

Policy Statement – Kolibri Beteiligungsgesellschaft mbH & Co. KGaA

Kolibri Beteiligungsgesellschaft mbH & Co. KGaA, headquartered in Kleinmachnow, Brandenburg, is the parent company of a corporate group. The group does business in the following industries and sectors: transport, logistics, wholesale books, retail textiles, skilled trades, technology and electronics. With its international focus, Kolibri Beteiligungsgesellschaft mbH & Co. KGaA is committed to sustainable corporate governance. A key element of its corporate philosophy has always been to link corporate conduct to legal and ethical principles.

As a company we feel we have a binding commitment to live up to the demands associated with this conviction.

The management of Kolibri Beteiligungsgesellschaft mbH & Co. KGaA is responsible for and drives implementation and compliance with this policy statement. We understand entrepreneurial spirit and responsible conduct to encompass not only collective responsibility, but also a duty on the part of every single employee to comply with applicable legal norms and company-specific guidelines in their area of work. To enable this, we ensure that every individual receives the necessary backing and support so they can meet their responsibilities. This ensures that every division and every group company has a clear idea of its own responsibility for respecting human rights and knows how to fulfil that responsibility day-to-day.

Kolibri Beteiligungsgesellschaft mbH & Co. KGaA has adopted the following policy statement to ensure that its group companies meet the requirements of the German Act on Corporate Due Diligence Obligations in Supply Chains (*Gesetz über die unternehmerischen Sorgfaltspflichten in Lieferketten*,¹ hereinafter the "LkSG") without exception:

Human rights strategy

Kolibri Beteiligungsgesellschaft mbH & Co. KGaA's policy statement in accordance with section 6 (2) LkSG is designed to emphasise our social and environmental responsibility within our global supply chains and create a legal framework. It uses the LkSG for context, but also reflects our commitment to socially and environmentally responsible corporate governance.

Our goal is to proactively assess risks and challenges in our supply chain and take suitable measures to mitigate those risks. We aim to ensure a transparent, ethical and sustainable supply chain so we can live up to the expectations of our stakeholders, including our shareholders, suppliers, customers, investors and the public.

This policy statement is strategically significant in that it contributes to minimising risks in our global supply chains, to promoting sustainable practices and to strengthening the trust of our stakeholders. It forms the basis for concrete measures and strategies to improve sustainability and social responsibility in our supply chains.

It is intended for our employees and stakeholders. This policy statement marks the beginning of an ongoing process in which we actively seek feedback and opportunities to work together with our stakeholders to strengthen our sustainability efforts. We reiterate our commitment to implement and comply with the principles and objectives laid down in this policy statement. This policy statement

¹ German Act on Corporate Due Diligence Obligations in Supply Chains dated 16 July 2021 (Federal Law Gazette (BGBl.) I p. 2959)

provides a clear roadmap for continuous improvement in our supply chain practices and highlights our willingness to regularly review and transparently report on our progress and efforts.

Our principles are based in particular on the following internationally recognised declarations, conventions and principles:

- the United Nations Universal Declaration of Human Rights (UDHR);
- the United Nations Guiding Principles on Business and Human Rights (UNGPs);
- the International Labour Organization's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration);
- the Conventions and Recommendations of the International Labour Organization (ILO) relating to labour and social standards;
- the United Nations Convention on the Rights of the Child (CNC);
- the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW);
- the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises;
- the Rio Declaration on Environment and Development, 1992;
- the Paris Agreement, 2015;
- the European Union's European Green Deal, 2019.

Our due diligence processes for human rights and environmental protection

Established due diligence processes have been in place at Kolibri Beteiligungsgesellschaft mbH & Co. KGaA for many years. These processes involve an extensive identification and analysis of the risks our business poses to humans and the environment, followed by the development of targeted measures on the basis of our findings to prevent, put a stop to or minimise the impact of human rights and environmental risks.

