

REWE GROUP

# *Policy Statement*

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## I. FOREWORD BY THE REWE GROUP MANAGEMENT BOARD

As a leading international trade and tourism company, REWE Group<sup>1</sup> is aware of its responsibility within the global flow of goods and services. We can only be successful in the long term if the impact of our business activities and those of our suppliers is in compliance with people and the environment. Therefore, our goal is to support human rights and environmental issues and to prevent, minimise and remedy their violations. This commitment applies to our own business operations as well as to our global supply chains. As a cooperative company with a 95-year tradition, a commitment to respect human rights and environmental issues means assuming responsibility for our actions and for the impact of our decisions on people throughout our entire supply and value chain. Values such as solidarity, companionship and sustainability are firmly anchored in our corporate culture. Our core business, trade and tourism, is directly and indirectly connected to the lives of millions of people every day. Therefore, it is important for us to take a clear position and advocate for a society viable for the future.

## II. REWE GROUP’S COMMITMENT TO RESPECT HUMAN RIGHTS

REWE Group aligns its corporate actions with the following internationally valid standards and guidelines in order to underscore the deep anchoring of human rights and environmental issues within its own business area and global supply chains and to make them tangible:

<sup>1</sup> In this Policy Statement, REWE Group means all legal entities of REWE-ZENTRALFINANZ eG.

Universal Declaration of Human Rights of the United Nations (UN)
United Nations Guiding Principles on Business and Human Rights (UNGPR)
Conventions and Recommendations of the International Labour Organization (ILO) on labour and social standards
Principles of the United Nations Global Compact (UNGC)
UN Convention on the Rights of the Child
UN Convention on the Elimination of All Forms of Discrimination against Women
Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; and
Forced Labour Priority Principles of the Consumer Good Forum (CGF)
UN Women's Empowerment Principles
International Covenant on Civil and Political Rights of 16 December 1966
International Covenant on Economic, Social and Cultural Rights of 16 December 1966
Minamata Convention on Mercury of 10 October 2013 (Minamata Convention)
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989 (Basel Convention)

The implementation of the principles laid down therein and the protection of the legal positions emphasised by these conventions are anchored in the daily actions of all employees in many areas of REWE Group. This is also emphasised by REWE Group's approach to implementing human rights due diligence obligations.

REWE Group expects all employees and business partners to comply with applicable laws and regulations as well as internationally recognised human rights and environmental standards. REWE Group expects its own employees

to follow the guidelines set out in this Policy Statement as well as REWE Group's Code of Conduct in all of their daily decisions. REWE Group expects its suppliers to accept and comply with the Supplier Code of Conduct. At the same time, they are requested to pass on this expectation to their own suppliers and business partners. REWE Group provides trainings to support its partners in recognising the need for action with regard to the Code of Conduct and in taking appropriate measures.

### III. REWE GROUP'S APPROACH FOR THE IMPLEMENTATION OF HUMAN RIGHTS DUE DILIGENCE OBLIGATIONS

Within the framework of the various business activities of an internationally active trading and tourism company, people in REWE Group and along its supply chains are exposed to various risks for human rights and environmental violations. A comprehensive and unified management of these risks helps to protect the reputation and credibility of REWE Group but above all to prevent or to minimise any violations of the human rights and environmental issues of potentially affected parties. In this way, REWE Group creates trust among its employees, business partners, suppliers and ultimately among its customers and contributes to fair cooperation.

REWE Group regards the management of risks for environmental violations as a continuous process which is firmly integrated as a regular feature of our operating procedures.

In order to manage risks within the supply chains and in its own business area, REWE Group has implemented a multi-stage process. It is aimed to systematically identify potentially adverse effects of both their own and their suppliers' business operations, and to take remedial action where necessary.

The process as outlined in Chapters 3.1 to 3.5, forms the basis of REWE Group's holistic and continuous risk management with regard to human rights and environmental due diligence.

