↗ Being implemented ✓ Target attained ✕ Target not attained
*Not relevant are, for example, mono-products such as rice, potatoes or flour as well as products that have no added sugar/salt such as mineral waters, cooking oils or vinegar.

All store brand product recipes have been tested since 2018. On this basis, more than 550 store brand products have been improved with regard to their sugar and/or salt content. Consequently, REWE Group reached the target it set itself for the end of 2020, to optimise half the recipes of relevant products. No alternative sweeteners or salt substitutes were used. The sugar or salt content of the products was reduced gradually so that customers could slowly get used to the new taste – less sweet or salty. It must be pointed out that the store brand products range of REWE Group is continuously revised: new products are introduced and others are discontinued. In other words, the product range is never static with regard to number or composition. One of the first products was REWE Beste Wahl chocolate custard, where at the beginning of 2018 consumers were able to choose a reduced sugar content. As a result, the custard was included in the range with 30 per cent less sugar than the standard recipe. Then, in early 2019, REWE customers voted on the sugar content of the 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, as a result, it became part of the standard range in the stores. REWE Group will continue to optimise its store brand product recipes in terms of sugar and/or salt content.

Clear labelling with the Nutri Score

The Nutri Score is a nutritional value label that assesses ingredients, calories, protein and fat as well as the fruit and vegetable share in a food product and calculates a value based on these properties. The scale ranges from a green A to a red E. In 2019, a representative survey carried out by the German Ministry of Food and Agriculture showed that the majority of consumers are in favour of labelling food with this Nutri Score as it is the most helpful and easiest to understand. To help its customers choose a healthy, balanced diet, REWE Group began introducing the Nutri Score label for its store brand products in 2020. At the launch in June 2020, this included more than 50 continuously listed products of the PENNY organic store brand Naturgut. During the financial year, REWE also introduced the Nutri Score for store brand processed food. The label will be expanded successively to include all store brand products. From 2021, the introduction of the Nutri Score label was accompanied at REWE with the nutrition campaign "Leichter besser essen" (Eat lighter and better), which shows people that they do not have to make any more effort or spend any more money to eat better.

Measures and projects promoting balanced nutrition

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

Responsibility 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

In some regions of Germany, the REWE sales line promotes nutrition workshops that are carried out by expika. The workshops are designed to motivate children in day-care centres and to help them to playfully learn about healthy diets. Digital media formats are also used in the everyday education work. REWE Group has been sponsoring nutrition workshops for eleven years. During that time, more than 240,000 children have participated. In the financial year, due to the pandemic, only 380 workshops for approximately 6,000 children were organised.

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. In 2020, 15 schools with more than 1,700 children were receiving the boxes from Monday to Friday. In this way, more than 250,000 meals were provided in the 2019/20 school year. The project had to be suspended at times because of pandemic-related school closures. However, as required and within the possibilities available of receiving food, during these times the schools were given access to REWE's delivery service. As a result, since 2009, almost 15,000 children have received almost 1.8 million breakfasts. The project is supported with donations from, among others, Chiquita, Danone, Ehrmann, FrieslandCampina, Mondelez, Nestlé, Unilever, Zentis, Henkel as well as Eurogroup, which belongs to the REWE Group.

Encouraging customers to choose healthy food

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.

To provide its consumers with comprehensive information, at the start of 2020 the REWE sales line developed the campaign “Schon bewusst?” (Are you aware?), which will be continued in 2021. In addition to topics, such as animal welfare and CO_2 emissions, another focus was on the importance of a healthy, varied diet. As part of this, alternatives to meat-based products and products containing sugar were presented, tips for a healthy lifestyle were given and nutrients and ingredients were explained.

The sales line also provides many recipes for a balanced diet in the REWE online recipe database Deine Küche (Your Kitchen). Apart from sugar-reduced, vegetarian and vegan recipes, consumers can also obtain information about seasonal and conscious nutrition, intolerances and the Nutri Score. Many recipes also include the nutritional value that shows consumers at a glance how well the recipe meets the current recommendations of the German Nutrition Society (DGE). The nutrients of a meal are taken into account to calculate the nutritional value. This includes all ingredients and differences arising from the respective preparation methods. Based on a scale of one to ten, consumers can see just how balanced a recipe is. The nutrition dictionary also provides answers to questions about ingredients and additives as well as information about fats and oils.

For further information, see Projects and Sponsorships.



Energy, Climate and the Environment

Climate change is one of the greatest challenges facing the international community and will have far-reaching effects throughout the world. Existing ecosystems and biodiversity are under threat and the livelihoods of millions of people are seriously endangered. Against this background, the Paris Climate Agreement envisages limiting the global temperature rise to well below 2 degrees Celsius compared to pre-industrial levels and to make every effort to limit the temperature increase to 1.5 degrees Celsius. Movements such as Fridays For Future show that there is an awareness in society for the need to take climate protection measures.

Most worldwide CO_2 emissions are produced from the cultivation, production and consumption of products and the provision of services (information about the climate protection commitment of REWE Group in the supply chain can be found in Climate Protection in the Supply Chain). Greenhouse gas emissions are also produced in stores, logistics and business locations. This is why REWE Group decided to face this challenge at an early stage: The company prepared its first carbon footprint report on a company level for 2006 and began changing over to certified green electricity in 2008. As part of the materiality analysis, stakeholders confirmed the importance of climate protection measures for REWE Group: The issue was classified as particularly relevant and was ranked No. 3 in priority (for other information, see 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 objective 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 on 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 activities, 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 action is conducted by the Energy, Climate and the Environment working group. All marketing lines and relevant holding areas are represented in the group. The working group is led by Telerik Schischmanow (Divisional Management Board Trade Germany – Administration and Services).

Targets and Key Performance Indicators (KPIs)

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 working to cut its greenhouse gas emissions per square metre of sales area in half by 2022 compared with the base year 2006. This target was already reached during the 2020 financial year.

KPI	Target	Status	Measures
Greenhouse gas emissions (CO_2 equivalents) for Germany and Austria per square metre of sales area	A 50 % cut by 2022 compared with 2006	-53.6 %	See Climate Protection on a Company Level

New climate targets for REWE Group: reduction before climate neutrality

By halving greenhouse gas emissions per square metre sales area, REWE Group reached an important milestone in reducing its climate-relevant emissions in Germany and Austria during the financial year. Therefore, it set new targets in 2021: REWE Group wants to achieve climate neutrality by 2040. This will apply to all countries in which it operates. As part of this, in a first step total greenhouse gas emissions will be reduced by 30 per cent by 2030 compared with base year 2019. To do this, REWE Group will continue to take consistent measures to prevent or reduce greenhouse gas emissions on a company level.

KPI	Target	Measures
Reduce total greenhouse gas emissions on a company level	30 per cent reduction by 2030 compared to 2019	See Climate Protection on a Company Level
Climate neutrality on a company level	Climate neutrality by 2040	See Climate Protection on a Company Level

In addition to the existing 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:

KPI	Target	Status	Measures
Electricity consumption per square metre of sales area (in kWh/m^2) in Germany and Austria	Reduction of 7.5 % between 2012 and 2022	-11.2 %	See Energy
Refrigerant-related greenhouse gas emissions per square metre (in kg of CO_2 equivalent/m^2) in Germany and Austria	Reduction of 35 % between 2012 and 2022	-46.7 %	See Climate Protection on a company level

REWE Group in Germany and Austria already achieved the KPI targets goals set for 2022 in 2020. 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. In the context of the energy management system, REWE Group is currently defining new targets for the operational units. For the KPI on refrigerant-related greenhouse gas emissions per square metre of sales area, the use of climate-friendly refrigerating agents made a major contribution to the achievement of the target. These agents increasingly include natural refrigerants like CO2 and propane and refrigerants with lower greenhouse gas potential.

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: Affordable and Clean Energy, SDG 11: Sustainable Cities and Communities and SDG 13: Climate Action apply to the pillar Energy, Climate and the Environment. Within the scope of this analysis the persons responsible for sustainability in REWE Group and external stakeholders evaluated SDG 7: Affordable and Clean Energy as having a high degree of relevance for REWE Group (see also 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 on a Company Level
- Logistics and Mobility
- Materials
- Operational Water Consumption

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 on 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 implemented in the areas of packaging and the use of recycled materials and in the optimisation of material loops (for more information about packaging, refer to 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 waste from transport packaging, the logistics operation of REWE Group employs reusable containers. In recent years, the percentage of reusable pool boxes has been increased and is now more than 60 per cent in the area of fruit and vegetables in Germany. In addition, conventional wooden pallets are being replaced by plastic alternatives. Plastic palettes are lighter and have more capacity in terms of transportable packaging volume. This, in turn, has a positive impact on the energy efficiency of transports. The plastic palettes can also be completely recycled and are returned to the recovered substance cycle when a defect occurs.

Use of low aromatic inks improves recycling paper

Instead of conventional inks containing mineral oils, only low aromatic inks have been used to print flyers 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 for printing, as the aromatic substances in these inks could be transferred to the food. This transfer is considered to be a health threat. For this reason, REWE Group has campaigned to make the use of aromatic-free ink a standard in the printing industry.

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 the 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. At the end of 2020, more than 600 collection containers for the return of textiles were available. 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

For a trade and tourism company, paper is an important resource that plays a significant role especially in product advertising. Total paper consumption by REWE Group fell from about 168,000 tonnes in 2019 to 155,800 tonnes in 2020. The production of flyers accounts for most paper consumption. The decrease in paper consumption in 2020 is mainly due to the reduced demand by DER Touristik as a result of the Covid-19 pandemic. This trend is also reflected in specific paper consumption, which fell to 15.16 kilograms per square metre of sales area in 2020.

Total Paper Consumption (tonnes)

2018	2019	2020
184,455	167,969	155,808

Specific Paper Consumption (kg/m²)

2018	2019	2020
18.70	16.84	15.16

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

GRI 301-2:

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 ecological impact of paper consumption
Since 2009, REWE Group has used mainly more environmentally friendly paper. The share of more environmentally friendly paper in total consumption was nearly 100 per cent in 2020. Recycled paper (with and without Blue Angel environmental certification) made up about 97 percent of the total of more environmentally friendly paper. For the remaining three per cent, the company uses virgin fibre paper from sustainable forestry that has been certified by the Forest Stewardship Council® (FSC®), the Programme for the Endorsement of Forest Certification Schemes (PEFC™) or the EU Ecolabel.

Energy

From stores and offices to transport – 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. Relevant fuel consumptions are also caused by transporting goods (for measures in this respect, see Logistics and Mobility). The following gains have been made in the area of electricity consumption, the largest segment of energy use at about 59 per cent:

KPI	Target	Status
Electricity consumption per square metre of sales area (in kWh/m²) in Germany and Austria	Reduction of 7.5 % between 2012 and 2022	-11.2 %

With this result, REWE Group in Germany and Austria also hit the target for 2022 in 2020. 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. Within the context of the energy management system, REWE Group is currently developing a new target.

Developments in electricity consumption per square metre of sales area in Germany and Austria in detail

		2012	2018	2019	2020 ✓
	Change compared with 2012		-7.1 %	-9.4 %	-11.2 %
Electricity consumption per square metre of sales area	in kWh/m²	333.6	309.9	302.2	296.23

Scope: Companies of REWE Group Germany and Austria including independent REWE retailers and REWE Dortmund. Lekkerland was integrated into the scope during the financial year. 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 the efforts to reach REWE Group's climate goal (see Climate protection on a company level). 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.

The central energy management system of REWE Group in Germany is certified according to the latest version of the ISO 50001:2018 standard. The system tracks all electricity consumption of the entire REWE Group in Germany with all marketing lines and about 5,000 locations. This includes grocery stores, DIY stores, travel agencies, logistics centres, administrative offices and online shops. An exception to this is Lekkerland, which joined the company during the financial year and is not yet part of the central energy management system of REWE Group in Germany. The production operations Wilhelm Brandenburg and Glocken 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 (the German Energy Services Act (Energiedienstleistungsgesetz)).

Optimising Energy Consumption

The established management structure is a key requirement for continued optimisation of energy consumption, since detailed recording of consumption will enable central energy goals and subgoals to be defined and tracked better. 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.

GRI 302-1:

Energy Consumption Within the Organization

Energy consumption includes electricity, especially the power used for refrigeration and lighting, energy sources to generate heat 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 were included (for measures in the areas of logistics and mobility see Logistics and Mobility).

Total energy usage by REWE Group fell by about 2.1 per cent between 2019 and 2020. This development is based on a decline in consumption in the areas of electricity, district heating and jet fuel. The increase in fuel consumption for lorries and cars from 2019 to 2020 can be attributed mainly to the inclusion of Lekkerland in the scope of consolidation.

The largest amount of total energy consumption in 2020 was attributed to electricity at about 59 per cent, followed by fuel for lorries and cars (including external logistics).

Energy consumption within the organization (in GWh)

	2018	2019	2020 ✓	Change 2019-2020	
	Total	Total			
Electricity	4,142	4,112	4,046	-66.1	-1.6 %
Heating oil	75	77	74	-3.5	-4.5 %
Gas (natural and liquefied gas)	1,063	1,078	1,065	-12.8	-1.2 %
Self-produced renewable energies	10	10	14	3.9	39.9 %
District heating	324	284	260	-24.5	-8.6 %
Fuels (lorries/cars)	1,123	1,219	1,330	111.1	9.1 %
Jet fuel	264	227	79	-148.4	-65.2 %
Total	**7,000**	**7,008**	**6,867**	**-140.4**	**-2.0 %**

* 1 TJ | 0.2778 GWh, 1 MJ/m² | 0.2778 kWh/m² (Source: International system of units (SI))

The conversion factors for the different energy sources are taken from the material-flow-analysis model GEMIS and the transport emission model TREMOD.

Scope: REWE Group including independent REWE retailers. Lekkerland was integrated into the scope during the financial year. Excluded are units that left REWE Group and the data was adjusted retroactively.

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

Energy Consumption Within the Organisation – Consumption Share 2020 ✓

Electricity	58.9%
Heating oil	1.1%
Gas (natural and liquefied gas)	15.5%
Self-produced renewable energies	0.2%
District heating	3.8%
Fuels (lorries/cars)	19.4%
Jet fuel	1.2%

Scope: REWE Group including independent REWE retailers. Lekkerland was integrated into the scope during the financial year. Units that left REWE Group were excluded.

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

Scope: REWE Group including independent REWE retailers. The consumption data of REWE Dortmund has been included in the values since the 2018 financial year. Units that left REWE Group were excluded. The data was adjusted retroactively.

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 (heating oil, gas and district heating). Specific energy consumption (energy consumption per square metre of sales area) of REWE Group fell during the reporting period and in 2020 was 2.5 per cent lower than in 2019. Despite the increase of square metres of sales area, this change is due to the implementation of a broad range of efficiency activities, including the use of LED lighting (see the KPI for electricity consumption and the table Steps to Lower Electricity Usage).

