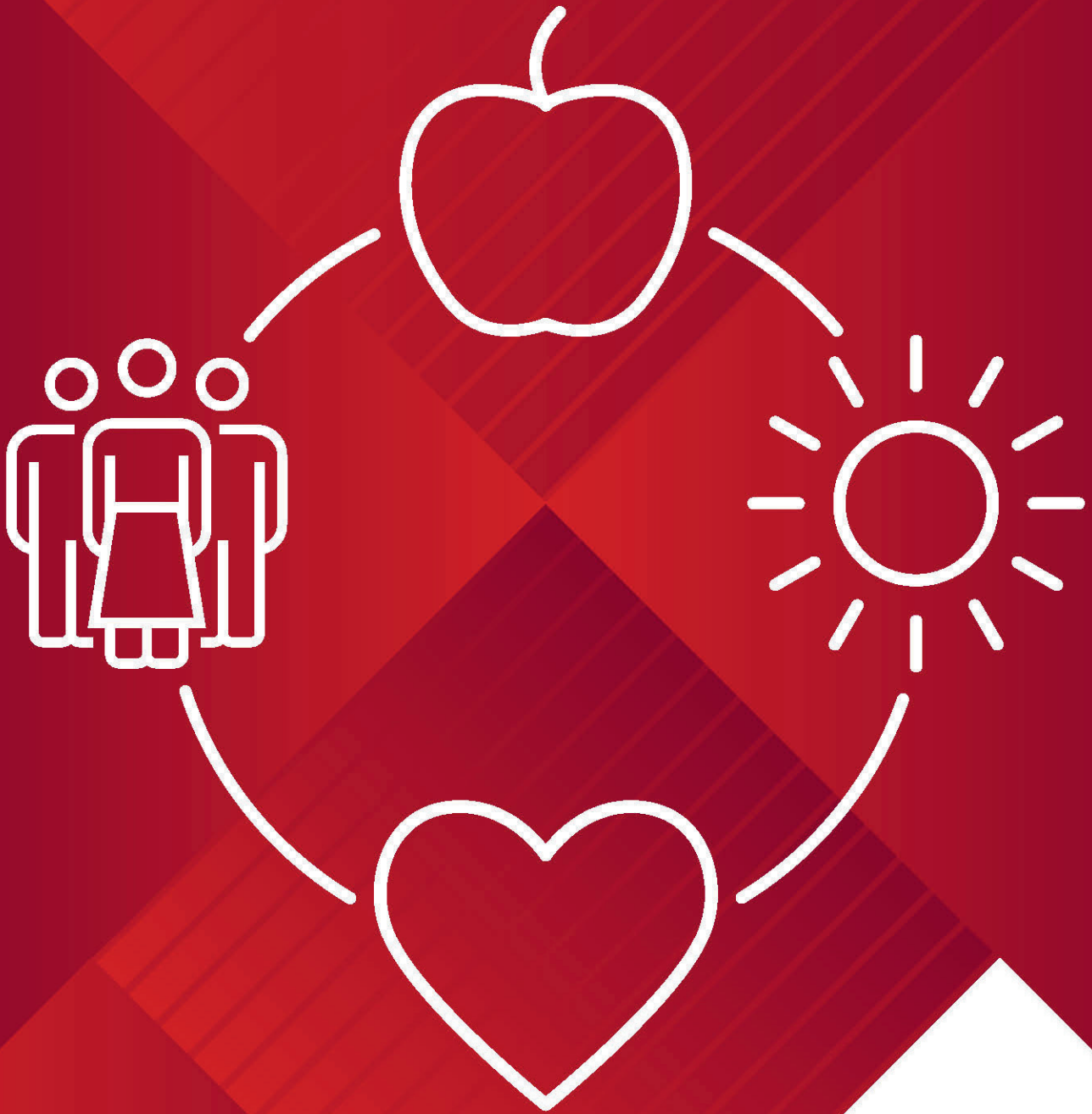


# SUSTAINABILITY- Linked Bond Progress Report



July 2025

**REWE**   
GROUP

# Sustainability-Linked Bond Progress Report of REWE Group for REWE and PENNY

for the Financial Year 1 January to 31 December 2024

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## 1. Introduction

The consequences of climate change are becoming more noticeable every day. More than a third of global greenhouse gas emissions (“GHG Emissions”) are attributable to the food system. In addition, climate policy developments pose with new challenges for us.

