

REWE Group Detox Program

Detox Progress Report

2017



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Abbreviations	Definition
APEOs	Alkylphenol ethoxylates
APs	Alkylphenols
BMZ	German Federal Ministry for Economic Cooperation and Development
CAP	Corrective Action Plan
CmiA	Cotton made in Africa
DMF	Nitrosamines and dimethylformamide
GIZ	Gesellschaft für internationale Zusammenarbeit (German Council for International Cooperation)
GOTS	Global Organic Textile Standard
IPE	Institute for Public and Environmental Affairs
MRSL	Manufacturing Restricted Substances List
PAHs	Polycyclic aromatic hydrocarbons
PFCs	Polyfluorinated and perfluorinated compounds
RSL	Restricted Substances List
STeP	Sustainable Textile Production

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1. Foreword

Dear Ladies and Gentlemen,

As a commercial company the REWE Group sees its key business as supplying customers with high-quality products and services, which, in addition to fulfilling condition and quality demands, also satisfy social and ecological sustainability requirements. One of the four strategic pillars of the REWE Group's sustainability strategy is "Green Products". It transfers the sustainability commitment to the product range and, consequently, bundles all the activities and goals that are aimed at making our purchasing and production processes more sustainable. A key component of supplier agreements are our [Guidelines for Sustainable Business Practices](#), which specify the values for business relationships with our suppliers.

One of the central issues of the REWE Group in the field of "Green Products" is protecting water as a resource. Waterways are becoming increasingly polluted, especially in Asian countries, as a result of textile production among other things. This is why we launched our Detox Program in 2014. In this program, we set ourselves the target of eliminating chemicals that harm humans and the environment from the production of apparel, shoes and home textiles by 2020. Despite the many challenges, we are working continuously to reach this ambitious target. The textile supply chains are complex and it is difficult to find substitutions for the defined chemicals. On top of this, the list of chemicals increases from year to year. Since 2015, a total of 38 new substances have been added. Eliminating the chemicals requires continuous effort from everyone concerned. This is why we work in cooperation with business partners, stakeholders in civil society and textile chemical experts to achieve feasible solutions and measures to ensure safer production by 2020.

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To reduce pollution of water with hazardous substances in the production countries in the long term, a fundamental change in chemical management and changes in the manufacturers' production processes are needed. Our goal is not only that products produced for the REWE Group are free of hazardous chemicals but that all production facilities produce cleanly. For wastewater quality to improve in the long term, production practices must be changed throughout the factory. Therefore, as one of our focuses in 2017 we continuously developed our Clean Factory approach. In addition, last year we achieved our target of increasing the share of textiles made from sustainable cotton to 70 per cent. In 2017, we also focused on the continued development of our training program. With the desire to encourage change and with the awareness that we cannot do this on our own, the training program in 2017 started with kick-off events for selected suppliers and their wet process facilities in China and Bangladesh. We also placed more than 300 clothes donation banks at various PENNY store locations in Germany.

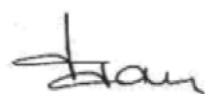
Within the scope of the REWE Group Detox Program, we carried out other activities to reach our Detox target by 2020. We would like to inform you about these in this progress report. We will explain our approach and our targets, describe our actions and tell you what we have already achieved and what the next steps are on the road to reaching our Detox target by 2020.

We hope you find it to be both informative and stimulating and look forward to hearing your feedback.



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2. Targets and approach

The REWE Group launched its Detox Program in 2014 and accepted the voluntary commitment to remove hazardous chemicals – meaning those that have an adverse effect on humans and the environment – from textile production. The aim of our Detox Program is to eliminate harmful chemicals

from the production and supply chain for our own brands of apparel, home textiles and shoes by 2020 at the latest. By doing this, we not only aim to reduce water pollution and adverse health effects of chemicals on employees, but also want to ensure transparency in the textiles supply chain.