Energy intensity

	Unit	2018	2019	2020 ✓	Change 2019-2020
Total energy consumption	in GWh	5,613	5,561	5,457	-1.9%
Energy consumption per square metre of sales area	in kWh/m²	457.47	447.21	435.97	-2.5%

1 TJ | 0.2778 GWh, 1 MJ/m² | 0.2778 kWh/m² (Source: International system of units (SI))

Scope: REWE Group including independent REWE retailers. Lekkerland was integrated into the scope during the financial year. Units that left REWE Group were excluded. The data was adjusted retroactively.

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. REWE Group began using the ISO 50001-certified energy management system in Germany, Austria and central and Eastern European countries in 2016. 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.

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.

Changeover to LED lighting

For the systematic changeover to LED lighting in their stores, the marketing lines of REWE Group developed lighting concepts that are suitable for use in the stores, some of which required completely new technical solutions. In recent years, LED lighting systems have improved considerably with regard to light colour and service life. 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

In food stores most electricity is consumed by refrigeration units and, consequently, this is a significant area in which energy consumption could be reduced. 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. Doors such as this are already standard for meat products. These systems are also used for dairy products in new stores and large remodelling projects in Germany. In Austria too, glass doors are used on refrigerated display cases for meat products in the sales lines BILLA, ADEG and MERKUR, while the doors are standard for dairy products in new BILLA and MERKUR stores.

In 2020, the PENNY sales line in Austria began testing glass doors for dairy 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 marketing 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.

Steps to lower electricity usage

Measures	Reduced Electricity Consumption (GWh)		
	2018	2019	2020
Lighting Conversion of lighting systems to LED, optimisation of light management, reduction of turn-on times	25.8	23.8	22.3
Refrigeration For example, 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	12.3	14.1	10.6
Improved technology of other systems, especially in production, ventilation systems and IT infrastructure	1.0	0.3	4.4
Total savings	**39.1**	**38.2**	**37.3**

1 TJ | 0.2778 GWh, 1 MJ/m^2 | 0.2778 kWh/m^2 (Source: International system of units (SI))

Scope: Companies of REWE Group in Germany and Austria including independent REWE retailers. Lekkerland and units that left REWE Group during the reporting period that is significant for the scope are not included in the measures to lower electricity usage.

In 2020, measures implemented by the sales lines of REWE Group in Germany and Austria lowered electricity usage by about 37 GWh. In particular, the use of LEDs in a wide range of areas represents 60 per cent of total savings at about 22 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.

For savings measures in the areas of goods transport and mobility, see Logistics and Mobility.

Operational Water Consumption

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. In addition, 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, at its production sites, warehouses and administration locations. Water saving equipment reduces the already low consumption of fresh water, which is used mainly for cleaning and in sanitary areas.

A much bigger role is played by water withdrawal and disposal in the production of products. In this area REWE Group conducts product-related projects in its supply chain (for more information, see Water).

GRI 303-3:

Water withdrawal

REWE Group uses water in its stores, at its production sites, warehouses and administration locations. Almost all water used by the company is obtained from public waterworks – with the exception of the rainwater used by some Green Buildings. Total water usage decreased from about 7.5 million cubic metres in 2019 to 7.3 million cubic metres in 2020. Specific water consumption in the same period decreased by 3.7 per cent. This decrease is mainly due to the reduced water consumption by DER Touristik as a result of the Covid-19 pandemic.

Water consumption of REWE Group

	Unit	2018	2019	2020	Change 2019–2020	
		Total	Total	Total	Total	Per cent
Total water consumption	1,000 m^3	7,207	7,482	7,250	-232	-3.1%
Water consumption per square metre of sales area	(m^3/m^2)	0.59	0.60	0.58	-0.02	-3.7%

Scope: Companies in REWE Group including independent REWE retailers. Lekkerland was integrated into the scope during the financial year. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope.

Climate Protection on a Company Level

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_2 emissions is created during the production and consumption of products, the provision of services and by transport.

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. In addition, 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

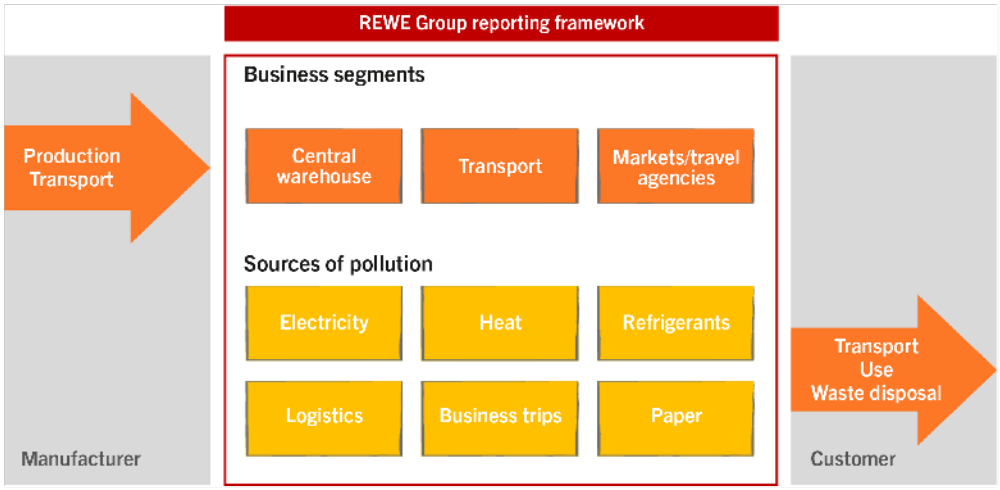
Management Approach

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 the environment to a

minimum. This commitment is clearly spelled out in the Guidelines on sustainable business practices of REWE Group.

REWE Group defined its first climate goal and drafted its first carbon footprint report in 2009. The reporting framework includes all parts of the value chain that can be directly controlled. Specifically, this means: Emission data relates to the process chain from the central warehouses to the stores of the REWE Group and to the travel agencies and administration. Manufacture and transport of the products are not taken into account, nor use and disposal of the products by the customers.



In 2013, REWE Group modified the climate goals it set in 2009 and is working to cut its greenhouse gas emissions per square metre of sales area in half by 2022 compared with the base year 2006. This target was already reached during the 2020 financial year.

KPI	Target	Status
Greenhouse gas emissions (CO_2 equivalents) for Germany and Austria per square metre of sales area	A 50 % cut by 2022 compared with 2006	-53.6 %

Total greenhouse gas emissions for Germany and Austria have fallen from 2.37 million tonnes in the base year of 2006 to about 1.76 million tonnes in 2020. This represents a decrease of about 26 per cent. Specific greenhouse gas emissions (unit: CO_2 equivalents per square metre of sales area) plunged by 53.6 per cent during the same period (see Greenhouse Gas Emissions Intensity).

In addition to this overarching environmental goal, REWE Group has defined other KPIs, 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. As in previous years, REWE Group in Germany and Austria also achieved these goals for 2020. 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. Within the context of the energy management system, REWE Group is currently developing a new target. Specific measures to reduce energy consumption can be found in Energy).

New climate targets for REWE Group: reduction before climate neutrality

By halving greenhouse gas emissions per square metre sales area, REWE Group reached an important milestone in reducing its climate-relevant emissions in Germany and Austria during the financial year. Therefore, it set new targets in 2021: REWE Group wants to achieve climate neutrality by 2040. This will apply to all countries in which it operates. As part of this, in a first step total greenhouse gas emissions will be reduced by 30 per cent by 2030 compared with base year 2019. To do this, REWE Group will continue to take consistent measures to prevent or reduce greenhouse gas emissions on a company level.

KPI	Target
Reduce total greenhouse gas emissions on a company level	30% reduction by 2030 compared to 2019
Climate neutrality on a company level	Climate neutrality by 2040

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 was carried out for Germany by INFRAS AG and for Austria by denkstatt GmbH. 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_2 equivalent emission factors, as in the previous years, data from the material-flow-analysis

model GEMIS, the transport emission model TREMOD and the life-cycle analysis database Ecoinvent were used.

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 young systems pursuant to Label EE01 as an emission-lowering factor in calculating its carbon footprint in Germany (about 25 per cent). In 2020, the green electricity purchased through the EHA comprised 89.7 per cent from hydro, 4 per cent from wind turbines and 6.3 per cent from solar.

In addition, REWE Group employs photovoltaic technology and other regenerative technologies to produce its own energy. Photovoltaic systems are used in administrative offices, warehouses and stores in suitable locations (particularly Green Building stores). At the end of 2020, REWE Group operated photovoltaic systems at 53 locations in Germany. These units have a potential peak power output of 16,699 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_2 equivalent/m^2) in Germany and Austria	Reduction of 35 % between 2012 and 2022	-46.7 %

Through the reduction of 46.7 per cent, REWE Group in Germany and Austria hit the target for 2022 in 2019. The use of climate-friendly refrigeration agents played a key role in reaching this target. These agents increasingly also include natural refrigerants like CO_2 and propane and refrigerants 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_2. Plug-in refrigerating units that will be used in future at all new and remodelled stores will use the natural refrigerant propane (R290).

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

Greenhouse gas emissions scopes 1–3 (tonnes of CO_2 equivalents)

Greenhouse gas emissions scopes 1–3 (tonnes of CO_2 equivalents)[1]

	2006	2018	2019	2020	Change 2006-2020
Scope 1: Direct greenhouse gas emissions (GRI 305-1)	759995	681020	698169	663872	-12.6 %
Scope 2[1]: Indirect energy-related greenhouse gas emissions (GRI 305-2)	1343027	1070009	940980	725919	-45.9 %
Scope 3: Other indirect energy-related greenhouse gas emissions (GRI 305-3)	270855	322901	317576	369364	36.4 %
Total greenhouse gas emissions	2373877	2073929	1956725	1759155	-25.9 %

Scope: Companies of REWE Group in Germany and Austria including independent REWE retailers. In the 2020 financial year, Lekkerland was integrated into the scope and the data for 2019 was adjusted retroactively. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope.

[1] 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:

Greenhouse gas emissions intensity

During the reporting period, both the total and the specific greenhouse gas emissions (per square metre of sales area) of REWE Group decreased. In 2020, specific greenhouse gas emissions totalled 162 kilograms of CO_2 equivalents per square metre. They were reduced by 53.6 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[1]

	Unit	2006	2018	2019	2020
Total greenhouse gas emissions	t CO_2 equivalents	2,373,877	2,073,929	1,956,725	1,759,155
Specific greenhouse gas emissions per square metre of sales area	kg CO_2 equivalents/m^2	350	194	181	162
Achieved savings of specific greenhouse gas emissions since the base year 2006	%		-44.5	-48.3	-53.6

Scope: Companies of REWE Group in Germany and Austria including retailers. In the 2020 financial year, Lekkerland was integrated into the scope and the data for 2019 was adjusted retroactively. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope.

[1] 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 2020:

Share of Greenhouse Gas emissions in 2020 by Originator Group (Scopes 1–3)

Electricity	869,030
Heat	278,167
Refrigerants	232,125
Logistics	310,779
Business trips	47,960
Paper	178,410

Scope: Companies of REWE Group in Germany and Austria including independent REWE 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 8,533 tonnes of carbon dioxide equivalents were saved in 2020.

Steps to Lower CO_2 Emissions[1]

Measures	Savings of CO_2 equivalents (tonnes)		
	2018	2019	2020
Lighting Conversion of lighting systems to LED, optimisation of light management, reduction of turn-on times	8,123	6,670	5,203
Refrigeration For example, 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	3,242	3,621	2,141
Improvements in the technology of other systems, ventilation systems and IT infrastructure	373	76	1,188
Total	**11,738**	**10,366**	**8,533**

Scope: Companies of REWE Group in Germany and Austria including independent REWE retailers. Lekkerland and units that left REWE Group during the reporting period that is significant for the scope are not included in the measures to lower electricity usage.

[1] The basis for the calculation are 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 2020, emissions from ozone-depleting substances from replenished refrigerant was 3 kilograms of CFC 11 equivalents.

Emission of Ozone-Depleting Substances by Weight (Kilograms)

	Unit	2018	2019	2020
Total emissions of ozone-depleting substances from replenished refrigerant	kg of CFC-11 equivalents	11	9	3

Scope: Companies of REWE Group in Germany and Austria including independent REWE 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_x), sulfur oxides (SO_x) 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.

Air emissions including upstream chains (tonnes)

	2018	2019	2020
NO_x	2,821	2,694	2,439
SO_x	1,528	1,401	1,256
Fine particulate matter (particle < 10 µm)	173	162	176
Non-methane volatile organic compounds	431	438	498

Scope: Companies of REWE Group in Germany and Austria including independent REWE retailers. In the 2020 financial year, Lekkerland was integrated into the scope and the data for 2019 was adjusted retroactively. 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. Proper recycling of unavoidable waste is an important objective of the trade company in order to conserve valuable 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. In addition, 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 306-1: Waste generation and significant waste-related effects

GRI 306-2: Management of significant waste-related effects

Management Approach

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

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. In the year under review, this quota was around 94 per cent. Nearly all paper, cardboard and boxes are mechanically recycled. This group makes up the largest share of all waste at almost 46 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

REWE Group strives to keep food waste 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 306-3:

Waste generated

The amount of non-hazardous waste in the company group in Germany and Austria totalled about 752,000 tonnes in 2020. This was an increase of 8.4 per cent over the previous year. This can be attributed to the increased business activities of the REWE Group caused by the coronavirus pandemic and can be seen in particular in the significant increase in paper, cardboard and boxes at the logistics locations. 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 previous years, less than one per cent. It is not expected that the volume of hazardous waste will increase significantly. Therefore, because of the complex effort of recording this, it is no longer reported separately in the Sustainability Report.

Non-hazardous waste – Total volume (tonnes)

	2018	2019	2020
Total volume (tonnes)	682080	694032	752348

Non-hazardous waste – Specific volume per square metre of sales area (kg/m²)

	2018	2019	2020
Specific waste volume (kg/m²)	88.8	91.6	98.9

Non-hazardous waste – Percentage volume by type of waste

Waste for recycling	10.4%
Organic	19.8%
Paper and cardboard/boxes	45.7%
Plastics	12.1%
Residual waste	5.7%
Other (e.g. wood, metals, construction waste)	6.3%

Scope: Companies of REWE Group Germany and Austria excluding independent REWE retailers (share increasing). Lekkerland and units that left REWE Group during the reporting period were excluded in terms of the scope when recording waste production.



Logistics and Mobility

When goods are transported, fuel is consumed – through the transport of goods from the production facilities to the warehouse, from the warehouse to the store and through online ordering when goods are delivered to the customers. These consumptions are reflected in energy consumption and in the release of emissions. For this reason, REWE Group wants to reduce fuel consumption, especially where it has a major impact. The company is also doing everything it can to ensure that the mobility of its employees is emission free.

