

GUIDELINE ON

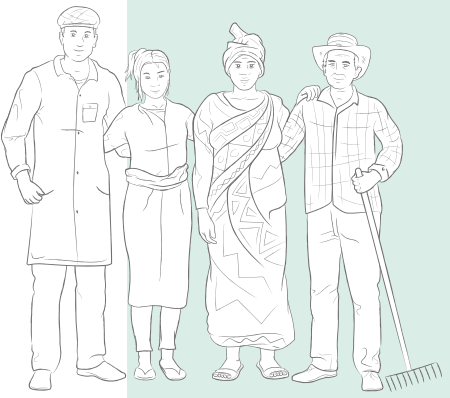
Fairness



For us,
fairness means
respecting and
strengthening human
rights and improving
working conditions as
well as promoting
fair trade.

INHALT

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I. UNDERSTANDING AND SCOPE

REWE Group's customers expect and should be able to trust that REWE Group, as a trade company, is aware of its responsibility in the supply chains of its private labels and addresses the social and ecological effects. In its "Guideline for Sustainable Business Practices", REWE Group acknowledges this responsibility. The values described therein form the foundation for the responsible actions of the company. REWE Group has specified this foundation in the "[Approach for responsible supply chains](#)".

REWE Group strongly believes that the company with its global supply chains can only survive in the long term if direct and indirect employees as well as independent raw material producers benefit from trade. Some of our goods reach us via complex supply chains and the raw materials required are produced all over the world.

Strengthening human rights and ensuring good working conditions along global supply chains is a complex challenge. It requires international framework conditions that involve all stakeholders in a binding manner. The fairer design of supply chains is therefore key to REWE Group.

For REWE Group, fairness means respecting and strengthening human rights and improving working conditions as well as promoting fair trade through a process of human rights due diligence.

The scope of the guideline covers all supply chains for the private labels of REWE Group, which are sold in Germany by REWE, PENNY and toom Baumarkt DIY stores.

The present guideline defines a binding framework for REWE Group's actions and its business relationships with contractual partners in these supply chains. Defined requirements and targets are consistently reviewed, and new measures and targets are agreed as required. In addition, the guideline is updated on the basis of current findings and developments.

REWE Group aligns its actions with the following internationally applicable standards and guidelines:

- the Universal Declaration of Human Rights of the United Nations (UN)
- the United Nations Guiding Principles for Business and Human Rights (UNGPR)
- conventions and recommendations of the International Labour Organisation (ILO) on labour and social standards
- the principles of the United Nations Global Compact (UNGC)
- the UN Convention on the Rights of the Child
- the UN Convention on the Elimination of All Forms of Discrimination Against Women
- the UN Women's Empowerment Principles
- the Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises; and
- the Forced Labour Priority Principles of the Consumer Good Forum (CGF)



II. APPROACH FOR HUMAN RIGHTS DUE DILIGENCE

Our activities and measures to implement our human rights due diligence are structured in four steps.

This management approach enables REWE Group to systematically identify, minimise, prevent and take remedial action against potentially adverse effects of corporate actions on human rights (cf. Fig. 1). It is our declared goal to understand our impact on human rights and to continuously improve our processes and measures in order to prevent negative impacts and eliminate existing problems.

Step 1: Potentially negative impacts on human rights in our supply chains are identified through extensive risk and hot spot analyses (chapter 2.1).

Step 2: The findings obtained in step 1 are used to derive focus topics, areas and raw materials, for which goals are defined (chapter 2.2).

Step 3: By measures such as training of purchasers, implementing fair purchasing practices, establishing clear requirements for suppliers, conducting audits and training as well as promoting complaint and remedial mechanisms, REWE Group aims to minimise the identified risks and prevent or remedy human rights violations (chapter 2.3).

Step 4: The activities carried out are monitored and evaluated. There is a regular exchange with stakeholders. The findings from the monitoring and the exchange are incorporated into the further development of the measures (chapter 2.4).

