



REWE Group Detox Program

# Detox Progress Report

December 2016



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**List of abbreviations**

APEOs	Alkylphenol ethoxylates
APs	Alkylphenols
GIZ	Gesellschaft für internationale Zusammenarbeit (German Corporation for International Cooperation)
GOTS	Global Organic Textile Standard
IPE	Institute for Public and Environmental Affairs
MRSL	Manufacturing Restricted Substance List
PFCs	Perfluorinated compounds
RSL	Restricted Substances List



## 1. Foreword

Dear Ladies and Gentlemen,

As a commercial enterprise, the REWE Group sees its key task as providing its customers with high quality products and services. In addition to the properties of these products and services, the REWE Group also wants customers to appreciate their ecological and social sustainability. Accordingly, our long-term commitment in this regard should also be reflected in the range of goods. One of the four strategic pillars of our sustainability strategy “Green Products” bundles all the activities that are aimed at structuring our procurement and production processes in a more social and ecologically compatible manner. We implement our challenging targets and the resulting requirements together with our suppliers. The basis for this is the Guideline for Sustainable Business Practices, which specifies our values for business relationships with our suppliers and is a component of our supply agreements. Through training courses, audits and certificates, we ensure that our requirements are fulfilled and that sustainable changes are made in the supply chain.

Our Detox Program, which was launched in 2014, aims to protect water resources by eliminating toxic chemicals that harm humans and the environment from textile production by 2020. This is a very ambitious target as the supply chains for textiles are complex and it is difficult to find suitable substitutes for the defined chemicals. Consequently, we are convinced that this can be achieved only through strong partnerships with our suppliers. Because of this, we continuously strive to consolidate our supply basis in order to identify and develop our strategic partners. Apart from our suppliers there are other important stakeholders that we involve in our activities, since we believe that we can exercise the greatest possible influence over social and ecological conditions in the production countries only if we work together. Within our company sustainability is not only part of our mission statement, it is also firmly anchored in our operational processes in procurement and, as a result, also in our assessment of suppliers and products. Through defined processes with clear responsibilities and specified time lines we ensure that every order is checked to make sure that it fulfils the respective social and ecological requirements.

To achieve the ambitious targets of our Detox Program, our approach involves players throughout the entire supply chain, such as our suppliers and stakeholders, and also integrates complex procurement processes.



This progress report gives you a precise insight into the measures that we took in 2016 to reach our Detox goals.

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



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## 2. Background and objectives

The REWE Group has set itself the goal of eliminating hazardous chemicals (chemicals with adverse effects for humans and the environment) from REWE Group store brand apparel, home textiles and shoes by 2020 at the latest.

Water is becoming increasingly polluted, especially in Asian countries. This is also due in part to the textile industry, as the chemicals used in processing, such as for dyeing textiles, are harmful for humans and the environment and are often discharged into river systems. Even when wastewater is treated, hazards for the ecosystems caused by hazardous chemicals cannot be completely prevented. To help improve water quality, the REWE Group advocates replacing hazardous chemicals in textile production with safer substances. As published in our [REWE Group Detox Commitment](#), we want to achieve this goal by 2020. In our Detox Roadmap, we described the main steps on the road to clean textile production. For more background information, please refer to our [Detox Information Brochure](#).

In this report, we will present our approach towards implementing the Detox Commitment and give you an overview of the progress we are making to reach our goals.

## 3. Our philosophy

### 3.1. Supplier management

Our Detox target is challenging, among other things because it is not our direct business partners who use the hazardous chemicals but their downstream suppliers. Our Detox Program is aimed primarily at these wet processing factories. Since we have no direct business relationships with these wet processing factories, it is important that we maintain consistent, strong relationships with our suppliers. That is the only way that we can move them to communicate our Detox requirements to their downstream suppliers, the wet processing factories. This is why we are continuously working towards consolidating our supplier basis and