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. The actions in the area of logistics and mobility are assigned to the pillars Energy Efficiency and Climate-Relevant Emissions.

In 2019, the subject of air pollutants became more significant for the logistics of REWE Group in Germany due to the ban on diesel vehicles entering certain city centre 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.

Measures in the area of logistics and goods transport

REWE Group Logistics ensures that the company's stores always have the products they need. A complex transport and warehouse system ensures availability, quality and freshness of the

products. At the same time, REWE Group is aiming to keep fuel consumption and the greenhouse gas emissions caused by logistics as low as possible. To achieve this, REWE Group is taking the following steps: 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 vehicle technology and modified driver behaviour.

Fuel consumption for lorries and cars increased from 1,219 GWh in 2019 to 1,324 GWh in the financial year. This is mainly due to the inclusion of Lekkerland in the scope of consolidation.

Fuel consumption of REWE Group (in GWh)

	Unit	2018	2019	2020 ✓
Fuels (lorries/cars)	GWh	1,132	1,219	1,324
Share of fuel consumption (lorries/cars) in energy consumption of REWE Group	Per cent	16.1%	17.4%	19.3%

Scope: REWE Group including independent REWE retailers. Lekkerland was integrated into the scope during the financial year. Excluded are units that left REWE Group and the data was adjusted retroactively.

Transport-related emissions cause about 18 per cent of REWE Group's total greenhouse gas emissions in Germany and Austria. For the entire REWE Group, the share of greenhouse gas emissions caused by logistics was about 16 per cent in 2020. The total increases in 2019 and 2020 can be attributed to the integration of Lekkerland in the scope of consolidation. The percentage increase is also due to the reduction in the total energy consumption of REWE Group (for more information, see Energy).

Greenhouse gas emissions[1] from logistics (including external carriers)

	Unit	2018	2019	2020
Total greenhouse gas emissions from logistics	t CO_2 equivalents	251,866	281,128	285,304
Share of logistics in total greenhouse gas emissions of REWE Group	Per cent	12.1 %	14.4 %	16.2 %

Scope: Companies of REWE Group in Germany and Austria including independent REWE retailers. In the 2020 financial year, Lekkerland was integrated into the scope and the data for 2019 was adjusted retroactively. Units that are no longer part of REWE Group were excluded during the reporting period in terms of the scope.

[1] The calculation of emission intensity comprises direct and indirect energy-related emissions as well as other indirect emissions (scopes 1, 2 and 3). For more information see also Climate Protection on a Company Level.

Warehouse network structure

REWE Group continued to optimise its warehouse network in 2020. This especially includes the start-up of the new PENNY warehouse in Kronau, conversion of the warehouse site in Lahr and its handover from PENNY to REWE as well as the conversion of the PENNY warehouse site in Wiesloch. As a result of the continuous development of the REWE Group's logistics network, the average delivery route lengths are being continuously reduced: in the financial year, in Germany they were 2.5 kilometre shorter than in 2019.
In addition to the improvements in the warehouse structure, forecast techniques and route planning are continuously improved. As a result, in 2020 and in the previous year, vehicle utilisation of the entire lorry fleet was above 90 per cent with regard to the vehicles in service. Vehicle utilisation from the main warehouses to the regional locations even reached 96 per cent during the financial year. This is an improvement of two per cent compared to the previous year.

New roll containers: more efficiency in goods delivery

With the introduction of the new roll containers in the full product range in 2020, REWE Group developed the primary transport aid for goods transport into the stores to take account of increased demand. The side rails, which are 15 per cent higher compared to the previous model, considerably increase the capacity utilisation of the roll containers and, consequently, also of the lorries. In addition to this increase in efficiency, focus during development was also placed on easy handling for our employees. The new roll containers have many uses and can be taken apart quickly to store them temporarily and save space before they are returned to the warehouse locations. PENNY was also involved in developing the roll containers in the financial year by attaching higher side rails to the existing base plates. This considerably increased capacity utilisation: As a result, in 2020, about nine million less transport kilometres were travelled compared to 2019. This saved around three million litres of fuel.

Vehicle technology and alternative drive systems

To further reduce the emissions of its vehicle fleet, REWE Group continuously upgrades its vehicles. The company increased its investments in the lorry fleet again in 2020. More of the older vehicles with lower emission classes were replaced by new Euro-6 vehicles. At the end of 2020, the share of vehicles that met the Euro 6 emission standard was 68 per cent in Germany and 78

per cent in Austria (in terms of the company's entire fleet of lorries). Average fuel consumption per 100 kilometres was reduced by 3.4 per cent in Germany.

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. The number of lorries with CNG engines (Compressed Natural Gas) was increased to eleven in 2020 and there are plans to buy more of these in 2021. Seven vehicle running on LNG (Liquefied Natural Gas) are in operation in national long-distance transport between the main warehouses and the regional warehouses. REWE International AG is also working with alternative drive options: At the end of 2020, three diesel hybrid lorries and seven gas-powered lorries were being used in Austria. Since September 2018, a fully electric lorry has also been delivering to the trade companies in the Vienna metropolitan area.

Unfortunately, the supply of such vehicles, particularly in the 40-tonne class, is still small or non-existent. The availability of vehicles and the related fuelling and charging infrastructure is extremely limited.

REWE International AG has been involved in the Council for Sustainable Logistics (CNL – Council für Nachhaltige Logistik). The electric lorry was developed and put into operation within the scope of this partnership. REWE International AG is also participating in the MEGAWATT-LOGISTICS project of the University of Natural Resources and Life Sciences, Vienna. The aim is to find solutions for the challenges of changing over to electric lorries.

Delivering to customers

To ensure efficient delivery to customers as part of REWE`s delivery service, REWE Group is developing new concepts to meet the inner-city challenges – increasing traffic and the associated congestion and driving bans. One approach is to deliver using bicycles with trailers. In collaboration with Hamburg-based start-up NÜWIEL, REWE Group has developed a bicycle trailer especially for this purpose. The trailer has its own motor, which makes it independent from the type of bicycle used. In this way, customers can be supplied by about 60 cyclists using cargo bikes via two bicycle hubs in Cologne, one hub in Hamburg and directly via the central food fulfilment centre (FFC) in Berlin.

Another concept of the delivery service of REWE Group are electric transporters from StreetScooter. An initial pilot project has already been completed with success – however, at present there are no chassis available with sufficient loading volume.

Turning assistant for increased safety in road traffic

Within the framework of the safety partnership with the Federal Ministry of Transport, REWE Group has been equipping all new vehicles in the REWE and PENNY fleets in Germany with a turning assistant system since 2018. In addition, all existing newer Euro 6 vehicles were retrofitted accordingly. By the end of 2020, more than 400 lorries were retrofitted with assistance systems or added to the fleet as new vehicles already equipped with the systems. At the end of the financial year, more than half of the company's fleet in Germany had been retrofitted with these systems. By the end of 2021, REWE Group plans to have 85 per cent of the fleet fitted with turning assistant systems.

With this voluntary commitment, REWE Group points the way for more safety in road traffic. The turning assistant detects road users in the direct surroundings of the vehicle and draws the driver's attention to them acoustically or optically. As a result, pedestrians, cyclists and other road users are protected against turning accidents, many of which have a fatal outcome.

Because of the business model, REWE Group Logistics mainly transports food. Consequently, in the case of a traffic accident, there would be a low risk of chemicals or other hazardous substances leaking from the cargo. If logistics accidents happen, they are recorded and tracked at the logistics sites. To prevent serious accidents, all drivers receive regular safety training.

Mobility of employees and customers

Energy is consumed and emissions are produced also when employees commute. REWE Group is working towards also lowering emissions in this area.

For instance, REWE Group offers employees, especially in metropolitan areas, a reasonably priced job ticket to use public transport. Eligible REWE Group employees can use their mobility budget individually – for example, they can choose to buy a smaller car and use the money saved to

contribute to a higher benefits model for their age pension. Users of electric vehicles receive a monthly bonus of 100-150 euros in addition to their mobility budget. The monthly subsidy for hybrid vehicles is 50 euros. At its locations in Cologne, REWE Group also has more than 34 charging stations where employees can purchase electricity for their vehicles.

To encourage mobility with bicycles, all employees of REWE Group in Germany have been able to purchase a company bike since 2016 as part of a deferred-compensation model. Employees can use the bicycles to commute to work and enjoy in their leisure time. Since then, employees have bought more than 6,200 bikes.

Promote electric mobility by providing charging stations

REWE Group is making a contribution towards developing the charging infrastructure for electric vehicles and is installing charging stations in the car parks of new stores, which were built according to the Green Building concept. At the end of 2020, there were charging stations at 130 stores in Germany and at 55 stores in Austria as well as 83 in the CEE states. 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.

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. In addition, 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. For example, primary energy consumption was cut by up to 40 per cent compared with conventional stores. 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.

Next generation Green Building

The first REWE pilot store with a new Green Building concept opened in Wiesbaden in May 2021. The pilot store is not an ongoing development of the existing Green Buildings but was deliberately redeveloped from the outset. The building has a wide range of special features.

For instance, the store roof has an urban farming area: the combination of basil and fish farming depends on a closed loop. The excretions from the fish are used to fertilise the plants which are also irrigated with rainwater. This reduces the consumption of natural resources and ensures healthy farming of plants and fish. The production supplies a large number of the stores in the region with basil and fresh fish.

The roof and supporting structure are designed as a plank-on-plank construction, which is an important building block with regard to the use of sustainable materials. The wood is completely visible and has not been treated with chemicals. European coniferous timber from certified forestry management was used in the construction and certified larch wood was used for the weathered external supports. The plank-on-plank design is an innovative supporting framework and the arched structure lends a special shopping atmosphere to the sales area. Another special feature of the plank-on-plank design is that in the future implementation of the concept modularisation of the individual elements will enable building work progress much faster than with conventional methods. With this concept more timber is used in the building and, hence, more CO_2 is stored permanently.

The glass front and rear façades of the building provide optimum views into and out of the store for customers and employees and create a pleasant environment. They also ensure excellent use of daylight, which is also provided via a large atrium in the sales area.

Outside the store, an innovative parking layout reduces the sealed area without lowering the number of parking spaces. There is space for at least 1.000 m^2 of planting area where natural, insect-friendly grass, bushes and many trees will be planted. For a holistic concept, the store will focus on regional and fresh produce. REWE Group is aiming for platinum certification from the German Sustainable Building Council (DGNB) for its pilot store in Wiesbaden-Erbenheim. It will also be a model for the future prototype

description and a new multiple certificate from the DGNB. For example, in future there will be different derivations – from stand-alone stores to suburban and urban locations. The new concept will successively replace the existing Green Building concept.

Elements of the current 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. Additional photovoltaic systems will be installed where practical.
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_2 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. The sales lines REWE, PENNY and toom Baumarkt DIY stores have received multiple certifications at the “Gold”* level by the German Sustainable Building Council (DGNB). New buildings are designed in accordance with the Green Building concept or the council’s criteria for sustainable construction practices. 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. At the end of 2020, 275 buildings had been built according to the Green Building criteria and another 115 Green Buildings are currently in the building or planning phase.

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.

	2018	2019	2020
REWE	144	179	209
PENNY	25	39	51
toom Baumarkt DIY stores	13	13	14
Warehouses	1	1	1
Total	**183**	**232**	**275**



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 is key 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 is characterised by a trusting and respectful relationship among customers, employees 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-discriminatory workplaces 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 managed by the Employee working group, a team led by Dr Daniela Büchel (Divisional Management Board member 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. These were updated at the start of 2020 with regard to the target and target horizon.

KPI	Target	Status	Measures
Training percentage (share of trainees in the company's workforce measured in full time equivalents)	Maintain at 5.4 % until 2025	5.3 %	See the section Education and Training Programmes
Internal hiring of managers	Increase to 80.0 % by 2025	72.4 %	
Gender ratio in management positions	Achieve a balanced gender ratio in management positions by 2025	45.6 % female, 54.4 % male	See the section Diversity and Equal Opportunity
Accidents per 1,000 full-time equivalentss	Decrease the number of accidents per 1,000 FTEs to 43.5 by 2025	46.5	See the section Occupational Health and Safety Management
Rate of people with disabilities by headcount*	To at least maintain the level of 3.0 % through 2025*	3.0 %	See the section Diversity and Equal Opportunity

* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis from the mandatory share of employed people with severe disabilities according to Section 154, 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 Sustainability 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:

- Labor/Management Relations
- Occupational Health and Safety Management
- Training and Education
- Job and Phases of Life
- Non-Discrimination
- Diversity and Equal Opportunity



Job and Phases of Life

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. In addition, 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.

Coronavirus pandemic: overcoming challenges together

The coronavirus pandemic has presented REWE Group's employees with particular challenges. For example, REWE and PENNY's sales and logistics employees face high demands during the Covid-19 pandemic. To express its appreciation and thanks, REWE Group has taken measures such as giving employees special payments or vouchers for goods or for travel.
At this challenging time, it has been highly important to the business to secure jobs, allay fears and strengthen cohesion, including against the background that the employees of DER Touristik and toom Baumarkt DIY stores were at times on reduced working hours from April 2020.
It was possible to reduce the individual companies' various difficulties to a certain extent by redistributing work. For example, employees from toom Baumarkt DIY stores, DER Touristik and headquarters helped out at the REWE and PENNY marketing lines, because support was urgently needed here. But despite all efforts, jobs also had to be cut at DER Touristik – the ongoing effects of the pandemic were too great.

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 and always supports the annual adjustments. This applies to temporary and marginally employed staff at REWE Group. In other countries, the company orients itself on the wage scales in the country in question. In their work with contractors, the companies of REWE Group focus on compliance with minimum social standards. In 2011, REWE Group introduced the "Combined Guidelines on 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 worked with TÜV Rheinland, a leading international technical service provider in Germany, to develop an auditing process, which TÜV Rheinland executes. The audits are conducted in areas such as product replenishment, picking and cleaning personnel.

Certification by career and family audit

Since 2009, berufundfamilie Service GmbH, an initiative of the non-profit Hertie Foundation, has certified REWE Group's sales lines based on the "career and family audit".

In the REWE marketing line, about 2,700 REWE stores and of independent REWE retailers stores, six administrative locations and six logistics sites have been certified for several years. Around 134,000 employees benefit from this. The key topics in 2020 included the flexible organisation of working hours for store managers, mobile working and working part-time in management. Pilot projects were run on working part-time in management, with the result that eight store managers are now employed part-time. A general company agreement is being agreed with the works council for defined regulation of working part-time in management in the sales department in 2021. The regulation is then to be expanded to the entire sales force. In addition, the stores were prepared for recertification in 2021 by compiling the measures that have been taken and preparing a first draft of the target agreement.

