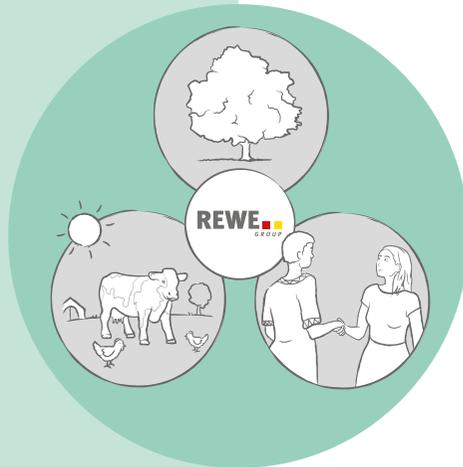


CORPORATE DUE DILIGENCE  
IN THE SUPPLY CHAIN

# SUPPLIER CODE OF CONDUCT



# I. INTRODUCTION

## 1.1 Context

As an international leading trade and tourism group, REWE Group is aware of its special role as an intermediary between producers and consumers.

REWE Group's Code of Conduct for compliance with corporate due diligence in the supply chain (abbr: CoC) defines the non-negotiable minimum standards that suppliers must comply with in business transactions with the REWE Group. REWE-ZENTRALFINANZ eG (hereinafter referred to as: "RZF") based in Cologne and all companies in which RZF has a direct or indirect share of at least 50 per cent are deemed to be companies of REWE Group within the meaning of this CoC.

The CoC is based on international standards, such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines of Multinational Enterprises, the Core Convention of the International Labour Organisation (ILO) and the ten principles of the UN Global Compact.

## 1.2 Further development and support

The companies of REWE Group recognise that implementing responsible production and compliance with corporate due diligence are dynamic processes. With this in mind, the CoC outlines the minimum requirements for the companies of REWE Group. The latter continuously endeavour to exceed these minimum requirements and to develop them further; they also expect this from their suppliers.

The companies of REWE Group shall support their suppliers in implementing the requirements by providing assistance, information and training and by maintaining an open dialogue.

## 1.3 Reporting violations

The supplier is obliged to report any suspected violations of the CoC. The notification must be made in compliance with the legitimate interests of the

suppliers or its subcontractors as well as in consideration of the rights of its employees, notably data privacy and the protection of trade secrets.

Violations can be reported to [social-compliance@rewe-group.com](mailto:social-compliance@rewe-group.com).

# II. CORPORATE DUE DILIGENCE

## 2.1 Risk management, management systems and training

The supplier is obliged to identify, analyse and prioritise its impacts relating to human rights and the environment and to determine appropriate measures to mitigate or remediate these impacts. In doing so, the interests of the right holders should be taken into account, notably those of vulnerable groups, such as children, women, indigenous communities, smallholders and migrants.

The supplier is obliged to provide the necessary staffing capacities and to develop and implement the management systems, processes and guidelines to establish and monitor the requirements described herein in its facilities. This also includes carrying out training to inform employees about the content of this CoC.

The supplier is obliged to share the requirements of the CoC with its employees and subcontractors, if applicable, and to stipulate suitable contractual regulations, to support implementation and to carefully check compliance. This requires close and constant communication and cooperation.

The supplier must be able to prove the origin of all of its agricultural raw materials (at least the country of origin). REWE reserves the right to request the supplier to provide a complete representation of the supply chain (supply chain mapping) through to the source at a specific point in time to facilitate the assessment of the implementation of this CoC in relation to the upstream supply chain.

The companies of REWE Group are entitled to request the necessary data and information from the supplier for implementing this CoC and for ensuring their own due diligence at any time.

## 2.2 Developing grievance and remediation mechanisms

The supplier is obliged to establish mechanisms to prevent, identify, limit and remediate harm to employees, which notably fulfil the following criteria:

- easily accessible, trustworthy and fair grievance mechanisms,
- information for all employees regarding the existence of grievance mechanisms,
- transparent process for dealing with grievances,
- the possibility of anonymous complaints from employees,
- involvement of employee representatives, if necessary,
- written documentation of the grievance and the solution and
- no sanctioning of employees because they have filed a grievance.

If the supplier determines that requirements from the CoC have been violated in its area of business or its supply chain, it shall immediately take remedial action.

## 2.3 Audits

The companies of REWE Group are entitled to check whether the supplier is complying with the requirements of this CoC at all times. For this purpose, employees of REWE Group companies and third parties commissioned by them are entitled to audit the supplier's premises and operating facilities during usual business hours, to check the measures taken by the supplier to comply with this CoC, to inspect all relevant documents of the supplier, and to speak to employees of the supplier on and off the supplier's premises in this regard.

