

Procedural guidelines for the whistleblower system/grievance mechanism



1. Preamble

For Lidl, acting in compliance with the law is not only a given, it is key to the long-term success of our organization. This mindset is enshrined in our corporate principle "We comply with the applicable laws and with internal policies". At Lidl, we systematically create awareness for compliance risks and on that basis identify the action that needs to be taken. Our Compliance Management System focuses on 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.

In situations where, despite all our efforts, a compliance violation occurs or a risk in this regard exists, we offer both employees and third parties the opportunity to report potential compliance violations or risks in this regard via our whistleblower system.

These procedural guidelines govern how reports from whistleblowers are handled at Lidl.

2. Scope

These procedural guidelines apply to the processing of all reports of potential compliance violations or risks in this regard, where such processing is the responsibility of Lidl Dienstleistung GmbH & Co. KG.

Potential compliance violations or risks in this regard include:

- Unlawful acts and omissions which are subject to a penalty or fine (criminal or administrative offenses);
- Human rights and environmental risks and violations;
- Violations of compliance-related internal policies (= internal policies aimed at preventing or hindering criminal or administrative offenses or violations of environmental or human rights obligations).

Reports can be submitted of potential or imminent compliance violations by

- Lidl or Lidl employees in their work activities, or
- Third parties in connection with Lidl's business operations.

The violation does not have to be proven beyond reasonable doubt. Reports can also be made if a whistleblower considers it probable based on facts known to them that a compliance violation will occur, or perceives risks in this regard. Suspicions may also be reported as long as this is clearly stated in the report and they relate to specific facts. Knowingly providing false information is prohibited.

3. Rules of conduct

Employees involved in processing whistleblower reports must observe the following rules of conduct:

- All reports must be processed without undue delay.
- All activities must be performed in compliance with applicable law, in an objective and appropriate manner and in observance of the principle of proportionality.
- Persons against whom allegations are made must be treated fairly and with respect. Employees must avoid rushing to judgment and the right to be heard must be guaranteed.
- Confidentiality must be ensured in respect of information obtained, in particular personal data. Such information may only be disclosed on a "need-to-know" basis.
- The identity of whistleblowers must be protected. If reports are made of reprisals against whistleblowers, the compliance officer must be contacted without undue delay.
- Compliance with applicable law and internal policies must be ensured in respect of privacy and the collection of personal data. The competent data protection officer must be involved in cases of doubt and in the cases defined in this process.
- Employees involved in processing whistleblower reports must avoid or report actual or imminent conflicts of interest.

Any violations of these rules of conduct that are reported will be considered indications of a compliance violation and investigated as such. Violations of the rules of conduct may result in disciplinary action.

4. Procedure

4.1. Submitting reports

- **Whistleblower channels**

Potential compliance violations can be reported via the following channels:

Compliance officer:

The report can be submitted in text form to the compliance officer or deputy compliance officers.

Private and confidential

Lidl Dienstleistung GmbH & Co. KG, attn. Compliance officer

Bonfelder Straße 2, 74206 Bad Wimpfen, Germany

E-mail: compliance@lidl.de

Online reporting system (BKMS):

Reports can be submitted in text form via the online reporting system.

<https://www.bkms-system.net/lidl>



The report is then submitted to the compliance officer or deputy compliance officers for processing.

External counsel:

Reports can be submitted in text form or orally to the external counsel.

Private and confidential

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The report will generally only be forwarded to the compliance officer or deputy compliance officers for processing if the whistleblower has consented to this.

In exceptional cases, reports will also be forwarded without consent – however observing the highest possible degree of whistleblower anonymity – if material loss or damage may have occurred or is at risk of occurring. Material loss or damage includes in particular injury to life or limb and material financial loss.

Lidl employees have access to other internal reporting options.

There are also various external whistleblower channels/grievance mechanisms available outside of Lidl.

The Lidl whistleblower channels referred to will be publicized in an appropriate manner. Internally, this may be done for instance during training or in brochures, intranet content or posters. With respect to third parties, the Lidl website plays a particular role.

- **Anonymous reporting**

Reports can also be submitted anonymously via the Lidl whistleblower channels. Submitting reports anonymously may hinder efforts to process them in as far as this prevents subsequent contact with the whistleblower. To enable queries to be clarified with respect to anonymous reports while protecting the whistleblower's identity, an anonymous mailbox can be set up in the online reporting system.

- **Conflicts of interest/improper conduct by Compliance**

If the compliance officer, deputy compliance officers or other Compliance employees are subject to conflicts of interest or are personally involved in potential compliance violations, the report should be made to the external counsel. This is then forwarded directly to the Senior Manager of Administration.

- **Language**

Reports can be submitted to the compliance officer and via the online reporting system in German, the respective individual's native language or a common foreign language. Where necessary, translations are furnished using an internal translation tool or by a translator who is bound by a duty of confidentiality.

- **Costs**

Whistleblowers bear no costs for using the Lidl whistleblower channels other than any standard telecommunication charges or postage costs that may be incurred.

4.2. Responsibility

The compliance officer is responsible for processing all reports covered by the scope of these procedural guidelines. The compliance officer acts impartially and independently and is not bound by instructions. The compliance officer is assisted by their deputies from Compliance and other persons and functions within the company that the compliance officer has invited to participate.

