

Declaration of Principle of the OBI Group

The OBI Group, defined as Olympics Baumarkt Holding GmbH, OBI Group Holding Management SE, OBI Group Holding SE & Co. KGaA (“OGH”) and all companies over which OGH can exercise direct or indirect controlling influence, is an international retail enterprise headquartered in Wermelskirchen (Germany) and one of Europe’s leading DIY (do-it-yourself) providers. The companies within the OBI Group are currently based in the following countries: Germany, Austria, Italy, Poland, Switzerland, Slovakia, Slovenia, Czechia, Hungary and China. It also has a representative office in Vietnam.

1. Human rights and environmental expectations of OBI Group managers and employees

A fundamental element of the OBI Group’s activity is observing internationally recognised human rights, which are protected by section 2 subsection 2 of the German Act on Corporate Due Diligence Obligations in Supply Chains (*Gesetz über die unternehmerischen Sorgfaltspflichten zum Schutze der Menschenrechte in Lieferketten*, “LkSG”). This includes

- compliance with the prohibition of child labor,
- compliance with the prohibition of human trafficking, slavery and other forms of forced labor,
- ensuring occupational health and safety,
- respect for the freedom of association,
- the non-discriminatory treatment of employees,
- the provision of appropriate working conditions for employees, including appropriate remuneration and the preservation of employability,
- the prevention of the unfair use of private or public security forces for business purposes,
- the protection of the rights of indigenous peoples and the prohibition of unlawful land grabbing,
- Avoiding the impairment of a healthy livelihood through environmental damage,
- responsible consumption of resources, especially energy, water and natural resources,
- responsible management of emissions to water, air and soil,
- responsible handling of waste, in particular chemicals that are harmful to health and the environment, and storage and disposal of such waste in accordance with the applicable laws and international agreements.

This Declaration of Principle and the [OBI Group Code of Conduct](#) reaffirm the commitment of our managers and employees to comply with the law, to assume social responsibility and to protect the environment and human rights along our supply chain.

We expect our managers and employees to

- be aware of the human and environmental rights that are binding upon the OBI Group in accordance with this Declaration of Principles and participate in the training courses offered by the OBI Group on compliance with human and environmental rights;
- comply with human and environmental rights in their respective areas of responsibility;
- also work towards compliance with these human and environmental rights, e.g. in the form of reports via the OBI Group whistleblower system;
- not accept violations of human and environmental rights in our supply chain, but to confront them and escalate them if necessary;
- actively participate in the ongoing analysis and minimization of possible human rights and environmental risks at the OBI Group and in our supply chain in their respective areas of responsibility.

2. Human rights and environmental expectations of the OBI Group's suppliers

The OBI Group expects all suppliers to demonstrate the same commitment to human rights and environmental laws in their actions. For the OBI Group, observing internationally recognised human rights and protected environmental laws is a fundamental element of all its business relationships. The OBI Group expects all direct and indirect suppliers to comply to the relevant version of the [OBI Group Code of Conduct for Business Partners](#), which applies globally.

We expect our suppliers to

- respect internationally recognized human rights as inalienable fundamental rights of all people in their company,
- intervene to an appropriate extent, taking into account its size and scope for action, if human rights are endangered or violated along their supply chain,
- apply the standards of the OBI Group for the protection of human and environmental rights,
- make the best possible efforts to pass on the commitment to respect human and environmental rights along their supply chain,
- cooperate promptly, openly and actively with the OBI Group or appointed experts in risk analysis measures and inspections with regard to compliance with human and environmental rights,

- train their employees appropriately with regard to compliance with human and environmental rights,
- appropriately identify risks and infringements in its own business area or at its suppliers and take preventive or remedial measures.

3. Risk management and risk analysis

To get a comprehensive, up-to-date picture of any risks to human rights and the environment in the OBI Group and in our supply chain, the risk management system already in place at the OBI Group has been expanded and upgraded with a specific focus on risks associated with human rights and the environment. All areas of the OBI Group affected by the LkSG have been included in the risk analysis and incorporated into LkSG risk management.

A human rights officer has been appointed for the OBI Group, who performs the tasks in accordance with section 4 subsection 3 LkSG and reports directly to the OGH Board of Directors. The OBI Group human rights officer monitors LkSG risk management, which is operationally controlled by an LkSG steering group and implemented by Group-wide LkSG working groups.

Once a year and as needed, the OBI Group conducts risk analyses that make it possible to identify risks relating to human rights and the environment within the OBI Group's area of business and among its direct suppliers. The results of these risk analyses form the basis for designing and implementing appropriate preventative and corrective measures in order to minimise risks and put an end to any infringements.

a) Regular risk analyses in own business area

The annual risk analysis of the OBI Group's own business area is based on evaluating information that is requested and regularly updated in all LkSG-relevant areas of the OBI Group. The basis of this information is formed by surveys that have been developed with the relevant central areas. Findings from the Group-wide complaints process and other risk indicators available internally and publicly are also taken into consideration.

The information obtained has been verified and agreed with the individuals who are responsible for the different areas of risk. Identified risks are assessed according to the criteria of probability of occurrence and severity of the violation. Preventive measures that have already been implemented are taken into account.

Given its underlying circumstances of a low risk profile and preventative measures that are already in place, the OBI Group does not currently consider it necessary to prioritise individual areas of exposure to risks relating to human rights or the environment in its own business area. Nevertheless, the OBI Group

will continue to emphasise prevention in the the future, particularly with regard to ensuring a safe, fair and non-discriminatory work environment.

b) Regular risk analysis for direct suppliers

In the context of the risk analysis conducted for direct suppliers – that is, suppliers that have a direct contractual relationship with the OBI Group – we make a distinction between suppliers of traded goods (i.e. retail and wholesale suppliers that supply products sold in OBI stores) and suppliers of non-traded goods.