REWE Group's Approach For Human Rights Due Diligence

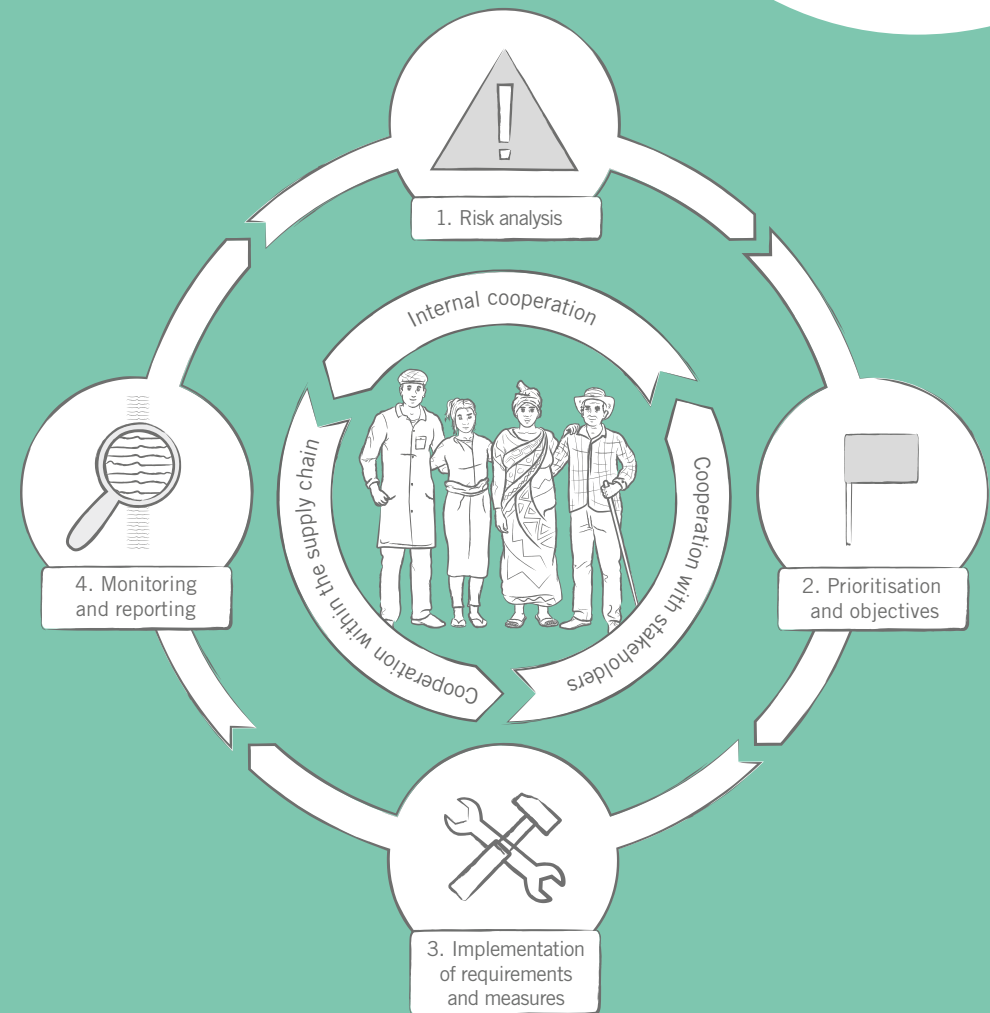


Figure 1: REWE Group's Approach For Human Rights Due Diligence

2.1 Risk Analyses within the Supply Chains

As part of its sustainability strategy process, REWE Group updates its risk assessments annually and records the negative impacts of its business activities in its supply chains.

It analyses the impact of its supply chains on human rights, both across product ranges and on a commodity-specific basis. These analyses include human rights risks such as child labour, forced labour, discrimination, prohibitions of association and a lack of right to collective bargaining, poor occupational safety, overtime as well as no living income.

These assessments are based on risk analyses of product areas, specific products or raw material supply chains prepared by external experts specifically for REWE Group. In addition, the expertise and experience of the responsible employees, who are in constant contact with the suppliers and civil society organisations, are included. The assessment of the external stakeholder advisory board for sustainability is also obtained. REWE Group thus combines quantitative and qualitative data in order to identify and evaluate the risks in its supply chains. It considers factors such as the nature of the human rights impact, the country of manufacture, the sector and the stage in the supply chain. The Group combines these analyses with its purchasing data, prioritises the impacts according to the probability of their occurrence in its supply chains and the severity of the risk, and assesses its ability to influence them.

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 in order to fulfil their duty to protect. If states fail to comply with this responsibility, this may lead to human rights risks in our supply chains. Functioning trade unions also play an important role in enforcing employee rights and living wages. However, their work is still severely restricted in many countries. Therefore, factors such as the World Governance Indicators on government effectiveness or regulatory quality are also part of our risk analyses.

2.2 Prioritisation and Objectives

Based on different risk assessments carried out by REWE Group in the past years, we concentrate on three focus topics, three focus areas within the supply chain and eleven focus raw materials.

REWE Group **focuses** on the following topics:

- Child and forced labour
- Women in the Supply Chain; and
- Promotion of living incomes and wages

REWE Group has drawn up further guidelines on these topics¹, which clarify our approach and our goals.

In the supply chain, REWE Group works on three **focus areas**:

- Cooperation with direct suppliers
- Production sites in risk countries
- Cultivation of focus raw materials

Regarding cultivation, REWE Group is currently concentrating its activities on the eleven **raw materials**: coffee, cocoa, tea, palm oil, fish, fruit and vegetables in general, with a special focus on bananas and pineapples as well as cotton/textiles and natural stone. For these raw materials, REWE Group has published further guidelines¹ and goals.

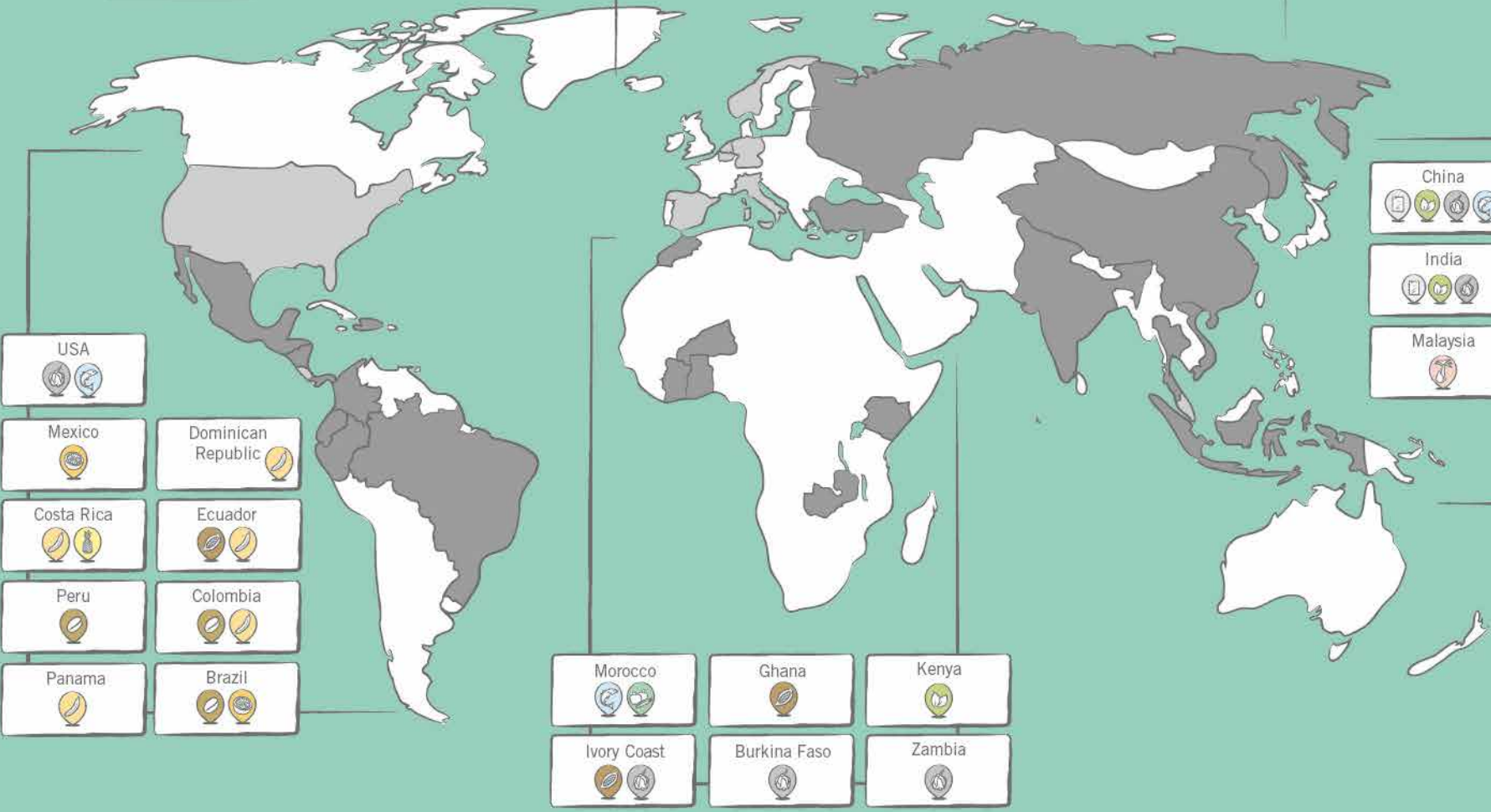
¹ Please find all guidelines here: [Guidelines - REWE Group \(rewe-group.com\)](https://www.rewe-group.com/guidelines)

