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Our CSR strategy

At Lidl, we believe that everyone should be able to shop sustainably. We have set a clear sustainability purpose to 'make good food accessible to everyone'. We deliver against this purpose by embedding our sustainability strategy, the 'Good Food Plan', into our core business, challenging the common misconception that sustainability means higher prices for customers. Good food is more than being high quality and affordable; it is food that is Good for Producers, Good for People and Good for the Planet.

We approach sustainability across these three themes: Producers, People and Planet, with each theme housing priority topics ranging from Human Rights to Healthy Eating. We regularly consult with stakeholder groups to ensure that our approach remains relevant and ambitious. Our strategic areas evolve alongside social and environmental developments, as well as stakeholder expectations. Across each topic we've set long-term targets, working with industry leads to build partnerships and strive for greater transparency and accountability. This is the framework for our strategy to provide Good Food to everyone.

Our responsibility for healthy and sustainable diets

As Lidl continues to expand in the UK, we must continue to understand our responsibility in supporting sustainable food production and enabling healthy and sustainable diets. We are committed to addressing key social and environmental impacts, mitigating negative risk areas, and using our position to promote positive impacts. As a

result of this, we strive to offer our customers a range of products for a healthy and sustainable lifestyle, at an affordable price.



Background to healthy and sustainable diets



The Planetary Health Diet

Health is a continuously growing and evolving area. Where historically the industry focused on an individual's health, the agenda has now developed much wider. The focus has expanded to capture food security, an approach that also considers biodiversity and ecosystems. This approach ensures that we can enjoy healthy and sustainable diets long into the future.

Healthy diets, as well as sustainable diets, are crucial. Poor diets can lead to numerous health complications, such as diabetes, cardiovascular disease and strokes. In spite of an increased awareness of these issues, we are in the midst of a growing obesity crisis with over two-thirds of UK adults overweight or obese.¹

Despite this, 63% of consumers in the UK want to eat healthier diets, and 54% want to eat more sustainable diets. In the UK, the government is continuously reviewing voluntary and mandatory schemes and legislation to challenge the food industry to further support customers to make healthier and more sustainable food choices. As a food retailer, we are aware that we play a vital role in supporting our customers to bridge the gap between wanting to shift eating habits to fulfilling these changes at home. This is why we have set out a number of long-term goals to support our customers to do this.

87%

of consumers said eating healthily is important to them 73%

of consumers said eating more sustainably is important to them

2

¹ NHS Digital: Health Survey for England, 2019 https://digital.nhs.uk/data-and-information/publications/statistical/health-survey-for-england

² Food Standards Agency: Healthy and Sustainable Diets: Consumer Poll, 2021, https://www.food.gov.uk/sites/default/files/media/document/healthy-and-sustainable-diets-consumer-poll.pdf

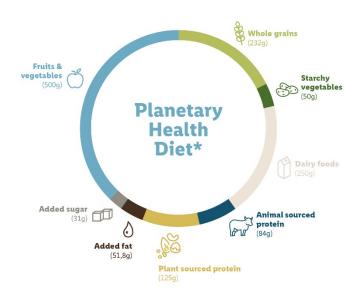
What is a sustainable and healthy diet?

In 2019, the EAT Lancet Commission issued its Planetary Health Diet (PHD)³ as the scientific basis for global dietary change. The study was led by Prof. Johan Rockström, with support from 37 scientists from 16 countries in the disciplines of nutrition, health, sustainability, agriculture and politics. According to the study, if everyone were to follow a predominantly plant-based diet, around 10 billion people could be fed with healthy foods in 2050 without overburdening the planet.

According to the PHD, diets will need to transition to be predominantly plant-based, with a smaller proportion of animal-based products. Although the PHD is still just a theoretical model, it provides a long-term vision and a holistic nutritional framework that is within the limits of the planet's resources. It is for this reason that we have chosen to base our key objectives around meeting the long-term goal of aligning with the PHD.

In the UK, we also recognise that the Eatwell Guide⁴ follows the UK government's advice on healthy, balanced diets. As

such we continue to support our customers to reach the dietary recommendations of the Eatwell Guide, whilst ensuring sustainable diets are built into our long-term commitments, hence aligning ourselves with the PHD.