The suppliers of retail goods are mainly from Germany and Europe. The goods purchased through the wholesale sector, however, come mainly from suppliers in China. The wholesale trade suppliers supply the OBI Group, particularly with regard to OBI's own brands. In this context, the OBI Group usually acts as the importer and distributor. Due to the associated risk weighting, the wholesale suppliers are the focus of the risk analysis.

The risk analysis in relation to direct suppliers of wholesale goods took place as follows:

- The first step involved identifying those suppliers, among the entire pool of direct suppliers of wholesale goods, with a higher theoretical exposure to risk based on recognised country and industry indices, and with materiality thresholds taken into account. The OBI Group incorporates into the risk analysis all wholesale production facilities located in a country that is considered a risk country according to the amfori Countries' Risk Classification. These production facilities are incorporated regardless of whether they have a direct or only indirect contractual relationship with the OBI Group. By taking this approach, the OBI Group aims to ensure that potential risks are identified, analysed and addressed specifically where they typically occur.
- The second step involves gathering additional information about the identified potential risk suppliers so that specific risks can be determined and evaluated. In this context, the OBI Group benefits from the fact that it has been having the production facilities of all its wholesale suppliers located in risk countries according to the amfori Countries' Risk Classification audited for over 15 years now. They are subjected to external welfare audits – in particular by amfori BSCI (Business Social Compliance Initiative) – to ensure they comply with the applicable BSCI Code of Conduct. The risk analysis is based on these existing, and continually updated, stocks of data and the relevant audits. BSCI, SA8000, ICS and Sedex audits were included in the risk analysis, with BSCI audits accounting for the largest share.
- As part of the specific risk analysis, the OBI Group allocated these amfori BSCI, ICS, SA8000 and Sedex audits to each factory and conducted a comprehensive assessment in order to identify any specific LkSG risks presented by each supplier, area of audit and country, and to evaluate the risks in relation to how likely they are to occur and the severity of the potential damage in particular.

On the basis of specific risk analysis findings, in which risks have mainly been presented in the area of working hours in China, the OBI Group has decided to prioritize this risk area where this is possible given the specific characteristics of the market.

No specific risks have been identified among the other contractual partners included in the risk analysis. In this context, the OBI Group is mainly able to benefit from added value in Germany and other EU countries, where statutory regulations at least manage to reduce risks relating to human rights and the environment to a large extent. In addition to contractual regulations that require the OBI Group to adhere to the laws that apply in each case, the OBI Group monitors these on a random basis, including with the support of external audit firms.

4. Preventive measures

The OBI Group has implemented preventive measures both in its own business operations and with regard to its direct suppliers in order to meet human rights and environmental expectations. The OBI Group reviews the effectiveness of the preventive measures annually and makes adjustments where necessary.

Preventive measures within the OBI Group's own area of business

- Code of Conduct of the OBI Group;
- Compliance training on human and environmental rights;
- Multilingual complaints procedure in which anonymous submissions are also possible;
- Exchange with the OBI Group equal opportunities officers;
- Evaluation of current operational information from the areas of legal, compliance and labor law;
- Regular work on the action plan within the LkSG working groups.

Preventive measures for suppliers

- OBI Group Code of Conduct for Business Partners
- Risk-based implementation of contractual clauses relating to the obligation to comply with the LkSG, in particular contractual information and control mechanisms;
- Ad-hoc analyses, information requests and controls in cases where there are actual indicators pointing to infringements of human rights or environmental laws;
- Conducting social audits of manufacturers in countries with a high indication of risk according to amfori. Transparency in downstream production facilities is essential for onboarding a new wholesale supplier whose goods are shipped from a risk country. In this context, the OBI Group requires the submission of a valid amfori BSCI audit (or comparable audit) with an overall rating of A, B or C ("very good", "good" or "acceptable"). Even in the case of existing suppliers, the OBI Group only

accepts wholesale suppliers with at least an overall rating of C (“acceptable”). Existing suppliers with an overall rating of D or E (“unsatisfactory” or “unacceptable”) must improve to the point where they achieve at least an overall rating of C (“acceptable”) within six months in order to remain listed as an indirect supplier. In these cases, the OBI Group will approach the suppliers in question and provide them with support in implementing improvement measures;

- Establishing a multilingual complaints process that allows anonymous submissions.

5. Complaints process

The OBI Group has an internal complaints procedure in accordance with Sections 8, 9 subsection 1 LkSG to give both employees and all other people the opportunity to point out human rights and environmental risks or violations that have arisen as a result of the OBI Group's economic activities in its own business area or the economic activities of a direct or indirect supplier of the OBI Group. The whistleblower system aims at an international audience and supports the following languages: German, English, Italian, Polish, Slovak, Slovenian, Czech, Hungarian, Chinese (Mandarin), Vietnamese, Spanish, Ukrainian, Turkish and Russian. Whistleblowers may also submit reports anonymously. By setting up a "postbox", it is possible to communicate anonymously with whistleblowers.

The whistleblower system can be accessed at www.bkms-system.com/OBI. The OBI Group promotes the whistleblower system on the OBI Group's websites and on the intranet.

Furthermore, posters at logistics locations and OBI stores provide information about the whistleblower system.

The Board of Directors