Main sourcing countries of the focus raw materials of REWE Group

Cotton	Fish	Coffee	Cocoa	Orange juice	
Palm oil	Tea	Fruits and vegetables	Bananas	Pineapples	Natural stone
High-risk countries	Low-risk countries	No primary sourcing countries			

Germany 	Norway 	Turkey 	Russia
the Netherlands 	Spain 	Italy 	Belgium

China 	Thailand
India 	Vietnam
Malaysia 	Indonesia
	Maldives



An increased risk of non-compliance with labour and social standards exists in the **cultivation of raw materials**, as well as at REWE Group's **production sites** in risk countries². This supply chain stage is therefore also the focus of the Group's activities. However, **direct suppliers**, i.e. contractual partners, play a central role in the implementation of human rights due diligence in the supply chain, as well. With regard to direct suppliers and production sites in risk countries, REWE Group has set itself the following goals:

Goal 1: Training programmes for direct suppliers. REWE Group has set itself the goal of having 100 per cent of its strategic suppliers participate in the training programme (Capacity Building) by 2030.

Goal 2: Training programmes at production sites. REWE Group has set itself the goal of including 100 per cent of its strategic production sites in training programmes (Capacity Building) by 2030.

Goal 3: Grievance mechanism. REWE Group has set itself the goal to improve access to grievance mechanisms in relevant supply chains by 2025.



² This risk classification of countries is based on the World Bank's governance indicators and further indices and is updated every year.

2.3 Implementation of measures

2.3.1 Internal Processes, Responsibilities and Training

The implementation and compliance with REWE Group's corporate principles on respect for human rights lies within the responsibility of the REWE Group executive board. The executives monitor the operational implementation in the sales lines of REWE Group.

When implementing human rights due diligence in the supply and value chains, the Corporate Responsibility Departments of the various sales lines and the procurement organisations are of particular importance.

The Sustainability Goods Department is integrated in the Private Label Purchasing Department. The Sustainability and Purchasing departments work closely together and jointly develop new projects, support suppliers and discuss these topics in the industry. In an annual strategy process, REWE Group determines which sustainability issues are to be prioritised. The planned activities are developed together with the Purchasing department and presented to all hierarchical levels of the company until the measures are adopted by the executive board. In this way, all divisions – e.g. the Sustainability department, Purchasing and the responsible executives – likewise commit to the corresponding goals. In 2021, the Management Board of REWE Group confirmed the adoption of the new Code of Conduct, the Guideline on Women in the Supply Chain, the participation in projects on grievance mechanisms and participation in multi-stakeholder initiatives such as PANA0 and INA as strategic decisions.

REWE Far East (RFE) is the sourcing and procurement office responsible for Asia. The Corporate Responsibility Department at RFE oversees compliance with social standards on site and therefore plays an important role in improving working conditions in Asia.

The responsible organisation of its purchasing processes and practices is an integral part of REWE Group's compliance with human rights due diligence. Decisions made have an impact on human rights and working conditions in its supply chains. Ecological and social issues are therefore firmly integrated into REWE Group's procurement processes in order to take sustainability aspects into account in every purchasing decision. Internal guidelines ensure that all employees are informed on and comply with the requirements with regard to responsible purchasing processes. In addition, REWE Group has established an internal information portal that provides access to all requirements and guidelines on responsible purchasing.

Sustainability in the supply chain and in purchasing can only be achieved if human rights, good working conditions and environmental protection are used as decision criteria for products and suppliers in addition to price, quality and delivery performance of a supplier. For the selection of suppliers, it is of major importance to REWE Group how a supplier deals with social and ecological issues. A long-term partnership and business relationship can only be established if a supplier addresses these issues. REWE Group supports long-term partners with training or joint projects.

By providing risk analyses and briefings, REWE Group helps to raise awareness of the issue among the company's employees. To reinforce this, they are regularly trained on relevant topics on labour and social standards.

2.3.2. Cooperation with Partners in the Supply Chain

Many risks for negative impacts on human rights exist deep within the supply chains, in processing, but above all in the cultivation of raw materials. These risks emanate from parties with whom we do not have direct contractual relationships and therefore have less direct influence. REWE Group therefore addresses sustainability risks in a targeted manner by implementing a systematic supply chain management. This is characterised by close cooperation with **suppliers** as well as the commitment at the level of **production sites** and **raw material production**, because the entire supply chain bears responsibility for the implementation of fairer conditions.