If the report relates to a compliance focus for which another compliance coordinator has been appointed at the company, the compliance officer involves that other individual to the extent necessary. The compliance officer may entrust the respective compliance coordinator with individual actions or with processing the report in its entirety. If processing of the report is delegated in its entirety, the compliance coordinator substitutes for the compliance officer and in doing so acts impartially and independently and is not bound by instructions. The compliance coordinator notifies the compliance officer of the progress made processing the report. The processing of reports is not delegated in its entirety if they concern environmental and human rights risks or violations of environmental and/or human rights obligations at suppliers or vendors.

All persons involved in processing are bound by a duty of confidentiality.

4.3. Confirmation of receipt

The whistleblower receives confirmation of receipt within seven days of submitting a report. No confirmation of receipt is sent if the whistleblower cannot be contacted, for example in the case of anonymous reports.

In the confirmation of receipt, the whistleblower is notified of what happens next and when, and the protection available to whistleblowers.

4.4. Initial assessment

The report is assessed for relevance upon receipt. A report is compliance-relevant if there is reasonable suspicion of a compliance violation within the scope of these guidelines or a risk in this regard (see section 2 above).

If uncertainties surrounding the facts reported hinder efforts to assess compliance relevance, the whistleblower can be contacted to discuss the report.

In the absence of compliance relevance, the procedure is discontinued and the whistleblower notified accordingly.

4.5. Investigation

If there is reasonable suspicion of a compliance violation or a risk in that regard, an investigation is launched in observance of the principle of proportionality.

The compliance officer may, at their discretion, invite other internal persons and/or functions and external service providers to participate in processing the report. This includes in particular other compliance coordinators (see above) and the Internal Investigation department at Schwarz Dienstleistung KG, which assists the individual companies of the Schwarz Group upon request.

The compliance officer selects the requisite investigative activities at their own discretion and where applicable in consultation with the internal and external parties involved in processing the report. It must be ensured that the specific investigative activities are lawful and comply with the principle of proportionality. The data protection officer and the Labor

Law department are involved upon request.

In the case of alleged violations of environmental or human rights obligations or risks, the investigation includes discussing the report with the whistleblower. The whistleblower is given the opportunity to present their expectations of potential preventative or remedial action.

Where necessary, the compliance officer examines whether to involve law enforcement agencies. It may be necessary to involve law enforcement in particular if there is a statutory obligation to do so or if it appears necessary to investigate the matter further but this is no longer possible by internal means.

4.6. Action

After the investigation is completed, the results are assessed and the need for action examined. Any action found to be necessary is taken and followed-up. The following action may be considered in particular:

- **Disciplinary action against employees**

Lidl has a policy of zero tolerance for compliance violations by its employees, and disciplinary action is taken in line with the nature and severity of the violation.

The potential employment law consequences include in particular a letter of reprimand, a formal warning or termination of employment. The compliance officer works to ensure that decisions follow uniform assessment criteria, and in doing so takes into consideration similar cases in the past.

- **Claims for damages, criminal charges**

Options to assert claims for damages and file criminal charges are examined and where necessary acted on.

- **Remedial action**

Remedial action is aimed at preventing or stopping the violation or infringement. Where this is impossible, action should be taken to at least minimize its severity.

Remedial action is taken into particular consideration in cases where a violation of environmental or human rights obligations has occurred or is at risk of occurring. Such action includes in particular developing and putting in place a specific plan to resolve grievances, leveraging industry initiatives or standards, temporarily suspending or, as a last resort, terminating a business relationship. Whistleblowers, the persons involved or official advocacy organizations may be involved in determining such remedial action.

- **Modifying preventative action**

The insights gained from processing the whistleblower report are used to examine whether the preventative action in the CMS needs to be modified or expanded. Where necessary, such modifications are made and followed up on.

4.7. Closure

In finalizing report processing, the outcome and the measures derived are summarized.

If the whistleblower report concerned a violation of environmental or human rights obligations or risks in that regard, it is examined whether the results should be evaluated together with the whistleblower.

The processing of the report is documented (with restricted access) in the internal electronic filing system. Statutory retention and deletion periods are observed.

5. Whistleblower protection

Whistleblowers who use the whistleblower system/grievance mechanism lawfully and in good faith must not be subject to discrimination, punishment or other acts of retaliation with regard to the report submitted. Lidl has zero tolerance for reprisals or threats of reprisals.

Within its own sphere of activity, Lidl ensures that the whistleblower's identity is kept confidential and also provides for reports to be made anonymously.

Information concerning the whistleblower's identity or other circumstances that could be used to identify the whistleblower may only be transferred by way of an exception in the cases provided for or permitted by law. The duties to provide information or obtain consent are observed.

Violations of these provisions on the protection of whistleblowers also constitute compliance violations within the meaning of these procedural guidelines, and can be reported via the whistleblower system. Any such reports are processed in application of these procedural guidelines.

If Lidl becomes aware that Lidl employees, suppliers or other third parties within Lidl's sphere of control have retaliated against a whistleblower or related parties, or have threatened retaliation, Lidl reserves the right to respond, for instance by means of disciplinary action or by terminating the business relationship.

Whistleblower protection does not cover situations in which such protection is abused for other purposes, false information is reported intentionally or as a result of gross negligence, a report is submitted with abusive intent, or of actions that are demonstrated to be unrelated to the report or that were already decided or planned before the report was submitted.

6. Contact

For questions about these procedural guidelines, please contact the compliance officer and deputy compliance officers (see section 4.1 above).