As a food retailer, we want to ensure that safe, healthy nutrition and climate protection can go hand in hand. As the REWE Group\*, we are aware that greenhouse gas emissions occur along the entire supply chain in our business activities and have taken a number of different measures to reduce them.

In July 2023, we joined the Science Based Targets initiative (SBTi) with REWE (REWE Markt GmbH, Germany) and PENNY (PENNY Markt GmbH, Germany) in Germany and committed ourselves to the science-based reduction targets across our entire value chain. As Key Performance Indicators (KPIs) and Sustainability Performance Targets (SPTs), these targets are an essential part of our Sustainability-Linked Bond Framework, which we published in August 2023. For KPI calculation Methodology we also refer to our Sustainability-Linked Bond Framework (see <https://www.rewe-group.com/de/unternehmen/creditor-relations/sustainability-linked-bond-framework/>). We will be reporting on the progress made towards achieving these targets on an annual basis. In March 2024, the entire REWE Group also committed itself to setting net-zero targets in accordance with SBTi standards.

\*REWE Group is defined as REWE-ZENTRALFINANZ eG and its Subsidiaries.

## 2. Emissions inventory

The greenhouse gas emissions shown in this report have been carefully recorded and calculated. An external auditor has performed an independent limited assurance engagement on the selected quantitative disclosures related to the actual KPIs for the period from 1 January to 31 December 2024 marked with the symbol “(v)”. We would also like to point out that the years 2021 and 2023 were also audited by an external auditor (see SLB Progress Report 2023), however this audit did not form part of this report.

## 2.1. KPI 1: Absolute GHG emissions Scope 1 & 2

REWE & PENNY Scope 1&2	REWE & PENNY aim to reduce their Scope 1 & 2 GHG emissions by 42% by 2030, baseline: 2021.
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### Absolute GHG emissions and percentage reduction SPT 1 REWE and PENNY Scope 1 & 2

	2021 Base Year	2023	2024 Actual Year	2028	2029	2030
GHG emissions, k tons	229	210	206(v)	172	156	133
% reduction		-8%	-10%	-25%	-32%	-42%

#### 2.1.1. Progress evaluation SPT 1

Company-level GHG emissions at REWE and PENNY in Germany (hereinafter referred to as REWE and PENNY) arise from the operation of stores and warehouses through the use of electricity, heat and refrigerants, as well as from logistics and the vehicle fleet through the consumption of fuel by trucks and cars.

From 2021 to 2024, Scope 1 & 2 GHG emissions fell by 10 per cent for the following reasons:

- The switch to more climate-friendly refrigerants is progressing steadily.
- More detailed calculations of GHG emissions from truck cooling have resulted in a change in emissions. Part of the reduction is therefore also due to the required adjustments in the methodology to further improve the used data collection (for more details please refer to section 3.3.1).
- REWE and PENNY in Germany have been using green electricity since 2008. Nevertheless, they are focusing on further reducing their consumption and costs for ecological and economic reasons.
- Reductions in heat and refrigerants are lessened by the rising emissions from electricity, fuel consumption for trucks and the vehicle fleet, and expansion of the fully or partially electrically powered car fleet (but currently still low absolute proportions).

To achieve SPT 1 we adhere to the following additional measures:

- Testing with trucks with alternative drives (hydrogen, battery).
- Energy efficiency measures in the relevant areas of lighting and refrigeration technology.

In general, the REWE Group relies on its green building concept in new construction projects with energy-efficient technologies for cooling systems and lighting, among other things. We are also pushing ahead with the expansion of renewable energies such as photovoltaics. Furthermore, we have set ourselves targets on an operational level as part of our energy management systems in accordance with ISO 50001. For example, we aim to reduce our fossil fuel consumption, including district heating, by 20 per cent by 2030 compared to the base year 2019 (see REWE Group Sustainability Progress Report 2024). During the same period, electricity consumption per sales area is to be reduced by 10 per cent.