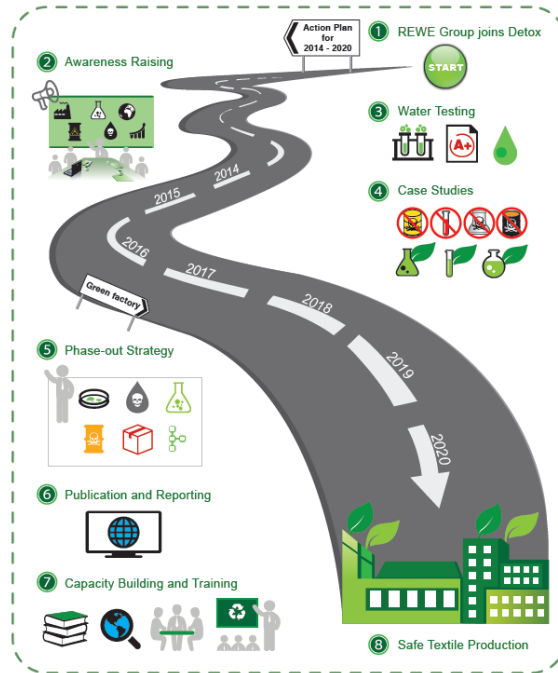


Figure 1: REWE Group Detox Roadmap



strengthening our relationships with our strategic suppliers. As part of this process, in the reporting year we organised various meetings, events and workshops with our strategic suppliers to discuss the subject of supplier partnerships.

But we not only want to bring about changes on a business partner level. Our goal is, together with our strategic suppliers, to develop a pool of wet processing factories that we will support closely on the road to achieving our Detox goals. To improve chemicals management in the pool factories and to help them substitute hazardous chemicals, in 2017 we will start a capacity-building program for the pool factories with tailored training courses and on-site visits.

### **3.2. Stakeholder commitment**

We can only achieve long-term changes if we look for the best solutions together with our stakeholders. This is why we work together closely with competitors, NGOs, test institutes, service providers and universities. We frequently contact other retailers and textile companies in order to learn from each other and share our experiences. In the Chemicals Working Group of the Partnership for Sustainable Textiles we work actively towards continuously developing the standards for chemicals management.

We also cooperate with selected, accredited, independent test institutes. In collaboration with them, we are continuing to develop our standard for wastewater tests. We also believe that it is important to collaborate with research institutes and universities. This is why, in 2016, we supported two scientific projects: one on the subject of Detox management in the supply chain and one on the subject of closed loop (see section 4.4.). We are also in regular contact with various NGOs.

Apart from technical discussions, it is also important to us to raise awareness among our customers and society in general as regards the environmental impact of their consumer behaviour. Because of this, we inform our customers on the REWE Group Website and the websites of our sales lines about our commitment and give tips as to how they can make a contribution towards conserving resources by using raw materials in a sustainable manner.

### **3.3. Process integration**

To make sure that our suppliers implement the Detox requirements, we have anchored them in our operational processes. With each order, it is checked that the necessary proof is provided. Besides, when the suppliers accept the requirements in the supply agreements they become legally binding. We believe that this strict procedure is necessary to give our requirements the required degree of obligation. This is the only way that we can implement our Detox requirements comprehensively. Further information is provided in Section 4.3 and can also be found in our 2015 Progress Report.



## 4. Our progress

### 4.1. MRSL and phase-out strategy

#### Method for MRSL update defined

Hazardous chemicals that may not be used in our supply chains are defined in our Manufacturing Restricted Substances List (MRSL). Priorities and time schedules for eliminating the chemicals are also contained in the MRSL. The MRSL also includes our Restricted Substances List (RSL). In other words, in addition to test methods, limit values for input chemicals, wastewater and sludge, it also defines limit values for our products, which are also included in our product requirement profiles for every textile order. As well as the eleven prioritised chemical groups, our MRSL also includes other chemicals that should be eliminated.

When eliminating hazardous chemicals from the supply chain and when screening new chemicals, the REWE Group uses the precautionary principle. This means that substances with potentially hazardous properties may not be used in production as a precaution and must be replaced by safe substitutes, even if their harmful properties have not yet been clearly proven.

In the reporting period, we further developed the method with which we update the MRSL every year. We scrutinised the previous method and revised our MRSL together with an independent service provider with consideration of new findings. The method includes changing the limit values based on the best available technology, which is done in close collaboration with test institutes and other stakeholders. The method also includes a three-step screening process to evaluate new, potentially hazardous chemicals, which ultimately decides whether new chemicals will be included in the MRSL.

