

XXXL

CODE OF CONDUCT

With sunshine in your ♥ together to success!



With sunshine in your  together to success!

Foreword

On the 31st of October in 1945, company founder Gertrude Lutz established the XXXLutz company. Her vision was **to satisfy her customers by offering a well selected range of best quality products.**

Since then, XXXLutz has evolved into a chain of furniture stores, doing business in **13 countries with more than 320 stores.** In every location, XXXLutz is the **leading furniture store** for everybody.

Customers have the possibility to witness a **very special shopping experience** by getting offered the best choice of items for very little money. It is our ambition to be the first address for every customer who wants to furnish his home, and to offer them a good and reliable choice to buy.

With **more than 25,700 jobs**, XXXLutz is a highly important European employer. Due to the very dynamic operational procedure and incessant growth, XXXLutz is creating every year, more and more important jobs for men and women, for part-time and full-time employees, for young and old and especially for adolescent trainees. The XXXLutz company is aware of its responsibility for its employees.

However, that is not enough. As a big and successful company, we are involved in a number of **charity works and ecological projects.** Every year, we donate millions for charity, for the needy, and for charity organizations all over the world.

With the hereby introduced **code of conduct**, we **inflict rules** on ourselves, our employees, and our management personnel, guaranteeing that the company acts on all levels by the law and sticks to the **rules of fairness and social responsibility.**

We encourage all employees and our business partners to live by this code of conduct with us in order to leave a positive mark on this group of companies.

The associates and the management of the XXXLutz company



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1. Business objects

In future the XXXL group, the management and the employees will be orientated towards the principles of this **XXXL code of conduct**.

The maxim „**with sunshine in your heart together to success**“ means, that all our collective action is aimed towards a positive and exemplary behaviour to achieve a common economic success.

The XXXL groups' enterprises make it their business to offer the **best selection** of furnishings and sensible **services** at the **best price** to as many people within the catchment area.

The **customer** and the fulfilment of all his wishes are **the focus** of all our actions.





2. Business goals



The most important **business goals** are:

- securing the longstanding existence of the company.
- securing of already existing and creating of new jobs.
- achieving the best economic profit.
- perfect service for all customers and longstanding customer loyalty.
- fulfilment of all promises given in advertising or customer advisory service
- market leadership at all possible sites

3. Market appearance and lines



All employees of the XXXL group and the companies it is cooperating with, are encouraged to represent in public a **positive image of the group** and its brands, furthermore to take every effort to increase the confidence of business partners, employees, customers, public institutions and media in our company and its lines.

Each line of the **XXXXL group** addresses specific target groups through certain ranges and services. This **XXXXL code of conduct** is mandatory for all lines of the group.