REWE and PENNY's SBTi targets in Scope 1 and 2 are ambitious and require significant investment in climate-friendly infrastructure. They may also be influenced by external factors such as regulatory requirements, new energy efficiency standards and the availability of alternative energy sources. Many reduction levers, such as battery or hydrogen drives in logistics, are not expected to be technically available and practical until the end of the decade.

## 2.2. KPI 2: Absolute GHG emission Scope 3 non-FLAG

REWE & PENNY Scope 3 non-FLAG	REWE & PENNY aim to reduce their non-FLAG Scope 3 GHG emissions by 42% by 2030, baseline: 2021.
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### Absolute GHG emissions and percentage reduction SPT 2 REWE and PENNY Scope 3 non-FLAG

	2021 Base Year	2023	2024 Actual Year	2028	2029	2030
GHG emissions, k tons	10.984	9.446	10.649 (v)	8.238	7.469	6.371
% reduction		-14%	-3%	-25%	-32%	-42%

#### 2.2.1. Progress evaluation SPT 2

Non-FLAG emissions are caused by process- and energy-related emissions from direct and indirect suppliers in the food and non-food supply chain, as well as by transport and packaging. We would like to add that there are downstream reduction effects expected from our supplier initiative (see FLAG Scope 3) that cannot currently be fully reflected in our GHG accounting yet.

In 2024, there was no reduction in our non-FLAG target compared to the previous year of 2023. This is due to the following factors:

- Improved consumer sentiment, as reflected in FLAG Scope 3.
- More comprehensive mapping of emissions from the use phase (e.g. lighting, electrical appliances) due to an adjustment in the survey methodology (for more details please refer to section 3.3.2). This has expanded the scope of the balance sheet compared to the base year.

However, compared to the 2021 base year, we have still achieved a reduction of 3%.

In order to accomplish our very ambitious non-FLAG targets in view of the complex supply chains, we generally rely on a number of different levers, including

- switching to eco-friendly electricity from our suppliers and increasing energy efficiency in processing;
- regional and seasonal sourcing with regard to transport and its electrification;
- the use of more climate-friendly materials such as recycled or bio-based plastics and material reduction;
- the use of recycled and recyclable materials in packaging; and
- the expansion of our product range in the area of unpackaged goods and reusable solutions.

In doing so, we are reliant on technological progress and the efforts of our suppliers, and dependent on market developments and regulatory requirements. The majority of reductions in absolute non-FLAG GHG emissions are therefore expected to occur in the last third of our target period.

### 2.3. KPI 3: Absolute GHG emission Scope 3 FLAG

REWE & PENNY Scope 3 non-FLAG	REWE & PENNY aim to reduce their FLAG Scope 3 GHG emissions by 30,3% by 2030, baseline: 2021.
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#### Absolute GHG emissions and percentage reduction SPT 3 REWE and PENNY Scope 3 FLAG

	2021 Base Year	2023	2024 Actual Year	2028	2029	2030
GHG emissions, k tons	14.540	13.472	13.926 (v)	11.923	11.196	10.134
% reduction		-7%	-4%	-18%	-23%	-30,3%

### 2.3.1. Progress evaluation SPT 3

Emissions in the upstream supply chain of our own brands (purchased goods and services at the raw material production and agriculture stage) account for the largest share of our FLAG emissions. Emissions from the production of animal products such as milk, cheese, meat and eggs—for example, from feed cultivation or cattle farming—play the biggest role here. We would like to add that there are downstream reduction effects expected from our supplier initiative that cannot currently be fully reflected in our GHG accounting yet.

