

# GUIDELINE

# Women in the Supply Chain



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Women are often faced with special challenges along our supply chains. That is why we are committed to protect women's rights and their possibility of economic independence and participation.



### I. UNDERSTANDING AND SCOPE

As a leading international trade and tourism group, REWE Group is aware of its special role as an intermediary between manufacturers, service providers and consumers. The production of its private label products has an impact on people, animals and the environment. Its customers should be able to trust that REWE Group is aware of its responsibility and addresses the effects. In its "Guideline for Sustainable Business Practices", REWE Group acknowledges its environmental and social corporate responsibility. The values described therein form the foundation for the responsible actions of the company (REWE Group 2019a).

REWE Group sources a large number of products via supply chains from all over the world. This includes countries where the governmental framework conditions for the protection of human rights are often inadequate and where applicable labour and social standards are disregarded. In order to tackle this challenge, REWE Group has identified the "People" field of action as part of its Green Products strategy, to put a focus on the fair design of the supply chains for their private label products. For the retail company, fairness means respecting and strengthening human rights and improving working conditions as well as promoting fair trade. Fair design of supply chains also includes the protection and promotion of women. They often work at the beginning of global supply chains and are in many cases excluded from economic opportunities and advantages of international trade. Besides issues such as "living wages and incomes" or "forced and child labour", the issue "women in the supply chain" is therefore a main focus in this field of action.

In this guideline, REWE Group specifies its goals, requirements and measures in order to strengthen women's rights along global value chains and to promote their independence and economic participation. It is intended to raise the awareness of employees and partners in the supply chain and it defines a binding framework for REWE Group and business relationships with contractual partners. It is part of REWE Group's comprehensive fairness strategy and is based on the requirements of previous guidelines. The specified requirements and goals are consistently checked and new measures and goals are agreed upon if necessary. The guideline is updated based on new developments.

The scope of the guideline covers all private labels of REWE Group, which are sold by REWE, PENNY, BILLA, MERKUR, BIPA, ADEG and toom Baumarkt DIY stores.



### **II.** ISSUES IN THE VALUE CHAIN

Women are disproportionately highly affected by poverty, insecurity, discrimination, violence and exploitation. In the course of their economic activity in particular, they are often exposed to violations of human rights (Seitz 2020). According to estimates by the World Economic Forum, it will take virtually 100 years from now until full gender parity in business, politics, health and education is achieved at the current rate of progress (World Economic Forum 2019). The reasons for this unequal treatment are often social, discriminatory or patriarchal social structures (Seitz 2020).

### 2.1 Risk analysis

In 2020, REWE Group conducted a risk analysis to assess which negative impacts of human rights violations women are particularly exposed to and in which sectors and countries relevant to REWE Group the risks for women are particularly high. Special attention was paid to the focus raw materials identified in the <u>Guideline on Fairness</u>. Furthermore, the respective proportion of women in the sectors and countries considered was determined as far as data was available. The following sections will outline in part the identified risk areas for women and the affected sectors and countries as well as the determined proportions.

### 2.1.1 Identified risk areas

#### Precarious working conditions and low wages

The major part of the workforce in labour-intensive export sectors of low-wage countries are women. Women find themselves disproportionately often in poorly paid jobs with low qualifications (Oxfam Germany 2019). On average, women worldwide earn around 20 per cent less than men (International Labour Organization 2018). In addition, many women at the beginning of global supply chains have no or only temporary employment contracts - they are hired more often than men on short-term, seasonal or casual contracts (Oxfam International 2004). Based on these employment contracts, women have no or only a limited right to overtime pay, social security, statutory minimum wages or other labour rights (Barrientos, Bianchi & Berman 2017; Oxfam International 2018). Furthermore, temporary employees are not eligible to maternity benefits (Oxfam Germany 2019).

#### Occupational safety and health risks in the workplace

Women are often exposed to sexual harassment and genderbased violence in the workplace - this also includes verbal abuse. discrimination when choosing a job or unlawful dismissals of pregnant women (Barrientos, Bianchi & Berman 2017). According to a survey by the Fair Wear Foundation, over 60 per cent of female textile workers in Bangladesh reported having been victims of gender-based violence (Fair Wear Foundation 2018). Since a large number of the women affected do not know their rights or do not consider themselves in a position of power to enforce these rights, many such incidents go undetected.<sup>1</sup> In addition, some women feel compelled to work during pregnancy and motherhood. Pregnant women are not assigned any lighter work in tea cultivation and women usually return to work shortly after giving birth (Oxfam Germany 2019). Due to the fact that women do more unpaid care work, they are often exposed to a high workload and have less social security - whether in the event of illness, accident, need for care, unemployment or old age (Oxfam Germany 2020).