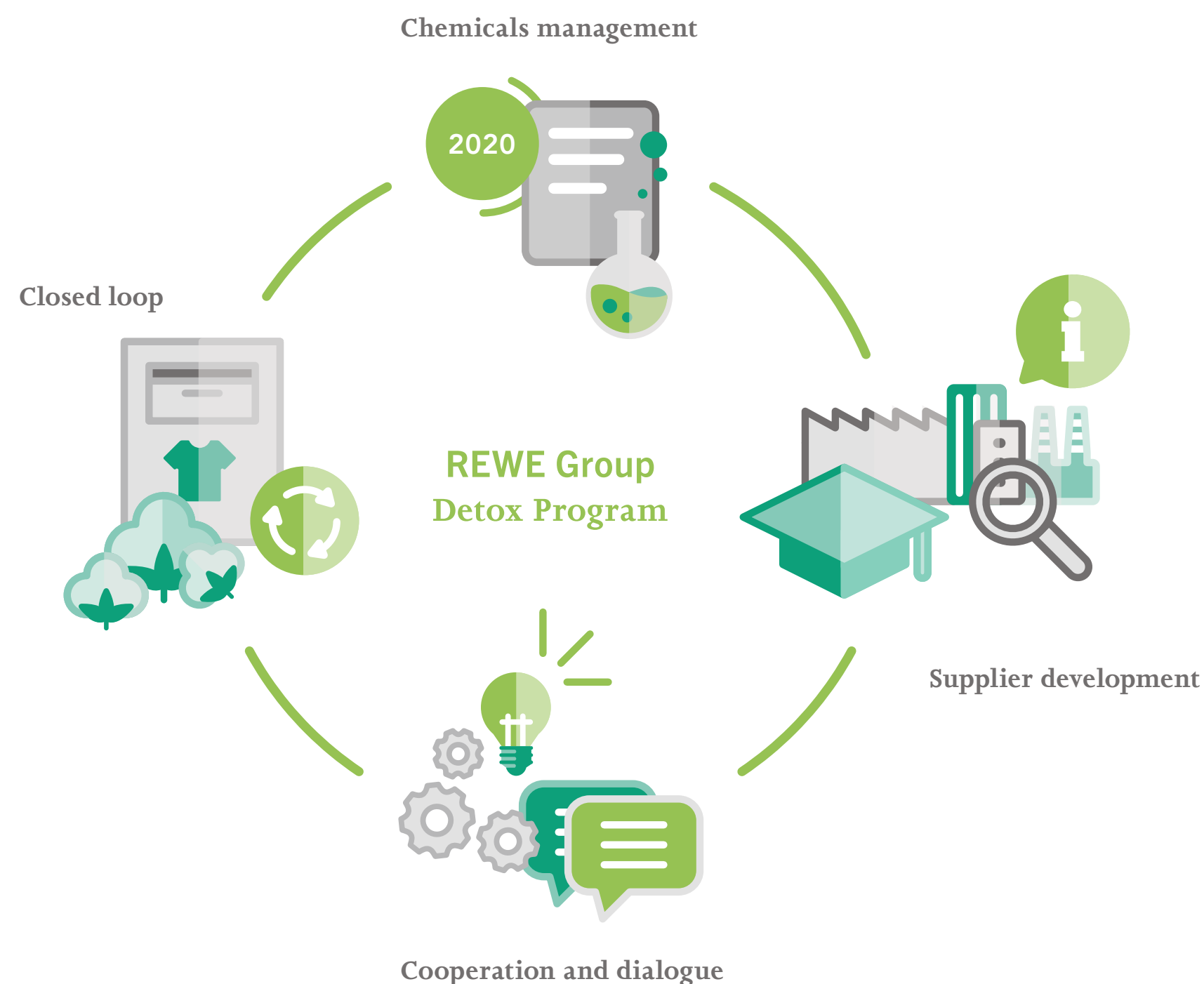


Figure 1: Graphical representation of the REWE Group Detox Program

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Chemicals management

We also updated our Manufacturing Restricted Substances List (MRSL), which contains our chemicals-related requirements for suppliers, in an extensive screening process. In the reporting year, we continued our phase-out strategy, which envisages the progressive elimination of hazardous chemicals and defines the corresponding timelines, and communicated this to our suppliers. In 2017, we also published three case studies for pilot projects on the REWE Group website and started a new pilot project.

Supplier development

Since it is not our direct suppliers that use chemicals but rather their upstream suppliers, we have to raise awareness at all stages of the production process. This is the only way that we can reach our challenging target of banning all hazardous chemicals from the textile supply chain by 2020. To encourage our suppliers to pass the Detox requirements on to their business partners, the upstream wet process facilities, we aim to have long-standing, strong relationships with them. In the textile production process, wet process facilities carry out particularly water- and chemical-intensive steps, such as dyeing, bleaching and finishing.

Therefore, in the 2017 reporting year, various meetings, events and training seminars were organised with our strategic suppliers. In addition, in November the training program started with a pilot in which ten wet process facilities in China and Bangladesh of REWE Group suppliers will be developed.

Cooperation and dialogue

To achieve long-term changes, we are in close contact with our stakeholders. Together and in collaboration with competitors, NGOs, testing institutes, service providers and universities, we are working towards understanding the complex demands placed on sustainable chemicals management and developing effective solutions and tools. Within the scope of the Chemicals and Environmental Management working group in the Partnership for Sustainable Textiles, we are working towards standardising the requirements and, in the Partnership's initiative of the same name, are committed to their implementation in the production countries. We also have bilateral discussions with various companies to expedite the development of standards in this area.

Closed loop

Closed loop describes a production process in which used goods are collected, processed and resold as new products. After the REWE Group decided to introduce a collection system for old clothes in 2016, the first clothes donation banks were placed at various locations in 2017.

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3. Overview of progress made in 2017

Topic	Activities	Extent to which target was reached
Chemicals management		
Manufacturing Restricted Substances List (MRSL)	Method for MRSL update	
	Publication of MRSL 3.0	
Elimination of hazardous chemicals	Ban of PFCs and APEOs	
	Phase-out of flame retardants, chlorophenols, chromium (VI) and short-chain chlorinated paraffins	
Pilot projects	Start of a new pilot project	
Wastewater tests	Analysis of the 2016 wastewater tests	
	Cooperation with testing institutes	
Supplier development		
Transparency	Wet process facilities will be disclosed for every order	

Key:  Commenced  Undergoing implementation  Complete  Ongoing process

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Topic	Activities	Extent to which target was reached
Information and support	Publication of supplier manual	
	Publication of four chemical fact sheets	
	Meetings with suppliers	
Detox requirements	Two webinars for suppliers	
	Requirements embedded in the purchasing process	
	Requirements integrated in product tests	
Training	Start of the training program for wet process facilities	
Clean Factory approach	Clean Factory approach communicated to suppliers and development of a pool of wet process facilities	
Cooperation and dialogue		
Industry initiatives	Membership in the Partnership for Sustainable Textiles and the associated initiative	
Dialogue	Discussions with the relevant stakeholders	
Key:  Commenced  Undergoing implementation  Complete  Ongoing process		

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Topic	Activities	Extent to which target was reached
Communication and raising awareness	Report on the 2016 wastewater test results	
	Publication of the wastewater test results on the IPE platform	
	Publication of three pilot projects as case studies on the REWE Group website	
	Communication with and raising awareness among customers	
Closed loop		
Closed loop approach	Publication of the Closed loop approach	
Collection system for textiles	Placing clothes donation banks	
Recycling economy	Workshop within the scope of the REWE Group Dialogue Forum	
	Start of a recycling economy project	
Structuring of the product range	Products made from recycled fibres in the product range	
	Share of textile products made from more sustainable cotton increased to 70%	
Key:  Commenced  Undergoing implementation  Complete  Ongoing process		

Table 1: Overview of progress in the REWE Group

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4. Actions and progress in detail

The following pages of our 2017 Detox Progress Report contain a comprehensive, detailed overview of our progress and actions in the areas of chemicals management, supplier

management, stakeholder engagement and our Closed loop approach.