Cooperation with direct suppliers

REWE Group attaches great importance to fair, long-term and partnership-based cooperation with suppliers, which is characterised by a high degree of reliability and security, for example in terms of volume purchases and marketing. The requirements stipulated in the Unfair Trading Practices³ regulations are generally and fully implemented in all contracts between REWE Group and its business partners. In addition, ecological and social requirements are an integral part of the binding framework for business relationships with contractual partners in REWE Group's private label supply chains.

In 2021, REWE Group also updated its [Supplier Code of Conduct](#).

The Code of Conduct is an integral part of the contract with the suppliers of private label products and obliges them to comply with their corporate due diligence as well as to observe human rights and good working conditions. All business partners in the supply chains of REWE Group's private labels are obliged to indicate the production sites in which the products are manufactured for REWE Group.

By raising the contractual partners' awareness and holding them accountable, concrete rules are created to reduce human rights risks throughout the supply chain. Compliance with the requirements is verified during the purchasing process.

The suppliers are the interface to the upstream supply chain and therefore play a key role. Strategically important suppliers are trained in workshops and coachings. Together, challenges in the enforcement of human rights and the creation of good working conditions in the upstream supply chain are analysed. Wherever necessary, individual action plans are drawn up in order to better support the upstream supply chain.

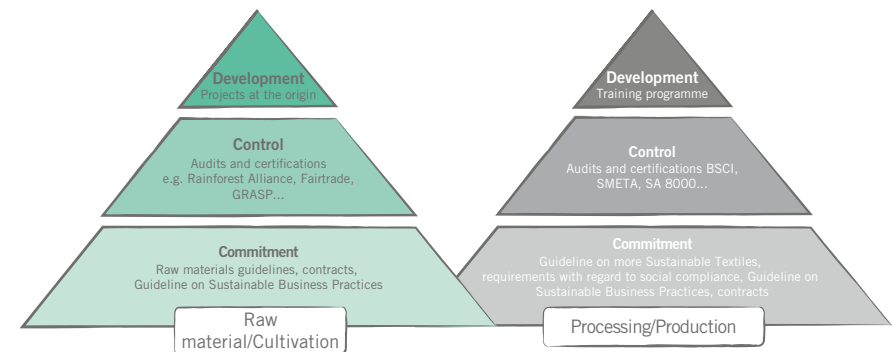


Figure 2: The three stages of cooperation with production sites and in the area of focus raw materials

³ Agricultural Organisations and Supply Chains Act (AgrarOLkG)



In many areas, REWE Group relies on strategic partnerships with its suppliers. For example, REWE Group has binding seasonal plans with its long-standing fruit and vegetable producers, which guarantee the purchase of previously defined quantities and various sizes. There are special product lines, e.g. PENNY Naturgut Bio-Helden that deliberately market sizes smaller than the usual standard or produce with defects in shape or skin, for which the producers often find no buyers. All parties involved are in close exchange and, if necessary, adapt specifications or always look for solutions based on partnership, especially in view of increasing climatic challenges such as frost, drought, rain or heat.

Another important instrument is the **REWE “Local Partnership”**, which was introduced in January 2020. It is a binding Code of Conduct, controlled by the work of an ombudsman, for the direct contractual relationships between REWE and local producers in Germany. With the REWE “Local Partnerships”, REWE Group supports and promotes the protection and preservation of regional and local producer structures, especially in the areas of fruit and vegetables, dairy products, meat and sausage. Direct contractual relationships with farmers and producers are primarily held by the independent merchants under the REWE umbrella with several thousand local partners. The REWE “Local Partnerships” are continuously being expanded in order to strengthen agriculture in Germany. Specially trained category managers responsible for the area of regionality are available to advise smaller companies on issues such as certification, listing processes and requirements.

Training programme for direct suppliers:

In 2020, REWE Group launched a newly designed social improvement coaching for strategically relevant suppliers from the prioritised supply chains for canned fruit and vegetables, vinegar and oils, canned fish, spices and nutrients, as well as non-food items such as textiles, hygiene items or pet food as part of its goal of training 100 per cent of its strategic suppliers by 2030. In this way, the Group aims to encourage suppliers to provide better support for their respective production facilities when it comes to implementing social standards. Following a self-assessment, a virtual workshop series was conducted. The focus was on the development of an action plan to improve social standards. In the subsequent coaching, the suppliers had the opportunity to obtain support from a REWE consultant in the implementation of the action plan.

With social improvement coaching, suppliers learn new tools that enable them to systematically tackle problems in the future. In this way, social standards and working conditions in the production sites can be continuously improved. The coaching also strengthens communication between suppliers and production sites.

Control and further development of production sites in risk countries

In addition, all production sites in the second supply chain stage from defined risk countries² are integrated into REWE Group's Social Improvement Programme. This includes all product groups such as canned fruit and vegetables, vinegar and oil, canned fish, spices and nutrients or non-food items such as textiles, hygiene items or pet food.

If a social audit is not yet available, new suppliers and production plants are informed about REWE Group's requirements and supported in the preparation of the first audit. In a second step, all production sites in high-risk countries will be obliged to present audits of recognised certifications or inspection systems. These audits are carried out – both announced and unannounced – by independent third parties. Recognised social audits include audits according to the amfori BSCI standard or the SA8000 standard as well as SMETA audits according to the Supplier Ethical

Data Exchange. In order to continuously improve labour and social standards, REWE Group documents the audit results. Where the requirements are not met, improvement measures are defined together with the suppliers, and the production sites are requested to attend amfori BSCI training courses. If production sites are unwilling to achieve improvements, REWE Group ultimately reserves the right to preclude these production sites from its supply chain.

Promotion of freedom of association and employee representatives

REWE Group is committed to protect the right to freedom of association and collective bargaining and expects the same from its business partners. This is likewise stipulated in our Supplier Codes of Conduct. Suppliers operating in countries where trade union activity is illegal or where free and democratic trade union activity is not allowed, respect the right to freedom of association and collective bargaining by allowing employees to freely choose their own representatives with whom the company can engage in dialogue on workplace issues.

