



DECLARATION OF PRINCIPLES


ON THE RESPECT FOR HUMAN RIGHTS

January 2024



„The respect of human rights in the value chain is of great importance to us. The decisions we take have an influence on others. Our strong and established cooperation with our partners is the key to our effectiveness for the communities in which we operate.“

Christoph Werner, Chairman of the Management Board



The following policy statement applies to the dm Group. On the one hand, the dm Group is composed of the dm division Germany with dm-drogerie markt GmbH + Co. KG, and its subsidiaries, dmTECH GmbH, Futura GmbH and dm-Vermögensverwaltungsgesellschaft mbH as well as dm-drogerie markt sp. z o.o. in Poland, and on the other hand of the dm division Austria with dm drogerie markt GmbH, which is a subsidiary of dm-drogerie markt GmbH + Co. KG, and the other subsidiaries in the associated countries Slovenia (dm drogerie markt d.o.o.), Slovakia (dm drogerie markt, s.r.o.), Croatia (dm-drogerie markt d.o.o.), Bosnia-Herzegovina (dm drogerie markt d.o.o.), Northern Macedonia (DM DROGERIE MARKT DOOEL), Italy (DM DROGERIE MARKT SRL), Hungary (dm Kft.), Czech Republic (dm drogerie markt s.r.o.), Serbia (dm drogerie markt doo), Romania (dm drogerie markt srl) and Bulgaria (dm Bulgaria EOOD).

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1. Commitment to human rights in our organization and in the supply chain

At dm, we aim for the well-being of people – this is expressed by our endeavor to harmonize economic, ecological, and social responsibility for a future worth living. We also pursue this goal in cooperation with our partners along the value chain. Our focus in honoring our human rights and environmental due diligence obligations is on our private label dm-brands and the brands of our partners.

2. Expectations towards employees and partners

We expect respect for human rights from our own employees as well as from all our partners. As a minimum requirement, the following internationally recognized frameworks apply in particular:

- United Nations Universal Declaration of Human Rights
- UN Guiding Principles on Business and Human Rights
- ILO Core Labor Standards
- MNE Declaration
- Principles of the UN Global Compact
- OECD Guidelines

In the event of contradictions in the laws of the production countries, our goal is to work with our partners to find the best possible ways to comply with internationally recognized human rights

Our expectations towards the manufacturing partners of private label dm-brands are documented in the dm Sustainability Code. These requirements must be complied with.

3. Risk management and due diligence processes

Our comprehensive risk management system documents our human rights and environmental due diligence obligations and ensures their implementation.

This includes annual and ad-hoc risk analyses in our organization and in our supply chain, as well as the definition of preventive actions and remedial measures based on these analyses. Furthermore, a web-based **grievance mechanism** accessible to all employees and other stakeholders has been implemented. A report is submitted to the dm management board annually.

Our human rights and environment-related risk management system defines the principles, processes, responsibilities, measures, as well as control and communication mechanisms. Essential elements of this risk management system, such as risk analyses, are performed in a centralized manner at dm. However, individual measures are then implemented on a decentralized basis where they can be addressed effectively.

4. Implementation of human rights due diligence

Risk analysis and prioritized risks

Our risk analysis is based on a structured process to identify potential risks of human rights violations or environmental damage in our organization, in our deeper supply chain, and at our direct suppliers. The perspective of those potentially affected is crucial.

For this purpose, we draw on both our own data on partners and secondary data, such as statistics and indices from the International Labor Organization (ILO), the UN or relevant NGOs.

In our organization, we evaluate all company sites and consider both structure-, process- and country-related risks. The supply chain risk analysis includes all our direct partners, whether they are suppliers of the private

label dm-brands or other brands, suppliers of other goods or service providers. On one hand, we assess general industry and country specific information and risk factors. On the other hand, we evaluate risk factors including the risks at the location of direct partners as well as risks related to the supplied product groups or delivered services.

In our organization, we focus on a high level of occupational health and safety at all our sites.