The supplier must also stipulate this right in favour of REWE Group companies in its contracts with sub-suppliers and to ensure that these, in turn, stipulate this right in contracts with their sub-suppliers, so that the companies of REWE Group are entitled to carry out audits throughout the entire production chain.

# III. HUMAN RIGHTS AND WORKING CONDITIONS

## 3.1 Employment law

All employees must be informed of their rights and conditions, such as remuneration, working time regulations and leave entitlements, in a comprehensible way and have written employment contracts as far as this is stipulated in national regulations and laws.

## 3.2 Freedom of association and collective bargaining

The supplier shall respect the right of its employees to form and join trade unions in a free and democratic way as well as to engage in collective bargaining.

The supplier is generally not allowed to deny employee representatives access to and interaction with employees.

Suppliers operating in countries in which trade union activity is unlawful or free and democratic trade union activity is not permitted shall respect the right to freedom of association and collective bargaining by allowing employees to freely elect their own representatives with whom the company can engage in a dialogue regarding workplace issues.

## 3.3 Non-discrimination

The supplier shall refrain from and prevent any form of employee discrimination. Notably, no one shall be discriminated against due to colour, gender, age, religion or ideology, social background, disability, ethnic origin, nationality, membership in employee organisations, political membership or orientation or sexual identity. In particular, this applies to the recruitment of employees, their further training, promotion and remuneration.

### 3.4 Remuneration and social benefits

The supplier shall be obliged to remunerate its employees at least in accordance with the statutory minimum wage or, if higher, on the basis of industry standards approved in collective bargaining.

The supplier shall respect the right of its employees to appropriate remuneration, sufficient to enable them and their families to live in dignity, and shall grant them any statutory social benefits.

Remuneration must be paid on time, regularly and in full in a legal currency. Deductions are only permitted under the conditions prescribed by law or those established through collective agreements. Wage deductions as a disciplinary measure are not permitted.

### 3.5 Working hours

The supplier shall undertake to comply with the statutory working time regulations, including overtime, breaks, rest and leave periods as well as paid sick days and parental leave.

Overtime work must be voluntary or regulated by contract or collective agreement and must be remunerated at a higher rate than regular working hours.

### 3.6 Prohibition of child labour

The supplier shall neither directly nor indirectly employ children under the age of 15 or children who have not reached the legal age for the completion of compulsory education unless the exemptions recognised by the ILO apply.

As part of its recruitment process, the supplier shall establish reliable mechanisms for determining age, which shall under no circumstances lead to the degrading or undignified treatment of employees.

If the supplier identifies any form of child labour, it must take immediate action to identify and implement measures to ensure the protection of the children in question.

### 3.7 Special protection for young employees

If the supplier employs adolescents, it must ensure that (a) the type of work does not have any negative impact on their safety, health, development or morale; (b) their working hours do not interfere with their participation in vocational training programmes that are recognised by competent bodies.

### 3.8 Prohibition of forced labour

The supplier shall refrain from any form of forced labour, notably that of a physical, psychological or financial nature. The supplier shall grant its employees the right to terminate their employment contract in compliance with the contractually agreed or statutory notice period. Withholding identification documents from employees is prohibited.

The supplier shall ensure that employees, in particular migrant workers and migrants, do not have to make any unlawful payments or deposits to get their jobs. If legitimate payments for employment agencies are incurred, these shall be paid for by the supplier.

The supplier shall exercise particular care when assigning employment agencies, both directly and indirectly. Only legal and responsible employment agencies may be appointed. If possible, the supplier shall refer to certified employment agencies.

### 3.9 Respectful treatment of employees

The supplier shall ensure that employees are not subjected to inhuman or degrading treatment, physical punishment, sexual harassment, abuse, psychological or physical coercion and/or verbal abuse at the workplace.

Permitted disciplinary measures under labour law must generally be recorded and – as far as possible – verbally explained to employees in clear and comprehensible words.

### 3.10 Occupational health and safety

The supplier shall appoint a responsible manager or senior employee to introduce and comply with health and safety standards at the workplace and shall ensure that systems are in place to identify, assess, avoid and combat potential hazards for the health and safety of employees. It shall take effective measures to prevent potential accidents, injuries and illnesses to employees in relation to their work.