### Lack of economic participation due to restrictions on land ownership and limited access to resources

In large parts of the world, women are denied the right to own or inherit land in their own name (Oxfam International 2018). On average, women own less than 20 per cent of the agricultural area worldwide (Bundesinformationszentrum Landwirtschaft, n.d.). When buying or selling property, women in some countries need the consent of for example a male guardian or their husband (The World Bank 2011). In many cases, women have no voice and are underrepresented in decision-making processes (Seitz 2020). Ownership of land or harvest income, for example, is a prerequisite for a membership in smallholder organisations. As a result, women remain underrepresented in management bodies or in the planning and design of organisations, which in turn means that their needs and interests are not sufficiently taken into account (Center for International Forestry Research 2020). As women are mainly involved in cultivation, harvesting and processing, control of the income lies in most cases with men who are responsible for the trade (Fairtrade

2013; International Finance Corporation 2016). For instance, 75 per cent of the work in the entire coffee value chain in Ethiopia is done by women - whereas only 43 per cent of this income is earned by those same women (TechnoServe 2018).

#### 2.1.2 Identified combinations of raw materials and countries

The risk analysis was used to determine in which sectors and countries relevant to REWE Group a particularly large number of women are employed and which specific risks they are exposed to. In agriculture, women make up around 43 per cent of the workforce worldwide (The Food and Agriculture Organization of the United Nations 2011). In some processing industries such as the textile and clothing industry, up to 75 per cent of all workers are women - most of them work in developing countries (DAI Europe 2016). Depending on the sector, women are therefore more involved in harvesting or processing. In general, women are present in all supply chains and risks exist everywhere - albeit to different extents. The following illustration shows some sectors and countries in which women are active in the supply chains of selected focus raw materials. In addition, the risks they are particularly affected by are depicted.





\* The proportions and risks in selected sectors and countries/regions are shown as examples. The incomplete data situation allows only rough conclusions.

### III. APPROACH OF REWE GROUP FOR MORE SUSTAINABLE SUPPLY CHAINS

Through a clear strategic commitment and appropriate measures, REWE Group aims at contributing to reduce and avoid social and ecological impacts.

Sustainability is firmly anchored in REWE Group's corporate strategy. For REWE Group, this means: Promoting more sustainable product ranges and ensuring fair treatment of partners and suppliers, acting in an environmentally and climate-conscious manner, assuming responsibility for its employees and taking responsibility for contributing to a sustainable society. The "Green Products" pillar bundles all activities aimed at making purchasing and production processes more sustainable and thus expanding more sustainable product ranges. The activities of REWE Group are broken down into three fields of action:

- People
- Animals
- Environment

REWE Group has developed an approach for responsible supply chains in order to identify, evaluate and process the effects of private label products on people, animals and the environment:

**1. Risk analyses:** REWE Group continuously assesses opportunities and risks in the area of sustainability. On the one hand, these analyses are based on external evaluations of product areas, specific products or raw material supply chains. On the other hand, the assessment and experience of the external NGO expert advisory board for sustainability as well as of other stakeholders such as producers and suppliers and also employees are included.

**2. Derivation of focus topics and goals:** On the basis of the risk analyses conducted, focus raw materials and focus topics as well as goals and measures were defined, which are adapted and scrutinised when new results or findings emerge.

**3. Definition and implementation of measures:** Measures to achieve the goals and work on the focus raw materials and key topics are implemented on three different levels of cooperation.

**3.1. Internal cooperation:** By raising internal awareness, providing trainings, continuously analysing opportunities and risks and formulating strategies and goals, REWE Group continues to integrate sustainable procurement into its purchasing processes with the aim of taking sustainability aspects into account in every supplier and/or product decision.

**3.2 Cooperation within the supply chain:** REWE Group pursues a threestep approach in its cooperation with stakeholders in the supply chain, which includes the definition of requirements, control and development of the latter. Business partners in the supply chains of private labels are obliged to indicate the production sites where the products are manufactured for REWE Group. By raising the contract partners' awareness and holding them accountable, concrete rules are created to implement sustainability throughout the supply chain.

Training courses support suppliers and producers in implementing REWE Group's requirements and continuously improving their performance. In various projects, REWE Group works directly with raw material producers to meet the challenges. In addition, transparency and the integration of sustainability are promoted as part of the supplier evaluation. Work in the supply chain also includes the establishment of effective complaint mechanisms.

**3.3 Cooperation with stakeholders:** In the long term, sustainability along the supply chain can only be achieved through cooperation with all relevant stakeholders. REWE Group is in continuous contact with a large number of stakeholders and is involved in various national and international initiatives, alliances and forums.

Key elements include participation in external events, industry initiatives, partnerships, involvement in the further development of sustainability standards and monitoring of relevant developments at political and regulatory level.

**4. Monitoring and reporting:** The implemented activities are monitored and evaluated. The findings of the monitoring are incorporated into the further development of the measures.