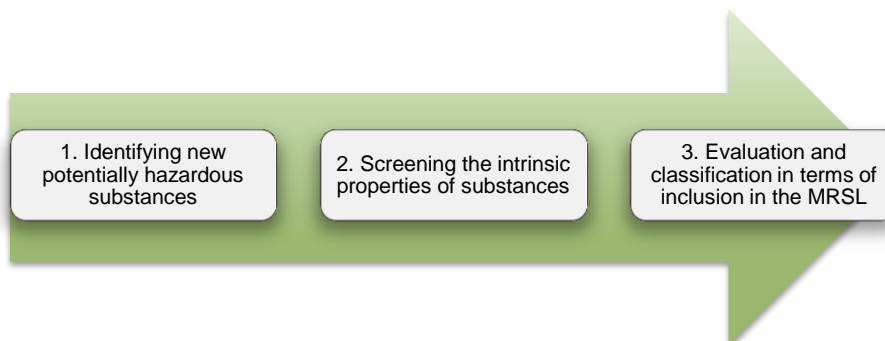


Figure 2: Screening process to evaluate new, potentially hazardous chemicals





## **REWE Group MRSL 2.0 published**

Within the scope of the screening process, we identified 35 new substances as hazardous and included them in our MRSL. We also modified the limit values for input chemicals, changed the specifications for products and specified test methods for input chemicals, water and sludge. In addition, we modified the time lines of our MRSL, which defined our phase-out strategy more precisely to ensure that the desired elimination of all hazardous chemicals can be achieved by 2020. Our objective is to eliminate the chemical groups flame retardants, chlorophenols and the individual substance hexavalent chromium from the production of apparel, home textiles and shoes and short-chain chlorinated paraffins from the production of apparel by the end of 2017. In January 2017, we will notify our suppliers about the phase-out of the chemicals and provide them with the updated MRSL.

## **4.2. Transparency**

### **Wet production facilities will be disclosed for every order**

Implementation of our program requires a transparent supplier portfolio that enables us to continuously check that our requirements are fulfilled. Because of this, together with our suppliers we must identify and develop the wet processing factories in our supply chain. We will help them prepare a chemical inventory and recommend that they maintain this regularly so that they have an overview of the chemicals that are used. We also provide our suppliers with relevant information and templates that simplify preparation of the inventory. To ensure that every wet production factory passes through our Detox Program, we ask our suppliers to disclose their downstream suppliers for every order. In this way, we also guarantee that all relevant business partners in our supply chain receive the information about our Detox Program and are aware of the challenges and requirements.

### **IPE upload ensured**

Within the scope of its Detox Commitment, REWE Group has agreed to disclose information about wastewater tests on the platform of the Institute for Public and Environmental Affairs (IPE). Consequently, the REWE Group has obliged its suppliers and their wet processing factories to publish the wastewater data. By publishing the data about wastewater quality, we are complying with the right-to-know principle and helping give all stakeholders access to information about the wastewater that is discharged and the chemicals it contains.

Since 2015, we have been asking our suppliers to upload the wastewater test reports to the IPE platform. Since some wet processing factories have not fulfilled this request, in the reporting period we have now anchored the IPE upload in our processes so that factories must agree to publication even before sampling takes place. Our service providers support and ensure publication of the test reports.



### **4.3. Implementation**

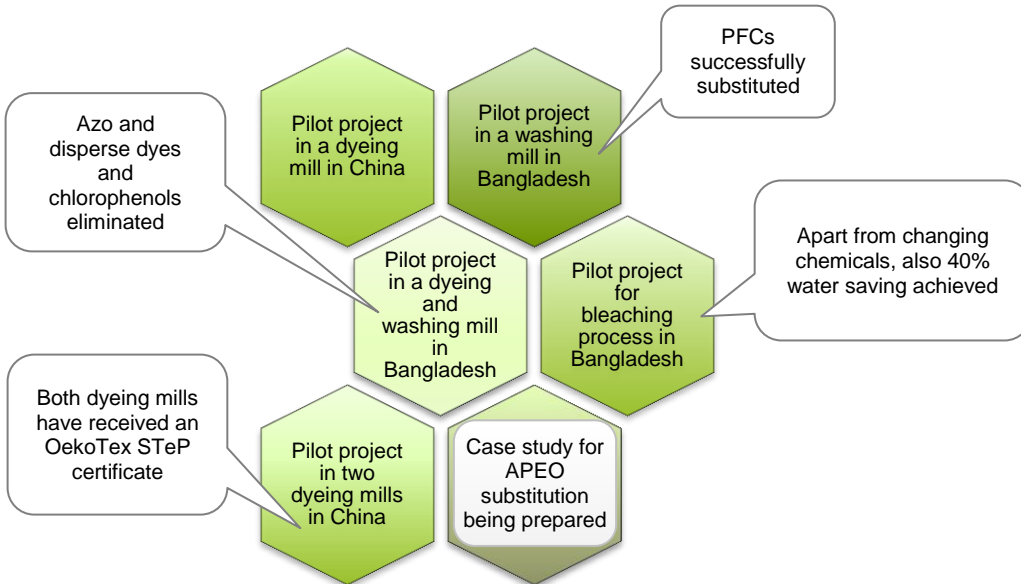
#### **Ban on PFCs and APEOs applicable from 2017**