4.1 Chemicals management

The objective of chemicals management is to identify undesired chemicals used in the production of apparel, home textiles and shoes for the REWE Group and to develop substitution strategies to eliminate them from the production process. The precautionary principle applies for the REWE Group. This means that substances with potentially hazardous properties may not be used in production as a precaution and must be replaced, even if their harmful properties have not yet been clearly proven.

Chemicals that may not be used in our supply chains are listed in our Manufacturing Restricted Substances List (MRSL). In addition to eleven priority chemical groups, the MRSL also contains four more groups of chemicals that the REWE Group classified as hazardous within the scope of an extensive screening process. For all the identified chemicals the MRSL defines test methods and limit values that apply to the use of (input) chemicals and the presence of chemicals in wastewater and sewage sludge. The MRSL also includes a Restricted Substances List (RSL). This defines limit values for our products that are also included in our product requirements profiles for every textile order.

Within the scope of our phase-out strategy, timelines for elimination of the chemicals are also defined in the MRSL. The MRSL is updated each year based on a method developed by the REWE Group. The [MRSL update](#) method can be read on the REWE Group website.

MRSL update

In 2017, the previous MRSL 2.0 was updated according to the defined method. The existing limit values were reviewed in collaboration with testing institutes and, where necessary, were changed in line with the best available technology.

In the course of updating, other **polycyclic aromatic hydrocarbons**¹ (PAHs) were included in the new MRSL 3.0. PAHs are classified as hazardous because of their carcinogenic, mutagenic and/or teratogenic properties. Some PAHs also do not decompose well and can thus accumulate in organisms. In textile production these substances are used, for example, in printing processes.

The new [MRSL](#) has been available on the REWE Group website for interested stakeholders since the middle of December 2017.

¹ The following PAHs were included: dibenzo[a,i]pyrenes, dibenzo[a,h]pyrenes, dibenzo[a,l]pyrenes

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Continuation of the phase-out strategy

The REWE Group's phase-out strategy envisages the progressive elimination of hazardous chemicals from the supply chain. For this purpose, in our MRSL we have defined individual timelines for when various chemicals must be eliminated.

Since 2017, polyfluorinated and perfluorinated compounds (PFCs), alkylphenol ethoxylates (APEOs) and alkylphenols (APs), which, according to our Detox Commitment were classified as high-priority hazardous chemicals, have been banned. In 2017, the REWE Group expedited the elimination of more priority chemical groups.

Accordingly, from 2018 use of certain brominated and chlorinated flame retardants and other flame retardants is banned. Chlorophenols and chromium (VI) are also now banned in the production of apparel, home textiles and shoes, and short-chain chlorinated paraffins are prohibited in the production of apparel. These chemicals may not be used for production from 2018.

Phthalates and organotin compounds, which belong to the eleven priority chemical groups, are also banned from 2019. Also banned from that time onwards are nitrosamines and dimethylformamide (DMF), which the REWE Group classifies as hazardous.

Like every year, the timelines for the new phase-outs of chemicals were communicated to our suppliers in January 2018 so that they have sufficient time to prepare for the ban.



When will the clean textiles arrive on the market?

Although the ban on using certain chemical groups in production takes effect from a specific time, the products manufactured in accordance with the new standards will not be on our markets until the following year. This delay is due to our complex purchasing process, which covers procurement, production and shipping through to marketing and takes almost a year. This is necessary to allow sufficient time to coordinate with the suppliers and give them enough time for capacity planning and production. Remarketing of the products is also possible.

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Conclusion of pilot projects

The elimination of hazardous chemicals poses many challenges for our suppliers and their wet process facilities. To gather information on how best to implement the steps required for substitution, the REWE Group has carried out five pilot projects since 2014. The projects were conducted together with service providers at selected strategic suppliers in different production countries. The aims were to improve

chemicals management in the factories and to identify and substitute hazardous chemicals. The project teams worked with individual solutions and also on the basis of a standard (STeP by OEKO-TEX). We have published information about the procedures and the results of the projects as case studies on the REWE Group website. We will now use the information acquired in the pilot projects in our training program.

Case studies:

Pilot project	Duration
Pilot project with an apparel manufacturer, Bangladesh (Download)	February to June 2015
Pilot project for PFC substitution, Bangladesh (Download)	March to June 2016
Pilot project for STeP certification by OEKO-TEX, China (Download)	February 2015 to November 2016
Pilot project to optimize bleaching processes, Bangladesh (Download)	June to November 2016
Pilot project for chemicals management, China (Download)	May 2015 to December 2016

Table 2: Pilot projects of the REWE Group

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STeP by OEKO-TEX

STeP certification includes environmentally friendly production and acceptable social conditions. It can be carried out for all production plants in the textile supply chain and offers an analysis and assessment regarding sustainable production conditions. A requirement for certification is an extensive audit process in which all production steps of the plant are observed. The certificate is awarded in three levels:

- Level 1 = entry level
- Level 2 = good implementation with potential for further optimisation
- Level 3 = exemplary implementation in the sense of a best practice example

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Pilot project: STeP certification (Sustainable Textile Production) from OEKO-TEX

In this pilot project (duration: February 2015 to November 2016), the REWE Group helped an apparel manufacturer and a dyeing mill in China obtain STeP by OEKO-Tex certification. The REWE Group recognises this certificate as proof of holistic chemicals management. The two plants are upstream suppliers of a Chinese supplier to the REWE Group. For the certification, an audit was conducted in both plants in which social and ecological standards were examined. The aims were to achieve improvements in all three areas and substitute potentially hazardous chemicals. The apparel manufacturer achieved Level 2 certification, while the dyeing mill was unable to conclude the first audit successfully. Improvement measures were agreed with the mill and these were implemented successfully so that in the second audit the dyeing mill achieved a Level 3 certificate (the best possible assessment). Within the scope of the first audit it was determined that a banned azo dye was being used, which was subsequently substituted successfully. The description of the substitution is available as a case study on the substitution portal [Subsport](#).