4. Rules of conduct

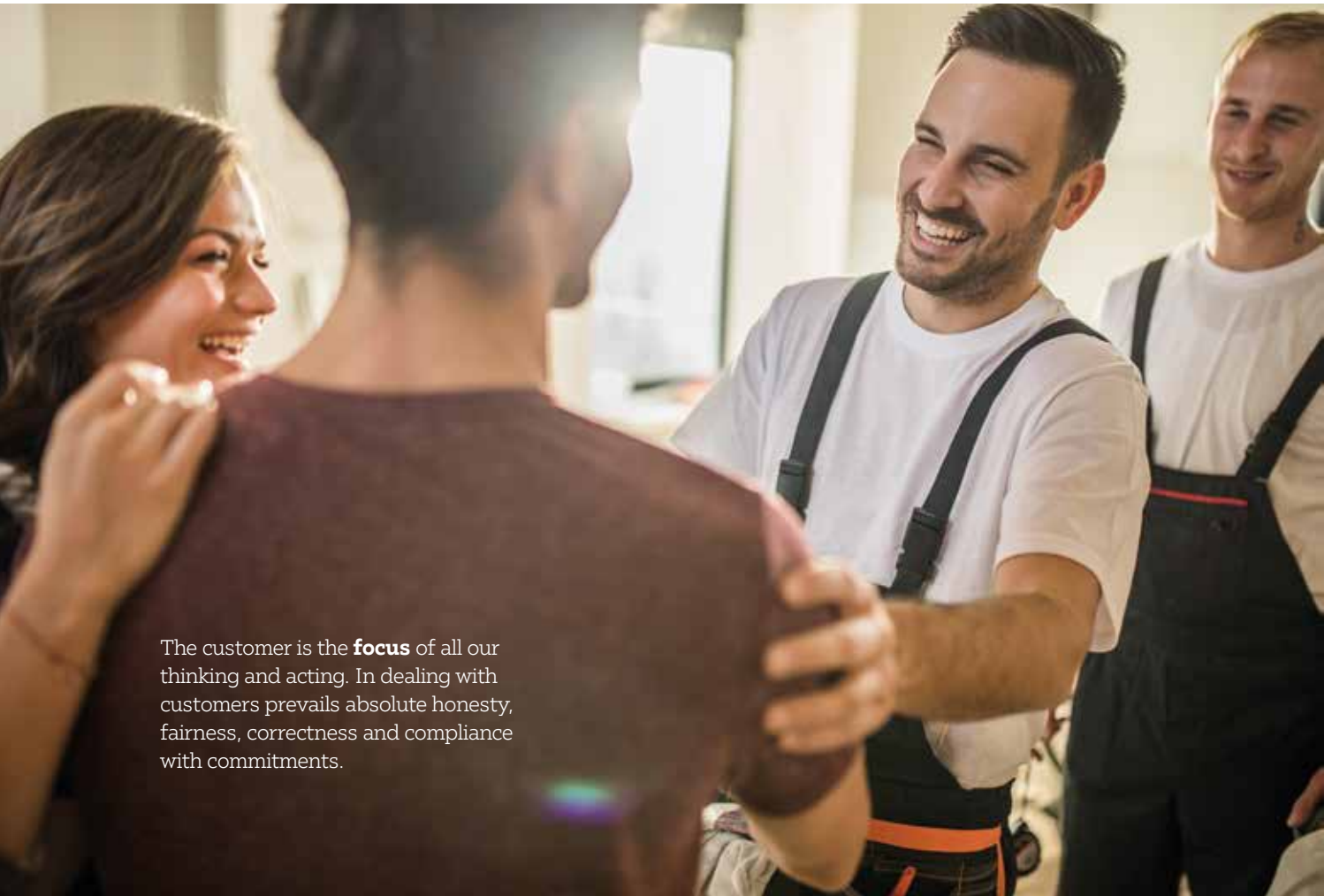


The companies of the XXXL group strive for **top performances**. Employees and executives are ambitious to perform within their possibilities more than just average for the company and its customers. We are working on improvements in all areas. Each of today's superiorities must be anew acquired tomorrow.

Everyone, no matter in what function he or she is working for XXXL, should model his conduct on the following **guidelines**:

- the existing laws and rules
- the guidelines of this code of conduct
- on the principles of openness, sincerity and fairness
- the awareness of one's own responsibility for the accepted task, for the company, customers, colleagues, for business partners, society and environment
- the compliance with promises, both given within the company and to the public

5. Customers



The customer is the **focus** of all our thinking and acting. In dealing with customers prevails absolute honesty, fairness, correctness and compliance with commitments.

The **range of products** has to include the appropriate item for each customer. Advertising promises must be kept without restrictions. Complaints are to be taken care of in a competent, fast and generous way.

