

- Kaufland Code of Conduct for business partners -

Acceptance of environmental and social responsibility is not only the basis of our own day-to-day business - it is also our expectation that our business partners comply with these standards. The Kaufland Code of Conduct defines our expectations towards our business partners and requires them to adhere to minimum social standards as well as to the respective current social and environmental laws.

The Code of Conduct forms the basis for a long-term business relationship with all our suppliers. It is based on international standards and guidelines, such as the principles of the International Labour Organization (ILO), the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the Principles of the UN Global Compact as well as the OECD Guidelines for Multinational Enterprises.

This Code of Conduct shall also apply to subcontractors employed by our business partners, while these subcontractors are involved in the manufacturing of products or providing services to Kaufland.

The following principles are considered the minimum requirements that must be met.

1. Compliance with the law

Compliance with international rules and regulations, laws of the land where the business takes place, minimum industrial standards, conventions of the ILO and UN, as well as all other relevant legal conditions is mandatory. Only the regulation with the stricter requirements shall apply.

2. Discrimination (ILO Conventions 100, 111, 158, 159)

Any form of discrimination or harassment during the hiring process and the employment relationship is not permitted. Equal opportunity and equal treatment must be ensured, regardless of race, colour of the skin, sex, age, physical or mental disability, sexual preferences, family responsibilities, religion, caste, political conviction, nationality, ethnic or national origin, social background, membership in labour organizations, including trade unions, or any other personal characteristic trait.

3. Forced labour and disciplinary measures (ILO Conventions 29, 105)

Forced labour is not permitted. This implies that any employment relationship during which labour is extorted by force or threats, e.g., slavery, debt bondage, serfdom, is prohibited.

Any company or other entity that provides this company with manpower shall not withhold part of the employee's salary, social benefits, or part of the employee's property or documents in order to force him/her to continue work for the company.

Each employee shall have the right to leave his/her place of employment at the end of each normal working day. Each employee shall have the right to terminate his/her employment relationship at any time, provided appropriate notice will be given to the employer.

The employer agrees to treat all employees with respect and dignity. The use of physical punishment, sexual harassment as well as physical assault is prohibited.

Any disciplinary measures, if necessary, must be conducted within the framework of nationally and internationally recognised rights as well as internationally recognized human rights.

4. Child labour (ILO Conventions 79, 138, 142, 182, ILO Recommendation 146)

Child labour is prohibited. The minimum employment age shall not be less than the age at which compulsory school attendance ends; however, under no circumstances shall any employment under the age of 14 or 15 years be permitted, if the national law according to ILO Accord 138 permits such employment. Compliance with the national regulations for the protection of children and adolescent workers is mandatory.

5. Freedom of association and the right for collective bargaining (ILO Conventions 87, 98, 135, ILO Recommendation 143)

All employees have the right to establish or join any association of their choice with the objective of promoting or protecting the employees' interests. The right to collective bargaining must be accepted. If the national law limits the freedom of association and the right for collective bargaining, workers shall be at least permitted to organize independently and freely for the purpose of labour negotiations. Disciplinary measures against workers who exercise their right of freedom of association in a peaceful and lawful manner are not permitted.

6. Working hours and employment contracts (ILO Conventions 1, 14)

Working hours shall be based on the pertinent national laws and industry standards. The working hours specified by the relevant legislative body must not be exceeded. Employees shall not be required to work more than 48 hours on a regular basis, and not more than 60 hours including overtime. This extra work must be voluntary and must be remunerated separately according to national law. Each employee has the right of at least one day off work after 6 consecutive working days.

Within the framework of the respective national law, all business partners must provide their employees with written employment contracts.

In the event of labour leasing, the business partner must ensure that their contractual partners comply with the above-mentioned requirements.

7. Compensation (ILO Conventions 26, 131)

Wages must be paid according to the minimum legal or industrial standards, and shall be paid in full and on a regular basis for all services provided by the employee. Each employee shall receive benefits according to the national law (e.g., insurance contributions, adjustments and/or premium pay for overtime, paid vacation etc.).

Deductions from wages as a punitive measure are prohibited. Wages must be paid in a manner that is suitable for the employee and/or the payment must comply with locally acceptable procedures. The employee shall be informed about the structure of his/her remuneration in an easily comprehensible manner.

8. Health and safety at the workplace (ILO Conventions 155)

The business partner must ensure that the health and safety of employees is not adversely affected by the workplace. Unambiguous rules and procedures must be provided and/or implemented to ensure health and safety in the workplace. All employees shall be regularly informed about and receive training on these health and safety rules and procedures, e.g. safety in the workplace procedures, and on the legal provisions governing health and safety.

The business partner agrees to provide a hygienically safe working environment. This also applies to social facilities and accommodation for employees.

9. Environmental protection

Compliance with all national environmental laws and respective by-laws is mandatory. Furthermore, all business partners are encouraged to avoid or reduce pollution of the environment and to continuously improve the protection of the environment. When handling waste, hazardous chemicals, and other substances, all current procedures and standards must be applied. This also applies to emissions and water pollution control.

10. Corruption

The ethically correct conduct and compliance with relevant national and international laws and standards are the basis for all business relationships. Corruption, bribery and breach of trust, in any form, are prohibited. Company management and employees must conduct themselves in a manner that prevents any personal dependency or liability towards others. All business partners agree to ensure such conduct by applying the relevant company-wide control systems.

11. Implementation of and abidance by the Code of Conduct

Business partners shall agree to implement and comply with the principles defined in the Code of Conduct and ensure their application through suitable and traceable measures. Company management must regularly verify and document such compliance and/or the improvement measures introduced to maintain the principles outlined herein. The required standards must be communicated to all employees in a comprehensible manner so as to ensure they are aware of their rights as stated in the Code of Conduct. Moreover, the business partner must inform his suppliers about the content of the Code of Conduct and request compliance with the requirements and standards therein.

12. Verification of social standards

Upon request by Kaufland, all duly informed business partners shall agree to conduct social audits in their own companies or the relevant production facilities of their subcontractors. Such social audits will be conducted by Kaufland or a third party authorized by Kaufland. As part of the verification, compliance with the principles listed herein and/or their current level of implementation must be documented so that any improvement measures can be mutually determined.

In the event of non-compliance with this Code of Conduct, the business partner in question must initiate appropriate corrective measures. To this end, Kaufland shall provide the business partner with sufficient time and any necessary assistance.