The quantities given refer to the recommended amount per day for an energy intake of 2,500 kilocalories. Source: Summary Report der EAT-Lancet-Kommission

³ EAT Lancet Commission: Food, Planet, Health, 2021. https://eatforum.org/eat-lancet-commission/

⁴ Public Health England: The Eatwell Guide, 2016 https://www.gov.uk/government/publications/the-eatwell-guide

Our **commitment** to healthy and sustainable diets



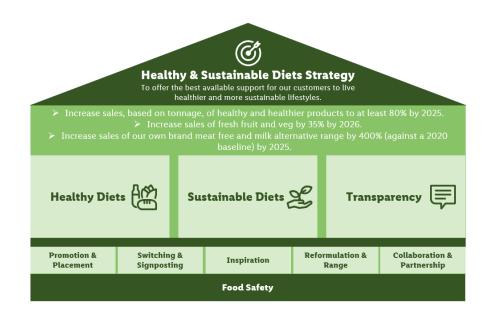
Our commitment to healthy and sustainable diets

Our healthy and sustainable diets strategy captures key topics from the pillars "healthy diets", "sustainable diets" and "transparency", all of which are underpinned by our continued commitment to food safety.

"Healthy diets" focuses primarily on individuals' health, whilst "sustainable diets" captures the key objectives for maintaining long-term food security. To continue to inspire our customers and ensure healthy and sustainable choices are visible and accessible, it is crucial to have transparency built into the heart of the strategy. This aims to provide customers with all the information they need to make informed healthy and sustainable food choices.

We recognise that there are a number of different barriers to living healthier and more sustainable lives and different mechanisms by which retailers can support with nudging customers to make these changes. We have grouped these mechanisms into 5 pillars: promotion & placement, switching & signposting, inspiration, reformulation & range, and collaboration & partnership. These pillars aim to continue improving the accessibility, visibility, education, availability and credibility of Lidl's involvement with healthy and sustainable diets. We are committed to continue testing, trialing, and implementing different initiatives within each of these pillars to understand how we can deliver on our healthy diets, sustainable diets and transparency goals.

We are committed to developing this policy over time. As we define specific commitments under the three key themes, we will build these into the policy.



Promoting a healthy diet

Our approach

Consumers are becoming increasingly aware of the importance of maintaining a healthier and more sustainable diet. According to the Food Standards Agency (FSA) 2019 survey, 87% of consumers stated that eating a healthy diet was "very/fairly important" to them.² Eating healthier generally means focusing on consuming more fruit, vegetables, fibre and protein, and reducing the intake of salt, sugar, saturated fat and calories. With our own brand assortment representing approximately 85% of the total products we sell, we make sure to offer our customers a wide selection of food for a healthy lifestyle. In addition to this, we are continuously reviewing and improving our own brand product ranges based on the latest scientific research.

We are taking a holistic approach to the topic of healthy diets. We have made huge steps already including offering strong promotions, such as Pick of the Week on our Lidl Plus app which discounts 6 different fruits & veg every week, relocating fruit and veg to the front of stores for convenience, removing cartoon characters from breakfast cereals to support parents to manage pester power and making significant recipe reformulations to reduce salt, sugar and calories across our own brand assortment, to name a few.

We also recognise the value in collaborating with and learning from others. Lidl is a member of the British Retail Consortium's (BRC) nutrition working group and the Institute of Grocery Distribution's (IGD) nutrition strategy steering group, as well as corporate members of the Consumer Goods Forum (CGF) and the British Nutrition Foundation (BNF). Lidl was also one of the founder signatories to the Food Foundation's 'Peas Please' pledge.

We also work with a number of universities to understand the impact of different initiatives, supporting and evidencing best practice for how Lidl can influence positive behaviour change.

We welcome regulatory measures aimed at tackling the obesity crisis in the UK and have been supportive of measures that have been enacted. For example, Lidl ensured compliance against The Food (Promotion and Placement) (England) Regulations 2021⁵, making unhealthy (HFSS) foods less prominent and less conveniently located in stores.

We understand that reformulation may be one of the most impactful methods of influencing positive dietary changes, which is why our nutrition experts check our own brand range on an ongoing basis. We work with our suppliers to improve their recipes in line with our specifications, which take all aspects of nutrition into account. However, it is also clear that no one change is enough. This is why we

⁵ Gov: The Food (Promotion and Placement) (England) Regulations 2021, https://www.legislation.gov.uk/ukdsi/2021/9780348226195

are committed to continue investigating different ways in which we can support our customers to make changes for a healthier lifestyle.

All steps and commitments support the delivery of our long-term healthy diet strategy goals to increase sales, based on tonnage, of healthy and healthier products to at least 80% by 2025 and to increase sales of fresh fruit and veg by 35% by 2026.