The REWE Group deems perfluorinated compounds (PFCs), alkylphenol ethoxylates (APEOs) and alkylphenols (APs) to be hazardous chemicals according to the Detox Commitment and, as a result, has expedited elimination of these substances from the textile supply chain with a clear priority during the reporting period. Accordingly, the REWE Group has strictly banned the use of PFCs, APEOs and APs for the production of REWE Group brand products in the apparel, home textiles and shoes categories from 2017. An investigation into the use of PFCs, APEOs and APs in REWE Group supply chain, which can be looked up in the [Discharge Data Report 2015](#), showed that PFCs, APEOs and APs were used in wet processing factories that manufactured products for the REWE Group. We know that these chemicals, especially APEOs, are contained in formulations for various purposes and are used in different processes in textile production so that the source of the contamination is not always easy to identify. For these reasons, in January 2016, we notified our suppliers about the phase-out of PFCs, APEOs and APs. Information about the respective chemicals groups was provided to the suppliers in the form of [chemical fact sheets](#). Suppliers were also provided with positive lists of safe chemicals.

The ban on using these chemicals took effect on 31 December 2016. From this time onwards, no PFCs, APEOs or APs may be used in production. Using the wastewater and products test results, we will check exactly whether the elimination was successful. Although the ban on using these chemicals groups in production takes effect in 2017, the products manufactured in accordance with the new standards will not be in our markets until a year later. This delay is due to our complex purchasing process, which covers procurement, production and shipping through to marketing and takes almost a year. It is also possible that stocks have to be resold. As a result, even in the following years our markets will still contain products that were produced with these chemicals. However, although it cannot be completely ruled out that a few such products will still be on the market, for the future it is assured that no more new products will be manufactured where these chemicals are used in the supply chain.

#### **Pilot projects almost completed**

In pilot projects, we monitored some selected strategic suppliers and their wet processing factories while they were eliminating defined chemicals. Within the scope of these pilot projects we acquired knowledge about the challenges that these factories face to fulfil our requirements (see [2015 Progress Report](#)). To date, the REWE Group financed and monitored five pilot projects with various suppliers and their wet processing factories. The pilot projects in China and Bangladesh were supported by various service providers and were used to identify and substitute hazardous chemicals and/or improve chemicals management in the factories. As soon as the pilot projects are completed, we will publish the results on our website in [case studies](#) .



**Figure 3: Pilot projects**

**Case study: PFCs in a washing mill in Bangladesh successfully eliminated**

Since in the reporting year our focus was on substituting PFCs, we would like to briefly describe our case study for this topic. In one of the published case studies the successful [substitution of PFCs in a washing mill](#) in Bangladesh is described. Workshops and training courses, a review of the chemicals inventory, changing the chemicals management process and improving internal communication in the washing mill helped ensure the success of the PFC substitution.

A case study to substitute APEOs is being prepared. A wet processing factory and the associated supplier have already been identified and a service provider has been chosen.

**Suppliers trained regarding chemicals management**

To help our suppliers eliminate PFCs, APEOs, APs and other chemicals groups from the supply chain, in addition to our pilot projects we also provide them with various information on our website. A supplier manual explains our requirements and our process. We also carried out two training courses in China during the reporting period. This is where most of our suppliers produce. Ninety percent of our Chinese suppliers took part in the training, in



**Figure 4: Training in China**



which it was explained how they can detect a violation of the limit value for a chemical in their wastewater test report, how to create a chemicals inventory and how to identify hazardous substances in their factory. They were also trained as regards the correct storage and use of chemicals. In a webinar, suppliers from other countries were also introduced to our Detox requirements. In this training, the requirements for product tests were addressed; these are explained at the end of this section.