In the course of its intensive and long-standing involvement in various initiatives, such as [PANAQ](#) or [INA](#), REWE Group relies on the dialogue with all stakeholders and promotes the development of strong and active employee representatives. PANAQ provides the framework for a coordinated approach between the stakeholders involved in Brazil, Germany and the EU; it bundles knowledge and resources and promotes dialogue between all stakeholders. REWE Group is involved in the project development working group and has attended more than 20 meetings in this context.

PANAQ follows the principle that only cooperation at eye level will yield the necessary success and promotes the further development of a dialogue structure, in order to support negotiation processes between employees and employers.

REWE Group has set up the Factory Improvement Training (F.I.T.), a training programme for its strategically important and relevant production sites in all critical product groups, such as canned fruit and vegetables, vinegar and oils, canned fish, spices and nutrients or non-food articles such as textiles, hygiene items or pet food. This intensive programme is individually designed and accompanies these production sites for 18 months. The programme also includes regular employee surveys to directly involve the workers and place them at the centre of the programme. In concrete terms, the producers receive practical and customised support to assess and improve the social working conditions in their factories. They are also encouraged to increase their individual responsibility to such an extent that they are able to implement their own programmes to comply with social standards. In addition, the training module covers the topics of child labour, gender equality and grievance mechanisms.

The Role of Social Audits and “Beyond Auditing”

REWE Group requests audits and certifications to verify compliance with human rights and good working conditions in the defined risk areas of processing (e.g. amfori BSCI, SMETA, SA 8000) and the production of focus raw materials (e.g. Fairtrade, Rainforest Alliance). The Group is aware that audits have many weaknesses and are not suitable to detect all human rights violations on site, especially when it comes to sensitive issues such as forced labour or discrimination. However, good audits play a significant role in complementing risk analyses and are thus an important measure to identify risks across the board and prioritise our subsequent activities. REWE Group pursues a “Beyond audit” approach and has set itself the goal of including all critical and strategically important suppliers and production sites in all food and non-food risk supply chains, such as canned fruit and vegetables, vinegar and oils, canned fish, spices and nutrients or textiles, hygiene items and pet food, in training programmes. It also works with standards organisations to strengthen grievance mechanisms to make the voices of workers and those affected heard more effectively.

Activities within the area of focus raw materials

In order to encourage compliance with binding labour and social standards in the supply chain, REWE Group requests certifications such as Fairtrade or Rainforest Alliance/UTZ. Especially for the identified focus raw materials, the certifications support the implementation of REWE Group's requirements and also ensure transparency in the supply chain. Many of the identified focus raw materials are produced by farmers. Due to lower productivity, they can only invest little and are often threatened by poverty. REWE Group is committed to fair, transparent and sustainable relationships with farmers and acknowledges that they need to participate in value creation in a fair manner. This means, for example, that the costs of sustainable production must also be remunerated. Furthermore, REWE Group is committed to supporting farmers in their supply chains and promoting their prosperity and resilience, e.g. by purchasing certified products and through projects. We have, for example, increased the purchase of Fairtrade certified raw materials in our supply chains. With our projects in the cocoa, coffee and orange juice sectors, we support farmers in achieving a living wage through training, income diversification, the improvement of infrastructures or payment of higher commodity prices.

There are also many challenges in the raw materials sector that cannot be solved by standards alone. For instance, the national governments in the production countries are also important players when it comes to protecting and promoting farmers.

Promotion of living incomes and wages

The promotion of living incomes and wages is a central topic of our work.

REWE Group is a member of the Sustainable Juice Platform and is committed to ensuring that workers in the orange supply chain in Brazil receive a living wage. In addition, REWE Group is a founding member of PANAO. The work of PANAO is based on dialogue with all stakeholders involved in the implementation of decent work and living conditions as well as a living wage. In its own [orange juice project with Fairtrade in Brazil](#), REWE Group is striving to ensure payment of living wages.

In the banana sector, REWE Group has made a commitment within the Initiative for Sustainable Agricultural Supply Chains (INA) to create the framework conditions for living wages and incomes. Essential components of this commitment are responsible procurement practices, support for strong and active employee representatives and the development of monitoring tools along the supply chain for transparent wages.

Insufficient or incorrect calculation of overtime premiums often lead to incorrect wage payment. Therefore, as part of its Factory Improvement Programme, REWE Group supports the HR departments and the management of factories in setting up time recording systems and calculating overtime. The F.I.T. is conducted at all critical and strategically important suppliers and production sites in all food and non-food risk supply chains, e.g. canned fruit and vegetables, vinegar and oils, canned fish, spices and nutrients or textiles, hygiene items and pet food.

A groundbreaking venture is the REWE Group [Very Fair Chocolate Project](#), in which the farmers are already being paid an additional premium for a living income. The cocoa for this private label chocolate bar comes from a pioneering project with the "Fanteakwa" cooperative in Ghana. In addition to the respective Fairtrade premiums and minimum prices, the cocoa farmers receive a monetary surcharge in the form of the so-called Fairtrade Living Income Differential.

With the payment of this surcharge, the Fairtrade Living Income reference price for Ghana is achieved. In the current harvest season, this surcharge calculated by Fairtrade corresponds to around 15 per cent per tonne of cocoa and is an essential component in achieving a living income for cocoa farming families. Together with Fairtrade, we are working on expanding this approach.

In 2021, REWE launched a [project with the women of the coffee cooperative "Ubiriki"](#). REWE guarantees women the purchase of all of their Fairtrade-certified coffee and supports them with measures to promote income diversification, organisational capacity and the improvement of cultivation practices as well as to increase the quality and quantity of their coffee production. The Ubiriki cooperative also participates in a study to determine benchmark values for the living income level and thus the calculation of the "Fairtrade Living Income Reference Prices".