### IV. PRINCIPLES, GOALS AND MEASURES FOR THE PROTECTION AND PROMOTION OF WOMEN

The following sections describe the requirements, measures and goals to address the risks women are exposed to in our supply chains and to promote women in their economic independence and participation. Since women, as described, are present in all of its supply chains, REWE Group pursues a universal approach. This includes general principles for the protection and promotion of women, to which REWE Group is committed and which at the same time are also intended to serve as an orientation for its business partners in the supply chain. As part of this approach, REWE Group continuously reviews existing measures and adapts them if necessary. In addition, new measures and goals are defined, where necessary, to meet the needs of and risks for particularly affected supply chains (i.e. supply chains with a high proportion of female workers and/or with particularly great challenges).

# 4.1 Principles for the protection and promotion of women

REWE Group joined the UN initiative "Women's Empowerment Principles" in 2020 and is committed to the targeted strengthening of women in the company and in society. REWE Group also encourages its suppliers to commit to the seven principles.

### The UN Women's Empowerment Principles

- 1. Establish high-level corporate leadership for gender equality.
- 2. Treat all women and men fairly at work respect and support human rights and non-discrimination.
- 3. Ensure the health, safety and well-being of all women and men workers.
- 4. Promote education, training and professional development for women.
- 5. Implement enterprise development, supply chain and marketing practices that empower women.
- 6. Promote equality through community initiatives and advocacy.
- 7. Measure and publicly report on progress to achieve gender equality.

# 4.2 Goals for the protection and promotion of women

Within the framework of this guideline, REWE Group defines goals that serve to protect and promote women in its supply chains. They are based on the knowledge gained from the risk analysis (see Chapter 2.1). In addition, a fairness dialogue was held in 2020 with various stakeholders from civil society. The aim of the dialogue was to put REWE Group's fairness strategy to the test and to identify further need for action. A working group was established to deal specifically with the question of which measures REWE Group can deploy to support the specific needs of women in their supply chains. The discussion showed once again that a universal approach is needed, as challenges for women exist everywhere in the supply chain. The knowledge gained from the dialogue was also employed in the formulation of the goals and the measures derived therefrom.

REWE Group's goals for the protection and promotion of women are specified below:



**Goal 1: Dialogue and communication:** REWE Group seeks and maintains a dialogue with standard organisations and other stakeholders in order to stand up for the rights and needs of women. It communicates its requirements to its stakeholders and trains relevant employees on the specific risks for and needs of women.

**Goal 2: Social Capacity Building Program:** REWE Group ensures that training contents address the specific needs of and risks for women in the factories.

**Goal 3: Projects:** REWE Group initiates individual projects to strengthen women's rights and promote their economic independence and participation.

# 4.3 Measures for the protection and promotion of women

The measures taken by REWE Group are derived from the above mentioned goals and are described in the following section.

### Dialogue with standards organisations and within the framework of multi-stakeholder partnerships as well as employee awareness-building

REWE Group is increasingly purchasing certified raw materials - e.g. through Fairtrade, Rainforest Alliance/UTZ, Global Organic Textile Standard (GOTS), Cotton Made in Africa, the Roundtable on Sustainable Palm Oil (RSPO), XertifiX and Forest Stewardship Council (FSC®). In addition, all production sites in the first supply chain level from defined risk countries must demonstrate a social audit in accordance with the amfori BSCI or the SA8000 standards as well as SMETA audits. All of these certifications already set requirements regarding equal treatment and protection of women, which are checked in the course of audits. These requirements include, for example, equal pay for men and women for the same work, the prohibition of gender-based discrimination or the provision of appropriate training.

In annual strategy meetings, REWE Group exchanges ideas with the standard setters and other partners. During these talks, possible solutions are discussed and a joint roadmap for future activities is designed to protect and promote women in global supply chains.

### Promotion of women in the banana industry

As a member of the World Banana Forum, REWE Group and other stakeholders in the global banana supply chain contribute to sustainable cultivation, compliance with human rights and the improvement of working conditions. A central component is the support of women in the supply chain. Therefore, the forum founded, for example, a special task force on gender equality. The task force aims at contributing to a better understanding of gender equality and the realities female workers are facing along the global banana supply chain, while ensuring that women representatives of the global banana industry are present and active in all decision-making processes that affect them. By participating in the World Banana Forum, REWE Group supports the goals of the task force.

REWE Group also takes part in consultations with standardsetting organisations with the aim of taking the specific needs of and risks for women into account when formulating the standards.

By participating in multistakeholder initiatives, REWE Group also helps to ensure that women's rights and their implementation are given greater consideration in the discussion and development of sector-wide and cross-sectoral solutions.

Thanks to regular trainings, REWE Group actively contributes to raise internal awareness with regard to the specific needs of and risks for women. The group raises the awareness of the purchasing department and Category Management, for example through regular working groups, and develops joint projects and measures.