For us, improving chemicals management in the factories is a key factor for implementing our Detox goals. This is why in the future we will continue to work with our suppliers and their wet processing factories to improve chemicals management. We will be supporting this with information material, training and pilot projects.

### **Detox requirements firmly anchored in the complete procurement process**

We have integrated our Detox requirements in our supplier agreements in order to stress their bindingness. These requirements include submitting valid water test reports and complying with product limit values. Our suppliers and their wet processing factories must also sign a Detox Commitment in which they confirm that they will eliminate hazardous chemicals from their production, disclose their supply chain, publish wastewater data and allow themselves to be audited.

To ensure our Detox requirements, we have anchored them in the operational procurement process that every product passes through in our organisation. Before an order can be shipped, the supplier must provide the necessary proof. For the wastewater analysis, they must commission an independent test institute of our choice with which contracts exist regarding execution of the wastewater tests. This allows us to compare the results and ensure that the Detox standards are complied with. The water test report allows conclusions to be drawn about the chemicals that were used in the factory. If we have any doubts about the water test report, the sludge that is produced from treating the wastewater in the factory is also tested. When the water test report has been examined, a check is carried out to make sure that it was uploaded to the IPE platform. To raise awareness regarding the importance of the subject internally, we sensitised and trained the relevant employees and, especially, the buyers in Germany and Asia as regards the topic during various meetings.

As well as wastewater and sludge tests, with product tests we also check whether hazardous chemicals are used in the wet processing factories. By modifying our product requirement profiles, we ensured that compliance with the Detox requirements is verified in the product tests. Every product is subjected to extensive test procedures and tested to make sure that they fulfil the requirements of the REWE Group, which even exceed statutory requirements. According to the Detox requirements, certain chemicals, such as PFCs, APEOs and APs, must not be found in the product tests.



If breaches of our requirements are discovered during the product or wastewater tests, we immediately take measures to analyse the problem and, in collaboration with our suppliers and the factory, develop a plan of action to rectify the causes of the breach.

#### 4.4. Closed loop

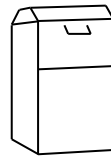
##### Scientific study conducted for closed loop

The REWE Group supports responsible handling of resources and sustainable consumption. For us, that means offering more sustainable products while keeping an eye on their complete life cycle. Used products that are no longer wanted are not waste, as they contain materials that can be recycled. As a result, there is an increasing number of closed loop systems that will conserve our global resources and make consumption sustainable in the long term.

To work towards this ambitious goal, we are in continuous dialogue with industry and scientific institutions to discuss and develop closed loop approaches. In cooperation with the Hong Kong University of Science and Technology, an analysis of the economic benefits of return systems for textiles was prepared in 2016. Another Detox study was also supported by discussions with experts and interviews. In the future, we also want to work together with universities and research facilities to study closing the material loop even more.

##### Return of textiles decided

In Germany 560,000 tonnes of old textiles are discarded each year. Half of this is disposed of along with household waste.<sup>1</sup> The REWE Group wants to help ensure that these textiles remain in the material loop and that they are re-worn or recycled. For this reason, in 2016 the REWE Group decided to establish a textile return system. In cooperation with a well-known service provider, the REWE



Reutilisation	Example of application	Share
Rewear	Second hand	54%
Reuse	Rags	21%
Recycling	Recycling, energy recovery	23%
Waste disposal		2%

**Figure 5: Ways in which collected textiles can be used**

Group will continue to develop the system for collecting textiles in 2017. According to a study from the Fachverband Textilrecycling (German Textile Recycling Association), in Germany more than a million tonnes of used textiles and old clothing is collected each year, most of which can be worn again or recycled (see Figure 5).<sup>2</sup> We want to make our customers aware of the fact that discarded textiles can be handed over for a second use.