When carrying out our due diligence processes, we prioritise the areas that harbour the greatest human rights and environmental risks and in which we think we can have the greatest impact. Kolibri Beteiligungsgesellschaft mbH & Co. KGaA is determined to continually improve its due diligence processes.

Risk analysis

Our risk analysis is an integrated and systematic process that encompasses risk identification, analysis, assessment and prioritisation. We have implemented a structured process to address the challenges in our supply chain and ensure that we meet our obligations under the LkSG. The risk analysis takes into account matters such as the findings of reports prepared by external service providers and the analysis results generated by any software acquired specifically for this purpose. This enables continual monitoring of LkSG-related risks from various perspectives.

Risk identification

Our risk analysis starts with an identification of the various product categories found in our supply chain. We distinguish here between goods not for resale (GNFR) and goods for resale (GFR), and within the GFR category between our own brand and external brands. External brands, for which we are not directly responsible, undergo review and assessment by our suppliers in accordance with our [Code of Conduct for](#)

[Suppliers](#), except where the supplier is already a business covered by the provisions of the LkSG and therefore has a direct obligation to comply with its requirements.

We carry out a detailed analysis for our own-brand products. We take various factors into account for this analysis, including sales, suppliers' share of sales and the results of supplier audits. This risk prioritisation allows us to focus our resources and efforts on critical areas in a targeted way.

Our risk identification process is based on systematic data collection and processing to detect human rights and environmental risks. External data sources help us to determine country risks, product group risks (purchasing) and business-specific risks. Learnings derived from the implementation of measures and the grievance mechanism are progressively incorporated as additional data points.

Risk analysis and prioritisation

Once the risks have been identified, they are assessed against statutory criteria relating to appropriateness, severity and likelihood of occurrence. A detailed risk analysis is carried out where necessary, in which checking measures such as surveys and audits are used in order to identify negative consequences and take suitable remedial action.

Risks are prioritised according to how pronounced they are, our ability to influence them and our contribution to the cause. We focus on risks arising in connection with suppliers of own-brand products.

Country-specific, industry-specific and individual analyses

In addition to our analysis of suppliers, we carry out a comprehensive country and industry analysis. This helps us to better understand the specific risks and opportunities in the procurement markets in which we operate. We follow trends and developments that could affect social and environmental aspects and adjust our strategies accordingly.

The country-specific analysis starts with basic information about the country, including its population and economy. Its legal system, employment and environmental laws and LkSG requirements are examined. The industry-specific analysis considers working conditions, environmental impacts and ethical business practices. The individual analysis assesses the risk of each partner and supplier based on BCSI² Reports or systematic surveys.

Risk analysis reports: implementation in practice

Our risk analysis reports are an important foundation for our decision-making processes and allow us to respond proactively to potential risks. These reports provide a comprehensive overview of the risks and

² amfori Business Social Compliance Initiative (amfori BSCI)

challenges we face in the various fields of business and demonstrate our commitment to ensuring an ethical and sustainable supply chain.

Identified human rights and environmental risks

To date, our risk analysis has identified risks in Bangladesh and China for our subsidiary, Adler Modemärkte GmbH. The identified risks relate to adherence to reasonable working hours. Discrimination and employee integration were identified as less pressing but nevertheless significant risks.

We identified particularly pronounced risks facing our subsidiary, Zeitfracht Medien GmbH, particularly in the electronics sector. The identified risks relate to adherence to reasonable working hours by our suppliers in China.

Preventive measures

Our policy statement on social responsibility and sustainability aims to ensure a transparent and ethical supply chain. We have adopted comprehensive preventive measures to minimise potential risks:

- Continual dialogue

Continual dialogue between companies and suppliers to strengthen the partnership, share information and ensure that common goals are achieved.

- Surveys and self-assessment

A standardised survey system has been developed to record environmental impacts, working conditions, ethical practices and social responsibility. Suppliers are asked to complete these surveys regularly as a means of self-assessment and to identify potential for improvement.

- Documentation and supplier visits

Suppliers take photos and videos of their production facilities and other relevant areas. These records are cross-checked with the information provided and afford an insight into working conditions and production processes. The images and recordings are placed on file and stored in a central system.

