

Sustainability is a fundamental aspect of the REWE Group's Mission Statement. In a reflection of its high priority, the Management Board actively advocates it. REWE Group is determined to be an industry pacesetter, bringing sustainability "Out of the Niche" and instilling it in the collective conscious of society. This commitment is based in part on the Guidelines for Sustainable Business Practices that REWE Group approved in 2010.

## Strategical Focal Points

The Management Board has clearly defined the company's position in its **Guidelines for Sustainable Business Practices**: "Sustainability is not a fleeting trend at REWE Group. Rather, it is a fundamental element of its business strategy." The statement gives expression to the company's belief that sustainable business practices form the foundation of long-term commercial success. REWE Group considers this to mean one thing: It assumes responsibility for its employees, deals fairly with partners and suppliers, promotes more sustainable product ranges, acts in an environmentally and climate friendly manner and serves as an advocate of biodiversity and a sustainable society. Sustainability was elevated to a core value in the REWE Group's Mission Statement in 2008. It has been practised ever since in the company's sustainability strategy. The company has formulated four strategic pillars of its sustainability involvement:

## Pillars of Sustainability

### Green Products

#### Areas of activity:

1. More sustainable product ranges
2. Social standards in the supply chain
3. Quality and safety
4. Biodiversity

### Energy, Climate and the Environment

#### Areas of activity:

1. Increased energy efficiency
2. Reduction of climate-relevant emissions
3. Conservation of resources

### Employees

#### Areas of activity:

1. Fair labour conditions
2. Human resources development
3. Health management and occupational safety
4. Life phase oriented human resources policies
5. Diversity and equal opportunity

### Social Involvement

#### Areas of activity:

1. Support of non-profit organisations and projects
2. Encouragement of healthy diets and exercise
3. Promotion of education for children and adolescents
4. Opposition to child prostitution and violence against children
5. Consumer education and information

## Special Role as an Interface

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. In every product range decision it takes, the company keeps its eye focused on the entire value chain, seeking out opportunities to create more sustainability in the process – this is a major challenge in view of the somewhat complex value chain used in a mass market. The sustainability strategy being employed by REWE Group lends further momentum to the growing importance of sustainability in society as a whole. The focal points of the work conducted in the past two years were:

- Expanding the range of more sustainable products
- Turning employees into sustainability ambassadors
- Strengthening the interface role between producers and consumers
- Communicating with consumers

REWE Group will continue to pursue and expand its work on these issues in years to come as part of its sustainability strategy.

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## Organisation and Management

REWE Group set up a high-ranking Sustainability Committee in 2008 to manage the company's sustainability activities. In response to the number of complexity of the issues involved, the organisation was restructured in 2014. In this change, the company created a Secondary Sustainability Strategy Committee to work with its Principal Sustainability Strategy Committee.