In 2018, PENNY became the first discounter in Germany to receive the "career and family audit" certificate for its strategic family- and life-phase-focused HR policies. It applies to all 28,550 employees who work in stores, logistics and administrative offices. At PENNY in 2020, the focus was the communication of priorities for action and target agreements to managers and employees. For example, the topic of career and family was included in the annual performance review and various training formats. Recertification will take place in 2021. In addition, PENNY is planning an employer campaign on the topic of career and family and is working on anchoring part-time models for management positions in the sales department.

Since 2012, REWE Group's headquarters in Cologne has had "career and family audit" certification, and it was recertified in 2018. As a result of the coronavirus pandemic, mobile working was the focus at all headquarters locations in the financial year. Various measures that contribute to the career and family central audit's goals and measures were developed to this end.

The stores, headquarters and logistics facilities of toom Baumarkt DIY stores, which have approximately 17,200 employees, have been certified since 2016. The first recertification took place in 2019. In the financial year, brochures on the target agreement and achievements and films for internal and external communication were created. Here too, the opportunities to work from home were expanded due to the coronavirus pandemic. The Home Office 2.0 project was set up for this.

REWE International Dienstleistung GmbH in Austria has had the berufundfamilie Service GmbH certificate since 2013, the Austrian marketing line BILLA has had it since 2015, MERKUR since 2016, BIPA since 2016 and PENNY since 2018. The headquarters departments and MERKUR were recertified in 2019, and BIPA was recertified in 2020. In total, about 44,000 employees in Austria benefit from the certification. In the reporting period, the options for improving work-life balance were communicated more strongly to employees and managers. A pilot project on working as a manager on a part-time basis was run for the sales department, and employees and managers discussed corresponding framework conditions. During the coronavirus pandemic, headquarters employees largely worked from home; concepts for mobile working for employees and managers for the period after the coronavirus are being developed.

With almost 219,000 employees in Germany who fall under the audit, REWE Group is thus currently Germany's largest company to be certified under the "career and family audit".

During the financial year, REWE Group received a large number of awards. These include:

- REWE Group, PENNY, REWE: Top Employer 2020 (Top Employers Institute)
- REWE Group: BEST PLACE TO LEARN (certification of company training) 2019–2022
- toom Baumarkt DIY stores: BEST RECRUITERS 2019/20 (gold in the industry ranking)
- REWE Group in Austria: BEST RECRUITERS 2020/21 (silver)
- BIPA: Seal of approval for internal promotion of women "equalitA"
- BILLA: Austria's Leading Companies Award (special prize for inclusion)

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. The survey is directed at different areas of the company each year.

REWE Group wrote to more than 73,000 employees in the stores, administration and logistics in the 2020 financial year, 72 per cent of whom participated in the survey. Identification with the company, transparency and clarity were rated best in the survey. And the respondents also rated the approach during the coronavirus pandemic and the provision of information and hygiene measures as very good. By contrast, the rating of work organisation was somewhat weaker. Differentiated evaluations were provided to the individual departments. This information can be used to develop specific measures together with employees.

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, for example through home office options, more flexible options for taking compensatory time off in lieu for 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.

The coronavirus pandemic and the new working world: REWE DNA

Since March 2020, REWE Group employees have worked from home to a large extent where possible. Employees can also collaborate irrespective of their location using a digital platform.

In light of this, in the financial year REWE Group spend more time looking at the extent to which mobile working at REWE Group's administration sites can be realised and anchored to an even greater extent in the future. The "REWE DNA – your new working world" project was initiated for this. In a first step, employees developed concepts and ideas for the working world after the coronavirus pandemic – from flexible working to the necessary technological equipment and the design of workplaces to strengthening a culture of trust and empowering employees. The results will be discussed in workshops in 2021 and then further refined.

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, for example, have a capacity of 95 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 this. Specially furnished parent-child offices at all headquarters locations also 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 child.

Achieving More with Partnerships: awo lifebalance

Since 2008, REWE Group has worked together with awo lifebalance (formerly AWO ElternService). The services are 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 options in the fields of counselling and arranging services in child care and caregiving. The counselling service was used just under 70 times by REWE and PENNY employees in the financial year. In addition, REWE Group offers summer camps across Germany through the service awo lifebalance.

A large number of additional support options related to child care during holiday periods are also available in Germany and Austria. In the financial year, it was not possible to provide childcare services due to the coronavirus pandemic – however, managers were urged to use every opportunity for making working hours more flexible to support parents. The headquarters in Vienna also set up childcare for "bridge days" that people take off between a midweek public holiday and the weekend, and there are special programmes at regional locations, including child care during company events, emergency child care options or toy boxes and high chairs in cafeterias. These could not be run in 2020 due to the coronavirus.

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 of employees' children. A total of 250 slots for employee children are available at the provider Studienkreis. The service was used 67 times in the financial year. And long-term courses are also provided in Austria in collaboration with the Schülerhilfe and Lernquadrat organisations.

Care for relatives

Assistance with nursing-care situations is becoming a higher priority. To supplement the new German Family Caregiver Leave Act (Familienpflegezeitgesetz), employer/works council agreements that offer additional advantages to employees apply at REWE Group. These 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

Sabbaticals

REWE Group offers breaks from work during sabbaticals and has received positive feedback about this programme: A total of 131 employees took advantage of this support in Germany in the financial year (2019: just under 200). 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.

In addition, REWE Group provides its employees with a partial retirement programme that eases their transition from the work world.

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 21 per cent for many years. Compared with 2019 (20.4 per cent), the staff turnover rate fell slightly to 19.0 per cent in the 2020 financial year. The industry average in Germany was 30.7 per cent in 2019.* The hiring rate of new employees at REWE Group rose from 21.3 per cent in 2019 to 21.7 per cent in 2020.

* Information from the German Federal Employment Agency's "Der Arbeitsmarkt in Deutschland 2019" report, November 2020. Key figure applies to the sectors retail, maintenance and repair of motor vehicles.

New hires and resignations

2020 ✓

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Diverse	Not specified	Germany	Austria
New hires	24812	16262	4395	26163	19275	3	28	34849	10620
Resignations	18951	13895	7057	23945	15953	1	4	29646	10257

2019

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Diverse	Not specified	Germany	Austria
New hires	22618	15533	4298	26034	16415	0	0	30727	11722
Resignations	19076	14905	6678	25207	15452	0	0	29713	10946

2018

	Up to 30 years old	31–50 years old	Older than 50	Female	Male	Diverse	Not specified	Germany	Austria
New hires	20990	14541	3822	24274	15079	0	0	27967	11386
Resignations	17413	13333	6128	22980	13894	0	0	26381	10493

Personnel turnover by business segment in per cent

	Retail Germany	Retail international	DIY stores	Travel and tourism	Other*	Total (scope of application of the sustainability report)
2018	18.9	25.1	13.2	11.7	7.9	19.6
2019	19.7	25.6	14.7	15.4	8.2	20.4
2020 ✓	18.5	23.7	14.6	14.3	7.6	19.0

* GRI 102-48: Due to reclassifications in the Retail Germany and Other divisions, the figures differ from those in the previous year's report.

Personnel turnover by gender and age in per cent

	2018	2019	2020 ✓
Total personnel turnover	**19.6**	**20.4**	**19.0**
Turnover – female	17.4	18.2	16.7
Turnover – male	24.4	25.4	24.0
Turnover – diverse*	-	-	-
Turnover – not specified*	-	-	-
Turnover – age group up to 30	38.5	40.4	38.4
Turnover age group 31 to 50	15.3	16.4	14.6
Turnover age group over 50	10.9	10.9	10.9

*Due to the low absolute numbers, no meaningful ratios can be reported.

GRI 401-3:

Parental leave

REWE Group employees are provided with support before and during parental leave – for example through information events on the topic of parental leave and returning to work. For employees of REWE and toom Baumarkt DIY stores, a standardised programme for maintaining mothers and fathers' contact with the company is currently under development for all headquarters and stores. It is expected to be implemented in 2021. At toom Baumarkt DIY stores, employees can also access internal courses during parental leave.

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. The "Karenzjause" (the parental leave snack break) takes place during parental leave – but it could not be run during the financial year due to the coronavirus. In addition, REWE Group encourages informal meetings of parents on parental leave with their children on the employer's premises. 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 2020, 11,627 employees in Germany and Austria took parental leave. The group consisted of 1,177 male and 10,450 female employees. During the reporting period, 4,208 employees returned to the workplace. A total of 87.7 per cent of employees who returned from parental leave in 2019 were still employed by REWE Group as of 31 December 2020. The right to parental leave is legally regulated in Germany and Austria.

Number of employees who have taken parental leave

	2018	2019	2020
Female	10,025	10,379	10,450
Male	942	1,001	1,177
Diverse	-	0	0
Not specified	-	-	0
Total (scope of application of the sustainability report)	**10,967**	**11,380**	**11,627**

Number of employees who returned to work following parental leave*

	2018	2019	2020
Female	2,978	3,136	3,162
Male	841	881	1,046
Diverse	-	0	0
Not specified	-	-	0
Total (scope of application of the sustainability report)	**3,819**	**4,017**	**4,208**

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

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

		Total	In % of all male and female employees who returned from parental leave in 2018	Total	In % of all male and female employees who returned from parental leave in 2019	Total	In % of all male and female employees who returned from parental leave in 2020
		2018		2019		2020	
Female	Resignation within 12 months	326	12.9	407	13.7	411	11.8
	Still employed at the company after 12 months	2,202	87.1	2,571	86.3	3,077	88.2
Total number of women		**2,528**		**2,978**		**3,488**	
Male	Resignation within 12 months	112	15.7	145	17.2	131	14.4
	Still employed at the company after 12 months	603	84.3	696	82.8	777	85.6
Total number of men		**715**		**841**		**908**	
Total	Resignation within 12 months	438	13.5	552	14.5	542	12.3
	Still employed at the company after 12 months	2,805	86.5	3,267	85.5	3,854	87.7
Diverse		-		0		0	0
Not specified		-		-		0	0
Total		**3,243**		**3,819**		**4,396**	

Labor/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. In addition, 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: Labor/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 on sustainable business practices serve as a basis for action. They are based on the UN Universal Declaration of Human Rights and the conventions of the International Labour Organization (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, such as the IT and logistics committees. Company-related changes are jointly discussed at an early stage.

For employees that REWE Group has had to make redundant, the company works with employee committees to develop a redundancy programme when necessary. Such programmes frequently include qualification activities for employees that are designed to help them find another position.



Occupational Health and Safety Management

Safe jobs and the promotion of employees' good health are top priorities at any company. This work includes avoiding occupational accidents and providing preventive health measures. This means the company is not only legally compliant but can prevent longer staff absences 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. In addition, 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 health and safety area of action, REWE Group has set the goal of facilitating occupational safety and maintaining and promoting the health of employees.

GRI 403: Occupational Health and Safety

GRI 403-1: Occupational health and safety management system

GRI 403-2: Hazard identification, risk assessment, and incident investigation

GRI 403-3: Occupational health services

GRI 403-4: Worker participation, consultation, and communication on occupational health and safety

GRI 403-5: Worker training on occupational health and safety

Management Approach

REWE Group ensures a safe and healthy working environment. It makes sure that the legal principles and requirements of the accident insurance associations (employers' liability insurance associations) on occupational health and safety are complied with in line with the law. 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 hazards.

Health Management

In addition to classic occupational health and safety, the Centre of Expertise (CoE) Health & Innovation is responsible for occupational health management at REWE Group in Germany, working constantly on behalf of the company's employees. One important goal is to promote employees' health in the long term and prevent diseases, and in this way increase the health rate. To achieve this goal, the CoE Health & Innovation, among others, develops concepts and coordinates projects and opportunities for individual sales lines and their employees. This work includes preventive health screenings, Fit.Netz activities (exercise and relaxation courses), an initiative called LoS! – Lebensphasenorientierte Selbsthilfekompetenz (Life Phase-Oriented Self-Help Skills) and in-house addiction officers.

REWE Group's uniform occupational health care in Germany 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 on the basis of statutory operating hours. This is done 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 at REWE Group in Austria are based on three areas: physical, social and mental well-being. Based on pilot projects in the stores, a programme for employees in the headquarters of the commercial companies has also existed since 2010. The activities of the company health-promotion programmes focus on the biopsychosocial health of employees and managers. They consist of the elements of workplace ergonomics, nutrition, mental health/relaxation, sports/exercise, prevention and work-schedule flexibility. In this context, one focus of REWE Group in Austria is to raise employees' awareness of physical and mental health factors.

Occupational health and safety

All internally employed experts in occupational safety are combined into a single organisational unit in the occupational health and safety HR service. 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, HLS Handel und Lager Service, REWE Digital Fulfilment Services and some smaller companies with singular locations. The six regional and holistically supporting teams and their team leaders are coordinated nationally by the lead expert for occupational safety. National coordinators work on continuously developing the occupational safety processes. In addition, there is a national fire safety and hazardous goods officer.

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 received from authorities (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 are conducted and meetings of the Occupational Safety Committee are held at regional or national level in line with the management and responsibility structures in the business units. Another key goal is to increase managers' and employees' awareness levels about occupational safety as well as health-enhancing working conditions and processes. The managers for occupational safety and company doctors are publicised at the sites, for example through posters, as possible contacts for questions or suggestions.

Lekkerland, which was acquired at the end of 2019, is not yet integrated in REWE Group's management of occupational health and safety – it has kept its own organisation in this regard for the time being. The Lekkerland companies are contractually served by external occupational safety experts and company doctors.

Dealing with the coronavirus pandemic

In 2020, occupational safety at REWE Group took on a key role in light of the coronavirus pandemic and the associated legal requirements. As early as the start of March 2020, REWE Group began discussions with external bodies (e.g. Robert Koch-Institute, the employers' liability insurance association Berufsgenossenschaft Handel und Warenlogistik or the German Federal Ministry of Labour and Social Affairs) and internal national and regional crisis teams in order to come to an understanding about the requirements and protective measures.
To support the test strategy, REWE Group set up six regional task forces and one national one. From the purchase of protective equipment to measures in the stores – such as setting up partitions and distancing rules – to rules on room occupancy, business trips or events, concepts were developed in cooperation with the departments and regions and various measures were taken.

Furthermore, the CoE Health & Innovation and the Occupational Health & Safety department developed and implemented a separate strategy for the self-performance of PCR tests for some business units. In addition, a process was developed for mass testing at REWE Group's logistics sites and employees were trained to perform the tests. A general company agreement was adopted for the organisation and regulation of testing.

In the financial year, the CoE Health & Innovation provided advice to the various marketing lines with advice on all questions relating to the pandemic, with the assistance of the company doctor service.