<sup>1</sup> <https://www.bund-naturschutz.de/oekologisch-leben/muell-entsorgen/altkleider.html>

<sup>2</sup> Fachverband Textilrecycling: [http://info.bvse.de/356/6770/Der\\_Weg\\_der\\_Altkleider\\_von\\_der\\_Sammlung\\_zur\\_Wiederverwendung](http://info.bvse.de/356/6770/Der_Weg_der_Altkleider_von_der_Sammlung_zur_Wiederverwendung)



### Products with recycled fibres in the product range

The REWE Group has already integrated extensive social and ecological standards in its range of textile products. For example, textile products that are certified according to the Global Organic Textile Standard (GOTS) are a constant element in our product range.

In terms of the closed loop approach, we already offer our customers some products with recycled fibres. A particularly sustainable product consists of recycled cotton fibres, as a lot of water is used to grow cotton and, as a result of recycling, less cotton has to be grown. On a global average, about 11,000 litres of water are needed to grow one kilogram of cotton<sup>3</sup>. With recycling, some of this water can be saved. We are currently examining how we can increase the range of products with recycled fibres and offer our customers an even bigger selection. We want to draw our customers' attention to the particularly sustainable properties of these products and, therefore, together with the PRO PLANET committee are examining marking these products with the PRO PLANET label. For many years, we have been marking especially sustainable products with our company's own PRO PLANET label.

### Raise consumer awareness

We want to raise our customers' awareness for a more sustainable use of textiles. This is why our textiles have laundry instructions that explain how to wash them in a resource-conserving manner.

We also use social media to raise awareness. For example, on Facebook we have published instructions on how to upcycle discarded products and we have made a video in which the basic problems of Detox are explained in an easy to understand way.



Figure 6: Washing loop

Our trainees are also involved in upcycling discarded work clothing from our sales staff, from which, in cooperation with the Alexian Brothers workshops for people with disabilities, bags were made and sold to market and administration staff in the REWE Group. The proceeds went to Lebenshilfe Köln, NABU Köln, Himmel un ääd, the Alexian Brothers workshops and Helenenhof animal sanctuary.

<sup>3</sup> Vereinigung deutscher Gewässerschutz e.V.: <http://virtuelles-wasser.de/baumwolle.html>

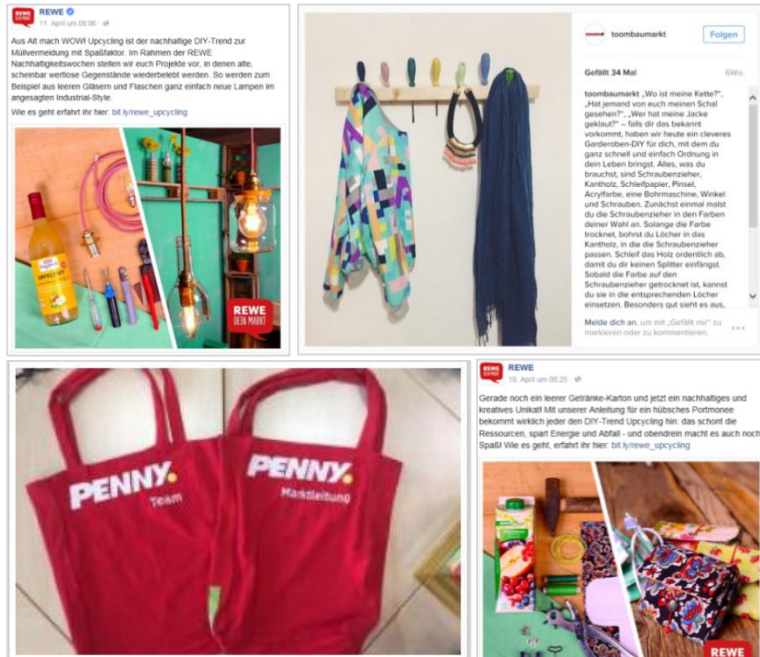


Figure 7: Upcycling communication

## 5. Challenges and next steps

### Identifying pool factories

In the coming reporting year, the REWE Group will continue working towards eliminating hazardous chemicals from textile supply chains.

Implementation of our Detox requirements works best if all textile and business enterprises approach their supply chains with the same demands. If other companies make no demands or different demands, this makes it difficult to implement the clean factory approach. From initiatives like the Partnership for Sustainable Textiles, we hope that in future more companies set targets for chemicals management in their supply chains. We actively share our experiences with other companies in the Chemicals Working Group.