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Wastewater quality data

In addition to the product test, every supplier must submit a valid wastewater test before the goods can be shipped. This is used to review compliance with our Detox requirements. In the past, the results were published on the REWE Group website as independent [discharge data reports](#). This year, for the first time, the wastewater quality data is integrated in the Detox progress report and in future will be published in our annual progress report within the scope of the Detox Commitment. In accordance with the Detox Commitment, regardless of the outcome, the results are also published on the [Institute for Public and Environmental Affairs](#) (IPE) platform.

Process and methodology

Together with selected testing institutes, the REWE Group regularly checks the wastewater of the wet process facilities in the textile supply chain of its own brands for hazardous chemicals. A valid wastewater test from an accredited laboratory must be submitted for every order. The following analysis includes all wastewater reports that took place in 2017 in the wet process facilities with which we have supplier relations. In 2017, the wastewater from production facilities

in ten countries (Bangladesh, China, Egypt, Germany, India, Pakistan, Spain, Taiwan, Turkey, and Vietnam) was tested for hazardous substances. The REWE Group analyses all wastewater tests in regard to the eleven priority chemical groups in order to assess progress regarding implementation of the Detox Commitment. At the same time, the tests allow conclusions to be drawn regarding chemicals management in the respective factories. The next step involves using these findings to work together with the production facilities to identify improvement measures and find substitution possibilities with the aim of continuously reducing the wastewater load from hazardous substances.

Most of the wet process facilities of the REWE Group suppliers are in China. In 2017, at 51 per cent, more than half of the wastewater tests took place at Chinese production facilities. A total of 29 per cent of the wastewater test results were from factories in South and Southeast Asia and 18 per cent were from production facilities in Europe, Egypt and Turkey (Figure 2).

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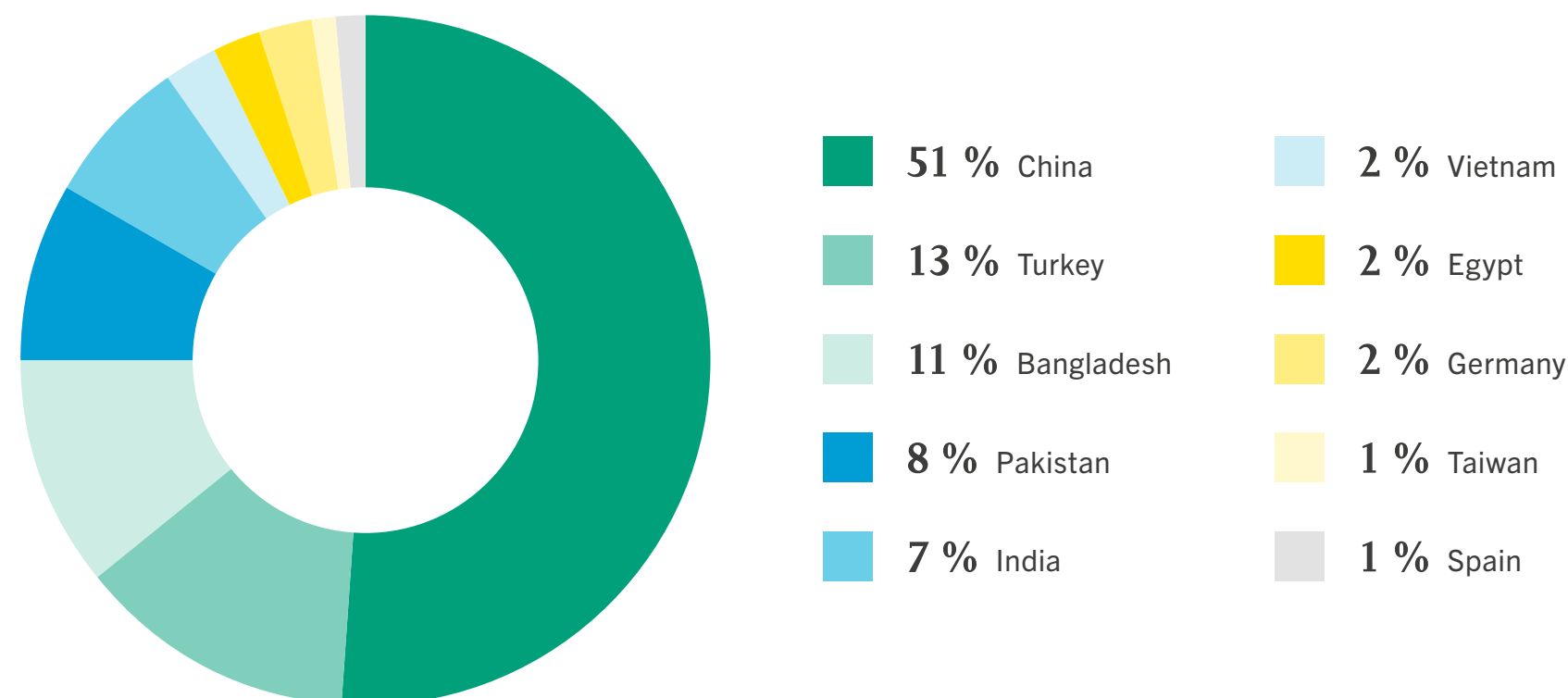


Figure 2: Geographic distribution of investigated wet process facilities

Year-on-year comparison of the test results

The phase-out timelines and bans from the MRSL apply to the wastewater tests. APs/APEOs and PFCs were already banned in 2017. Chlorophenols, flame retardants, short-chain chlorinated paraffins and chromium (VI) were included in the 2017 phase-out and have been banned from 1 January 2018.

