

*A guideline for proper handling*

# Compliance Rules of Conduct



## ***Our Compliance Commitment***

## ***Our Corporate Principles***

## ***Our Rules of Conduct***

1. Our actions are not influenced by conflicts of interest or corruption, and we reject corruption and fraud as a means to achieving our goals
2. We protect the personal data of our employees, customers and business partners and process it only on the basis of an authorizing provision or consent under data protection law
3. We respect fair and undistorted competition
4. We ensure the safety and marketability of our merchandise, thereby protecting our customers, particularly against harmful effects on their health
5. We respect company property as well as trade and business secrets
6. We ensure proper accounting and comply with our tax and customs obligations
7. We take all necessary measures to prevent money laundering and the provision of financial resources to business partners within our area of influence against whom sanctions have been imposed
8. We respect human rights
9. We conduct our business in harmony with the environment
10. We also expect responsible and legally compliant conduct on the part of our business partners and parties throughout our entire supply chain

## ***Suspicion, Reporting and Consequences of a Compliance Violation***

## ***Contact***

***Compliance is one of the key prerequisites  
for our Company's lasting success.***

***It is an indispensable part of our  
corporate culture.***

# Our Compliance Commitment

Because of this, the Board of Directors of Lidl Stiftung & Co. KG is clearly and unambiguously committed to the company principle "We comply with applicable laws and internal guidelines".

## ***Why is compliance an indispensable part of our corporate culture?***

For us, acting in compliance with the law is not only a given, it is key to the long-term success of our organization. Specifically, this means that we ensure compliance with the law in all business processes in order to safeguard the business and prevent significant damage to the company. By doing so, we live up to our social responsibility and protect not only our employees but also our customers and business partners.

We achieve this goal by systematically raising awareness within the company of compliance risks and develop the necessary measures. The focus points of our Compliance Management System consist of Anti-Corruption/Anti-Fraud, Data Protection, Antitrust law, as well as Business Partner, Supply Chain, Product, Tax, Accounting and HR-Compliance. We endeavor to ensure that our business partners along the entire supply chain also consistently act in compliance with the law, particularly when it comes to upholding human rights and environmental standards.

Potential compliance violations can be reported via our whistleblowing system. Doing so does not expose the whistleblower to any disadvantages. Every tip is treated with utmost confidentiality and is

investigated. Appropriate disciplinary measures are imposed in response to every compliance violation ("zero-tolerance-principle").

At Lidl we are jointly responsible for the legal conformity of our actions and are called upon to actively assist in the implementation of compliance measures and ensure compliant conduct. In this effort, the Compliance organization is there to assist us all, for example by issuing guidelines, providing mandatory training and offering advice.

Our clear commitment to a culture of compliance within the company strengthens the trust that our employees and customers have in Lidl and makes us a reliable business partner.

**The Board of Directors of Lidl Stiftung & Co. KG**

# *Our corporate principle*

## **We comply with applicable law and internal guidelines**

Compliance means adhering to applicable law and internal guidelines. At Lidl this is established in the corporate principle **„We comply with applicable laws and internal guidelines“**.

Every employee of the company ensures, within their area of responsibility, that the applicable laws and internal guidelines are adhered to and that legal risks are given due consideration. Lidl assists them in doing so through legal advice, training and legal monitoring. Everyone is required to keep informed of the laws and internal guidelines that apply to their area of responsibility and to participate in the trainings assigned to them. It is the responsibility of each manager to ensure that their employees participate in these trainings.

# ***Our Rules of Conduct***

To ensure that our corporate principle "**We comply with applicable laws and internal guidelines**" is adhered to, the following Rules of Conduct apply to all

# 01

**Our actions are not influenced by conflicts of interest or corruption, and we reject corruption and fraud as a means to achieving our goals**



In principle, the acceptance and granting of gifts, invitations and other inducements to and from third parties is prohibited. Exceptions are permitted only in accordance with the internal guidelines.

Employment at Lidl and decisions made in that context may only serve the interests of the company.

Any actual or potential influence by private interests must be avoided. Everyone must be able to identify conflicts between their private interests and those of the company. If it is not possible to avoid or resolve a potential conflict of interest independently, the conflict must be disclosed to a direct supervisor without undue delay. Such a disclosure must be made prior to assuming the relevant activity or making the relevant decision. If the situation changes, a new disclosure must be made. New employees are required to disclose existing or potential conflicts of interest to their supervisor when they take up employment, at the latest.