Another challenge in implementing our goals is changing downstream suppliers and supplier relationships, which cannot always be influenced and that are, in some cases, unavoidable. To meet these challenges, we will continue to consolidate our supplier basis and develop our strategic suppliers.

In addition, in collaboration with our strategic suppliers, we plan to establish a pool of wet processing factories, which we will support intensively in the implementation of our Detox



Program. This pool will include wet processing factories that fulfil basic environmental standards and that are willing to change their production processes in accordance with the clean factory approach so that they do not use any hazardous chemicals. We are currently developing minimum requirements for these pool factories, with which we will work intensively towards implementing our Detox goals so that considerable improvements are made regarding chemicals management and substituting hazardous chemicals.

### **Capacity-building program for wet processing factories**

Within the scope of collaborating with our suppliers and their wet processing factories, we noticed that in many cases factories substitute just individual chemicals but do not fundamentally change the chemical management system. In the pilot projects, we realised that extensive advice on site is needed so that the complete management processes are changed. To offer more factories close support, in 2017 we will start a capacity-building program for wet processing factories in China and Bangladesh with tailored training and on-site visits.

At present, within the framework of a cooperation project with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), sponsored by the German Federal Ministry for Economic Cooperation and Development (BMZ), a training program is being developed in which Tchibo is also involved. During the reporting period a concept was created which was approved via the BMZ within the scope of the [develoPPP.de](http://develoPPP.de) program. Through the cooperation with the BMZ a total budget of €2.3 million is available. The corporate sector contributed 56 percent of this.

The aim of the project is to create local advice structures in China and Bangladesh and to help the local producers develop chemical management systems that enable elimination of hazardous chemicals from the production processes in accordance with the Detox requirements. For this purpose, in collaboration with local organisations, experts will be trained to help the companies substitute hazardous chemicals in a practical manner. A total of 110 producers will be trained and advised in workshops and on-site training. The consultant capacities developed during the project will then be available to the entire industry after the pilot phase. Another objective of this project is to encourage discourse with authorities, training facilities and other stakeholders in the production markets. We and the other project supporters want to create parameters for a textile industry without hazardous chemicals.

In 2017, we will commission a service provider to assist the selection of organisations to be trained and help us create the training material. In China and Bangladesh, we are also starting pilot projects in which we will trial the concept with several selected factories before it is implemented in all factories.





### **Phase-out of flame retardants, chlorophenols, short-chain chlorinated paraffins and hexavalent chromium**

Chemicals management includes continuous development of requirements for our suppliers and products. We are aware that at present there are no substitutes available for all the substances that we want to eliminate. Because of this, we are in discussion with the chemical industry to identify possible substitutes. For 2017, we have determined that the chemical groups flame retardants and chlorophenols and the individual substance hexavalent chromium will be phased out from the production of apparel, home textiles and shoes and short-chain chlorinated paraffins from the production of apparel. These chemicals may not be used for production after 2017. Within the framework of the communication measures for our revised MRSL in January, we will also notify our suppliers of the planned phase-out. We will provide information about the named chemicals groups on our website and support our suppliers and their wet processing factories during the phase-out.

### **Continuing established processes**

We will continue to pursue and update our established processes. This means that for every order we will make sure that our requirements are fulfilled. We will also actively support our suppliers in the implementation. This applies especially to PFCs, APEOs and APs, which may no longer be used in the production of our textiles from 2017. If we discover breaches as regards use of these chemicals, together with our supplier and their wet processing factory, we will carry out an extensive causal analysis, agree on measures to eliminate the cause and monitor their implementation. Until a Detox standard has been established, we will use the standard that we defined for the REWE Group to implement the process. We would welcome the introduction of a common standard such as this, which is supported by everyone concerned, and are already discussing this with other partners.

We will also update and publish our MRSL, using the method that we developed for this purpose. In 2017, the case study for APEO substitution and a report about wastewater quality data from 2016 will be published.

The next step in our closed loop project is to collect used textiles. We will also continue to have textiles with recycled fibres in our product range and examine whether we can include more products with recycled fibres in our portfolio. Finally, we will also continue our communication with our customers and other stakeholders to promote resource conservation and sustainable consumption.



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