APs/APEOs and PFCs

The results of the 2017 wastewater tests indicate a further reduction of the presence of APs/APEOs and PFCs compared to 2016. Since the start of the phase-out at the beginning of 2016, the factories have increased their efforts to eliminate the substances from their production processes, evidence of which was seen in 2017 by a further reduction of APs/APEOs and PFCs in the wastewater tests. The share of production facilities that comply with the limit values for PFCs rose from 75 per cent in 2016 to 83 per cent in 2017. Regarding compliance with the limit values for APs/APEOs, the share increased

from 80 to 87 per cent (Figure 3). Despite continuing progress in the elimination of APs/APEOs and PFCs, the substances could still not be completely removed from the production processes, even if they were not found in our products. Within the scope of supplier development, the REWE Group is continuously working towards substituting APs/APEOs and PFCs in the production processes and improving wastewater quality.

Flame retardants, short-chain chlorinated paraffins, chlorophenols and chromium (VI)

The 2017 wastewater tests showed that the wastewater load from short-chain chlorinated paraffins and the single substance chromium (VI) was reduced from the start of the phase-out at the beginning of 2017. In fact, the single substance chromium (VI) was completely eliminated. The limit values for short-chain chlorinated paraffins and chlorophenols were complied with in 90 per cent of the cases (Figure 3).

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Phthalates, chlorobenzenes and organotin compounds

The share of production facilities that comply with the limit values for phthalates rose from 68 per cent in 2016 to 86 per cent in 2017. Last year, 91 per cent of the factories also complied with the limit values for chlorobenzenes; for organotin compounds this figure was 98 per cent (Figure 3). The phase-out for phthalates and organotin compounds started at the beginning of 2018.

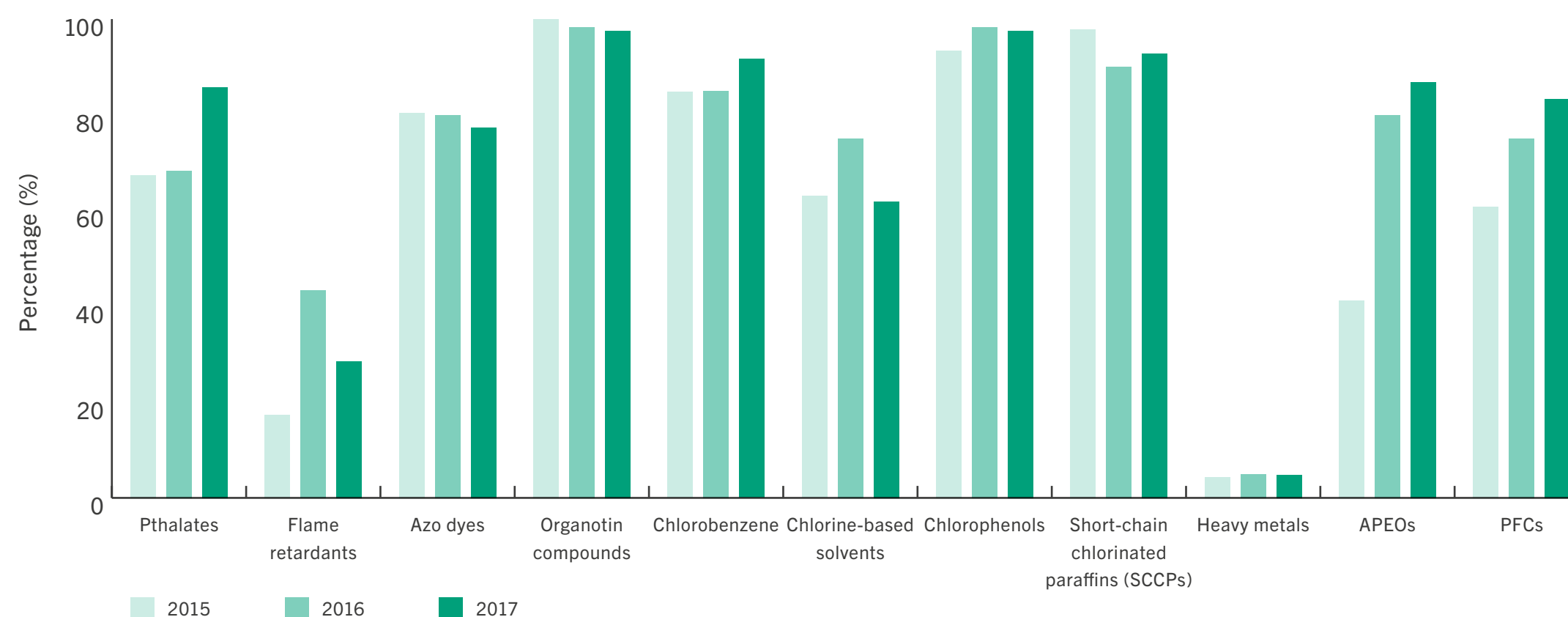


Figure 3: Compliance with the limit values for eleven priority chemical groups as a percentage of wet process facilities (year-on-year comparison)