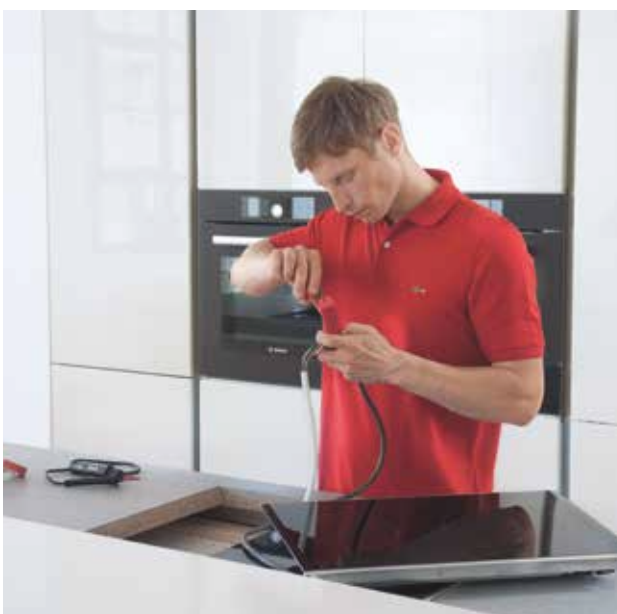
Prices are to be kept as low as possible within the realms of the calculatory possibilities. Competitive prices are to be set at least, if not beaten (at the same advisory and after-sales services). In spite of favorable prices we must not disappoint our customers' demands for quality.

Customer loyalty is to be ensured through perfect service and smooth order processing, furthermore through specifically tailored customer loyalty programs for specific customer groups. Each customer is to be made a regular and should stay a regular, because only with his help we can be successful.

6. Service and price-performance ratio

In line with market requirements XXXL makes every effort to offer and fulfil all affordable **services** the customer demands.

A perfect price-performance ratio should be made possible by constant **enhancements**, simple structures, efficient and economical thinking.



7. Employees

The employees' **contentment**, their **motivation**, their **enthusiasm** and their **commitment** ought to be seen as a prerequisite for the common success. To create and sustain a good working atmosphere is the task of all executives and the employees themselves.

With no exception we respect the **rights, specific characteristics and requests** of all our employees, independent of age, sex, origin, social status, skin color, ideology, sexual identity, religion or nationality. No employee should be treated differently based on personal reasons. Performance expectations concerning people with disabilities should be adjusted according to their capabilities.

We don't discriminate employees, every kind of exclusion is unknown to us. We ensure that we don't prefer or discriminate in any kind employees, who are or are not members of an employee organisation, or companies, which have elected staff representatives.

Internal affairs of the company, especially differences of opinion, dissatisfaction and problems, are to be solved only through internal conversations.





Every damage and endangering of employees ought to be avoided. Working conditions and payment should be arranged to be fair, justified and correspondent to the economic possibilities of the company.

Payment is to be performance related, increased-performance should be rewarded.

Compliance with all legal or contractual **requirements**, which regulate the rights of employees, is to be ensured without any discussion or reservation.

Working hours and working conditions are to be adapted to the capabilities and legitimate requests of employees, as far as it is allowed by the operational requirements.

Management and executives strive to cultivate a most **direct contact** to every single department and employee. The principle of „the open door“ is mandatory for all executives. Employees are to be directly involved and informed in important decisions. Each employee should have the possibility to talk open and honest to his superior. **Complaints and requests** are to be discussed in an open, honest and respectful conversation. Problem-solving, not the conflict, is to be given special emphasis.

Employees should always have the possibility to appropriately complain about their superior to the next higher ranking. In this case, at the request of the employee, absolute **discretion** and **anonymity** is to be ensured. Employees can communicate criticism, suggestions for improvements or changings to the management or the designated contact by letterboxes for

complaints or special email addresses with anonymity protection.

No employee must be **discriminated** because of his suggestions of improvement or criticism. Always criticize in an appropriate way, without argument or personal aggressiveness. Choose the right time and let be only a few persons be present, for example face time between superior and employee.

All executives and employees are being urged to comply with the principle of „**with sunshine in your heart together to success**“ through positive, motivated and constructive work and to contribute everything possible to create a pleasant atmosphere.

Employees who encounter hard times will be offered **appropriate assistance** if it is justified for.