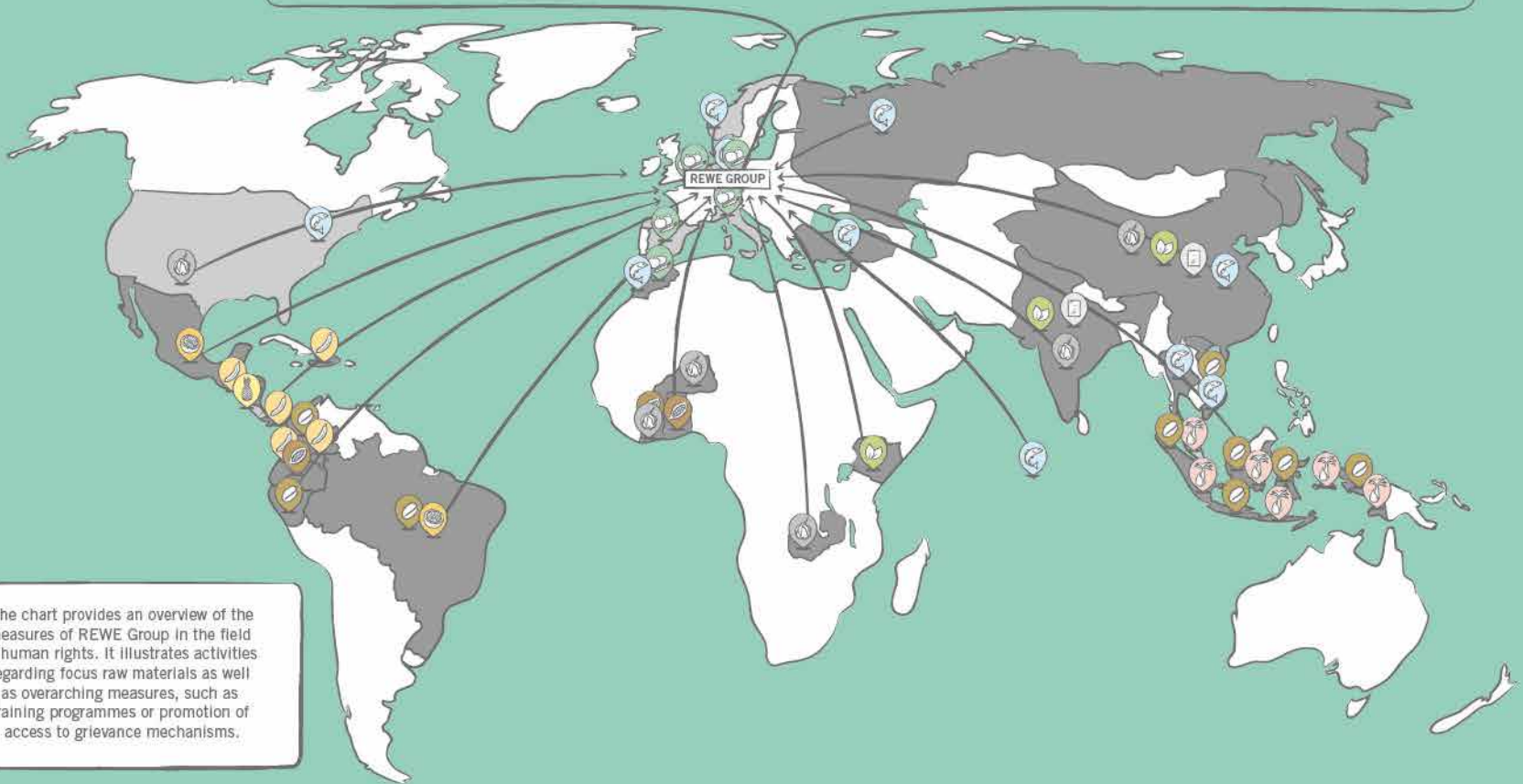
Measures to promote fairer supply chains of REWE Group

Our Focus Topics

- Forced and Child Labour
- Living Wages & Income
- Women in the Supply Chain

Measures in the Supply Chain

- Cooperation with suppliers: Supplier Code of Conduct and Training Programme for Direct Suppliers
- Cooperation with production sites: Audits and Training
- Promotion of Access to Grievance Mechanism



The chart provides an overview of the measures of REWE Group in the field of human rights. It illustrates activities regarding focus raw materials as well as overarching measures, such as training programmes or promotion of access to grievance mechanisms.

Measures Focus Raw Material

<h3>Fruit and vegetables</h3> <p>Objectives: 100 per cent certified pineapple and bananas by 2016 (Rainforest Alliance, Fairtrade, EU Bio), 100 per cent of the fruit- and vegetables suppliers are contractually obliged to comply with the ILO core labour standards and to provide corresponding evidence. Member of the Technical Committee of GLOBALG.A.P. Member of Rainforest Alliance. Standards Committee Member of World Banana Forum Member of IFA working group living income bananas Project Central American Fund</p>	<h3>Cocoa</h3> <p>Guideline Objectives: 100 per cent certified cocoa (Fairtrade, Fairtrade Sourcing Program, Rainforest Alliance / UTZ, Bio), 100 per cent chocolate products as well as instant chocolate milk, chocolate nut spreads and pastries certified by Fairtrade or the Fairtrade cocoa programme since 2020. Founding member of Forum Nachhaltiges Kakao (German Initiative on Sustainable Cocoa) Project for living income in the cocoa sector in Ghana</p>	<h3>Coffee</h3> <p>Guideline Objectives: 100 per cent certified private label products since 2020 (Fairtrade, Rainforest Alliance, UTZ, Bio) Farmer project Incahuasi, project for the promotion of women in Peru</p>	<h3>Tea</h3> <p>Guideline Objectives: 100 per cent certified raw materials among all black and green tea products, 100 per cent certified herbal and fruit tea products with at least 30 per cent certified raw materials (including rooibos tea) by the end of 2025</p>	<h3>Orange juice</h3> <p>Guideline Objectives: 100 per cent certified orange juice since 2020 (Fairtrade, Rainforest Alliance, Bio) Founding member of PANAO Member of the Sustainable Juice Platform Orange juice project in Brazil</p>	<h3>Palm oil</h3> <p>Guideline Objectives: 100 per cent certified palm oil since 2013 (RSPO) Founding member of Forum Nachhaltiges Palmöl (German Initiative on Sustainable Palm Oil)</p>	<h3>Fish</h3> <p>Guideline Objectives: 100 per cent certified private label fish products by 2021 (MSC, GLOBALG.A.P., ASC, Bio)</p>	<h3>Cotton and textiles</h3> <p>Guideline Objectives: 100 per cent cotton textiles made of more sustainable cotton (GOTS, Cotton made in Africa, recycled cotton fibres) until 2025 Member of Cotton Made in Africa (CmiA), Alliance for Sustainable Textiles and Bangladesh Accord on Fire and Building Safety</p>	<h3>Natural stone</h3> <p>Guideline Objective: Continuous extension of the range of certified products</p>
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2.3.3 Grievance mechanisms

