

# Sustainable Purchasing Policy

The Lidl Group is committed to implementing social and environmental due diligence obligations across the entire value chain. Any abuse of human rights or violation of labor or environmental laws anywhere along the entire value chain is unacceptable.

By adopting the management approach described below, the Lidl Group will ensure that its CSR strategy is integrated in the fabric of the Group through which supply chains are consistently monitored. As a result, supply chains are continuously and systematically examined for potential human rights abuses and environmental impacts by Lidl CSR.

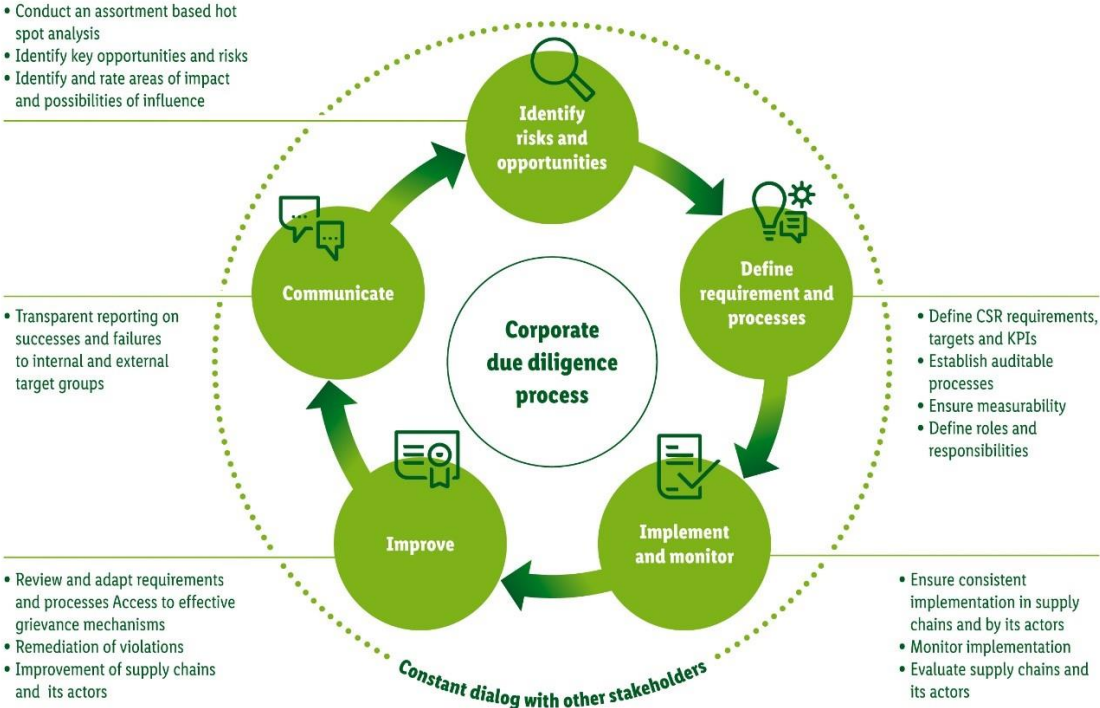


Fig. 1: CSR management approach

The Sustainable Purchasing Policy summarizes measures to protect human rights and environment in the supply chain. Every business partner of Lidl must adhere to the Schwarz Group's Code of Conduct ("CoC"), which is valid for the entire supply chain. All business partners are bound by the Sustainable Purchasing Policy and must take proactive appropriate measures to ensure they are compliant with it in addition to all laws throughout the entire supply chain.

The Sustainable Purchasing Policy consolidates the measures taken by CSR Purchasing at Lidl for the protection of human rights and environment in the supply chain.

Lidl aims for long-term business relationships with its suppliers in the spirit of partnership and maintains open communication channels with its suppliers. Such responsible purchasing practices supports supply chain actors in their endeavors to create appropriate conditions for both people and the environment.

A further important aspect of responsible purchasing practice is that Lidl and its direct business partners as well as its upstream suppliers ensure that agreed prices include the wage cost in order to cover the payment of legal minimum wages and aims to include living wages as well.

It must be ensured that all employees of direct business partners receive wages that cover the costs of living if the legal minimum wages in their country of operation are too low to cover the cost of living. The approaches of the standard-setting bodies (Fairtrade, Rainforest Alliance) for reducing or closing wage and income gaps must be implemented without delay whenever they are available for certified supply chains. This applies irrespective of whether they were designated as being optional when they were issued or whether they are still in a transitional period.

A termination of a business relationship must not be done immediately when a worker exploitation is found. Both parties should work on improving the situation. When an exit does happen, it must always be done responsibly. Termination of the business relationship between suppliers must be carried out responsibly and transparently. Possible negative impacts on the employees of the suppliers must be considered and mitigated where possible. Lidl and the direct business partner work with the upstream suppliers to ensure that employees receive unpaid wages.