In the supply chain, the risk of child and forced labor must be eliminated, especially in Asia and Africa. Priority risks to be avoided also include occupational health and safety and discrimination, particularly at suppliers in Eastern Europe and Asia. With regards to the extraction and processing of so-called high-risk raw materials, cotton, coffee, cocoa, and mica are relevant, but also some raw materials in the product groups of cosmetics and pharmaceuticals.

Measures to prevent human rights violations and environmental damage

Preventive measures are generally based on the results of the risk analysis. Regarding the priority topic of occupational health and safety in our organization, we are particularly committed to the safety and health of our employees: among other things, we develop health reports as needed and promote health and well-being through adequate measures. These measures together with additional elements of our due diligence are evaluated in employee surveys.

To strengthen our human rights and environmental due diligence awareness, we train relevant employees internally through digital learning modules and in-depth training sessions. In addition, we address these topics during strategic meetings and discussions with partners to promote the development of human rights and environmental due diligence.

Regarding the supply chain, establishing long-term partnerships are integral to our sourcing strategy. This is an important preventive measure when selecting the partners who supply our private label dm-brands. We aim at the shortest possible supply chains and prefer raw materials from Germany or Europe. This has positive impacts on the transparency of products and their manufacturing conditions. Furthermore, it improves our opportunities for control and influence.

For all non-European suppliers of our private label dm-brands, we have developed specific requirements as part of our dm Sustainability Code. These are binding commitments to relevant human rights and environmental standards along the supply chain, thus going well beyond the legal requirements. For the purchase of products that contain high-risk raw materials, we have additionally developed raw-material strategies with procurement and certification targets to reduce risks.

On a risk-based approach, we contractually define appropriate control mechanisms with our partners, such as our own ad-hoc factory visits. Together with the relevant partners, we define important measures for improvement. Termination of the cooperation may be considered as a last resort.

In joint meetings with the private label dm-brand suppliers and selected industry partners, we regularly improve and develop our cooperation, also regarding human rights and environmental issues. Together, we regularly investigate the use and necessity of high-risk raw materials (such as palm oil or mica) and work towards environmentally or human rights-friendly alternative materials and sources.

Trough our participation in multi-stakeholder-initiatives, we drive industry solutions and the development of sustainability standards, establishing effective measures.

Remedies and access to grievance procedures

Despite comprehensive due diligence, violations of human rights in our supply chain cannot be ruled out. In these cases, we strive to provide effective, case-by-case remediation in a timely manner.

We actively promote open corporate and employee communication. This is particularly characterized by access to supervisors and works councils at any time and, if necessary, anonymous problem processing by the management board.

In addition, we have developed a web-based, confidential, and anonymous **grievance mechanism** that is available in over 20 languages, which is available to all our stakeholders since 01 January 2023.

Findings from our grievance mechanism are incorporated into risk assessments and feed into the continuous development of our human rights and environmental due diligence processes.

We continuously review the effectiveness of our measures and our grievance mechanism. This includes, for example, the effectiveness of trainings, conducting event-driven audits, and monitoring defined key performance indicators (KPI) to measure the impact of measures.

5. Comprehensive implementation and development of human rights due diligence

At dm, different divisions are responsible for human rights and environmental due diligence. The ultimate responsibility for compliance with human rights and environmental due diligence lies with the dm management board. The company-wide human rights risk management system is monitored by our human rights office.

For us, human rights are a company-wide concern. Therefore, the development and implementation of human rights and environmental due diligence is driven company-wide throughout the entire dm group. Depending on the topic, operational implementation is the responsibility of the respective dm departments in charge of the area and subject matter.

We continuously document our approach to human rights and environmental due diligence internally. Human rights and environmental protection are an integral part of our understanding of sustainable supply chains and of the Sustainability Report, which is regularly communicated on our website. Furthermore, we report on the implementation of human rights and environmental due diligence in accordance with legal requirements.

We understand human rights and environmental due diligence as a continuous process. With this in mind, we regularly review our structures and processes for opportunities for improvement and review the implementation of our human rights and environmental due diligence.

Karlsruhe, 31 January 2024

Christoph Werner
Chairman of the Management Board