Extensive analyses of abstract and concrete risks help REWE Group to identify potentially negative impacts on human rights and environmental issues as well as potentially affected parties within its own business area and within the supply chains. REWE Group derives concrete priority risks from the findings and defines corresponding targets to prevent and minimise risks. Following the risk assessment and prioritisation, REWE Group takes appropriate preventive and remedial measures in its own business area and in the supply chains. Where possible, relevant stakeholders are involved and information from the grievance mechanism is used. All conducted activities are reviewed for their effectiveness and continuously developed further. The processes and results are documented accordingly and stored and are included in the annual reporting to the Federal Office of Economics and Export Control in accordance with Section 10 (2) LkSG.

### 3.1 Risk Analysis in Our Own Business Area and in the Supply Chains

REWE Group's human rights and environmental risk analyses are intended to identify and assess the corresponding potential and actual impacts of its own business operations as well as the operations of its suppliers along the entire supply chains.

Therefore, REWE Group continuously examines where particular risks for violations of human rights and environmental issues exist in its own business operations as well as in its supply chains. The risk analysis process that is updated annually and on an ad hoc basis helps REWE Group to identify and assess the relevant human rights issues and those potentially affected. It takes place both for the company's own business activities and for direct suppliers. In addition, this process is carried out on an ad hoc basis for REWE

Group's indirect business relationships. Starting with an abstract consideration of risks, REWE Group identifies in particular industry-, raw material- and country-specific risks in its own business area and in the supply chains, taking vulnerable groups into account. In a second step, those suppliers and companies for which there is an increased risk disposition are examined for priority risks for human and environmental risks as part of a concrete risk analysis. The expertise and experience of the responsible employees, who are in constant contact with the suppliers and civil society organisations, are included.

REWE Group analyses the impacts of its economic activities within its own business area and along the supply chains on human rights and environmental issues. The analyses include all legal positions that are protected by the above listed applicable conventions and laws and to which the Act on Corporate Due Diligence Obligations in Supply Chains explicitly refers. REWE Group identified child and forced labour, income, working hours, discrimination, safeguarding the right to freedom of association as well as occupational health and safety as particularly sensitive areas in its supply chains.

A first analysis using publicly available sources identified the disregard for occupational health and safety and freedom of association, child and forced labour, unequal treatment in employment, the withholding of adequate wages as well as soil, water and air pollution and the export and import of hazardous waste as priority abstract risks in REWE Group's business area. In the context of implementing the requirements arising from the Act on Corporate Due Diligence Obligations in Supply Chains, the previous risk assessment will be expanded. REWE Group will publish deviating priority risks in the next revision of its Policy Statement.

The results of the risk analyses are continuously incorporated into REWE Group's entrepreneurial decision-making processes with regard to internal business strategies as well as supplier selection and management. The risk analysis thereby forms the basis for the identification of appropriate targets, preventive and remedial measures.

## 3.2 Preventive Measures

For several years, REWE Group has been involved in concrete projects and measures to strengthen human rights, improve working conditions and promote fair trade.

The following REWE Group guidelines are important tools to make supply chains more sustainable: They form the binding framework for all employees and business partners and define specific measures and goals:

REWE Group Code of Conduct
REWE Group Code of Conduct for Suppliers
REWE Group Guideline on Fairness
DER Touristik Group Declaration of Principles on Human Rights
DER Touristik Group Sustainability Standards for Suppliers
REWE Group Guideline on Living Wages and Incomes
REWE Group Guideline on Women in the Supply Chain
REWE Group Guideline on the Prevention of Child Labour
REWE Group Guideline on Water Protection in the Supply Chain
REWE Group Guideline on Fish and Seafood
REWE Group Guideline on Coffee
REWE Group Guideline on Cocoa Products
REWE Group Guideline on Juices
REWE Group Guideline on Palm Oil and Palm Kernel Oil Products
REWE Group Guideline on Organic Products
REWE Group Guideline on Soy in Animal Feed
REWE Group Guideline on Tea Products
REWE Group Guideline on Animal Welfare
REWE Group Guideline on Microplastics in Cosmetic Products