8. Employees' duties



Each employee takes over **responsibility in his particular task** for a certain **occupational success** and to provide for **customer satisfaction**. Each employee has to give his best to contribute to the company's success. XXXL performance is the goal of everybody affiliated to the company.

Each employee is obligated to inform himself about all the rules in this code of conduct and to comply with them.

Contacts to customers should be friendly, eager and respectful. Each employee contributes to the contentment of customers.

All customers ought to show a **positive image** of the company, its values and performance, in private, with friends and family, in public or wherever. They are to **behave exemplary and positive** to support this image. Day after day all employees represent the company through their conduct and determine the company's reputation both internal and external.

All **operating systems** and fittings, objects, tools and materials are to be cared for and protected.

No employee must personally profit from either his work, function or relationship to **business partners**. There should be especially no taking of gifts with the exception of symbolic donations. The acceptance of gifts, provisions, bonuses, procurement and price advantages is absolutely inadmissible.

Close relationships of employees or their next of kin to competitors (for example a family member being employed by a competitor) are to be reported immediately to the respective superior.

Each employee is sworn to secrecy concerning information, datas or records that are not meant for the public or are of a certain interest for the competitor.

Objects and fittings that belong to the company like cars, tools, implements (computers, mobile phones, assembly tools and so on) and supply points for electricity, heating or gas, and networks (telecommunications, web) must not be used for private or other external purposes, with the exception of an explicit permission of a superior. This kind of permissions are always combined with a proviso of revocation or restrictions. If the use of computer fittings, connection to email or the internet has been revoked the employee has to delete all his private datas within three months.

The XXXL group grants its employees graduated discounts according to article group, function and period of employment. No **discount** should go beyond that. Shop assistants are obliged to check the accuracy of the employee prices.



9. Executives



Leading means to assume responsibility for other people! All executives have been selected and educated to be able to cope with the task and the responsibility for their employees both technically and temperamentally.

It is expected of all executives to do their duty with great **sense of responsibility** and above average commitment, to stand loyal to their company, to do further vocational training, to set an example and to take over social responsibility.

Executives have to show especially correct **manners** and **courtesy** when communicating with employees and customers. They have to be team players and willing to make sacrifices for the common cause.

Each executive is **responsible** for carefully **choosing** new employees and installing them according to their **abilities**. The employees performance is to be assessed free of prejudice and

with great care. **Appreciation** of performance and positive criticism has to be guaranteed.

Executives are liable to comply with all **labor regulations**, to grant the employees their due rights, and to not hinder elected staff representatives in their activities.

Executives get **productivity bonuses** and bonuses only in case of a sustainable earnings growth.

The company allows and encourages **internal advancement** opportunities, career-minded employees get the appropriate trainings.

When **replacing** managers always prefer co-workers to applicants from outside, provided they show the same performance, qualification and commitment.

Executives **must not** exploit their position for **personal advantages**.

Each executive has to guarantee that in his scope of work all records, statistics, reports and other information are in accordance with the **truth**, fully recorded and not manipulated in any way.

Executives completely dedicate their **workforce** to the company. Further professional activities are only permitted in writing by a superior.

The goal of good leadership is both the **mental** and **physical health** of our coworkers. This means first of all leadership by example and second to offer every coworker all options to fulfill our company's high demands and maintain his health. This contains exercise, nutrition, the option to unwind and even his psyche.

10. Employee training and trainees

The employer encourages **constant further training** on the job. He will offer to each employee the special training he needs to fulfil his task. All employees will be informed about the trainings offered by the company.

The company's most important task is the **education of young people** and to train them for their respective profession according to their capabilities. As a target we try to have a ratio from ten employees to at least one apprentice. The employment number of new trainees is to be defined after the staff requirements in all, it should

be not smaller than the number of fully trained trainees. We strive for taking over in a permanent employment as many apprentices as possible, after they have finished their education, on condition that he or she achieved a performance target that is oriented at least on average.