Ad hoc site visits are carried out at the premises of suppliers to ensure that the information provided on site is consistent with the images and recordings on file. These visits also allow us to check compliance with international standards.

- Inspection of sustainability certifications

We regularly check the sustainability certifications of our suppliers so that we can guarantee the transparency and authenticity of the information they provide.

- Regular workshops and training

Regular workshops and training sessions are held for suppliers along the supply chain. These training initiatives help suppliers understand and implement the required sustainability standards.

- Grievance management

A grievance management system is in place, which is tailored to the specific needs of the company and efficiently records, processes and resolves grievances.

- Training for grievance managers

Grievance managers receive regular training, both internally and at strategically significant suppliers along the supply chain.

- Training and awareness raising for factory workers

The training sessions on the grievance management system are designed to raise awareness of the grievance procedure and provide workers with the information they need to be able to safely and confidentially express any concerns.

- Continual data sharing

The software used for risk analysis allows valuable data to be generated along the supply chain. Continually updated information can be obtained about where and when certain data was generated or collected. This optimises decision-making processes and improves the efficiency of business processes.

Identification of breaches, remedial action

We have established clear processes to identify breaches and take remedial action.

Employees, suppliers and external partners are encouraged to report potential breaches of our policy statement through our grievance mechanism. If a breach is reported, we immediately open an investigation to assess the severity and consequences of the breach.

We develop specific remedial action based on the findings of the investigation in order to remedy the breach and prevent any repeat of the breach. Implementation of the remedial action is carefully monitored, and regular checks are performed to ensure successful implementation.

Our identification of breaches and the implementation of remedial action are critical steps in ensuring a sustainable supply chain. We are determined to uphold our values and standards in production and procurement and learn from this process to continually improve our practices and procedures.

Grievance mechanism

We have established a clear and easily accessible grievance mechanism that allows all parties involved in our supply chain to report concerns, breaches or problems. These can be reported either through our [online reporting system](#) or our telephone hotline. These reporting channels are clearly communicated in training sessions and fact sheets.

An independent unit is responsible for receiving and investigating grievances. It is external to the operating departments and carries out unbiased investigations. To promote open and honest communication, the anonymity of all persons who report a grievance is assured, and they are protected from reprisal.

Grievances are taken seriously, and we endeavour to respond quickly and appropriately. Cooperation with the parties involved is critical so that suitable action can be taken. Learnings from reported grievances are used to continually improve our practices and procedures.

Our grievance mechanism is an essential tool for ensuring that our supply chain meets our high standards. We encourage everyone involved in our supply chain to use this mechanism to ensure that our values and principles are implemented in every aspect of our business.

Monitoring effectiveness

Monitoring the effectiveness of our measures to enhance social responsibility and sustainability in the supply chain is critical to ensure that the desired results are achieved. We use various tools such as audit and inspection reports, supplier assessments, grievance mechanisms and performance reports to monitor compliance with our standards.

Our sustainability team regularly analyses the collected data using the most up-to-date software and technologies. If standards are not met, we take prompt remedial action ranging from the delivery of additional training through to the implementation of improved processes.

We use what we have learned to adapt and optimise measures and processes. This cyclical approach facilitates constant development and improvement in our supply chain as regards compliance with high social and environmental standards.

Report on the progress made in the areas of human rights and the environment

Every year, Kolibri Beteiligungsgesellschaft mbH & Co. KGaA publishes a report on its website about its progress in the area of human rights and environmental due diligence. We provide detailed information in this report on the significant human rights and environmental risks that have been identified in connection with our business activities in our field of business and along our global value chains. The report also describes in detail the preventive and remedial action taken as part of our due diligence process.

The management of Kolibri Beteiligungsgesellschaft mbH & Co. KGaA also receives regular and situational reports on risk management from the LkSG monitoring body.

This policy statement is subject to ongoing review and revision if necessary. We will publish the latest version of this policy statement on our homepage.