Efficient risk assessment

One success factor in the systematic monitoring and evaluation of risks is efficient risk assessment. A system to record and evaluate risks and to develop solutions is used to do this. The electronic tracking of risks helps occupational safety officers with their work in this area of action. In particular PENNY, toom Baumarkt DIY stores and REWE Digital Fulfilment Services (as well as the logistics locations that are part of them) use a system of the employers' liability insurance

association Berufsgenossenschaft Handel und Warendistribution (BGHW) called “Online Risk Assessment” nationally: An electronic checklist that contains relevant issues is accessed using a tablet, laptop or a PC in the store in order to identify risks and develop appropriate measures.

In addition, depending on the business unit, employee surveys and checklists that are documented in IT systems to the greatest extent possible are used during mental health risk assessments. This process also uses employee-focused instruments for different target groups, such as employee forums, (health) committees, work-situation analysis and other facilitated workshop processes.

In the financial year, a specific risk assessment for coronavirus risk groups (e.g. older employees, employees with pre-existing conditions or pregnant employees) was developed. In this way, it was possible to develop and coordinate necessary safeguards for employees at particular risk – for instance doing different work, mobile working or a ban on working to protect the employees.

Training in occupational health and safety

There have been e-learning courses on the topic of occupational health and safety as the basic tool for training in all REWE and PENNY stores and in administration since 2012. These are updated to meet the current requirements at regular intervals – most recently in May 2020. The courses are completed by all employees and managers (with an additional module on responsibility). The courses are repeated annually 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. toom Baumarkt DIY stores has also been developing a comprehensive e-learning programme for the stores since summer 2020. It is expected to be finished in spring 2021.

The interactive training document “Azupoly” teaches the required information in an entertaining manner to trainees at PENNY. The programme has now become a standard programme of training 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 fire safety assistants’ training takes place through a specific e-learning course at REWE and PENNY and is supplemented by practical aspects, such as fire extinguishing exercises. The first-aid providers’ training is carried out by certified providers, where possible in in-house training sessions or on a decentralised basis.

REWE Group in Austria also 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 403-9:

Work-related injuries

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

In 2020 the accident rate increased compared to 2019, rising from 45.3 to 46.5 accidents per 1,000 FTEs, thus remaining above the goal of 43.5 accidents per 1,000 FTEs in 2025. The accidents were fatal in five cases. The rate of sick leave within REWE Group was 6.9 per cent in the financial year, as in the previous year. The rate of paid sick leave fell slightly in the reporting period and was 4.4 per cent in 2020 (2019: 4.5 per cent).

KPI	Target	Status
Accidents per 1,000 full-time equivalents.	Decrease the number of accidents per 1,000 FTEs to 43.5 by 2025	46.5

In addition to the accident statistics, occupational safety experts are currently working on developing and testing an accident analysis tool. In the future, the causes of accidents are to be more closely scrutinised and analysed in addition to the descriptive accident report, and suitable preventive measures are to be developed.

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. Experience has shown that only a small number of recognised occupational diseases are found at REWE Group.

Unfortunately, robberies remain a current issue at REWE Group stores, 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. There continues to be special training for the prevention of attacks. In 2020, 110 employees in Germany and Austria were affected by robberies, 51 fewer 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

		Total (scope of application of the sustainability report)			Germany			Austria[1]		
Type	Gender	2018	2019	2020	2018	2019	2020	2018	2019[3]	2020
Accidents per 1,000 FTEs[2,3]	Female	44.5	42.9	43.7	52.2	45.9	47.3	18.6	32.3	30.8
	Male	49.0	49.5	51.0	53.3	52.4	55.0	28.9	34.9	29.9
	Diverse	-	0	0	-	0	0	-	0	0
	Not specified	-	-	0	-	-	0	-	-	0
	Total	**46.1**	**45.3**	**46.5**	**52.6**	**48.4**	**50.3**	**21.7**	**33.1**	**30.5**
Number of employees injured in accidents[3] (occupational and commuting)	Female	4,549	4,697	4,895	4,114	3,916	4,146	435	781	749
	Male	2,863	3,143	3,475	2,570	2,780	3,153	293	363	322
	Diverse	-	0	0	-	0	0	-	0	0
	Not specified	-	-	0	-	-	0	-	-	0
	Total	**7,412**	**7,840**	**8,370**	**6,684**	**6,696**	**7,299**	**728**	**1,144**	**1,071**
Number of employees injured in accidents (occupational accidents)	Female	3,475	3,334	3,599	3,475	3,334	4,146	-	-	-
	Male	2,244	2,444	2,797	2,244	2,444	3,153	-	-	-
	Diverse	-	0	0	-	0	0	-	-	-
	Not specified	-	-	0	-	-	0	-	-	-
	Total	**5,719**	**5,778**	**6,396**	**5,719**	**5,778**	**7,299**	**-**	**-**	**-**
Number of employees injured in accidents (commuting accidents)	Female	639	582	547	639	582	547	-	-	-
	Male	326	336	356	326	336	356	-	-	-
	Diverse	-	0	0	-	0	0	-	-	-
	Not specified	-	-	0	-	-	0	-	-	-
	Total	**965**	**918**	**903**	**965**	**918**	**903**	**-**	**-**	**-**
Employees who experienced robberies	Female	104	94	64	104	94	64	-	-	-
	Male	65	49	40	65	49	40	-	-	-
	Diverse	-	0	0	-	0	0	-	-	-
	Not specified	-	-	0	-	-	0	-	-	-
	Total	**180**	**161**	**110**	**169**	**143**	**104**	**11**	**18**	**6**
Fatal accidents	Female	4	3	5	4	3	5	-	0	0
	Male	1	4	0	1	2	0	-	2	0
	Diverse	-	0	0	-	0	0	-	0	0

	Not specified	-	-	0	-	-	0	-	-	0
	Total	**5**	**7**	**5**	**5**	**5**	**5**	**-**	**2**	**0**

[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 REWE Group in 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". Because accident figures in Austria are not broken down by gender but are included in the total, there may be differences between the total and individual figures.

[2] FTE = full-time equivalent

[3] The increase in occupational accidents in REWE Group in Austria is due to the fact that all non-manual workers have had their own occupational accident absence account since 2019 as a result of the harmonisation of the status of manual and non-manual workers. As a result, non-manual workers' occupational accidents are now clearly recorded.

Total number of missed workdays due to accidents

	Gender	2018	2019	2020
Total (scope of application of the sustainability report)	Female	99,789	116,056	108,811
	Male	54,473	60,853	61,492
	Diverse	-	0	0
	Not specified	-	-	0
Total		**154,262**	**176,910**	**170,302**
Germany	Female	93,559	102,311	94,432
	Male	50,155	55,164	56,100
	Diverse	-	0	0
	Not specified	-	-	0
Total		**143,714**	**157,475**	**150,531**
Austria	Female	6,230	13,745	14,379
	Male	4,318	5,689	5,392
	Diverse	-	0	0
	Not specified	-	-	0
Total		**10,548**	**19,434**	**19,771**

Deviations in totals may occur due to rounding.

Sick days

Region	Gender	2018 %	2019 %	2020 %
Total (scope of application of the sustainability report)	Female	7.3	7.5	7.6
	Male	5.7	5.8	5.8
	Diverse	-	0	4.5
	Not specified	-	-	3.7
Total		**6.7**	**6.9**	**6.9**
Germany	Female	8.0	8.1	8.3
	Male	6.0	6.2	6.1
	Diverse	-	0	4.5
	Not specified	-	-	3.7
Total		**7.2**	**7.4**	**7.5**
Austria	Female	5.1	5.3	5.2
	Male	4.3	4.2	4.1
	Diverse	-	0	0
	Not specified	-	-	0
Total		**4.9**	**4.9**	**4.9**

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

GRI 403-6:

Promotion of worker health

REWE Group conducts a range of projects to encourage employees to live healthy lives. Occupational Health Management offers prevention courses in Cologne under the name of Fit.Netz. From 2018 to 2020, a total of 2,830 course slots were filled – of which only 687 slots were in the 2020 financial year due to the coronavirus pandemic. The course phases in spring and summer 2020 had to be cancelled due to the pandemic. Digital courses were developed as a replacement.

In light of the coronavirus pandemic, REWE Group offered its employees various online seminars in cooperation with B·A·D Gesundheitsvorsorge und Sicherheitstechnik GmbH during the

financial year. The topics included dealing with uncertainty and anxieties in the times of the pandemic but also mobile working and managing virtual teams.

At store level and in logistics, there is a focus on workplace ergonomics: Repetitive movements and incorrect ways of lifting, carrying and standing frequently result in pain and missed days at work. For this reason, the ergonomics training courses on lifting and carrying and on the correct economic arrangement and design of workstations are conducted. Special days promoting back health are also held. On a regional level, many preventive offerings are available in the marketing lines, such as consultation hours for personal counselling at all administration locations, psychosocial telephone counselling in all regions, 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 health insurance provider DAK Gesundheit. 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.

In the financial year, REWE Group held campaign weeks on the topic of “healthy through the dark winter months”. The comprehensive programme of sport and talks was offered both in the form of face-to-face events and in digital formats.

The programme offered by REWE Group in Austria includes individual fitness units, advice on ergonomics in 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”

Since 2019, REWE Group has been helping its employees to live a healthy lifestyle with an online platform, an app, print material, an e-learning course and a film: from stress management to tips on nutrition, employees can make use of various options in “Gemeinsam.topfit”. In a Job.Fit 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 tips, recipes and other information. In the financial year, the content was expanded to include tips on working with people who need nursing care and dealing with the corresponding requirements. In addition, training units for at home were created due to the coronavirus pandemic. More than 50,000 employees in Germany (REWE, PENNY, toom Baumarkt DIY stores, DER Touristik, Lekkerland) now use the “Gemeinsam.topfit” app.

At toom Baumarkt DIY stores, health-promotion programmes are organised on a decentralised basis: On-site addiction counselling with trained counsellors is implemented in all regions.

Other examples of the health-promotion programmes offered by REWE Group in the financial year include the following:

- In all regions, flu vaccinations were offered at the administration and logistics sites, as well as corresponding consultations. Where it was not possible for vaccination to take place (particularly in the stores), employees received a time credit for the vaccinations carried out.
- All REWE Group employees were able to take part in a virtual running event as a substitute for various in-person runs. In addition, bowel cancer screening was offered to all employees.
- In the South region, health days, seminars on dealing with customers to promote mental health and functional back and fascia training were offered.
- At REWE Southwest, B·A·D Gesundheitsvorsorge und Sicherheitstechnik GmbH set up more online options for employees in administration and a telephone consultation hour in the sales department. In addition, the trainees are given information on prevention on the topics of nutrition, exercise, stress and addiction.
- REWE West offered “Guide to Health” action days, ergonomics consultations and active breaks.
- REWE Region Central employees were able to attend online talks on stress management and resilience and take part in an individual telephone consultation on nutrition and health days.

- REWE North employees were given the opportunity to take part in courses to stop smoking and resilience training.
- In REWE Region East, trainees were taught health knowledge.
- The JobRad (Job Bike) programme – an opportunity to acquire a company bicycle as part of a deferred compensation model – has been used by REWE Group employees more than 6,200 times since the end of 2016.
- Experts and doctors regularly give health tips for employees on PENNY LIVE (radio in the stores) before the stores open. The topic of health is also discussed by the in-store radio offered by BILLA, MERKUR and PENNY in Austria.

Measures offered by REWE Group 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. For its high level of commitment in the area of health promotion, REWE Group in Austria has already received the “company health promotion” seal of approval a number of times.

Approach for age-friendly work: Enable Me 50+

The Enable Me 50+ project was launched at BILLA in Austria and at REWE headquarters in Vienna in 2019. A holistic approach to age-friendly work is going to be developed at REWE Group in Austria within the framework of the research project by Graz University of Technology. Workshops for the purpose of investigating aids that make the working day easier were already held with store employees in 2019. The pilot for the project began at the start of 2020.

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. This is why REWE Group created the LoS! – "Lebensphasenorientierte Selbsthilfekompetenz” (Life Phase-Oriented Self-Help Skills) project in 2011. There are now more than 200 LoS! programme assistants who have been trained as initial advisers. They are available as points of contact for employees going through difficult phases in their lives. To support the programme assistants’ voluntary work, new aids are regularly developed – including the development of aids on the topics of occupational training allowances, pensions, tax returns and insurance in the financial year.

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 such as 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. Company integration management (part-time reintegration) was introduced in Austrian law in 2017.



Training and Education

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 new challenges such as digitalisation – thus 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. In addition, 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 training and professional growth area of action, REWE Group is striving to position itself as an attractive employer in order 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: Training and Education

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. 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 9,849 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 training courses are generally developed in a manner specific to each sales line in order to meet the sales lines' broad range of needs while considering the employees' individual requirements. Personnel development programmes and training in which employees and managers from all sales lines can participate are also provided. This promotes group-wide networking and participants get an insight into other sales lines.

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.

With regard to the target of increasing the share of managers hired internally to 80.0 per cent by 2025, the share in the financial year was 72.4 per cent (2019: 79.7 per cent).

KPI	Target	Status
Internal hiring of managers	Increase to 80.0% by 2025	72.4 %

REWE Group intends to increase the training percentage or, at the least, to maintain it at the current level of 5.4 per cent. In the financial year, trainees made up 5.3 per cent of the company's workforce, which was slightly below the target of 5.4 per cent.

KPI	Target	Status
Training percentage (share of trainees in the company's workforce measured in full time equivalents)	Maintain at 5.4% until 2025	5.3 %

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.

Targeted support for trainees with digital learning concepts

Digital learning concepts significantly further increased in importance in 2020 against the background of the coronavirus pandemic. For example, REWE Group additionally provided much learning content online and held virtual training sessions. As part of its training activities, REWE Markt GmbH offers classroom instruction and uses e-learning and blended-learning concepts that combine classroom and online training. Trainees at REWE can study for tests or acquire merchandise knowledge anywhere they want using the "Frisches Wissen" (Fresh Knowledge) learning app. Different game formats such as quiz questions, flashcards and a glossary provide variety in learning. The app was updated, expanded and made more user-friendly in the financial year.

In order to improve the training programmes, PENNY works together 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 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.

Trainees in Austria are also offered a learning app as part of REWE International AG's Career Forge. The app supplements training opportunities and exam preparation with special events and current content. Furthermore, 184 apprentices at BILLA had the opportunity to run nine stores for a fixed period and learn from this responsibility as part of the apprentice academy. In addition, basic competence training was provided for 181 trainees at REWE International AG to particularly give them support with regard to vocational school.

At DER Touristik, learning mentors provide support with the training. Because they were on reduced working hours at times due to the coronavirus pandemic, additional digital learning formats were created to make up for the internal training for trainees that did not take place.

Recruiting trainees

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. REWE Markt GmbH's training campaign is primarily conducted in the social networks Instagram, YouTube and Facebook. The company uses its own career channels, but also target-group-specific websites. At certain times, digital media campaigns are supplemented by radio

and print campaigns. School partnerships, applicant training courses, editorial contributions in career magazines and participation in trade fairs were intensified as well.