REWE Group Guideline on More Sustainable Textiles
REWE Group Guideline on Cocoa Products
REWE Group Guideline on More Eco-Friendly Packaging
REWE Group Guideline on Climate Protection in the Supply Chain
REWE Group Guideline on Circular Economy

The management ensures the compliance with these guidelines as well as the consideration of human rights and environmental issues both in its own business operations and in purchasing decisions. On the basis of the risk analyses conducted, targets and measures are defined at appropriate points, which are adapted and scrutinised when new results or findings emerge. Appropriate measures to achieve the goals and to minimise the priority risks are implemented on three different levels of cooperation:

**Internal Cooperation:** REWE Group creates an understanding of human rights and environmental issues among its employees through guidelines, awareness-raising and training of employees, continuous monitoring of the suitability of goals and measures as well as procurement and purchasing strategies. With the help of a regularly updated catalogue of measures, REWE Group aims to prevent or minimise risks to human rights and environmental issues in every supplier decision. REWE Group plans regular risk-based reviews to ensure compliance with these measures.

**Cooperation within the supply chain:** REWE Group specifically addresses the risks that arise in the supply chain with regard to the fields of action “People” and “Environment” through systematic supply chain management. This is characterised by close cooperation with suppliers and commitment at the level of production sites and raw material production, especially through its local procurement companies. In the field of supply chain management, REWE Group pursues a three-stage approach, which includes the definition of requirements, monitoring and the development of stakeholders. Risks to human rights and environmental issues are already taken into account in the selection of suppliers, with REWE Group attaching particular importance to the purchase of certified products. REWE Group’s goal is to oblige all of its suppliers to comply with the Supplier Code of

Conduct. 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 human rights and environmental issues throughout the supply chain.

Training courses support suppliers and producers in implementing REWE Group's requirements and continuously improving their social and ecological performance. For this purpose, REWE Group cooperates directly with producers of raw material in various projects. In addition, transparency and the integration of aspects of human rights and environmental issues are promoted as part of the supplier evaluation. REWE Group agrees various control mechanisms (e.g. rights to information, audits, certifications) with its suppliers to ensure the implementation of the requirements.

**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. As part of the further development of its human rights strategy, REWE Group examines where the increased involvement of rights-holders and potentially affected parties appears possible and appropriate.

At the same time, REWE Group is aware that compliance with human rights and the implementation of fair working conditions also depend strongly on states taking and implementing effective regulations and measures with regard to human rights and environmental issues in order to fulfil their duty to protect.

### 3.3 Grievance Mechanism

An adequate and effective grievance mechanism is an integral part of REWE Group's human rights strategy. Grievance procedures ensure that people or groups or their representatives who are affected or feel threatened by negative impacts on human rights raise their concerns. In this way, potentially adverse effects can be identified at an early stage and appropriate measures can be taken to put an end to infringements, to avoid them in the future and to take remedial action.

REWE Group has implemented a grievance procedure that allows employees and other potentially affected groups of people to report violations of human rights and environmental issues at any time. The rules of procedure, which are publicly accessible here, describe the reporting process for these topics. All reported indications and reasonable suspicions of possible human rights violations are dealt with as part of a process that is transparent, balanced and predictable for all parties involved. The confidentiality and anonymity of whistleblowers is respected. REWE Group ensures, as far as possible and within its sphere of influence, that whistleblowers are protected from discrimination and punishment in connection with the grievances submitted. Regardless of the channel through which a grievance is received, it is documented and checked for admissibility. Relevant contact persons within REWE Group are informed. The grievance is then investigated – for example through discussions with suppliers, industry initiatives or NGOs, through on-site visits or in the form of interviews with the persons concerned. Based on these results, effective measures are identified, initiated and monitored. The systematic handling of grievances and the knowledge obtained therefrom enable REWE Group to continuously improve its human rights due diligence processes.