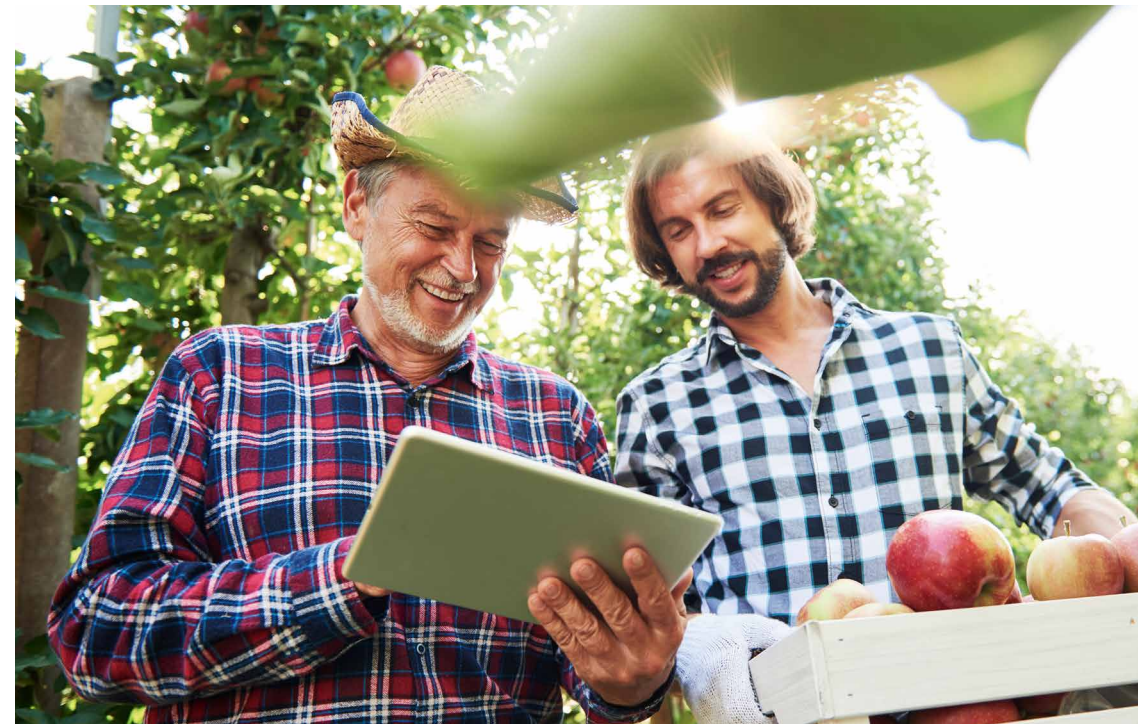
Grievance mechanisms ensure that people or groups (or their representatives) who are affected or feel threatened by negative impacts on human rights raise their concerns. In this way, potentially adverse effects can be identified at an early stage and appropriate measures can be taken to put an end to infringements, to avoid them in the future and to compensate those affected. Effective grievance mechanisms are part of the requirements of the UN Guidelines for Business and Human Rights and should meet a number of criteria: Legitimacy, transparency, predictability, accessibility, rights compatibility, balance. Accessibility is particularly important for a functioning grievance mechanism. Language barriers, fear of retaliation, or lack of trust in the mechanism are among the key hurdles that need to be overcome in building effective grievance mechanisms.

Grievance mechanisms include the receipt of a complaint or notification of maladministration, the handling of the matter and the remediation. For better differentiation, REWE Group distinguishes between corporate grievance mechanisms within companies and external “back-up” mechanisms that are provided by parties outside the company, for example state institutions, trade unions, multi-stakeholder organisations, associations or other companies in the value chain such as business customers. “Back-up” mechanisms are intended to ensure that the affected persons can address their complaints to another body if their own company is not handling the issue adequately.

REWE Group has integrated the promotion of access to effective grievance mechanisms as an integral part of its strategy. In line with the risk analyses, REWE Group has defined a) focus raw materials and b) the production sites in risk countries as relevant supply chain areas. In these supply chain areas, first steps have been taken to implement operational and back-up grievance mechanisms. REWE Group therefore promotes the use and quality of the existing grievance mechanisms by raising awareness and conducting training as well as advocating for the expansion of “back-up” mechanisms. We consider systemically organised back-up mechanisms, often via audit and certification systems, an important lever to promote access to grievance mechanisms in our supply chains. From our point of view, it is not expedient for companies to introduce individual mechanisms in their non-exclusive supply chains. Instead, inter-company approaches must

be pursued, and other stakeholders, such as civil society organisations and trade unions, must be involved.

When setting up grievance mechanisms, it is of central importance to us that women and migrants in particular are provided easier access to and use of the grievance mechanism, e.g. through multilingual, simple and protected contact options. Many audit and certification systems are currently refining their grievance mechanisms. The amfori initiative, for example, has started a pilot project in Vietnam with the aim of testing and gradually rolling out a grievance mechanism for the supply chain. Fairtrade has implemented a WhatsApp channel to facilitate farmers access to the grievance mechanism. But where workers and smallholders are not subject to audits and certifications, there is still an urgent need to develop solutions to improve access to grievance mechanisms. REWE Group will undertake all measures to find solutions here.