Online campaigns were conducted using Facebook and Spotify ads and advertising on Instagram for PENNY as well. The company also cooperates with social influencers and bloggers to increase the coverage of the campaigns. In addition, PENNY presented its trainee occupations on the deinerstertag.de website in the financial year and provided an insight into everyday working life.

DER Touristik ran the “DER sucht Dich” (DER wants you) campaign on Instagram. In addition, trainees helped to recruit new trainees by acting as trainee ambassadors. At Lekkerland, a training initiative was run for the logistics department in the financial year. For example, mailshots were sent to schools and youth centres. Moreover, the company advertised its apprenticeship positions online on various portals for school students.

The sales lines in Austria also prefer social media channels for recruitment. These particularly include Facebook, Snapchat, Instagram or Google Search. To reach the target group as well as possible, banners were also placed in the Google Display Network. An overarching career website for the trainee jobs of all the retail companies in Austria is advertised at trade fairs and via joint job ads.

Sustainability in training

REWE Group integrates the topic of sustainability into face-to-face training for trainees. In all the sales lines, the trainees carry out small projects independently and take on responsibility.

- REWE trainees in the area of wholesale and foreign trade (administration) each spend 40 hours working in social facilities.
- The trainees in REWE Group headquarters carry out compulsory sustainability projects in their first year of training.
- All the trainees at PENNY are given a training session on sustainability each year; in 2020, the trainees developed communication measures for the PRO PLANET Label.

In the financial year, many projects had to be cancelled or postponed due to the coronavirus pandemic.

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. The aim is to strengthen sustainability thinking within the company in this way. 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 2020, seven teams entered their project. The winners were presented with their awards in a digital awards ceremony. The “life giver” project to provide education on organ donation took first place. By selling “Bunten Tüten” (colourful bags), the team donated more than €1,600 to Bundesverband Kinderhospiz e.V.

Supporting scholarship holders

In 2020, REWE Group sponsored 14 scholarship holders through the Deutschlandstipendium, or Germany Scholarship, programme. The selected economics students come from 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.

Study 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, 242 students were enrolled in the dual training programme.

In addition, in cooperation with ESB Business School at Reutlingen University, REWE Group offers employees with a bachelor’s degree a tailored masters study programme, the M.A. International Retail Management, to be studied alongside their current job. The degree provides key qualifications in national and international retail management. Students are released from work

during the face-to-face phases of the degree. REWE Group bears the majority of the costs, but participants make a financial contribution. In October 2019, twelve employees from the various national and international sales lines began the degree. They will complete their studies in October 2021. Here too, the face-to-face events originally planned took place virtually.

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, 28 university graduates began their on-the-job training. In Austria, nine trainees took part in the management trainee programme and in specific trainee programmes, for example in the products or IT departments, during the financial year.

A trainee programme for independent REWE 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 2020, four trainees started the programme. Additional trainees are planned for 2021.

GRI 404-2:

Programmes 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 for their jobs to employees who work in sales or logistics or have administrative positions or prepare them for future jobs or for roles as managers in stores, sales or the headquarters.

In 2019 a new training landscape was developed for REWE Markt GmbH – REWE Academy for Managers. The academy started in 2020, but it was only possible to run around 20 per cent of the planned training sessions in sales and logistics due to the pandemic. Classroom training took place with strict hygiene rules.
In addition, the concept for the academy for experts in the areas of service and fruit & vegetables was finalised in 2020. The four-level programmes to give subject-specific training to employees provide the foundation for filling jobs in sales from our own ranks. This is how REWE actively deals with the skills shortage. The academies are supplemented by the regionally specific training provided.

In 2018, the company introduced special group-wide training courses and the Future Journey programme for 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. Around 75 participants have now completed the programme. With its Management Academy, REWE Group provides programmatic and individual support and preparation for more advanced work. 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. As part of the Management Academy, a special sustainability seminar, which included internal and external speakers presenting current topics from the field of sustainability, was held in the financial year– the programmes were largely held digitally due to the coronavirus pandemic.

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. With training courses offered by the Junior Campus, young retailers are assisted on their way to becoming independent business people. The programme had to be temporarily suspended due to the pandemic.
- Trainers are offered "train the trainer" programmes certified by the Chamber of Industry and Commerce as well as regular trainer workshops.
- 90 regional trainers were trained on running virtual training sessions at REWE in 2020.
- Lekkerland cultivates specialist managers in logistics in the team manager programme and prepares young employees for their tasks in the high potential programme.
- toom Baumarkt DIY stores started a new personal development programme for its employees in 2020. Many seminars were held online.

Education

A varied seminar programme is available for all employees. It 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. Due to the pandemic, the seminars in the financial year in some cases took place online. Classroom training was run in compliance with the applicable hygiene regulations. To meet the challenges of the coronavirus pandemic, in addition to the planned seminars, additional live online training was offered on the topics of virtual management, working from home and digital collaboration in the team.

The onboarding of new employees is also on the agenda of all the sales lines. To this end, REWE's welcome website was expanded to the employees of independent REWE retailers in the financial year. The new employees can find out detailed information about their employer here from the date they sign their contract. New employees have been onboarded in the checkout, gourmet foods and fruit & vegetables areas in 24 onboarding stores at BILLA in Austria since 2019. A welcome folder for new employees is available on the intranet. In addition, a welcome day for new employees, where the departments are introduced, takes place several times a year. This was held virtually in 2020. The onboarding of trainees also took place digitally at BILLA and MERKUR due to the coronavirus pandemic – the new trainees were introduced to the company with a digital scavenger hunt.

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 LEAD 4.0 programme 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 and communication. Due to the coronavirus pandemic, many formats took place virtually in the financial year.

The ambitious internal training programme from 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.

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, i.e. a combination of classroom seminars and digital learning formats, 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 at store level in this way. Against the background of the coronavirus pandemic, Microsoft Teams was introduced as a new collaboration platform in 2020.

REWE Group constantly tests and implements new, innovative training concepts. For example, the use of the virtual classroom has been being piloted since 2019. Imparting knowledge virtually enables up to 50 people to participate in short training courses, without being on site.

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. Another nine training courses prescribed by law were updated in 2020 and prepared so that they can be provided on a mobile basis. The portfolio also includes voluntary courses for employees, for example on 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.

REWE and PENNY, the headquarters departments in Cologne and the regions, and other sales lines have a cloud-based IT platform with the “learning” module. Separate e-learning platforms are available for toom Baumarkt DIY stores, DER Touristik and in Austria.

Overview of participants as well as online courses and classroom training in 2020

	Completed online courses	Completed classroom courses (partly digital due to the coronavirus)
Germany		
REWE[1]	901,918	40,277
PENNY	208,363	11,740
toom Baumarkt DIY stores	81,537	No data collected
Retail Germany headquarters, production operations[2], REWE digital and small sales lines	44,641	8,104
Lekkerland	1,711	891
Austria		
All sales lines	309,730	No data collected

[1] incl. PETZ REWE and REWE To Go

[2] Glocken Bäckerei and Qualitätsmetzgerei Wilhelm Brandenburg

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 and PENNY stores have the opportunity to explore the topic of sustainability on an e-learning tool. This is updated regularly. At REWE Group in 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.

Percentage of employees receiving regular performance and career development reviews

Systematic career and succession planning (CSP) is a key part of REWE Group's company-wide talent management. The aim of CSP is to enable the company's own skilled workers and managers to expand their bases of knowledge: High performers and people with high potential should be recognised early and retained by the company in the long term. To meet these goals, regular performance and potential assessments, 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 2020, the CSP process was conducted for 31,330 employees and managers in the headquarters and for managers in sales and in logistics at PENNY, REWE and toom Baumarkt DIY stores. At REWE Markt GmbH, all the around 80,000 employees in sales have also had the development meeting since 2019. This means not only managers but all sales employees receive feedback that is documented in the system.

The assessment process for the REWE, PENNY and toom Baumarkt DIY stores sales lines, headquarters departments and all top executives was implemented on a cloud-based IT platform throughout the company. The rollout was completed in 2020.

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. In addition, 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 around 150 countries have been working peacefully and respectfully together at REWE Group for many years. 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, the 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 human resources 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 all genders.

In this effort, the company has defined the following issues:

- Inclusion ensures the equal treatment of employees with disabilities. 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 on 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 Charter 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

REWE Group is committed to ensuring that all employees have equal opportunities. 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 also helps the employer during the inclusion of new employees. With accessible workplaces, REWE Group enables people with disabilities to work in administration and the stores – for example in the form of check-out workstations for employees in a wheelchair.

There has been a strategic cooperation between REWE Group and Aktion Mensch since 2017.

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 (for more information see the Projects and Sponsorship section).

REWE Group in Austria applies a holistic concept regarding the subject of disability: the vision "We think without barriers and give employees, customers and partners the same opportunities" firstly involves increasing the number of employees with disabilities in the company itself. Hearing-impaired employees have been integrated into the stores, and people with autism have also found employment in the central units. Secondly, it means that accessibility is implemented in the stores and on the websites.

Thanks to numerous measures, REWE Group in Austria was able to increase the number of employees with disabilities to 720 in total in the financial year – this represents a rise of 12 per cent compared with the previous year. In addition, the online job portal of the sales line REWE in Austria was certified accessible by the "Web Accessibility Certificate Austria". The certificate ensures accessibility for everyone on professionally audited websites. In the BIPA stores, people with disabilities have been increasingly targeted in order to recruit them as employees. And the BILLA and MERKUR stores have taken on additional apprentices with disabilities. In the headquarters of REWE Group Austria, people with disabilities also take care of the green waste in cooperation with a workshop for the disabled. In the financial year, REWE Group in Austria evaluated its DisAbility strategy, which ended in 2019, and developed a new strategy for 2020 to 2025.

REWE Group in Austria also established "Diversity to go" in the financial year and communicated with employees via an app. As part of this, short videos with experts on topics including discrimination, feminism and gender identity were published.

Integration of refugees

REWE Group actively strives to help refugees gain a foothold in society and the work world. For this reason, young refugees are recruited to positions for trainees throughout Germany. 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.
REWE Region South's KIMAT integration initiative helps improve the integration of people with migration histories into the labour market and fosters intercultural exchanges. The initiative was presented the HR Excellence Award of Quadriga University and the trade journal Human Resources Manager in 2016. The project builds bridges between origin and future, especially for refugees. Many are now trainees at REWE, others are prepared for training, including through language training.

Supporting refugees through a mentoring programme

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 volunteer as mentors in the “Ehrensache”, or Act of Honour, programme. A total of nearly 170 mentor teams have now been set up across Germany. During more than 580 internships, participants in the JOBLINGE programme have gained insights into the practical aspects of the work world. More than 167 young people have been taken on as trainees or hired for permanent positions.

REWE Group in Austria systematically recruits refugees. In addition to numerous internships, young refugees have since been recruited to various apprenticeship places.

Integration of the long-term unemployed

REWE Group is also committed to integrating unemployed people and the long-term unemployed over 25 years of age without a vocational school leaving certificate. For example, during the financial year 23 people started a partial qualification to become a sales assistant within 55 weeks. In January 2021, 13 people completed their training, and they have since been employed in REWE stores.

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”. Since 2017, the Women’s Drive programme has now boosted more than 70 participating women with management tasks. It consists of four seminars with supporting mentoring from internal managers and has been running for more than a year. A network for women in REWE Group called “f.ernetzt” was launched in 2019. Just under 260 female managers and experts now take part in dialogue on topics including management, New Work, personal development, and career and family. In addition, virtual events for advice by colleagues were offered in the financial year and a networking event for women was run with more than 100 participants.

Since 2017, REWE has also been a partner in the Cologne-based alliance “Mit Frauen in Führung“ (Women in Management). In this network, 16 Cologne companies pursue the objective of offering numerous activities designed to provide women and men with equal professional growth opportunities. In addition to the regular dialogue conducted with other member companies in the alliance, REWE Group takes part in a cross-mentoring programme with nine mentees and mentors.

At BILLA in Austria, the results of an online survey of 300 female employees on the topic of “women in management” was assessed in the financial year. According to the survey, important topics include the opportunities for working part-time in management positions and more flexibility of working hours. For this reason, an event called “Equal opportunities for women and men at REWE International AG – developing flexible and family-friendly career paths in the company” was run with 100 managers in February 2020. In this way, communication was encouraged and managers who work part-time shared their experiences.
In addition, the Austrian sales line BIPA received the equalitA seal of approval in the financial year. It is awarded to companies that support women and their careers and ensure gender equality.

Different together: promoting LGBTIQ networking

The nationwide LGBTIQ network di.to (“different together”) has the aim of supporting employees in networking in the work world and promoting dialogue across the borders of the respective sales lines. di.to sees itself as a point of contact for employees who experience disadvantages in the workplace due to their sexual identity. The network now has around 300 members, and more than 900 people follow its own Facebook page. In order to encourage communication, a national, virtual networking meeting with internal and external guests has taken place four times a year since 2020. Moreover, di.to has been a partner in the PEPP – PROUT EMPLOYER PARTNER PROGRAMME network since the financial year, supporting the establishment of a diverse working culture.

A steering committee consisting of the spokespeople of the total of six regional di.to groups takes care of, among other things, the establishment of the network and network meetings and numerous events at which donations for regional LGBTIQ organisations are generated. 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. All toom Baumarkt DIY stores and all DER Touristik travel agencies have joined the campaign.

In the financial year, di.to largely held its events in digital form due to the coronavirus pandemic – for example, the online format of the Christopher Street Day in Berlin was supported. di.to also donated €5,000 for the upkeep of a youth centre for lesbian, gay, bisexual, trans*, intersex* and queer young people.

GRI 405-1:

Diversity of governance bodies and employees

Women made up 66.2 per cent of the workforce of REWE Group in 2020 (2019: 67.9 per cent). Women represented 10.8 percent of top management, while they made up about 46.0 per cent of managers (2019: 45.9 per cent). REWE Group has set itself the target of achieving a balanced gender ratio in management positions (managers and top management) by 2025.

KPI	Target	Status
Gender ratio in management positions	Achieve a balanced gender ratio in management positions by 2025	45.6 % female, 54.4 % male

The Supervisory Board of REWE-Zentral-Aktiengesellschaft (RZAG) had 18 ordinary members (16 men and two women) as of 31/12/2020. The Supervisory Board of REWE-ZENTRALFINANZ eG (RZF) had 20 ordinary members (17 men and three women) in 2020. No women were members of the Management Board in the reporting period. Likewise, no women were members of the Management Board or the Supervisory Board of REWE International AG.