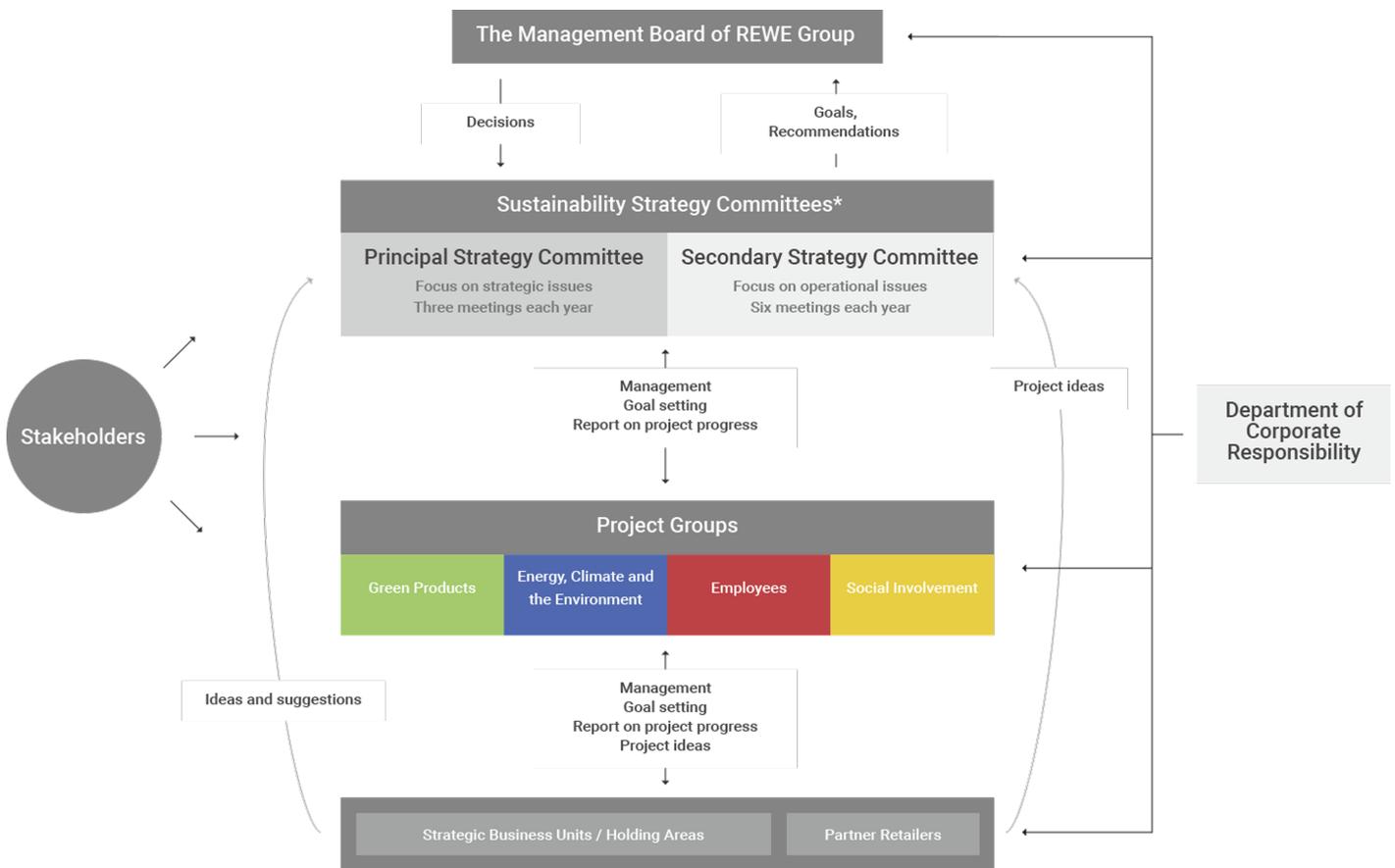
## Strategy Committees

The chief strategy committee that meets a number of times during the year defines the company's broad strategy and continuously modifies it. The committee identifies and evaluates sustainability relevant opportunities and risks. As part of its work, it draws on the support of internal risk monitoring and external sustainability monitoring. It also evaluates the key performance indicators (KPIs), defines annual objectives and monitors company-wide sustainability projects. The committee is composed of members of the Management Board, all fully authorised representatives of REWE Group, many managers from the executive level of all strategic business units, executives of holding organisations who oversee the issue, the chairman of the Central Works Council and a representative of independent retailers. As a result, sustainability has been made a top priority at the company. All decisions are directly related to the work of the Management Board and the Supervisory Board. The chairman of the approximately 40-member chief strategy committee, which also has an average of eight female members, is Manfred Esser, the Management Board member who oversees purchasing at REWE Group. In 2013, the principal strategy committee met seven times. It held three meetings in 2014. The Secondary Sustainability Strategy Committee was set up in 2014. It acts as both a decision-making and working group. It is supported by CEO Alain Caparros and Manfred Esser, the Management Board member who oversees purchasing at REWE Group. The secondary strategy committee meets six times a year. In 2014, two of these meetings were not held.

## Project groups

Since 2008, pilot groups have been assigned to all four pillars of sustainability – Green Products; Energy, Climate and the Environment; Employees; and Social Involvement. The various strategic business units and the responsible holding areas of REWE Group are represented on them. During the reporting period, project group employees were included in regular HR meetings.

The integration of independent retailers was intensified during the reporting period. A retailer for sustainability has been elected for each region. This group of sustainability officers has been tasked with the job of promoting the issue and integrating it into their respective region. A chairman was also selected by the group. This individual will represent the retailers at meetings of the strategy committee and propose issues and ideas that were discussed beforehand. Retailers also play an active role in REWE Group's dialogue forums by performing such tasks as leading workshops. This enables the ideas and experience of independent retailers regarding the development of sustainability activities at REWE Group to be considered in all relevant decisions.



\* Members: entire Management Board, fully authorised representatives, a representative of independent retailers, the chairman of the Central Works Council, heads of holding areas and the managing directors of the strategic business units. An average of seven meetings is held annually.

## Measurement and Management

REWE Group measures its sustainability progress with key performance indicators (KPIs). All KPIs have been approved by the Sustainability Strategy Committee and recalibrated when changes are necessary or when new insights are gained. In addition, a broad restructuring of sustainability controlling was undertaken by REWE Group during the reporting period: All strategic business units and the holding areas now issue a quarterly progress report about their projects. As a result, the projects and activities are subject to strategic monitoring. Since 2013, binding sustainability objectives have been included in the individual target agreements of the highest-level executives at REWE Group. This requirement has also been added to levels below this group where sustainability plays a key role.

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