There is no standardised approach for defining the term 'healthy' or 'healthier'. For the purpose of our overarching commitment, we have aligned with the Food Standards Agency's (FSA) 2004/05 Nutrient Profiling Model (NPM)⁶. We apply the NPM to our entire own brand range, excluding single-ingredient products. This NPM reviews energy, saturated fat, total sugar, sodium, fibre, protein and fruit, nut and vegetable content of products, producing an overall score. Foods scoring less than 4 points and drinks scoring less than 1 point, as well as all single-ingredient products (e.g. fruit, veg, meat, poultry), are classified as healthy.

We recognise that not all products can be healthy, but we're keen to provide healthier alternatives where possible. To do this, we've defined healthier as foods scoring four to six points and drinks scoring one to three points. Foods and drinks scoring more than this are classified as least healthy.

This information is disseminated across key departments in the business and used as a key metric in which our improvements in nutritional values are monitored and opportunities for improvement identified.

We believe in the transparency of our work towards healthy and sustainable diets, which is why we have provided additional details on key commitments we have put in place within this policy.

⁶ Food Standards Agency: 2004/05 Nutrient Profiling Model, https://www.gov.uk/government/publications/the-nutrient-profiling-model

Children's marketing only for healthy food

Childhood obesity rates have continued to increase, more significantly in the last few years. The Health Survey for England, 2019, found that 29% of children were overweight or obese. The proportion of those who were obese increased with age. This demonstrates the importance of influencing children from a young age to eat healthier diets. However, now children are increasingly going online and unintentionally exposing themselves to unhealthy food messaging. Evidence has shown that children exposed to advertising of unhealthy foods, can increase their want and therefore consumption for these foods.

Aside from advertising, other mechanisms influencing pester power also play a part in driving childhood obesity prevalence. A Children's Food Campaign and Food Active report found that 91% of parents find the use of child-friendly characters on food and drink leads to their children pestering for those products. 10 A total of 68% agreed that the use of these characters makes it more difficult to feed their children a healthy diet. In Spring 2020, Lidl GB voluntarily removed cartoon characters from its own brand cereal range to reduce pester power.

Although the UK Government has discussed plans to introduce advertising bans on unhealthy foods, we are keen to ensure moves are made ahead of this.

Our objectives for children's marketing

We are committed to taking steps to promote the marketing of healthier and more sustainable diets to children, therefore:

- From January 2023, we will no longer advertise unhealthy branded and own brand food on marketing materials aimed directly at children. This includes advertising on television, radio, social media, and on our leaflets. *
- 2. By spring 2024, we will no longer use cartoon characters** on the packaging of unhealthy own brand products aimed at children. *

Having a poor diet as a child increases the risk of food-related diseases as an adult, so responsibly marketing healthy food and avoiding marketing for unhealthy food can be crucial for long term health.

⁷ NHS Digital: National Child Measurement Programme, England 2020/21, https://digital.nhs.uk/data-and-information/publications/statistical/national-child-measurement-programme/2020-21-school-year/age

Ofcom: Children and parents: media use and attitudes report, 2020/21, https://www.ofcom.org.uk/__data/assets/pdf_file/0025/217825/children-and-parents-media-use-and-attitudes-report-2020-21.pdf

⁹ Halford JC et al. (2007): Beyond-brand effect of television (TV) food advertisements/commercials, in Public Health Nutrition 11(9):897-904

¹⁰ Food Active and Children's Food Campaign: Pester Power or Parent Power? 2020, https://foodactive.org.uk/wp-content/uploads/2020/07/Cartoon-Characters-Report-July-2020.pdf

- * Christmas, Easter, and Halloween are special occasions in a child's life and do not constitute everyday diets. For this reason, we have decided to make an exception for these occasions.
- ** Cartoon Characters are defined as images which are animated to specifically appeal to children. This mainly targets animated humans or animals and images which are animated to include human-like attributes. Actual product images are excluded from the Cartoon Character definition. For example, Sour Worms may feature actual product images, however an animated image of worm with features such as eyes and a mouth are prohibited.

Identifying unhealthy foods for marketing

As outlined by the UK Government's 'The Food (Promotion and Placement) (England) Regulations 2021' and sugar reduction reformulation categories, there are several key product categories which contribute the highest calorie intakes in children's diets. We have accumulated and adopted 14 categories to support our children's marketing commitments.

For products which fall under one of the pre-defined categories, the FSA's 2004/05 Nutrient Profiling Model (NPM)⁶ is used to assess which are unhealthy. The NPM reviews energy, saturated fat, total sugar, sodium, fruit, nut and vegetables, fibre and protein, producing an overall score. Foods scoring 4 or more points, and drinks scoring 1 or more points are classified as

unhealthy for the purpose of this commitment. Products which are classified as unhealthy within these categories, cannot be advertised directly to children, or have cartoon characters on pack.