11. Economic efficiency and cost awareness



Employers and personnel are constantly working to achieve **optimal economic results**. Profits are necessary to secure the continued existence of the company and its jobs.

All executives and employees must act **economic and cost-oriented**. All expenditures, cost increases and investments have to be continuously reviewed for their use, price-performance ratio and their contribution for customer satisfaction.

Every employee has to be aware that the economic success of each enterprise is the sum of all measures set in every department. Therefore every employee is responsible for the **economic efficiency** of all his actions.

12. Business partners/ suppliers

The company makes an effort to have **a fair and correct relationship** with all business partners and to ensure the fulfilment of contracts and commitments, given in word too. Each preferential treatment of or discrimination against a provider out of non-objective reasons ought to be avoided.

All executives and employees in **purchasing** constantly try to find the best supplier concerning the customer, the range, quality and price requirements.

The company expects of its **business partners** that they don't use dubious ways and means to get orders of the company. All business partners are to be obliged by contract to not grant money, provisions, invitations, gifts, discounted or preferential deliveries or other advantages to employees, that they wouldn't concede to others. These arrangements are to be ensured by severe contractual penalties. There is no exception for any supplier in being obligated to reach these agreements with the company.

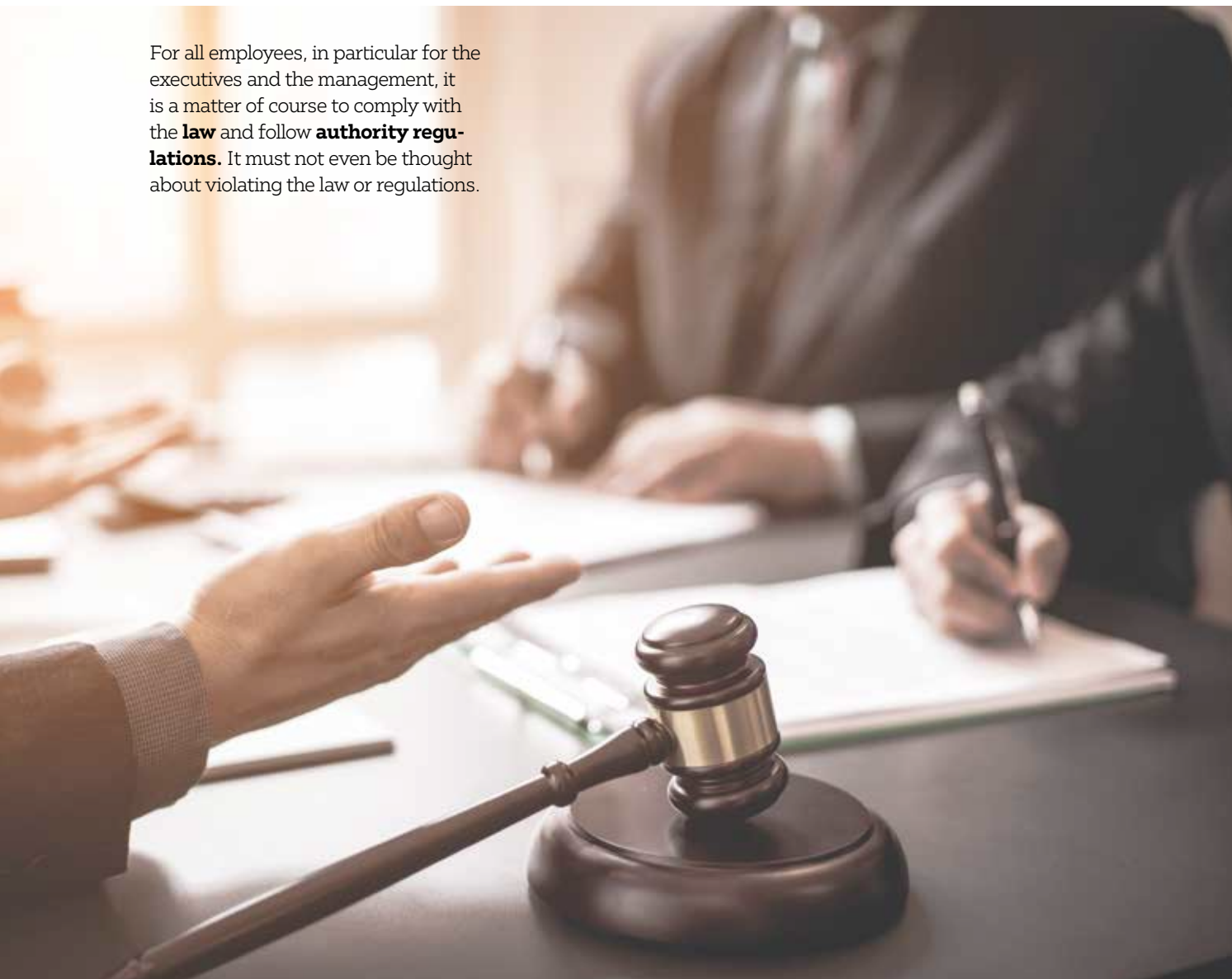
In cases **our customer** is a company, an organisation or a public authority, these above **rules apply to us too**. People who are in charge of giving orders must in no case, directly or indirectly, be given or granted the promise of advantages to encourage business transactions.