In 2024, there was no reduction in our FLAG target compared to the previous year of 2023. This is due to the following factors:

- Consumer sentiment has improved over the course of the year. This has also had a positive effect on us at the REWE Group and REWE & PENNY as well, hence we have been able to report positive revenue growth and more customers for 2024 than in 2023. This trend was anticipated for REWE & PENNY in particular with targeted product range expansions.
- Added to that, according to Statista, Germans ate more meat in 2024 than they have done since 2016. At the same time, however, according to Foodmonitor, plant-based products are becoming more relevant and interest in related concepts (e.g. vegan product ranges, the opening of our vegan supermarket in Berlin) is growing. To achieve our climate targets, we plan to continuously develop our product ranges and increase the proportion of plant-based products in our stores. A four-point plan will support this strategy and reduce our ecological footprint (optimise product ranges, promote innovation, promote conscious nutrition and focus on a national protein plan)
- Scope 3 emissions are largely dependent on our suppliers (around 90% of product-related emissions). For this reason, we support our private label suppliers in defining climate targets in accordance with SBTi and implementing reduction measures. In 2024, we asked over 600 private label suppliers, who are responsible for around 90% of our private label product-related emissions, to set climate targets in line with SBTi. Of these, over 450 suppliers, who are responsible for 87% of our product-related emissions from private label products, have signed a climate target agreement to set climate targets in line with SBTi.

Overall, compared to the 2021 base year, we have still achieved a reduction of 4%.

In order to accomplish our very ambitious FLAG targets in view of the complex supply chains, we are also relying on a number of different measures here:

- One lever for this is agriculture (for example, in the more precise use of fertilisers, optimised land management, agroforestry or feed additives for reduced methane emissions).
- A second lever for this is minimising food waste.
- Another lever is the aforementioned protein strategy and supplier engagement.

To make use of these levers, it is necessary to continuously involve all key stakeholders within our supply chains. Demand for more climate-friendly and plant-based products also plays a role. The complex nature and lengthy implementation of all these measures makes our goals very ambitious. Reliable results for these significant GHG reductions are therefore expected in the last third of the target period.

### **3. Methodology**

By joining the Science Based Targets initiative (SBTi), REWE and PENNY in Germany are focusing on reducing greenhouse gas emissions along the entire value chain. All targets were developed with the help of an external SBTi consultant in the period from 2022 to 2023 in accordance with the SBTi methodology. The targets were submitted to the SBTi in autumn 2023 and validated by the SBTi in 2024.

In order to continuously improve our data quality, we also review the calculation methodology on an ongoing basis. Methodological changes led to a recalculation in business year 2023. Details can be found in the SLB Progress Report 2023. In 2024, there were further methodological changes, as described in this section, but these did not lead to a recalculation.

#### **3.1. The SBTi-FLAG guidelines on reducing emissions**

REWE and PENNY in Germany followed the SBTi Corporate Net-Zero Standard when setting their GHG emissions reduction targets and are also one of the first food retail companies to follow the SBTi Forest, Land and Agriculture Supplementary Guidance (FLAG) from April 2023. This world-first initiative supports companies in the forestry, land-intensive agriculture, food production and food retail sectors to set science-based targets that include the reduction and elimination of emissions from forestry and agriculture.

#### **3.2. Scope of application**

REWE and PENNY in Germany report on their progress. The emissions of these two companies account for the largest share within the REWE Group. Emissions from Scope 1 and 2 as well as Scope 3 (FLAG and non-FLAG) are included.

#### **3.3. Our accounting methodology**

##### **3.3.1. KPI 1: Absolute GHG emission Scope 1 and 2:**

REWE and PENNY account for their Scope 1 and 2 GHG emissions in accordance with the globally recognised Greenhouse Gas Protocol (GHG Protocol) standard. The targets for these emissions are based at least on a 1.5 degree scenario.