Test results in a country comparison

The wastewater tests show that production facilities in South and Southeast Asia have been able to completely eliminate PFCs from their production processes. More than 90 per cent of the factories in South and Southeast Asia and in Europe (including Egypt and Turkey) have eliminated APs/APEOs. More than 80 per cent of Chinese production facilities comply with the limit values for APs/APEOs and more than 70 per cent comply with the limit values for PFCs. Last year,

With a year-on-year comparison of the information that is provided it must be remembered that the data is not based on the same population of wet process facilities, since suppliers may change their upstream suppliers.

factories in South and Southeast Asia and Europe (including Egypt and Turkey) were also able to completely eliminate short-chain chlorinated paraffins and chlorophenols from their wet production. In China, in 86 per cent of the wastewater tests no short-chain chlorinated paraffins were found and in 95 per cent of the tests no chlorophenols. In the case of phthalates, which are being phased out from the start of 2018, progress has already been made in all production countries (Figure 4).

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Despite noticeable improvements, elimination of hazardous chemicals is least advanced in China, where the REWE Group

is focussing on its training program for suppliers and their wet process facilities.

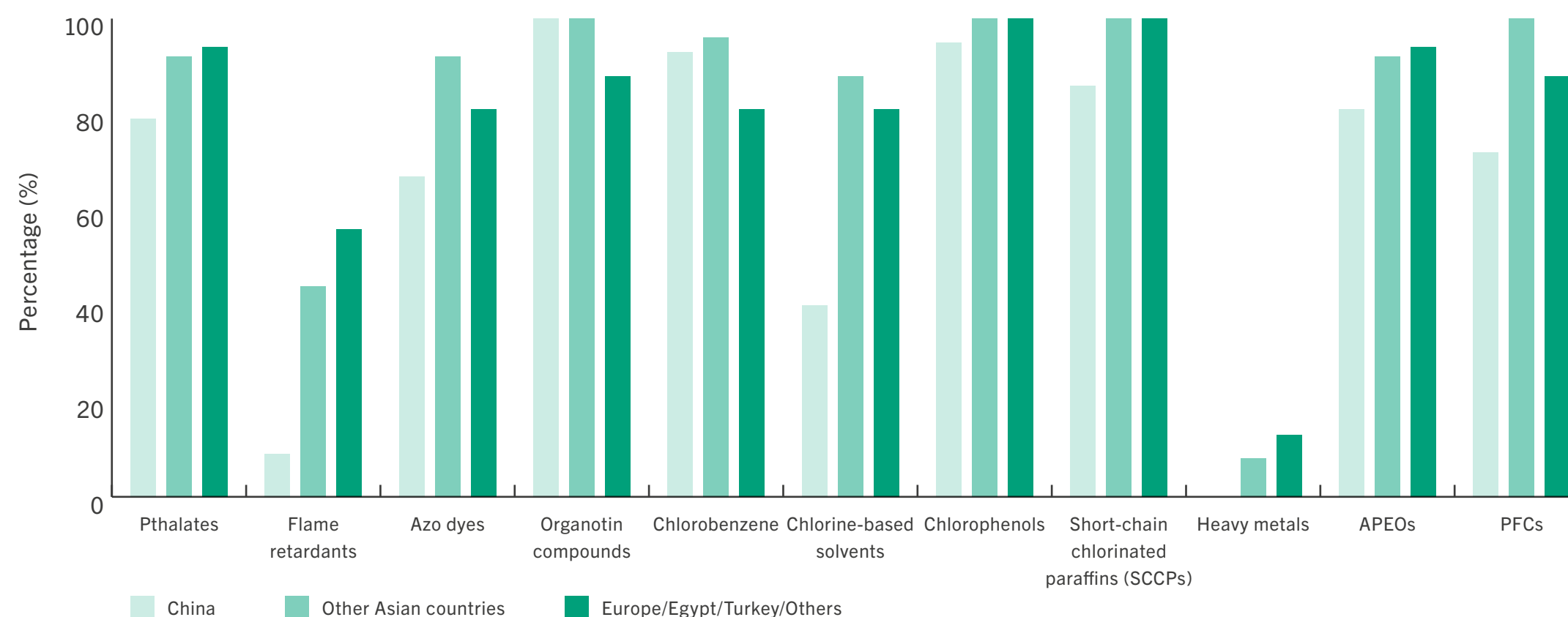


Figure 4: Compliance with the limit values for eleven priority chemical groups as a percentage of wet process facilities (country comparison)

Challenges

In spite of noticeable improvements in wastewater quality, the results from the 2017 tests show that action is still needed for certain chemicals. Since apart from the REWE Group, other companies have their textiles produced in wet process facilities and often do not make the same demands regarding chemicals management, removal of the chemicals from the entire factory is a challenging task. The elimination of flame retardants (especially boron and antimony) and heavy metals is particularly difficult for wet process facilities. In 2017, both chemical groups were found in many of the wet process facilities.

Elimination of heavy metals is particularly complicated, because in many cases the input water used for production is already polluted. With the flame retardants that have been banned since the start of 2018, antimony pollution often comes from upstream polyester production. The REWE Group will continue to carry out some educational work in this area and help the wet process facilities develop a comprehensive chemicals management system.

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4.2 Supplier development

Collaboration throughout the supply chain is important for the success of the Detox Program. This applies especially since hazardous chemicals are generally not used by the direct business partners of the REWE Group but by their upstream suppliers. The aim of supplier management is therefore to maintain close relationships with our suppliers and garner their support as partners in the Detox Program. The REWE Group has already achieved an important goal: in our Detox process, 100 per cent of our suppliers are checked for compliance with the Detox requirements.