When selecting manufacturers those are to be excluded, who are not able to prove that their products are manufactured with **the compliance with human rights and with the exclusion of child labor, forced labor or under working conditions that are a hazard for health or the environment**.



13. Laws, public authorities and taxes

For all employees, in particular for the executives and the management, it is a matter of course to comply with the **law** and follow **authority regulations**. It must not even be thought about violating the law or regulations.



Special attention will be devoted to the following topics: all regulations concerning the **security and health** of employees at their place of work respectively of customers in the customer-accessible rooms, furthermore the **monopolies law, building law, consumer protection, data protection law, pollution control** and so on.

Every kind of **manipulation**, misuse or covering up is **to be omitted**.

14. Sustainability

The company expects and encourages **environment-conscious behaviour**, referring to the economic dealing with non renewable energy (electricity, gas, heating) and the **preference of renewable energy**. All employees are aware of the importance of the protection of the environment for our and future generations. Laws and regulations helping the conservation are strictly to be followed.



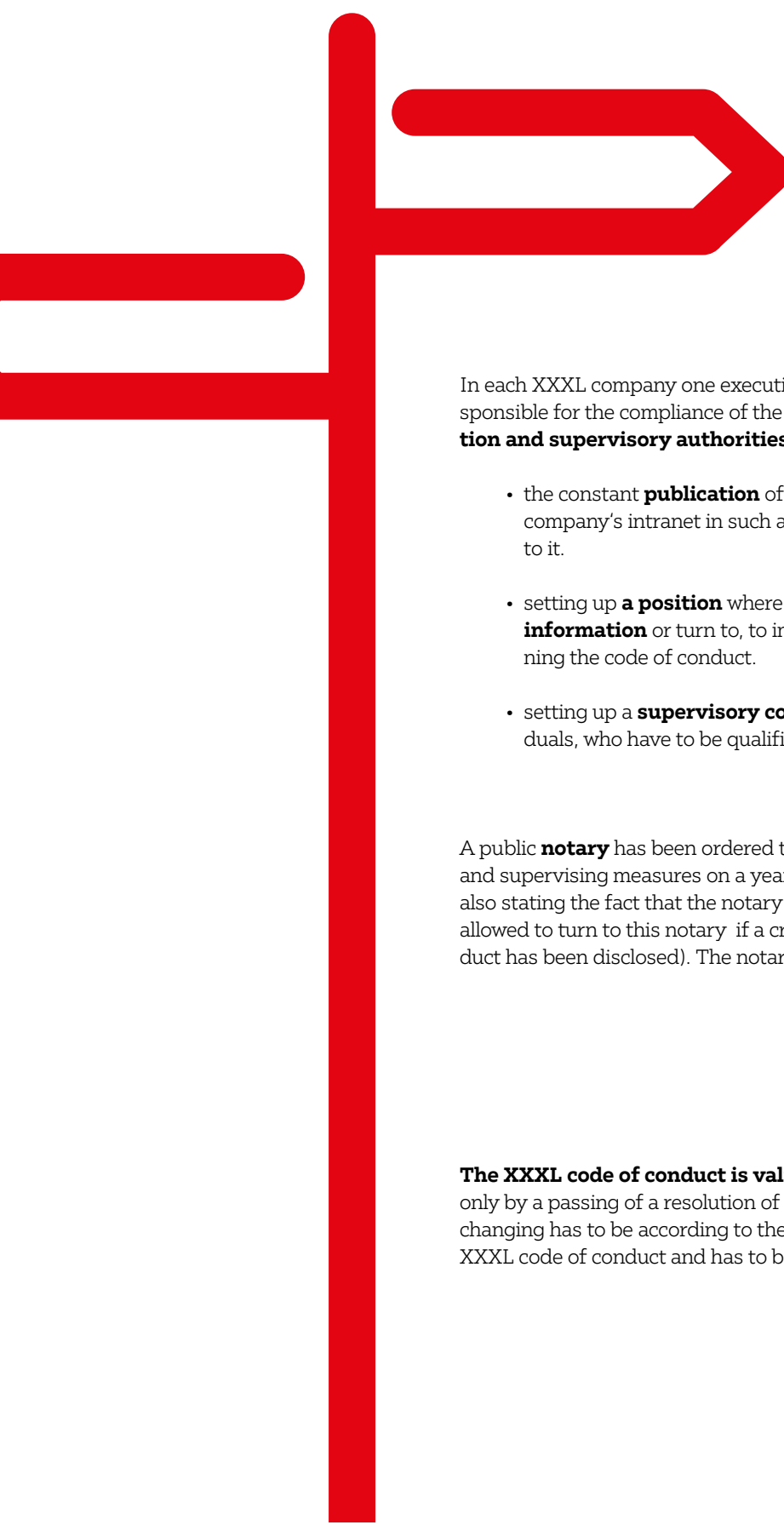
15. Legal consequences



This XXXL code of conduct is mandatory for all managers and employees. Violations must be checked according to the principle of complete transparency, and eliminated by mandatory instructions of the respective superior management. Persons who have knowingly misconducted are to be warned in writing.

