



**Policy Statement on corporate due diligence
obligations in supply chains**



I. Preamble

The Tengelmann Group, with Tengelmann Warenhandelsgesellschaft KG ("TW") as its parent company, is active nationally and internationally with over 70,000 employees in various business areas such as real estate, retail and venture capital.

As a family-owned company with more than 155 years of tradition, TW has always been aware of its responsibility not only towards its own employees, but also towards society and the environment. The business activities of individual TW business areas, particularly in the retail sector, can have a negative impact on the environment and human rights. In order to continue to live up to our resulting responsibility in, we at TW are committed to the human rights strategy set out in this policy statement.

This Policy Statement (pursuant to Section 6 (2) LkSG) applies to TW's own business area, including affiliated companies on which TW exercises a decisive influence within the meaning of the "*Lieferkettensorgfaltspflichtengesetz*" ("LkSG"), the German Act on Corporate Due Diligence Obligations in Supply Chains (such companies are hereinafter referred to as "Group companies"). These are, for example, Tengelmann Audit GmbH, Tengelmann Energie GmbH, Trei Real Estate Deutschland GmbH & Co. KG and other companies. We also consider the operating subgroup KiK with the parent company KiK Textilien und Non-Food GmbH ("KiK") to be such a Group company. However, KiK is itself an obligated enterprise under the LkSG and therefore holds a special position compared to the other Group companies. For further information relating to KiK, please refer to KiK's policy statement, which can be accessed here <https://unternehmen.kik.de/verantwortung>.

TW does not exercise a decisive influence within the meaning of the LkSG on the affiliated companies OBI Group Holding Management SE, Olympics Baumarkt Holding GmbH as well as OBI Group Holding SE & Co. KGaA and the OBI subgroup held by this company. These companies and their subsidiaries / sub-subsidiaries are therefore expressly not part of TW's own business area within the meaning of Section 2 (6) sentence 3 LkSG.



II. Basic principles

We strive to integrate and practice human rights and environment-related due diligence in our internal operating structures as well as our supply chains. Our guiding principle in this context in particular is the LkSG and the internationally accepted standards for human rights and environmental protection included therein. In addition to these principles, TW always observes the existing applicable national law. In cases of conflict with national laws, TW's aim is to strengthen the principles of internationally recognized human rights and environmental due diligence without disregarding local national laws. Should local law exceed internationally recognized human rights or environmental protection requirements, the local law shall prevail.

Our operating subgroup KiK observes additional standards and guidelines in its business activities that result from its specific line of business and are therefore not listed in this Policy Statement.

TW has a management system for human rights and environment-related due diligence obligations that takes appropriate account of the nature, scope and risk of the business activities of TW and the Group companies.

III. Main risks

Relating to its own business area TW focuses on the following topics with gross risks:

- Failure to comply with occupational health and safety obligations

Relating to direct suppliers TW focuses on the following topics with gross risks:

- Failure to comply with occupational health and safety obligations / work-related health hazards

Risks in this area only exist at direct suppliers of Trei Real Estate GmbH and reflect the construction sector-specific industry and country risks, which are addressed accordingly.



At KiK, there are the following focal points with gross risks in its own business area:

- Failure to comply with occupational health and safety obligations / work-related health hazards
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Prohibition of unequal treatment in employment
- Prohibition of withholding an adequate living wage

In relation to its suppliers KiK focuses on gross risks in the following areas:

- Failure to comply with occupational health and safety obligations / work-related health hazards
- Destruction of the natural basis of life through environmental pollution
- Disregard of freedom of association - freedom of association & right to collective bargaining
- Prohibition of forced labor and all forms of slavery
- Prohibition of unequal treatment in employment
- Prohibition of child labor
- Prohibition of withholding an adequate living wage

The issues / risks relevant to KiK are addressed in KiK's Human Rights Policy and KiK's Code of Conduct (see <https://unternehmen.kik.de/verantwortung>).

IV. Risk management process

To avoid and minimize risks a risk management process in accordance with the LkSG has been developed. The allocation of responsibilities as well as the individual procedures for complying with the due diligence obligations described in the LkSG are set out and explained in a guideline on the implementation of human rights and environment related due diligence obligations. Responsibility for methods lies with the Human Rights Officer of TW. Responsibility for implementation lies with the management of the respective Group company, which passes on the associated tasks



by appointing a Human Rights Coordinator and Risk Officers for the respective risks and product groups. Information flows from the respective management (via the Human Rights Coordinator of this Group company) to the Human Rights Officer of TW. KiK has a special position in this respect, as KiK is itself an enterprise obligated under the LkSG and maintains its own risk management system adapted to its needs.

1. Risk analysis

As part of the risk management process within the meaning of the LkSG, risk analyses are carried out once a year and on an ad hoc basis to identify human rights and environment related risks in the company's own business area as well as at direct suppliers. The identified risks are systematically weighted, and the prioritized implementation of necessary measures is derived from this.

Risks in the company's own business area are determined by means of a self-assessment by the respective Risk Officers. The assessment and allocation to risk categories is based on the evaluation principles of extent, scope and reversibility as well as the probability of occurrence of the risks.

Suppliers are pre-segmented into risk clusters in advance based on an abstract assessment of their respective country and industry risk as well as the ability of TW or the affected Group companies to influence the supplier. The suppliers are then, as part of a detailed review, assessed in relation to their potential risk. This can be based, e.g. on a self-disclosure questionnaire or audit. If necessary, additional, individual preventive or remedial measures are applied. The risk management process within the meaning of the LkSG also applies to indirect suppliers, provided there is substantiated knowledge of possible violations of human rights or environment-related due diligence obligations regarding those.