Donations, sponsoring activities and the receipt of subsidies must comply with the internal guidelines.



# 02

**We protect the personal data of our employees, customers and business partners and process it only on the basis of a permissive rule or consent under data protection law**

Our employees, customers and business partners trust that their data is in safe hands with us. Data may only be processed to the extent necessary, for specified, explicit and legitimate purposes. Technical and organizational measures ensure that data is protected against unauthorized access.





# 03

## **We respect fair and undistorted competition**

We set our business, market, expansion, product range and pricing strategy independently and do not collude with business partners or competitors. Nor do we exchange other sensitive business information, such as information about revenue, sales, and costs, with business partners or competitors.

We do not join in boycotts of other market participants. We do not abuse our negotiating power or market position vis-à-vis financially dependent business partners or third parties, for instance by making unilateral demands for additional

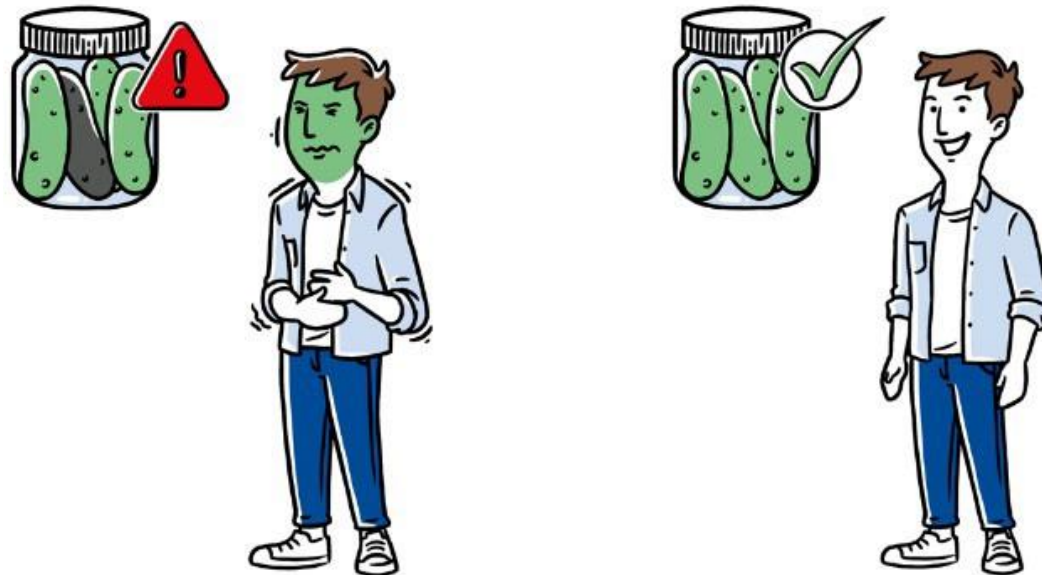
services without consideration or selling merchandise below cost.

We adhere to these principles regardless of whether we communicate in written or verbal form.

In accordance with our internal guidelines, we explicitly and immediately reject any and all impermissible attempts by business partners and other market participants to exert influence.



***We ensure the safety and marketability of our merchandise, thereby protecting our customers, particularly against harmful effects on their health***



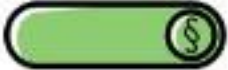
In isolated cases, our merchandise can expose consumers to risks, for example due to contamination with foreign substances, incorrect product declarations or changes in product characteristics caused by improper handling. We manage such risks by systematically performing analyses throughout our entire process chain. In addition, we implement preventative measures to help ensure legal conformity and derive the necessary measures. We do not hesitate to investigate indications of insufficient risk management, ensure that they are resolved without delay and review our processes to identify any necessity for adjustment or improvement.

## **We respect company property as well as trade and business secrets**

We require our physical property such as merchandise, store furnishings and work tools and our intellectual property such as brands, patents and know-how in order to achieve our business success.

Every one of us protects Lidl's property, treats it with care and uses it exclusively for the intended purposes. Theft, waste, malicious damage and unauthorized private use are not tolerated.

Trade and business secrets must be kept confidential and safe. Confidentiality is enforced by contractual agreements.



## ***We ensure proper accounting and comply with our tax and customs obligations***

We adhere to the principles of completeness and accuracy in our bookkeeping, accounting and tax returns. Our processes are organized in such a manner as to ensure that all relevant data is reported accurately and in due time to accounting as well as in tax returns and customs declarations. We do not tolerate any deliberate manipulation or misstatements.



