

SCHWARZ



Schwarz Group Human Rights Policy Statement

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Basic position

The Schwarz Group, which includes the retail chains Kaufland and Lidl, the environmental services provider PreZero, Schwarz Produktion and Schwarz Dienstleistungen, recognizes its responsibility to respect human rights.

At every stage along our global supply and value-added chains, we strive to respect, promote and protect human rights. Together with our employees, customers, business partners and stakeholders, we work every day to advance human rights – and this is particularly expressed in our commitment to fair business practices and good working and living conditions.

On this basis, the following policy statement is issued on behalf of all companies of the Schwarz Group. It complements existing corporate principles and policies and addresses the impact of our activities at all locations and in all our business operations around the globe.

Human rights due diligence at the Schwarz Group is founded upon our commitment to upholding human rights as established in the following internationally recognized standards and guidelines:

- UN Universal Declaration of Human Rights
- UN Guiding Principles on Business & Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises
- The Ten Principles of the UN Global Compact

Our responsibilities and expectations

The Schwarz Group respects the human rights of its employees and we expect our business partners to do the same. As such, compliance with the highest applicable standard under the laws of the local jurisdiction and the requirements of the ILO core conventions as set out in the Declaration on Fundamental Principles and Rights at Work is essential. The following principles in particular must be respected when defining working conditions:

- compliance with the prohibition on child and forced labor
- equal treatment of all employees and zero tolerance for discrimination
- ensuring health and safety at the workplace
- granting remuneration at least in the amount of the minimum wage guaranteed by law for working hours in accordance with the applicable standards
- protection of personal data
- the right of all employees to establish employee representative bodies and to conduct collective bargaining governing working conditions

These principles are anchored in the codes of conduct adopted by each of the Schwarz Group companies and are incorporated into contractual agreements with our business partners.

We regard the respect for human rights as a basic prerequisite for any cooperation.

Ensuring the protection of human rights in global supply chains requires a long-term commitment and a measured approach. Our aim is therefore to work together with our partners along the value chain to bring about continuous improvement in this area. We realize that we will not always be able to fully achieve all of the goals we set.

Our approach for implementing human rights due diligence

Identifying the risks, assessing the potential impacts and developing effective countermeasures is an ever-present challenge in implementing human rights due diligence.

Risk assessment and action

The companies of the Schwarz Group conduct risk assessments as part of their business operations. This involves a company-specific, risk-based classification of business partners and products, for instance based on the analysis of recognized indices and studies regarding the risk assessment for countries of origin, raw materials and products and – in some cases – in consultation with civil society organizations and experts. The findings of these risk assessments are used to develop specific measures to avoid or mitigate adverse impacts caused by our business activities. In this respect, the Schwarz Group employs a combination of different measures and integrates the findings from its activities into its business processes

To adequately protect the human rights of our employees, the Schwarz Group has established the necessary processes in its corporate principles, policies and procedures. The Schwarz Group regularly conducts anonymous employee surveys in order to identify potential shortcomings early and respond accordingly. Employees are also provided unrestricted access to internal counselors and fair and transparent grievance mechanisms.

Within our sphere of control with our business partners, we systematically focus on identifying actual violations, followed up by mutual cooperation for improvement. In our non-food supply chains, for example, we have long implemented measures to monitor and develop production facilities.

The risk assessments by the Schwarz Group companies have identified a common major risk factor in the area of raw materials. The Schwarz Group therefore sets concrete goals for raw materials with high human rights risks and works continuously to implement measures. These activities include product- and raw materials-related certifications, for example, and in this regard we also participate in evolving standards and funding projects.

We believe that overcoming human rights challenges in our global value chains is an ongoing task that requires systemic changes in addition to our company-specific activities. One key element for us is therefore to engage with civil society organizations, experts and other businesses – often in the form of multi-stakeholder partnerships – in the aim of achieving improvements and solving complex social issues in a collaborative effort.

We are constantly reviewing the efficacy of our measures. Maintaining regular dialog with civil society organizations helps us assess the effectiveness of our measures.

Grievance mechanism and access to remedy

Access to grievance mechanisms plays an important role for those affected by or witness to potential human rights violations. The Schwarz Group has online reporting systems for the confidential reporting of suspected compliance and human rights violations. The online systems are in many cases available in more than 25 languages and are generally accessible to every affected individual, ensuring that grievances will be handled confidentially and fairly. The companies of the Schwarz Group are also engaged in a variety of multi-stakeholder initiatives to promote the effectiveness of reporting systems as a whole and across sectors.

Key findings from grievances are used to further develop the mechanisms and identify risks. If adverse impacts are in fact identified that the Schwarz Group caused or contributed to, we endeavor to enable remediation and use our influence to ensure that those affected receive appropriate remediation.

Reporting

Transparent communication on human rights challenges is a core element of human rights due diligence. We report regularly on key human rights risks, the actions taken and the progress made, as well as on continuing challenges.

Responsibilities

The chairmen of the Schwarz Group companies bear collective responsibility for human rights due diligence.

Responsibility for implementing human rights due diligence lies with the head of the respective functional areas of the companies of the Schwarz Group and is implemented on a task-specific basis.

The Schwarz Group will critically review its position and the implementation thereof on a regular basis and continue to develop it further.

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