2. Preventive measures

If risks are identified in the company's own business area or at direct suppliers, appropriate preventive measures must be taken without undue delay. The composition of the measures to be implemented is based on the respective risk category.



In any case, basic standard measures are implemented regardless of the identified risk category. In TW's own business area, these include the internal publication of the Code of Conduct. With regard to suppliers, the development and implementation of a procurement strategy is implemented as a standard measure.

The identification of a medium risk results in additional measures. An example of this is a detailed supplier self-disclosure for direct suppliers, based on which further measures can be taken if necessary.

A high risk triggers additional measures. In the case of direct suppliers, these usually consist of audits regarding the fulfillment of human rights and environment related due diligence obligations. In addition, other individual measures can be implemented.

To avoid contributing to human rights and environmental violations and risks at direct suppliers, the following LkSG-related requirements are taken into account in the procurement strategy:

- In addition to price and quality, the risk categorization of the respective supplier is also considered in the selection process.
- When entering into a business relationship with suppliers who receive a high-risk rating, the Human Rights Officer must be involved.
- Price and delivery conditions must be designed in such a way that they enable both direct and indirect suppliers to comply with human rights and environment related obligations. This may include, for example, price adjustments in the event of an increase in the minimum wage.

3. Remedial measures

If the actual or imminent occurrence of a risk relevant to the LkSG becomes known, remedial measures are implemented without undue delay. The specific composition of the measures depends on the nature of the (possible) violation.

In the event of a violation in TW's own business area, the measures are determined together with the responsible party and checked for effectiveness. If the remedy is not



successfully achieved, additional measures are implemented until the violation has ended.

By taking remedial measures, the aim is to end violations of the LkSG-related due diligence obligations both at direct suppliers and - in the event of substantiated knowledge - at indirect suppliers. If termination is not possible in the short term, a termination or minimization concept is developed and implemented. Additional measures are defined until the violation has been terminated or at least minimized. The concept should contain an action plan that also includes a plan for implementation. If the concept is not sufficient to end or minimize the violation, an association with other companies is sought to remedy the situation at the respective supplier.

4. Complaints procedure

TW has a complaints procedure that receives and processes complaints. This procedure is freely accessible to everyone and enables persons to report human rights and environment related risks as well as violations of LkSG-related obligations caused by TW or a Group company. Information regarding the complaints procedure, including the rules of procedure, can be found here (tengelmann - Homepage (<https://tengelmann.integrityline.com/frontpage>)).

As an enterprise itself obligated under the LkSG, KiK also has its own complaints procedure, which can be accessed at <https://kik.integrityline.com/frontpage>

5. Effectiveness testing

The effectiveness of the risk management system for compliance with LkSG-related requirements is reviewed once a year and on an ad hoc basis in three lines.

The first line consists of compliance with the four-eyes principle with regard to risk assessment, the preventive and remedial measures as well as the handling of complaints.

The second line consists of a plausibility check of the risk assessment, the preventive and remedial measures as well as the handling of complaints in the respective Group



companies by the Human Rights Coordinator of the relevant Group company. An overall review is then carried out by TW's Human Rights Officer.

The third line is that of Group Internal Audit, which monitors lines 1 and 2 both regularly and irregularly (on an ad hoc basis).

V. Expectations towards employees and suppliers

We expect our employees and suppliers to act in accordance with our basic principles. Among other things, knowledge of the human rights and environment related risks addressed by the LkSG is crucial. It is important to us to internalize these risks and then respect them as guidelines for our daily actions, to make them heard and give them weight despite the relevance of other, particularly business-related, requirements.

We, therefore, anticipate that our employees will participate in compulsory training courses on issues related to human rights and the environment (such as internationally recognized human rights, equal opportunities, prohibition of discrimination, occupational safety, and protection against work-related health hazards), as well as on the pertinent Code of Conduct. They are expected to adhere to legal requirements, human rights, and environmental rights, and ensure compliance within their area of responsibility. Employees should not tolerate any violations of these requirements and rights, but instead, actively assist us in rectifying them and in the development and implementation of preventive measures.

We also expect Human Rights Officers, Human Rights Coordinators, Risk Officers and Complaints Officers in particular to continuously expand their expertise with regard to their duties and responsibilities.

In this context, we expect our suppliers in particular to train their employees with regard to compliance with human and environment related rights, especially with regard to the risks found in our supply chains (such as the prohibition of withholding adequate living wages, prohibition of unequal treatment in employment, prohibition of child labor, disregard for occupational health and safety and work-related health hazards,



disregard of freedom of association and the right to collective bargaining, destruction of natural resources through environmental pollution), where relevant for the respective supplier, provide appropriate training and information on the existing complaints procedures, adequately address compliance with human and environment related rights along their supply chain, and participate in risk analysis, preventive or remedial measures and any inspections by us or commissioned experts with regard to compliance with human and environment related rights in a timely and openminded manner.

With regard to KiK, we refer to their Human Rights Policy as well as KiK's Code of Conduct (see <https://unternehmen.kik.de/verantwortung>).

VI. Documentation and reporting

Conformity with the LkSG and the measures implemented by TW to comply with the LkSG are documented internally. This documentation is kept for at least seven years from its creation. The report required by the LkSG on the fulfillment of due diligence obligations in the previous financial year is provided and published annually by TW.

Munich, May 2024

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