**We take all necessary measures to prevent money laundering and the provision of financial resources to business partners within our sphere of influence against whom sanctions have been imposed**



If money laundering\* is suspected, for instance in case of unusually large cash payments, we refuse the transaction and report the suspicion to the responsible authority via Compliance. We also carefully check the identity of our business partners and compare these against national and international sanctions lists.

\* Money laundering is understood to be the introduction of money or assets acquired through criminal means into the legal economy.

# 08

## We respect human rights

Entrepreneurial activities can lead to human rights violations. We are well aware of our social responsibility, particularly vis-à-vis humanity. It goes without saying that we respect human rights not only of our employees but also those of people affected by our business activities.



Team Lidl is made up of a large number of employees worldwide. Our underage employees are thereby under special protection. We do not tolerate child labor, forced labor or slavery.



Occupational safety serves to prevent work-related accidents and health hazards for employees. We are constantly working to minimize hazards, train employees and further develop our safety culture.



To safeguard our employees' freedom of association, we work openly and in a spirit of trust with elected employee representatives and trade unions. In doing so, we always strive to promote a cooperative relationship. It goes without saying that we comply with any works agreements and collective bargaining agreements that apply to us.



We attach great importance to the equal treatment of our employees. This applies from the time of application, through employment and further development, right up to leaving our company. When it comes to discrimination and bullying in particular – but also sexual harassment – we have a zero-tolerance-principle in place.



We pay our employees an appropriate wage, combined with very good and fair working conditions.



When we build and use stores, warehouses and other facilities, we protect people's livelihoods by treating land, forests and bodies of water responsibly. We reject unlawful evictions and seizures of land, forests and bodies of water.



When using security personnel to protect our properties and assets, there must be no inappropriate treatment of people, no injury to life and limb, and no interference with the freedom of association and unionization. We ensure this through appropriate training and monitoring of the security personnel.



09

# ***We conduct our business in harmony with the environment***

As a company, our objective is to conduct our business in such a manner that we establish harmony between economic and ecological interests. We ensure that we act responsibly anywhere our business affects the environment.





# **We also expect responsible, compliant conduct on the part of our business partners and parties throughout our entire supply chain**

We at Lidl are aware of our responsibility throughout the supply chain, in particular our responsibility to respect human rights and comply with social and environmental standards. Our Business Partners' Code of Conduct sets out the basic principles governing the cooperation with business partners. The principles established in this Code of Conduct are minimum standards for our business relationships.

In accordance with the internal guidelines, any time a new business relationship is entered into or an existing one is significantly expanded, a risk-based assessment of the business partner must be performed to identify compliance risks. In addition, our business partners are subjected to annual and ad hoc risk analyses to identify human rights risks and certain environmental risks.



# *Suspicion, Reporting and Consequences of a Compliance Violation*

The unbiased investigation of potential compliance violations helps us to limit any potentially arising harm and to prevent potential future violations. We therefore adhere to the principle **"look closely, don't look away"**.

Whenever an employee learns of a potential compliance violation, they can help us clarify it by bringing it to our attention. Whistleblowers will not suffer any disadvantages as a result of their report. All reported information is treated as strictly confidential. Reports can be submitted anonymously.

*Compliance violations can have severe consequences for Lidl, such as monetary fines, reputational damage and other financial losses. In accordance with its zero-tolerance-principle, Lidl investigates every report of a compliance violation. Compliance violations are not tolerated. Depending on their nature and severity, appropriate disciplinary measures are taken and, if necessary, the violations are reported to the relevant authorities. This can entail considerable detriment to the offending employee, such as fines or imprisonment, disciplinary action under employment law or liability for damages.*



***The following reporting channels are available***

Employees can also report potential compliance violations directly to the responsible Compliance Officer or the Compliance department. Reports can be sent by e-mail to [compliance@lidl.com](mailto:compliance@lidl.com).

Additional contact details, specifically the number for the Compliance Hotline, are published in the intranet under **“Wissenswertes/ Compliance”**.

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In addition, our online reporting system (BKMS) is also available in the intranet. Anonymous reports can also be submitted there: [www.bkms-system.net/lidl](http://www.bkms-system.net/lidl)

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In addition, there is the option of contacting our external counsel, who will forward reports to the responsible Compliance Officer if there are specific indications of a compliance violation.

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# Contact

The Compliance Officer and the Compliance department are available to answer any questions about compliance and the relevant internal guidelines.

Additional contact details, specifically the number for the Compliance Hotline, are published in the intranet under **"Wissenswertes / Compliance"**.