Depending on the degree of fault and the severity of the individual case **sanctions** can lead beyond a warning to specific employment contractual duties, to contractually agreed penalties, to a transfer or, in extreme cases, to a termination of employment. The management of all levels is obliged to communicate, train and control the **values and principles of the XXXL code of conduct** to all subordinate levels of management and employees, and strictly abide by it itself.

16. Information, supervision and validity



In each XXXL company one executive of the highest management has to be responsible for the compliance of the XXXL code of conduct, the flow of **information and supervisory authorities**.

- the constant **publication** of the XXXL code of conduct on the company's intranet in such a way that every employee has access to it.
- setting up a **position** where employees and executives can get **information** or turn to, to indicate possible misconduct concerning the code of conduct.
- setting up a **supervisory committee** consisting of three individuals, who have to be qualified and of the highest integrity.

A public **notary** has been ordered to check the existence of these information and supervising measures on a yearly base. Each year there has to be a report, also stating the fact that the notary was no subject to directives. Employees are allowed to turn to this notary if a criminal offence (or the suspicion of a misconduct has been disclosed). The notary is sworn to secrecy.

The XXXL code of conduct is valid now and forever and can be altered only by a passing of a resolution of both the owners and the management. Each changing has to be according to the underlying positive values and goals of this XXXL code of conduct and has to be communicated in a sufficient way.



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