100 %
**of our suppliers are monitored
 for compliance with Detox
 requirements.**

Information and support

We notify our suppliers in good time about any changes in requirements and the timelines for substitution of hazardous chemicals. For instance, as is the case every year, we notified our suppliers in writing about the MRSL update at the beginning of 2017. We also actively support our suppliers in the implementation of the Detox targets. This includes, for example, intensive support in compiling chemical inventories for which we provide our suppliers with a template. We have also published a supplier manual and in May 2017 we organised a Detox webinar. Within the scope of this, in addition to the

requirements of the REWE Group Detox Program, our suppliers also received information about developing or improving their chemicals management systems and about substituting APs/APEOs, PFCs and flame retardants. In the course of meetings with suppliers, we advised them about the phase-out of the chemicals and informed them about the steps that are needed to fulfil the Detox requirements.

Training

A capacity building program was developed for the wet process facilities which will enable them to fundamentally change their chemicals management systems in line with the Detox requirements. The REWE Group works together with the [Gesellschaft für Internationale Zusammenarbeit \(GIZ\)](#) (German Council for International Cooperation) within the scope of the develoPPP.de program of the German Federal Ministry for Economic Cooperation and Development (BMZ) and [Tchibo](#).

The program is based on a train the trainer approach: master trainers of the organisations [Made-By](#) and [Sustainable Textile Solutions](#) train experts in local organisations to be trainers. These trainers then train the relevant employees in the production facilities. As part of this, they regularly visit wet process facilities, advise the local employees and conduct workshops.

In 2017, the training concept was finalised and training material was compiled and coordinated with the [ZDHC](#) program. Master trainers and local trainers were also chosen. The trainers in the local training organisations were trained on site and, in the future, will be able to advise wet process facilities when they are changing their chemicals manage-

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Kick-off event involving

10

suppliers and representatives from their wet process facilities

ment systems. Two kick-off events took place in November: the program was presented to a total of 10 REWE Group suppliers and representatives of their wet process facilities in China and Bangladesh. The event also allows the project participants to get to know each other, to obtain information about the goals of the project and the measures needed to reach them and to formulate their expectations. When this pilot is concluded, another 45 factories will be trained. In the future, the consultant structures and the generated knowledge will also be shared with other companies and local stakeholders to increase the program's effectiveness.



Figure 5 and 6: Kick-off event for the training program with suppliers and wet process facilities



Figure 7: Train the trainer workshop with local trainers

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Transparency and communication

To embed the Detox requirements in the purchasing process and ensure its implementation, we regularly discuss the requirements, challenges and measures with buyers in Germany and in Asia. For us it is important that changes are made not only at the level of our direct business partners. Our goal is to also increase transparency at the level of the wet process facilities, to continue developing them and to help them eliminate defined chemicals. On the one hand, for each order we ask our suppliers about the wet process facilities. On the other hand, all wet process facilities must publish information about the wastewater tests that have been carried out on the [Institute for Public and Environmental Affairs \(IPE\)](#) platform.

Clean Factory approach

With the Clean Factory approach, our goals are not only that the chemicals for treating the ordered products contain no hazardous substances, as checked in product tests, but also that the factory on the whole uses no hazardous chemicals. In collaboration with our strategic suppliers, we want to develop a pool of wet process facilities that fulfil fundamental environmental standards and that are prepared to change their production processes and use more environmentally friendly chemicals.

By 2020, we want to order only from factories that meet these requirements.

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4.3 Cooperation and dialogue

In addition to the start of the training program in China and Bangladesh, which was introduced last November to suppliers and wet process facilities in both countries, the REWE Group also started another pilot project in 2017. These pilot projects give us important information about the challenges that the factories have to overcome as regards chemicals management in order to fulfil our requirements. We make use of our local experiences and information acquired from the cooperation with our suppliers to help develop standards and to contribute to the exchange of experiences among different industries.

Industry initiatives

Within the scope of our membership in the Partnership for Sustainable Textiles, we are involved in the Chemicals and Environmental Management working group and in the associated Partnership initiative. We support strengthening of sustainable chemicals and environmental management in the textile industry and promote standardization. In connection with our membership in the Partnership for Sustainable Textiles, in July 2017 we also published our roadmap with 27 targets in the field of Chemicals and Environmental Management. We contribute the experience gained from our training program in the Partnership initiative, in which training courses for wet process facilities are to be developed.

Dialogue

We are in continuous dialogue with our stakeholders and discuss with them the Detox requirements and the challenges that have to be overcome on the road to production free of hazardous chemicals. Last year, among other groups, we met with Greenpeace to discuss the current state of affairs and the challenges. Our dialogue partners also include other companies, which, like us, have set themselves the goal of fulfil-

ling the Detox requirements and promoting the development of standards. It is also important to us that we communicate with service providers, testing institutes and research facilities. For example, in September 2017, the REWE Group took part in a colloquium at the University of Stuttgart in Germany on sustainable textile production. During the event, the REWE Group talked with various experts about the subjects of chemicals management and environmental protection in the textile supply chain.

Communication and raising awareness

As well as the roadmap within the scope of our membership in the Partnership for Sustainable Textiles, we communicate our measures and progress in the area of chemicals management in an annual progress report, which creates transparency as regards our activities. In our sustainability report, we also provide information about our Detox Program and disclose the supply chain of the cotton shopping bag. In a supplier manual, we provide our suppliers with important information that helps them fulfil our requirement for chemicals management in textile production. For interested parties, the REWE Group website provides information about the procedures and results of our pilot projects that we publish as [case studies](#) when they are concluded. To raise awareness among our customers regarding the subject of chemicals in textile production and sustainable consumption, in 2017 we also included information about the Detox Program for customers in brochures from the PENNY markets that belong to the REWE Group. The [REWE](#) and [PENNY](#) websites also contain information about the product range, the use and maintenance of textiles and the sustainability seal for textiles.