#### Address gender-based violence in textile supply chains

The Partnership for More Sustainable Textiles was founded in 2014 by the German Federal Ministry for Economic Cooperation and Development with the aim of improving the social and ecological conditions in global textile production. In order to address the widespread problem of gender-based violence against women, the members of the partnership must carry out a risk analysis as part of mandatory reporting from 2021 and also deal with the sector risk of discrimination, sexual harassment and gender-based violence. As a partnership member, REWE Group wants to actively contribute to the partnership's goal to encounter gender-based violence in its textile supply chains by identifying suitable measures (e.g. the Social Capacity Building Program).

### Social Capacity Building Program

As part of the Social Capacity Building Program, managers of strategic production facilities have to undergo an 18-month modular training programme in the fields of occupational health and safety, complaint mechanisms, wages and working hours, as well as ethical recruitment. The training programme is carried out in factories for both food and non-food goods. In 2020, the training programme was reviewed to assess whether the specific needs of and risks for women were adequately addressed. In the course of this review, further contents were included which focus on raising the awareness of employees and management in order to prevent and encounter gender-based discrimination at the workplace.

### **Projects**

REWE Group already addresses the specific needs of and risks for women in its existing projects, but would like to increasingly assess key performance indicators (KPIs) in the future in order to identify unaddressed needs of and risks for women and to adjust measures where necessary.

In addition, REWE Group will implement new projects in supply chains where a particularly large number of women are employed and where they have to face great challenges. The aim is to enable women to introduce their needs into their organisation and to become more economically independent. This is to be achieved via various activities such as management training and knowledge transfer for women, awareness training for men and women alike as well as support of income generating measures.

REWE Group will communicate these projects and measures to its customers by means of specific products and in so doing, draws attention to the special challenges for women in its supply chains. At the same time, REWE Group aims at pointing out ways as how to face some of these challenges by using best practice examples.

### Promotion and further training of female coffee farmers in Peru

The Fairtrade coffee cooperative Valle de Incahuasi in Peru produces REWE Feine Welt coffee, which is certified according to Fairtrade and organic standards. REWE Group has guaranteed a purchase volume for the coffee which offers coffee farmers stability and greater planning security. The cooperative has 488 members, 84 of which are women. There is a Women's Committee in every community supplying the cooperative that focuses on food security, trainings and measures for earning an income especially for women - for instance through subsidies for vegetables gardens, support of small enterprises or quality assurance training for coffee and basic economic knowledge.

As part of the long-term cooperation, REWE Groups offers further trainings especially for female farmers in order to strengthen participation of women within the decision-making processes of the cooperative ("Women's school of Leadership").



### Improved situation of female coffee farmers in Ivory Coast

As a founding member of the multi-stakeholder initiative Forum Nachhaltiger Kakao (German Initiative on Sustainable Cocoa), REWE Group supports the PRO-PLANTEURS project together with other enterprises, which is implemented in cooperation with the German Government and the Government of Ivory Coast; the project was launched in 2015. The aim is to professionalise 30,000 female coffee farmers as well as their producer organisations within the next few years in order to attain an increase in income and to improve the life situations of the families.

The project in the eastern and south-eastern regions of Ivory Coast aims at giving women the chance to optimise their own income and thus enhance the nutritional basis for their families. PROPLANTEURS promotes women in activities such as production, processing and marketing of agricultural products. Moreover, PROPLANTEURS has trained 76 women as agricultural advisors in cooperation with the National Nutrition Programme of Ivory Coast.

#### Fairtrade Roses: Long-term Fairtrade Involvement

Long-term Fairtrade involvement(s) and purchase relations promote women in our supply chain. As the first food retailer in Germany, REWE Group offered Fairtrade roses from East Africa at REWE and PENNY stores in 2007. The major part of the roses with the PRO PLANET label come from Kenya. Fertilisers often have an impact on the health of female workers and the environment. Therefore, PRO PLANET roses come exclusively from Fairtrade flower farms. With the Fairtrade label the producers are committed to reduce the use of chemicals and to fairly pay the workers.

### V. REPORTING AND COMMUNICATION

REWE Group is convinced that transparency and the provision of comprehensive information are key components of its due diligence obligations in the area of human rights. Through its Declaration of Principles, REWE Group shows a clear commitment to the protection of human rights and continues to actively promote their respect and compliance.

REWE Group reports regularly and publicly on the progress of and obstacles in the implementation of the measures and the attainment of the envisaged goals. This is done in the form of press releases via REWE Group's website or the Group's sustainability report.



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**Phone:** +49 221 149-1791

The dialogue on Women in the Supply Chain is of great importance to us. Please contact us with suggestions and questions at: nachhaltigkeit@rewe-group.com

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