The supplier shall ensure a safe and healthy working environment. Minimum requirements include providing drinking water, adequate lighting, temperature control and ventilation, adequate bathroom facilities and personal protective equipment as well as appropriately equipped workplaces and occupational health care and related facilities. Moreover, business premises must be built and maintained in line with the standards set out in applicable laws and regulations.

Where accommodation is provided, this must be clean and safe and meet the basic needs of employees.

The supplier shall respect the right of employees to leave the business premises in dangerous situations without having to ask for permission.

All employees must receive regular training on health, safety and emergencies at the workplace. Any training must be documented.

### 3.11 Rights of local communities

The supplier shall respect any applicable local, national, international and traditional land, water and resources rights, especially those of indigenous communities. In the event legally permitted land use changes are made, or water or resources of local communities are used or affected, the supplier must obtain the free, prior and informed consent of the communities in question and document this process. Unlawful forced evictions are not permitted.

## III. ENVIRONMENTAL PROTECTION AND ANIMAL WELFARE

### 4.1 Consumption of resources, avoidance of environmental pollution

The supplier shall limit the environmental impact of its business activities to a minimum and actively implement measures to promote environmental protection. The companies of REWE Group expect suppliers to recognise and comply with all applicable local and internationally recognised environmental standards and laws.

The supplier shall assume its ecological responsibility throughout the entire supply chain and do so with regard to both products and packaging. This involves avoiding and continuously minimising the environmental impacts caused by consuming resources and energy, emissions of greenhouse gases and air pollutants, discharges into soil and water and waste generation, as well as preserving biodiversity and encouraging a circular economy.

### 4.2 Environmental permits

The supplier must ensure that all required environmental permits and approvals are obtained, kept up to date and complied with in order to meet the statutory requirements at all times.

### 4.3 Climate protection

The supplier is required to reduce its carbon footprint to contribute to achieving the targets agreed within the framework of the Paris Climate Conference, notably the 1.5-degree scenario, which was presented by the IPCC in November 2018. It is required to find economic solutions to improve energy efficiency and to minimise energy consumption and greenhouse gas emissions. The aim should be to deploy avoidance and reduction strategies<sup>2</sup> that are in line with the requirements of the Science Based Target Initiative to reduce greenhouse gas emissions as far as possible and only then to compensate for residual emissions.

<sup>2</sup> <https://sciencebasedtargets.org/>

The strategies focus on the continuous improvement of the ecological performance and activities to fight climate change. Protecting forests and biodiversity play a crucial role in reducing climate change. The companies of REWE Group expect their suppliers to contribute to net-zero deforestation. The supplier is requested to ensure that no clearing of primary forests and other high conservation value (HCV) areas takes place within the supply chain and that cultivation on land cleared after July 2008 is prohibited. Legal deforestation must be compensated for through reforestation.

#### 4.4 Dangerous substances and product safety

The supplier must label hazardous materials, chemicals and substances and ensure their safe handling, movement, storage, recycling and disposal. All applicable laws and regulations relating to hazardous materials, chemicals and substances must be strictly adhered to. The supplier is obliged to comply with substance restrictions and product safety requirements that are stipulated by applicable laws and regulations. The supplier must ensure that key employees are aware of product safety practices and have been trained accordingly.

#### 4.5 Animal welfare

The supplier is obliged to fully comply with the applicable national laws for animal protection and welfare in its respective supply chain.

Furthermore, it is required to adapt any farming and management systems of livestock from birth until slaughter to the needs of the animals as best as possible and to meet the (behavioural) physiological requirements of the respective species.

In doing so, it should be ensured that animals are not subjected to pain, suffering or harm during transport, anaesthetisation or slaughter. Especially during transport, the supplier is required to ensure the shortest live transport possible along the supply chain.

The supplier is required to proactively develop and promote solutions for more animal welfare along the supply chain.

#### 4.6 More eco-friendly packing

The supplier is required to use “more eco-friendly packaging”. It is important to avoid and reduce packaging wherever possible or to minimise the environmental impact of the packaging. These principles must be applied in the order of priority indicated here – the most eco-friendly packaging is that which can be avoided completely. Packaging is considered to be more eco-friendly if it is reusable, uses as little material as possible, can be recycled and is made of secondary raw materials, alternative materials or certified paper.

## V. BUSINESS INTEGRITY

The supplier shall ensure that its activities, structure and services are documented in a true, correct and precise manner, and shall disclose these in accordance with applicable regulations and industry standards.

The supplier must conduct its business ethically and without bribery, corruption or any kind of fraudulent business practices and comply at least with the national laws and regulations.

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