Increasing dietary fibre

The role of dietary fibre has been investigated, with associations found between increased fibre intakes and reduced risk of diet-related diseases such as cardiovascular disease and coronary heart disease. In 2015, the UK Government increased their fibre recommendation to at least 30g of fibre a day for adults, following an extensive literature review by the Scientific Advisory Committee on Nutrition.

Fibre is a type of carbohydrate which cannot be broken down by the body but plays a role in the movement of food in the gut. Research has found that some types of fibre support the growth of 'good' bacteria in the gut. This has also been shown to support the reduced risk of diabetes and cardiovascular disease.¹²

Increases in wholegrain consumption have been found to be particularly successful at lowering the risk of some diseases, such as cardio-metabolic disease. Wholegrain products contain more fibre, phytochemicals, and minerals (zinc, iron, magnesium) than white flour products, and is therefore a good mechanism for increasing fibre intake.

Our goals for increasing fibre

- 1. By the end of 2023, we will have assessed the fibre and whole grain content of our own brand product range.
- 2. By 2025, we aim to increase the fibre and whole grain content in our own brand product range.
- 3. We will continue to increase the number of products with fibre declared on packaging.

Scientific Advisory Committee on Nutrition: Carbohydrates and Health, 2015, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/ affile/445503/SACN_Carbohydrates and Health.pdf

¹² Geng Zong, Alisa Gao, Frank B. Hu, Qi Sun: Whole Grain Intake and Mortality From All Causes, Cardiovascular Disease, and Cancer: A Meta-Analysis of Prospective Cohort Studies, 2016.

¹³ University of Washington: Health effects of dietary risks in 195 countries, 1990-2017: a systematic analysis for the Global Burden of Disease Study, 2017.

Reducing fat

As a result of the increased consumption of animal products, the average level of saturated fat consumption in the UK is still above the government recommendation of 'no more than 11% food energy'. ¹⁴ The overconsumption of saturated fat has been shown to increase the risk of coronary heart disease, strokes and other potentially life-threatening diseases. ¹⁵ Unsaturated fatty acids like Omega 3 are primarily of plant origin and have been found to contribute to lowering the risk of certain health diseases, such as cardiovascular disease. ¹⁶ The associations to improved health outcomes are clear and therefore we continue to review and gradually increase the proportion of unsaturated to saturated fat in our own brand range. Additionally, we are also mindful that any fats and oils used should come from sustainable sources.

If a product requires the use of a solid oil due to texture or other physical properties, we aim to use vegetable fats. We permit the use of hardened vegetable fats, provided they are fully hydrogenated. Partially hydrogenated vegetable fats carry the risk of containing harmful trans-fatty acids and will therefore continue to be avoided from our own brand products where possible.¹⁷

Our objective for healthy fats and oils

We are committed to reviewing the nutritional composition of all own brand products through the existing product development process. Through this process we aim to:

- Decrease the total fat content of our own brand products
- Shift the proportion of fat in our own brand products from saturated fats to unsaturated fats

As we are committed to making the most sustainable choice, we consider, on a case-by-case basis, whether a product should use certified palm oil or a fully hydrogenated vegetable fat as part of its ingredient profile.

 $\frac{https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_dataa/file/594360/NDNS_Y1_to_4_UK_report_executive_summary_revised_February_2017.pdf$

¹⁴ Public Health England: National Diet and Nutrition Survey, Results from Years 1, 2, 3 and 4 (combined) of the Rolling Programme (2008/2009 – 2011/2012), 2014,

¹⁵ Ann Nutr Metab, Saturated Fat Consumption and Risk of Coronary Heart Disease and Ischemic Stroke: A Science Update, 2017

¹⁶ MD Dr PH Dariush Mozaffarian: Dietary fat, 2022.

¹⁷ World Health Organization: Nutrition - Trans fat, 2018.

What is palm (kernel) oil and what is Lidl's commitment?

Palm oil is a vegetable oil that comes from the fruit of oil palm trees. Palm (kernel) oil comes from crushing the kernel or stone in the middle of the fruit. 18 It is extremely versatile and high-yielding. When compared to other vegetable oils, it is a very efficient crop that can produce large volumes of oil over small areas of land.