In addition, there are already approaches for external “back-up” grievance mechanisms in particularly high-risk areas of its supply chains. These are provided by parties outside the company, for example state institutions, trade unions, multi-stakeholder organisations, associations or other companies in the supply and value chain, and are intended to ensure that affected parties can address their complaints to another body if their own company does not respond. REWE Group is committed to promoting these grievance mechanisms.

In its Supplier Code of Conduct, REWE Group states concrete requirements for the organisation of effective internal grievance mechanisms and obliges business partners to investigate suspicions of a violation of regulations, laws and principles.

### 3.4 Management of Violations

If REWE Group detects that its business activities contribute or are indirectly linked to potential or actual human rights violations, REWE Group endeavours to initiate appropriate remedial measures by the responsible parties. For this purpose, internal processes are being further developed that define the procedures when grievances are uncovered as well as appropriate measures for remedy and reparation in REWE Group's own business area and at indirect and direct suppliers.

If REWE Group has a well-founded suspicion or concrete indication of possible human rights violations in its own business area, it takes immediate action to end the violation or risk.

REWE Group will define measures in the event a human rights-related or environmental legal position has been violated at a business partner. These range from the cessation of the behaviour causing the violation to preventive measures through training and audits to working towards an appropriate remedy and must be implemented by the supplier as a prerequisite for further cooperation with REWE Group. REWE Group reserves the right to contractually oblige its business partners to support the clarification of the facts and to fully cooperate within a reasonable time frame.

Depending on the severity of the violation, REWE Group provides for appropriate responses, ranging from the request for the immediate elimination of the violation to legal action and termination of the business relationship.

### 3.5 Effectiveness Monitoring

REWE Group intends to increasingly monitor the effectiveness of measures in its own business area and within its supply chains as part of an annual and event-based effectiveness review. A central focus is on priority risks and the effects and goals of their measures. Based on the results, the exchange with external experts and stakeholders, suppliers and NGOs, as well as its risk analysis REWE Group aims to continuously improve and develop its human rights management. Within REWE Group, it is also planned to conduct risk-based audits and employee surveys. In addition, REWE Group monitors the effectiveness of trainings.

REWE Group also reviews the efficacy of its existing grievance mechanisms using the effectiveness criteria of the United Nations Guiding Principles on Business and Human Rights once a year and on an ad hoc basis in the event of significant changes in the risk situation or concrete indications of restrictions in grievance management. REWE Group actively cooperates with industry initiatives in order to jointly develop and operate effective grievance procedures.

## IV. RESPONSIBILITIES FOR HUMAN RIGHTS DUE DILIGENCE AT REWE GROUP

The REWE Group Executive Board is ultimately responsible for the implementation of and compliance with the REWE Group Declaration of Principles on Respect for Human Rights. The executives monitor the operational implementation of the declared corporate principles in the sales lines of REWE Group. Regular and ad hoc internal reporting to these bodies on human rights-related results of the continuous risk analysis, information from the grievance mechanisms and information on the effectiveness of remedial and preventive measures ensures informed decision-making. For the monitoring of the risk management system and other tasks, REWE Group has appointed a central human rights officer. Among other things, this officer is responsible for the preparation and conduction of training and audits, the external reporting on human rights due diligence and for the

continuous review and improvement of the management of human rights and environmental due diligence. The operational implementation of the human rights due diligence processes lies within the responsibility of the relevant departments, in particular the central Compliance Department, the Human Resources Department and the Purchasing Department. These are supported by other specialist departments.

## V. OUTLOOK AND REPORTING

REWE Group is aware of the fact that the implementation of human rights due diligence both in its own business operations and in its supply chains is an ongoing process. REWE Group accepts this challenge and regularly reviews its strategic approaches and measures with the aim of continuous improvement. REWE Group provides regular and transparent information on the implementation and strategic developments in its annual sustainability reports and in its publicly accessible human rights report to the Federal Office of Economics and Export Control. The report will be published annually starting in the first quarter of 2024.



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