REWE Group records the employment rate of people with disabilities in accordance with Section 2 of the German Social Welfare Code (Sozialgesetzbuch) and in Austria in accordance with the Disabled Persons Employment Act (Behinderteneinstellungsgesetz). Under these definitions, the employment rate of employees with disabilities at REWE Group was 3.0 per cent in 2020 (2019: 3.1 per cent):

KPI	Target	Status
Rate of people with disabilities by headcount*	To at least maintain the level of 3.0 % through 2025*	3.0 %

* The rate of people with disabilities is calculated by headcount and therefore has a different calculation basis from the mandatory share of employed people with severe disabilities according to Section 154, 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 employees by employee category in 2020

	Top executives
Women	10.8%
Men	89.2%
Diverse	0.0%
Not specified	0.0%

Managers	
Women	46.0%
Men	54.0%
Diverse	0.0 %
Not specified	0.0 %

Employees	
Women	66.2%
Men	33.8%
Diverse	0.0 %
Not specified	0.0 %

Composition of employees by employee category

	Region	Employees			Managers			Top executives		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
Total staff	Total	217,010	229,235	249,024	14,647	14,971	15,155	210	206	213
	Germany	178,791	190,419	209,652	9,487	9,767	10,000	178	174	181
	Austria	38,219	38,816	39,372	5,160	5,204	5,155	32	32	32
Women %	Total	68.6	67.9	66.2	46.2	45.9	46.0	11.0	10.2	10.8
	Germany	67.2	66.5	64.7	35.9	34.9	35.5	10.1	9.8	10.5
	Austria	75.1	74.8	74.2	65.1	66.4	66.5	15.6	12.5	12.5
Men %	Total	31.4	32.1	33.8	53.8	54.1	54.0	89.0	89.8	89.2
	Germany	32.8	33.5	35.3	64.1	65.1	64.5	89.7	89.9	89.5
	Austria	24.9	25.2	25.8	34.9	33.6	33.5	84.4	87.5	87.5
Diverse %	Total	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0
	Germany	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0
	Austria	-	0.0	0.0	-	0.0	0.0	-	0.0	0.0
Not specified in %	Total	-	-	0.0	-	-	0.0	-	-	0.0
	Germany	-	-	0.0	-	-	0.0	-	-	0.0
	Austria	-	-	0.0	-	-	0.0	-	-	0.0
Up to 30 years old %	Total	30.7	30.6	31.9	13.8	13.4	12.0	-	-	-
	Germany	30.0	30.0	31.5	13.3	12.8	11.3	-	-	-
	Austria	34.1	33.6	33.9	14.5	14.6	13.5	-	-	-
31–50 years old %	Total	40.0	39.4	38.9	59.4	59.8	60.4	46.2	44.2	43.7
	Germany	38.8	38.3	37.9	59.5	60.3	61.4	46.1	43.7	42.5
	Austria	45.6	45.0	44.3	59.1	58.8	58.4	46.9	46.9	50.0
Older than 50 years %	Total	29.3	30.0	29.2	26.9	26.8	27.6	53.8	55.8	56.3
	Germany	31.2	31.8	30.6	27.2	26.9	27.3	53.9	56.3	57.5
	Austria	20.2	21.4	21.8	26.4	26.6	28.1	53.1	53.1	50.0
People with Disabilities by Headcount	Total	3.0	3.1	3.1	1.8	1.8	1.8	1.4	0.9	0.9
	Germany	3.4	3.4	3.4	2.1	2.1	2.0	1.1	0.6	1.1
	Austria	1.3	1.6	1.7	1.3	1.3	1.3	3.1	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 disabilities 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	2018	4	0	100	0	25	75
	2019	4	0	100	0	25	75
	2020	4	0	100	0	25	75
Supervisory Board Germany	2018	31	16	84	0	19	81
	2019	31	16	84	0	22.6	77.4
	2020	32	25	75	0	31.3	68.7
Management Board RIAG (Austria)	2018	5	0	100	0	60	40
	2019	6	0	100	0	50	50
	2020	5	0	100	0	60	40
Supervisory Board (Austria)	2018	5	0	100	0	40	60
	2019	5	0	100	0	40	60
	2020	4	0	100	0	50	50

Share of employees with foreign nationality

		Employees			Managers			Top executives		
	Region	2018	2019	2020	2018	2019	2020	2018	2019	2020
Total staff	Total	217,010	229,235	249,024	14,647	14,971	15,155	210	206	213
	Germany	178,791	190,419	209,652	9,487	9,767	10,000	178	174	181
	Austria	38,219	38,816	39,372	5,160	5,204	5,155	32	32	32
Headcount, foreign nationality	Total	31,426	34,101	38,882	1,400	1,510	1,590	16	15	17
	Germany	21,570	23,665	27,847	597	628	665	7	6	7
	Austria	9,856	10,436	11,035	803	882	925	9	9	10
Headcount, foreign nationalities %	Total	14.5	14.9	15.6	9.6	10.1	10.5	7.6	7.3	8.0
	Germany	12.1	12.4	13.3	6.3	6.4	6.7	3.9	3.4	3.9
	Austria	25.8	26.9	28.0	15.6	16.9	17.9	28.1	28.1	31.3

GRI 405-2:

Ratio of basic salary and remuneration of women to men

Equal pay for equal work is pivotal for REWE Group. This is largely ensured by collective bargaining agreements, because these mean the payment is based on the respective pay grade

and does not depend on gender or other factors. At REWE Group, 98.3 per cent of employees are covered by collective bargaining agreements and/or employer/works council agreements. Based on the scope of the sustainability report including the independent REWE retailers, the proportion is 72.8 per cent. Collective bargaining coverage is usually established among REWE independent retailers through a company joining an employers' association.

The Remuneration Transparency Act came into force 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, twelve 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 the works councils.



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. In addition, 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 on sustainable business practices apply to all employees and business partners. These guidelines include a clearly formulated ban on discrimination: "We do not tolerate discrimination for reasons of gender, race, religion, ethnic heritage, age, nationality, marital status, sexual orientation, disability, social background or political orientation in employment or occupation." This principle applies to the hiring of new employees, to current employees and to 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 Diversity and Equal Opportunity section). In addition, employees can consult with managers and the HR department. Any report of discrimination is thoroughly investigated. Each case is treated confidentially. When a case is investigated, personal meetings with the affected employee or employees are held and the Works Council is consulted. To this end, four new contacts were appointed, processes were revised and a secure database for the administration of incidents was implemented at REWE Group in Austria in the financial year.

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.

In Austria, six employees consulted their contact in the works council or the HR department regarding sexual discrimination. In five cases, the discriminators were dismissed; in one case the person affected only wanted counselling. With a campaign called “Sexual Harassment and Discrimination – NO Thanks!”, REWE Group in Austria shows 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. In addition, the works council provides information on the topic of “Non-discrimination – no opportunity for discrimination” in a brochure. This was written in gender-neutral language in the financial year for the 2021 edition.

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 partner organisations 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. REWE Group's strategic partners include Naturschutzbund Deutschland e.V. (NABU), the funding organisation Aktion Mensch e.V., Tafel Deutschland e.V. and Kindernothilfe e.V. Where possible, REWE Group involves its customers and employees in projects. This approach strengthens the sense of community and expands the projects' reach.

REWE Group is actively involved in causes such as the development of children and adolescents and pursues the goal of overcoming unequal opportunities. In this work, the company helps socially disadvantaged young people while they are attending school and taking steps to enter the work world, and promotes equal opportunities for children and adolescents throughout Germany. 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 nutrition. 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 nutrition. 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, raising their awareness about 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. Also, as part of its membership with the consumer group Deutsche Stiftung Verbraucherschutz, REWE Group promotes projects targeted at providing children and adolescents with key consumer skills.

Areas of action

REWE Group has identified the following four areas of action in the pillar Social Involvement: conscious nutrition and exercise; opportunities for children and adolescents; vigilant approach to food; and biodiversity and environmental protection. The areas of action apply to the entire REWE Group. Every sales line covers at least two of these areas with its involvement.

All areas of action are managed by the "Social Involvement" project group, a team that has been led by Dr Daniela Büchel (Management Board member of Retail Germany – HR and sustainability areas) since mid-2016.

Key figures

As a way of measuring the progress being achieved in the pillar Social Involvement, REWE Group records key figures for selected projects in the respective areas of action: all projects using at least 30,000 euros in funds or of particular relevance for a sales line are included in the reporting. The overall key figure recorded is the percentage of projects running for at least two years, since a high degree of effectiveness can especially be expected in long-term projects.

Key figure	Status	Measures
Percentage of long-term projects (> two years)	88 %	See the section Projects and Sponsorships

Area of action: conscious nutrition and exercise

The number of children and adolescents reached through three projects during the financial year was recorded. In particular, these projects involved nutrition workshops with children in childcare centres and football clubs and the provision of healthy food for school classes. Due to the pandemic-related school and child-care closures, the projects had to be temporarily suspended.

Key figure	Status	Measures
Number of children and adolescents reached (2020)	43,271	See the section Projects and Sponsorships

Area of action: opportunities for children and adolescents

The number of children and adolescents reached through eleven projects during the financial year was recorded. The focus on their future opportunities – in particular, this includes providing support to socially disadvantaged children and adolescents in terms of learning and vocational training as well as improving living conditions, and promoting the construction and renovation of schools worldwide.

Key figure	Status	Measures
Number of children and adolescents reached (2020)	12,580	See the section Projects and Sponsorships

Area of action: vigilant approach to food

In total, four projects contributing to a vigilant approach to food were recording during the financial year. The focus was on consumer information and cooperation with food banks. In light of the coronavirus pandemic, the REWE, PENNY and toom Baumarkt DIY stores sales lines in Germany provided additional, unplanned support to food banks. The percentage of REWE and PENNY stores in Germany as well as stores of sales lines in Austria which work with food banks and so help to avoid food waste was also recorded.

Key figure	Status	Measures
Percentage of stores (REWE and PENNY in Germany as well as sales lines in Austria) that work with food banks (2020)	84 %	See the section Projects and Sponsorships

As part of its participation in the Nationale Dialogforum zur Reduzierung der Lebensmittelverschwendung (National Dialogue Forum for Reduction of Food Waste) and support for the national strategy for the reduction of food waste of the Federal Ministry for Food and Agriculture, food waste was measured in REWE and PENNY stores in Germany in 2020. On average, REWE and PENNY now sell more than 98 per cent of their food each year. Specific reduction targets will now be devised by 2022.

Area of action: biodiversity and environmental protection

Six projects for the promotion of biodiversity and environmental protection were recorded during the financial year. Educating consumers and raising their awareness were also in focus.

Key figure	Status	Measures
Project total (2020)	3,432,500 euros	See the sections Projects and Sponsorships and Biodiversity

Nine additional projects cannot be assigned to any of the four areas of action. Their total volume (donations and project budgets that make a social contribution) amounted to more than €20 million, of which almost €1.5 million came from customer donations.

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 development, including SDG 12: Responsible Consumption and Production, SDG 4: Quality Education and SDG 1: No Poverty. As part of this analysis, the SDG 12: Responsible Consumption and Production was given a high priority for REWE Group by sustainability officers of REWE Group and external stakeholders (also 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-term partnerships and dedicated employees, the company carries out a broad range of projects and measures designed to help society.

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 Social Involvement, four areas of actions have also been defined to develop targeted measures: conscious nutrition 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 vigilant approach to food (also see the section Social Involvement).

With regard to donations and sponsoring, REWE Group has developed a combine-wide guideline that is intended as a fundamental set of rules. When the company carries out projects and initiatives, it pays attention that they comply with the mission statement of REWE Group and are in harmony with its compliance and sustainability principles.

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. Many projects in the area of social involvement are implemented by independent REWE retailers in the locality of their stores. These make up a large part of all projects and therefore make a significant contribution to commitments in this area.

One focal point of REWE Group's efforts is long-term 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. Most of these could be implemented despite the restrictions resulting from the Covid-19 pandemic. In addition to its existing commitments, in the financial year REWE Group especially helped its partners overcome the pandemic-related challenges.

Solidarity during the Covid-19 pandemic: food bank support

REWE Group has been one of the main supporters of more than 950 local Tafel food banks across Germany since 1996. For many years now, it has also sponsored many events organised by Tafel Deutschland e.V. The Covid-19 pandemic has posed particular challenges for the food banks: The safety of the volunteers and customers must be ensured. In many places, there have been drastic changes in how the food banks have been used. On the one hand, many people affected by poverty are currently not taking advantage of the offers due to the fear of contacting the illness; on the other hand, an increasing number of people who previously did not require external help are now in need of assistance.

Against this background, during the financial year REWE Group supported the food banks even more than previously with cash donations and donations in kind and also encouraged its customers to do the same. For example, the REWE and PENNY marketing lines and the regional company REWE West started coupon campaigns: customers could buy coupons online, which were then distributed to local food banks. Through this campaign, customers donated almost 70,000 euros. The sales lines also supported the food banks with cash donations and donations in kind totalling 460,000 euros. Within the framework of the #TEAMPLAYER projectcustomers were also able to buy masks at REWE, PENNY, toom Baumarkt DIY stores and nahkauf and REWE Group donated another 200,000 euros from the proceeds of these sales to the food banks.

The “Gemeinsam Teller füllen!” (Filling Plates Together) campaign, which was started in 2009, was able to be implemented in spite of pandemic-related restrictions: REWE and nahkauf stores and the REWE online shop asked customers to buy bags containing food donations. In this way, almost 950 food banks throughout Germany were given about 560,000 bags filled with foods with a long shelf life, such as pasta, rice and soup to the value of 2.8 million euros. The REWE sales line itself donated 40,000 bags.

Help for the homeless

The motto for the Christmas season at PENNY was “Christmas for Everyone”, stressing its commitment to benevolence and solidarity. In 2020, within the framework of this campaign, PENNY donated the sales revenue from chocolate Christmas figures to the homeless charity work of the German Red Cross (DRK). The sales line topped up the total donation to 500,000 euros. This was sufficient to support 17 local projects for the homeless – including tents where homeless people can spend the night and receive food, buses that distribute sleeping bags, clothing and hot beverages in winter and Christmas meals for those in need. Due to the encouraging reception to this campaign by customers, a portal was also set up to allow people to make donations to help finance projects by the German Red Cross. Through this, additional donations of 25,000 euros were made.

toom Baumarkt DIY stores also did their part to help the homeless by supporting the organisation Little Home Köln e.V. In order to support homeless people on their way back into society, the organisation provides them with small mobile houses, offering a sheltered living space. toom Baumarkt DIY stores help the organisation with actions such as providing the building materials required for the “Little Homes”. In 2020, within the context of the cooperation, another 15 mini houses were built.

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. Over 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. Since 2015, various education projects for Restavèk children – children from rural areas whose impoverished families sent them to guest families in the city to work – have also received support to ensure that they receive a basic school education. Since 2016, a scholarship programme created by REWE Group has been enabling graduates of Collège Véréna who are in great need and Restavèk children to undergo vocational training or go to college.