- The calculation of GHG emissions from gas consumption at REWE and PENNY stores is partly based on individual actual gas consumption data and partly on estimation methods if no individual gas consumption for the individual REWE or PENNY store could be accessed. This mainly affected REWE and PENNY stores that were not supplied with gas by REWE's own energy supplier EHA. The estimate was made using a calculated average consumption by region for stores for which gas consumption data was available and was multiplied by the number of stores for which no individual data was available without significant effort. Other factors, such as insulation, square-metre size or store commissioning, were not taken into account when calculating the estimated values.
- The calculation of greenhouse gas emissions from gas consumption in administrative buildings is based on actual consumption data. Total gas consumption is allocated to the respective units within the scope of application using measured consumption data and allocation keys. At sites used jointly for logistics and administration, the gas consumption is simplistically allocated entirely to the logistics unit, as this unit accounts for the majority of the consumption.
- The greenhouse gas emissions from cooling in REWE and PENNY stores are calculated using systematically collected data on cooling refills. For refrigerant quantities used in the transport of goods by truck, a two-stage model is used. For trucks operated by REWE, refrigerant quantities provided by the manufacturers are used. For the remaining trucks (PENNY and third-party carriers), the average quantities from REWE trucks are used and multiplied with the respective route from route planning.
- Greenhouse gas emissions from fuel consumption for the truck transport fleet for REWE and PENNY are calculated using a two-stage model. For trucks that are assigned to the PENNY and REWE store fleet or the PENNY carrier and do not belong to the REWE carrier, diesel fuel consumption is estimated on the basis of data from the REWE carrier. This is based on the REWE carrier's average fuel consumption per 100 km. This is multiplied by the total kilometres covered by the company's own fleet or the PENNY carrier. The kilometres travelled are based on the route planning for the respective location or store. The emissions for the additional fuel consumption by the REWE trucks' refrigeration units are calculated on the basis of manufacturer specifications using the actual operating hours. The transfer to PENNY trucks and external carriers is based on average consumption from the REWE trucks per refrigerated transport unit and the quantity of refrigerated transport units.
- Greenhouse gas emissions from the fuel consumption of cars are calculated based on systematically recorded refueling data.

### 3.3.2. KPI 2: Absolute GHG emission Scope 3 non-FLAG:

REWE and PENNY account for their non-FLAG GHG emissions from Scope 3 in accordance with the GHG Protocol. The calculation is based on primary data for REWE and PENNY on purchased products, their ingredients and countries of origin as well as information on suppliers.

In cases where no data on ingredients and origin was available, the data was modeled based on existing information and/or supplemented by production and import statistics. Carbon emissions were calculated using a hybrid model aligned with the SBTi methodology. The model predominantly uses a cross-regional physical approach for agricultural commodities, transportation and packaging and downstream impacts and a cross-regional expenditure-based approach for the processing and extraction of mineral commodities. Scope 3 non-FLAG emissions include

- Scope 3.1 Purchased goods and services;
- Scope 3.2 Capital goods;
- Scope 3.4 Upstream transportation and
- Scope 3.11 Use of products sold.

For category Scope 3.11, the calculation methodology was adjusted following validation by the SBTi 2025. A higher level of detail now covers the downstream emissions of a larger number of products (such as barbecue charcoal and light bulbs). This increases the Scope 3 footprint of the SLBF scope, while at the same time resulting in emission increases in the non-FLAG area. A recalculation of the base year was not carried out as the methodological adjustment did not exceed the five per cent threshold set for recalculation.

All other Scope 3 categories were approximately quantified based on assumptions. This resulted in less than one per cent of total emissions. The categories were therefore classified as not significant for REWE and PENNY.

### **3.3.3. KPI 3: Absolute GHG emission Scope 3 FLAG:**

REWE and PENNY account for their FLAG GHG emissions from Scope 3 in accordance with the GHG Protocol Land Sector and Removals Guideline (draft for pilot test phase and review, September 2022) and the SBTi FLAG Guideline. The calculation is based on the primary data for REWE and PENNY on purchased products, their ingredients and countries of origin as well as information on suppliers.

In cases where data on ingredients and origin was not available, the data was modeled based on existing information and/or supplemented by production and import statistics. Carbon emissions were calculated using a hybrid model aligned with the SBTi methodology. The model predominantly uses a cross-regional physical approach for agricultural commodities, transportation and packaging and downstream impacts and a cross-regional expenditure-based approach for the processing and extraction of mineral commodities. FLAG emissions from Scope 3 include goods purchased for REWE and PENNY under Scope 3.1. The FLAG emissions from other Scope 3 categories were approximately quantified based on assumptions. They were assessed as immaterial for REWE and PENNY or are to be considered optional for our business model in accordance with the GHG Protocol.

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