Our customer groups are diverse and, because of this,

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17,000

households received information about Cotton made in Africa

we try to reach them in various ways. For instance, we inform them about our goals for textiles from more sustainable cotton on Facebook and about the Partnership for Sustainable Textiles via PENNYlive, PENNY's in-store radio. As part of a flyer campaign from REWE Lieferservice this year, our

customers discovered more about Cotton made in Africa (CmiA) and the involvement of the REWE Group. Cotton made in Africa is an initiative of the Aid by Trade Foundation, which improves the living conditions of small farmers in Africa by helping people to help themselves. As part of the campaign, we made more than 17,000 households aware of the goals of the initiative and informed them about more sustainable textiles.



Aktiv für saubere Textilherstellung.

Mit unserem „Detox Programm“ setzen wir uns für eine Textilproduktion ein, die schonend für Mensch und Umwelt ist.

Schädliche Chemikalien in der Produktion sollen dabei durch umweltfreundlichere Alternativen ersetzt werden.

Dies wird durch Tests in der Produktion und am Produkt geprüft.

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5 **OEKO-TEX®**
CONFIDENCE IN TEXTILES
STANDARD 100
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¹ Gilt für diese Artikel.

PENNY.

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Figure 8: Customer information about the REWE Group Detox Program at PENNY

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4.4 Closed loop

As part of its Detox Program, the REWE Group continues to work on measures to encourage Closed loop approaches. The REWE Group supports responsible handling of resources and sustainable consumption. Specifically, for us this means increasing the number of all sustainable products on offer, and keeping an eye on their complete life cycle. By ensuring that recyclable materials from used products and products that have been discarded are returned to the materials loop, we help conserve resources and encourage sustainable consumption in the long term. For example, we have shown our customers how they can upcycle old cans to attractive lanterns. The circular economy was also a topic for discussion at the 2017 REWE Group Dialogue Forum Ideas for innovative solutions for resource-efficient supply chains and new kinds of businesses were collected and discussed in a workshop.

As regards the textile materials loop, after the conclusion of our study of collection systems in cooperation with the Hong Kong University of Science and Technology, we are currently examining another research project within the scope of further developing our Closed loop approach.

Returning textiles

In 2016, we decided to introduce a textile collection system so that more textiles are recycled. Together with a well-known service provider, in 2017 we placed the first clothes donation banks at locations of our sales line PENNY. When we were choosing the service provider, different criteria played a role, including its Closed loop activities. In 2017, we placed 334 containers at 270 locations in which consumers can dispose of unwanted textiles. Primarily, the collected textiles are used as second-hand clothes by our cooperation partner.

334

**clothes donation banks
across 270 locations**



Figure 9: Clothes donation bank at PENNY

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Secondly, the fibres are recycled in the industry or used as input material in textile production. If parts cannot be recycled, they are disposed of professionally and harmlessly. In the future, our cooperation partner will report regularly about what happens to the old textiles that are collected. The rental income goes into social projects, such as the PENNY Förderkorb, with which PENNY supports local, social commitment.

Structuring of the product range

Our product range includes items manufactured from recycled fibers. This includes socks made from 65 per cent recycled cotton, which fulfil OEKO-TEX Standard 100, and changing textile campaign goods containing recycled fibres. For instance, in summer 2017, PENNY had a GOTS-certified baby collection on offer. The Global Organic Textile Standard (GOTS) covers extensive guidelines for ecological and socially responsible textile production in which the use of chemicals is strictly regulated. The standard guarantees more sustainable manufacture of textiles, from production of organic cotton through environmentally and

70 %
**of textile products made
 from sustainable cotton**

socially responsible manufacture to transparent labelling. We also set ourselves the goal of increasing the share of textile products manufactured from more sustainable cotton from 56 per cent in 2015 to 70 per cent by the end of 2017. We achieved this goal, which is enormous progress. We want to further increase the share of textiles produced according to the CmiA or GOTS standards in the future. Our aim is to raise the proportion of textiles made from more sustainable cotton in REWE and PENNY in Germany to 100 per cent by 2025. We will continue to focus on the CmiA and GOTS standards and on recycled cotton.

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Next year, the REWE Group will continue working towards eliminating hazardous chemicals from textile supply chains and achieving the ambitious targets of our Detox Program by 2020. In 2018, the focus will be on the following measures:

- Conclusion and assessment of the first training courses of our Detox training program in China and Bangladesh; following this, we plan to **continuously roll out the training to cover more suppliers and their wet process facilities**.
- Another key topic in the coming year is the **continued development of our pool approach**. Together with our strategic suppliers, we plan to continue developing a pool of wet process facilities.
- **In 2018, we will continue evaluating the wastewater test results. We will publish the results from 2018 in our 2019 progress report.** This will create transparency as regards our status. We want to discover which hazardous chemicals are increasingly being found in the production of our textiles and document our progress in eliminating hazardous chemicals.
- Next year, the **case study on APEO substitution** will also be published.
- Sustainability will be the topic of our **2018 Supplier Summit**. Within the scope of this event, presentations and workshops will be held for and with our suppliers. During the event, suppliers will receive information about Detox.
- As part of the continuous development of our Closed loop approach, we are currently considering another **research project on the circular economy**. We will be decide when to start the project shortly.
- We will **change our workwear in REWE throughout Germany to more sustainable cotton** and make our customers more aware of sustainable textiles.
- To raise awareness of the importance of more sustainable textile production and to highlight the associated measures and goals of the REWE Group, in 2018 we will publish a **Textile Guideline and an explanatory video on the subject of Detox**. We will raise awareness regarding more sustainable textiles among our employees in our newsletter and in further communication activities.

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