In the financial year, intensive local support was required due to the pandemic. For instance, REWE Group provided resources so that Collège Véréna, which REWE Group has been supporting for several years, was able to meet the new hygiene requirements and buy the necessary equipment, such as (reusable) masks, disinfectant and water dispensers.

REWE Group plans to continue its commitment in Haiti in the future. For this purpose, the company has created a fund from which maintenance work and necessary purchases can be paid. The child sponsorships, the scholarship programme and the Christmas party will also

continue to be paid for from this money. In addition, from 2021 the Kindernothilfe project “Schützende Schule” (Protective School) will be sponsored through donations from REWE Group employees, with the focus being on environmental protection and disaster prevention.

The DER Touristik Foundation

Through its non-profit organisation DER Touristik Foundation, the international travel company DER Touristik acknowledges its responsibility to the people and environments of destination countries. The potential of tourism should be used to protect the environment and promote economic development in the host countries. DER Touristik Foundation bundles the social commitment of DER Touristik beyond its business activities and 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.

Solidarity also during difficult times: support during the Covid-19 pandemic

Due to the Covid-19 pandemic, many charities in emerging and developing countries are receiving considerably less money in donations. Also, because of the worldwide travel restrictions and warnings, few tourists are visiting these regions, and, as a result, many of the locals there have no or little income.

Against this background, in 2020 the DER Touristik Foundation decided that, in addition to its existing aid projects, it will continue sponsoring projects that are already completed and include new projects in the sponsorship. For example, during the financial year, DER Touristik supported the Kleinmond Care Center for young people in South Africa, which had to close temporarily due to the pandemic, by distributing food packages to the families of the children and continuing to pay the wages of the employees. Because there has been an increase in poaching in Krüger National Park in South Africa due to the pandemic, the DER Touristik Foundation is also supporting the Black Mambas anti-poaching unit, the Transfrontier Africa environmental organisation and the associated Bush Babies Programme. This helps protect the animals against poaching and secures the living standards of the organisation employees and raises awareness among young people for environmental education and animal welfare.

Since 2014, the DER Touristik Foundation has facilitated the construction and renovation of more than 55 schools in 21 countries on five continents. In 2020 alone, six school construction projects in Africa (Tanzania, two schools) and Asia (India, Cambodia, Myanmar, 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.

The DER Touristik Foundation is also involved in other projects:

- The organisation Smiling Gecko e.V. has been implementing an education project in Cambodia, with the aim of providing young people in rural areas with future opportunities in the areas of agriculture, tourism and catering, handicraft and production, as well as in schools. The DER Touristik Foundation has been supporting the project since 2019 by sponsoring the education

of ten young Cambodians in tourism. Despite the pandemic-related challenges, their education was continued in 2020.

- To build a reserve for seals, turtles and dolphins, the DER Touristik Foundation has provided support for the construction of a veterinary clinic and a visitor centre for the local population and tourists since 2019
- Various development projects are benefiting the population in the Simanjiro District to the south of Mount Kilimanjaro in Tanzania. The DER Touristik Foundation has been supporting these projects since 2016 – including the construction and fit-out of various schools and the construction of a seminar centre for Massai women. In 2020, building work commenced for a training centre for carpenters and metal workers, which the DER Touristik Foundation is also sponsoring. The project is also receiving funding from the Federal Ministry for Economic Cooperation and Development, Upendo e.V. and local organisations.
- Since 2017, the DER Touristik Foundation has also been supporting the environmental educational programme “Living in Harmony with Nature” at various secondary schools in the Simanjiro District in Tanzania. The goal is to raise awareness amongst young people about the importance of wildlife and the conservation of natural resources, thus reducing the consequences of the human-wildlife conflict.

GRI 203-2:

Significant indirect economic impacts

In its stores and travel agencies, REWE Group employs about 384,000 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 REWE retailers. In doing so, REWE Group generates important momentum for the development and growth of the regions where its stores do business. The company also actively supports children and young people, focusing on areas related to its business operations.

Healthy nutrition 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 since 2000. Also, as part of its membership with the consumer group Deutsche Stiftung Verbraucherschutz, REWE Group promotes projects targeted at providing consumer skills.

Promoting and communicating a healthy diet through education

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 2020, 15 schools with more than 1,700 children were receiving the boxes from Monday to Friday. In this way, almost 250,000 breakfasts were provided in the 2019/20 school year. The project had to be suspended at times because of pandemic-related school closures. However, as required and within the possibilities available of receiving food, during these times the schools were given access to REWE's delivery service. Almost 15,000 children have received over 1.8 million breakfasts since the start of the project in 2009. The project is supported with donations from, among others, Chiquita, Danone, Ehrmann, FrieslandCampina, Mondelez, Nestlé, Unilever, Zentis, Henkel as well as Eurogroup, which belongs REWE Group.

In some regions of Germany, REWE is also supporting nutrition workshops carried out by the provider 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, digital media are used during the daily educational work. More than 240,000 children have taken part since 2009. Due to the pandemic, only 380 workshops were held in the financial year (2019: 925) for about 6,000 children

Hungry for Goals – Eat properly. Play better: establishing a healthy diet in football

As the official nutrition partner of the German Football Association (DFB), the REWE sales line has been supporting healthy nutrition in sport since 2008. Since 2019, the focus has been on children and adolescents: within the framework of the “Torhunger” (Hungry for Goals) campaign, REWE has been providing support with many practical tips on healthy eating. At football camps, the sales line also raises awareness for the subject by communicating important information about proper nutrition to the children. Almost 800 of these camps had been organised by the end of 2020; in 2021, depending on the pandemic situation, more than 2,000 further camps will be supported.
“sakdbaksd”

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 and local organisations 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 130 learning buddies from the university support around 260 children and adolescents in facilities operated by the Catholic charity Caritas – during the financial year, this was carried out increasingly through digital channels due to the pandemic. Both groups profit from the work by strengthening their personalities and having intense discussions. REWE Group in Austria acts as a business partner and presents itself as an attractive employer.

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.

Since 2018, PENNY, as a sponsor, has been supporting the national "Best Junior Company" competition run by IW JUNIOR, a subsidiary of the German Economic Institute. Pupils take part in the competition, which is held on state, federal and later, also EU levels: they develop a business idea and put it to the test for a school year.

Förderpenny supports local children and adolescents

With Förderpenny (formerly the PENNY Goodwill Basket programme), the PENNY sales line has been supporting non-profit groups that work on behalf of children and adolescents since 2015. In 2020, PENNY handed out grants worth 260,000 euros to 120 winners in 40 neighbourhood regions. Choosing from more than 650 applicants, regional juries initially selected three winners per neighbourhood region, each receiving 2,000 euros in prize money. In the next step, customers and supporters of the organisations were able to vote for one of the three winners from their neighbourhood. All the organisations that received the most votes received the customer donations from the stores in their neighbourhood: When paying, customers supported the association that was voted top in their neighbourhood by allowing the amount due to be rounded up to the nearest 10 cents. Since the start of the initiative, grants totalling 1.6 million euros have been distributed, 662,000 euros of this from customers' donations.

In the financial year, three national prize winners were also chosen from all the first-place winners, receiving prize money totalling 20,000 euros. At the award-giving ceremony, which took place digitally for the first time, the Outpatient Children's and Youth Hospice Service Löwenzahn, Hanno e.V., Pirna and Frauen für Frauen e.V. from Bad Breisig came out on top.

REWE Group in Austria is also involved in the “Aufrunden” (Rounding Up) programme, with the trade companies BILLA, MERKUR, BIPA and PENNY. Thanks to customers’ many years of support, over 1.1 million euros had been donated by the end of 2020. The money is used to support projects by Caritas, including learning cafés, special education programmes and mother-child homes.

REWE awards donations and gifts to associations

For the second time, during the financial year the REWE sales line supported local sports clubs with the campaign “Scheine für Vereine“ (Banknotes for Clubs). Because of the Covid-19 pandemic, this campaign was especially important, since events, competitions and training sessions were cancelled, and as a result many sports clubs lost a large part of their income.

REWE customers received club vouchers when shopping which could be allocated to a sports club via an app. The clubs received gifts depending on the number of vouchers collected. In 2020, more than 20,000 amateur sports clubs in Germany redeemed in excess of 60 million club vouchers for more than 93,000 gifts that helped them in their work and training. Together, the gifts are valued at more than 18 million euros. With this initiative, REWE and its customers supported the important work of sports clubs in Germany to carry out tasks such as repairing goals or replacing equipment.

For more than 10 years, nahkauf has had a heart for children

The REWE sales format nahkauf has been involved with the organisation BILD hilft e.V. "Ein Herz für Kinder" (A Heart for Children), which supports children and families in need. More than 3.2 million euros have been donated since the start of the partnership. During the financial year, nahkauf once again made a large donation. This comprised donations from independent REWE retailers and customers – generated through store campaigns – and industry donations. Sales of the nahkauf paper bag also contributed to the total donations: the winning picture in a painting competition was printed on paper bags and nahkauf donated five cents for every bag sold.

Against the background of the Covid-19 pandemic, in 2020 nahkauf, together with the REWE sales line, organised two additional donation campaigns for socially and financially disadvantaged families. More than 1.5 million euros were collected. As part of the campaign "Ohne EM. Dafür mit Herz." (No EC. But from the bottom of the heart), REWE donated the revenue from sales of the official German Football Association album about the planned European Championship. And during "Heart Week", nahkauf asked customers to place colourfully painted rocks in front of the participating stores. They were seen as a symbol of hope during the pandemic. At the end of the campaign, all the rocks were gifted to interested parties for a small donation.

For accessibility and inclusive playgrounds: cooperation with Aktion Mensch

Since 2020, one cent from every item from the store brand "babytime" sold in PENNY and REWE has been donated to a selected, changing project partner of German social organisation Aktion Mensch. More than 100,000 euros have been donated in this way. During the financial year, a daycare centre was converted to enable accessibility in which 170 children with and without disabilities can play together.

To promote motoric and social development at an early age, REWE also 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) for inclusive playgrounds. With this money, 27

inclusive playgrounds had been built or extended throughout Germany by the end of 2020. The project will be continued and expanded until at least 2024: in the future, inclusive sports grounds and equipment will also be funded.

In many REWE stores customers can also support local funding projects from Aktion Mensch with their donations of bottle deposits. In 2020, more than 1.3 million euros were generated in this way and donated from 1,182 stores.

Cooperation with Lebenshilfe

Inclusion is also an important topic at toom Baumarkt DIY stores. 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 and a video 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 17 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 more than 98 per cent of their food products each year. REWE (since 1996) and PENNY (since 2007) have been donating food that can no longer be sold but which can still be eaten safely to more than 950 local food banks throughout Germany. Both marketing lines also work together with the organisation foodsharing e.V. Lekkerland is also committed to reducing food waste by donating produce to the food banks. In addition, within the

framework of a partnership with “Too good to go”, Lekkerland also campaigns to reduce food waste. The app connects customers and restaurants who have unsold, excess food that they wish to donate.

Because consumers are responsible for most food waste, REWE Group conducts information and educational campaigns aimed at its customers. The PENNY sales line has been involved with this topic for many years and, for example, gives tips on optimum storage of food and creative ways to use leftovers. Since 2019, as part of the “Saving Precious Goods” campaign, selected store brand products such as yoghurt, cream and butter have been labelled with the instruction “Smell. Taste. Enjoy.” right next to the best-by date. In 2020, the label was extended to include the organic store brand Naturgut.

Reducing food waste together

Since the end of 2019, REWE Group, through its REWE and PENNY sales lines, has been a member of the Nationale Dialogforum zur Reduzierung der Lebensmittelverschwendung (National Dialogue Forum for Reduction of Food Waste) of the Federal Ministry for Food and Agriculture and supports the national strategy for the reduction of food waste. Through this membership, the company is signalling its commitment to contribute to the global goal of reducing food waste by 50 per cent by 2030. Measures to reduce food waste are being developed though the dialogue forum. In 2020, within the framework of a measurement, all food losses in 2019 were recorded and published in a report by the Thünen Institute. In the next step, the project partners have agreed on joint, specific reduction targets. The target agreement is due for publication in 2022.

REWE Group is also actively involved as a project partner of “Tafel macht Zukunft – gemeinsam digital” (Tafel creates the future – together digital). The goal of this project is to make it easier for food to be salvaged by food banks through the use of digital solutions. By doing so, it should be possible to rescue more food from going to waste in the future and get it to those who need it.

Biodiversity and environmental protection

As part of the work done by the non-profit organisation DER Touristik Foundation e.V., DER Touristik supports the project Chili Against Elephants. A sensitisation campaign is to raise the

awareness level of people in Tanzania about the promotion of ecological habitats and biodiversity. There is a simple solution for the conflict between elephants and human beings caused by people migrating to regions bordering on nature conservation areas: the elephants have a strong sense of smell and stay away from chilli plants. By surrounding crops with so-called chilli fences, about 75 per cent of the original damage can be avoided. The local population is taught how to grow and maintain these fences. The project is being carried out in collaboration with Upendo e.V. and the PAMS Foundation.

Further projects which demonstrate REWE Group's commitments in the area of action “biodiversity and environmental protection” are described in the section Biodiversity.

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.

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 Social Involvement, four areas of actions have also been defined to develop targeted measures: conscious 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 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 hotel employees and travel guides in destination areas and for employees of the destination agencies and important partners. They are sensitised about the topic and learn what to do if they suspect that something is amiss.

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, during the ITB tourism trade fair in Berlin. This code is based on the UN 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 the following aspects, 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 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 raising awareness among tourism students and trainees about this topic. These training courses could not be held in the financial year because of the pandemic.

DER Touristik also plays a role in the preparation of an annual destination workshop organised by the German Travel Association and ECPAT. Within the framework of the workshop, the participants are informed and their awareness is raised about sexual exploitation of children in tourism; they are also trained in how to handle suspicions and told about the possibilities of prevention. At the end of 2018, two workshops were organised in Indonesia. The workshop planned for 2020 had to be cancelled because of the pandemic.

GRI 413-2:

Operations with significant actual and potential negative impacts on local communities

In the area of Travel and Tourism, REWE Group has joined the fight against sexual exploitation of minors and violence against children together with the NGO ECPAT Deutschland e.V.

During the financial year, DER Touristik used a digital blogger event to advertise the international platform "Nicht Wegsehen" (Don't Look Away), on which people can report their suspicions and criminal offences that they are aware of. DER Touristik is also involved with the German Travel Association's (DRV) child protection task force and, together with various organisations and in cooperation with ECPAT Deutschland e.V. and "The Code", carries out activities aimed at providing information and raising awareness.

Due to the Covid-19 pandemic, DER Touristik was unable to carry out the other activities it had planned for 2020. Normally, various measures are carried out each year for employees and trainees of DER Touristik – such as destination workshops and training courses on topics like human rights, sustainability and child protection.

REWE Group also pursues the goal of systematically combating child labour (for more information, see the section Child Labour and Forced Labour).