Activities of REWE Group to promote grievance mechanisms

- In its Supplier Code of Conduct, REWE Group formulates concrete requirements for the organisation of effective internal grievance mechanisms.
- Within the framework of the REWE Group Factory Improvement Programme (F.I.T., see above), REWE Group supports the establishment of corporate grievance mechanisms in the lower levels of the supply chain because experience to date shows that many production sites still need support in order to establish active, transparent and reliable processes. Together with an experienced service provider, REWE Group is analysing the grievance mechanisms of the factories with regard to their structure and potential hurdles for workers. Particular attention is paid to the accessibility of the grievance mechanisms, e.g. for migrant workers and women. For example, factories are encouraged to provide information in the native language of migrant workers or to specifically appoint female contact persons.
- By actively participating in the amfori project group to establish a supply chain grievance mechanism, we aim to contribute to the establishment of a “back-up” mechanism that will ultimately benefit all production sites audited by amfori around the world.

REWE Group Complaint Process

Business partners must report suspected breaches of regulations, laws and our policies. If external complaints about incidents are received by REWE Group through formal channels such as the whistleblower system, through the standard systems or through other informal channels, we start an internal process for investigating and resolving the complaint which closely involves the complainants.

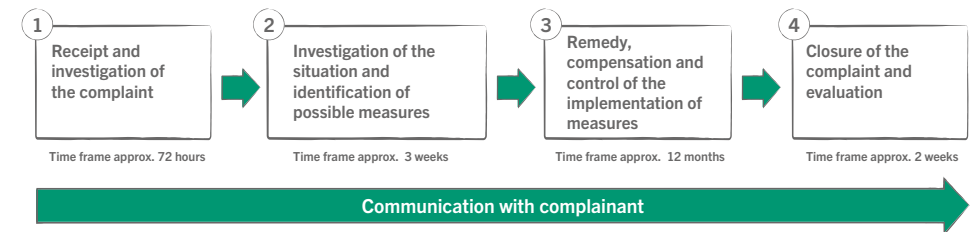


Figure 3: Illustration of grievance mechanism process supply chain REWE Group

1. Receipt and investigation of the complaint

After the complaint is received, it is documented and checked for admissibility. Relevant contact persons within REWE Group are informed

2. Investigation of the situation and identification of possible measures

The complaint 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.

If a complaint concerns the issue of child labour, REWE Group cooperates with the organisation The Center for Child Rights and Business (formerly CCR-CSR) to ensure that remedial action is taken in the best interest of the child (cf. [REWE Group Guideline on the prevention of child labour](#)).

3. Remedy, compensation and control of the implementation of measures

The supplier or production site concerned is obliged to implement the defined measures, for example, the cessation of the criticised behaviour, preventive measures through training or compensation for persons concerned, e.g. by remunerations. REWE Group consistently monitors the implementation of the measures; failure to comply may result in exclusion of the supplier from future orders.

4. Closure of the complaint and evaluation

If remedial measures have been successfully implemented, the complaint will be closed.

In its sustainability report, REWE Group reports annually on the number and type of complaints received.

2.3.4 Cooperation with stakeholders

The challenges of dealing with sustainability risks in the manufacture of private label products are often rooted in global trade structures and are influenced by political and social conditions. Continuous exchange with the relevant stakeholders is therefore an important starting point for identifying the relevant topics and implementing the sustainability strategy. Close involvement and cooperation with the REWE Group Sustainability Advisory Board, which consists of external experts and representatives of non-governmental organisations, is part of the strategy development process. Moreover, REWE Group engages in a number of national and international initiatives that deal with the topics of human rights and working conditions in their respective contexts. A list can be found in the [current Sustainability Report](#). In addition, the company regularly invites visitors to dialogue events.

2.4 Monitoring and regular reporting

After the risk analysis, the prioritisation and the implementation of measures, monitoring and reporting is the fourth step in our human rights due diligence process.

Within the framework of our sustainability strategy process, we annually review our objectives, our focus topics and focus raw materials and the effectiveness of our measures, and work on improvements and further developments. To this end, we also exchange ideas with external experts and stakeholders, suppliers and NGOs. This review has led, for example, to the inclusion of the focus topic “Women in the Supply Chain”. Impact monitoring is also an integral part of every project, as implemented in our cocoa, coffee and orange juice projects or our training programmes for direct suppliers and production sites.

REWE Group reports regularly and publicly on progress in implementing the measures and achieving the targets outlined. This is done in press releases, via the REWE Group website or the sustainability report of the Group. REWE Group is convinced that transparency and the provision of comprehensive information are important components of successful sustainability management.

2.5 Outlook 2022/23

REWE Group is constantly developing with regard to fairness in its supply chains. The following measures will be implemented in the short term:

- **1. Optimisation of internal processes:** REWE Group will continue to optimise its internal processes to ensure compliance with human rights due diligence.
- **2. Enhancement of supplier evaluation:** REWE Group is developing an overarching supplier evaluation that will facilitate prioritising suppliers even more comprehensively with regard to their human rights risks and taking targeted measures to work with suppliers to minimise or eliminate such.
- **3. Analysis of purchasing practices:** REWE Group will assess its purchasing practices with regard to human rights risks and will incorporate the results in its risk analyses.
- **4. Optimisation of risk analysis for raw materials:** REWE Group will continue to optimise its approach of analysing risk raw materials in order to provide a stronger internal orientation.
- **5. Analysis and enhancement of measures:** REWE Group is continuously reviewing the implementation of new measures in order to further minimise or eliminate the risks of infringements of human rights in its supply chains.
- **6. Expanding of training courses** REWE Group is expanding its training concept to raise awareness among employees for human rights due diligence.

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Published by: REWE Group
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The dialogue on the topic of fairness is of great importance to us. Please do not hesitate to contact us with suggestions and questions at: nachhaltigkeit@rewe-group.com

As of: December 2021