Due to its unique properties, palm oil does not need to be hydrogenated like other vegetable oils. These properties make palm oil the most widely used vegetable oil in the world. However, palm is cultivated from highly sensitive tropical regions and when grown or sourced unsustainably, palm oil can cause damage to the surrounding ecosystems and communities.¹⁹

In addition to this, palm oil contains a high level of saturated fat. Given how widely used palm oil is in food production, it is likely that this also contributes to higher saturated fat and therefore higher calorie intakes.

At Lidl GB, we are therefore committed to reviewing products containing palm oil. Where possible, we will look to reduce or remove all palm oil in products. Where palm oil is required in a product, we are committed to sourcing the palm oil in a

responsible way that protects the rainforests and biodiversity as well as benefitting the local communities. Therefore, the palm (kernel) oil used in Lidl's own brand products has been required to be sustainably certified to RSPO standards since 2015.

We also work closely with a recognised working group, the Retailers Palm Oil Group (RPOG) and the certification organisation, the Round Table on Sustainable Palm Oil (RSPO), to ensure we are collaborating with the industry on the systemic challenges within the supply chain.

Additional information on our commitment to sustainable palm (kernel) oil is available here:

https://corporate.lidl.co.uk/sustainability/deforestation/palm-oil

Required space for producing one tonne of oil



¹⁸ WWF: 8 Things to know about palm oil, 2022.

¹⁹ WWF: Auf der Ölspur: Berechnungen zu einer palmölfreieren Welt, 2016.

Reducing salt, sugar and calories

In the UK, people of all ages, and in particular children, are overconsuming sugar. ²⁰ Excessive consumption of sugar has been found to increase the risk of overall calorie consumption and weight gain, leading to obesity and other health-related diseases. In 2015, the UK government reduced the daily recommendation of sugar to no more than 30g for adults, as well as subsequently challenging the food industry to reduce sugar levels. Average UK salt intakes also exceed that of the government recommendation. ²¹ With clear links between increased salt intakes and the increased risk of high blood pressure and cardiovascular disease, salt is also a focus for Lidl. ²²

Our goal for reducing salt, sugar and calories

We are committed to working towards the UK government's salt, sugar and calorie reduction schemes. We have developed a reformulation programme to ensure that our range is continuously making steps towards these goals. We are committed to reporting our progress in our sustainability reports.

Stance on sweeteners

When reducing sugar, our aim is to gradually lower the overall sweetness in our own brand lines, slowly introducing our customers to less sweet products. We therefore aim to reduce the levels of sugar, as far as possible, whilst maintaining a great taste. In some cases, the addition of sweeteners may be required. In these cases, natural sweeteners are always preferred.

We strive to offer our customers with lower sugar or sugar-free alternatives, where possible. These products may contain sweeteners. These alternatives are generally aimed at customers who want to eat foods with a low energy density, but not give up the sweetness they expect.

²⁰ Public Health England: National Diet and Nutrition Survey. Results from Years 5 and 6 (combined) of the Rolling Programme (2012/13-2013/14), 2016, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/551352/NDNS_Y5_6_UK_Main_Text.pdf

²¹ Public Health England: SACN Salt and Health report. 2003, https://www.gov.uk/government/publications/sacn-salt-and-health-report

²² Public Health England: Health matters: preventing cardiovascular disease. 2019, https://www.gov.uk/government/publications/health-matters-preventing-cardiovascular-disease/health-matters-preventing-cardiovascular-disease

Reducing additives

Additives are substances that are added to food for functional purposes. For example, preservatives are often added to sausages to protect against microbial spoilage, and therefore maintain an appropriate shelf life.

Scientific findings and consumer advice generally advises against consuming highly processed foods containing certain additives, especially for children.²³ In addition to this, many consumers perceive these to be negative, and often lean towards choosing products with more natural sounding ingredients, and so have fewer additives.²⁴ Therefore we continuously review and work towards reducing the additives used in our own brand products.

Colourings

We will continue to avoid artificial colourings in our own brand products where possible. Where colourings are required in a product, we always prioritise natural versions.

With the exception of some spirits and aperitifs, we have not used azo dyes in food since 2009. Quinoline yellow and Green S have not been used since 2018.

We also avoid the use of Titanium Dioxide, following the European Food Safety Authority's (EFSA) assessment concluding that it is no longer considered safe as a food additive.²⁵ This follows studies that have found strong associations to increased risk of cancer.

Flavourings

Consuming foods filled with flavourings can create a false sense of what foods should taste like. We believe in promoting the natural taste of foods. We therefore aim to minimise the use of flavourings in own brand products. If flavourings are required, we strive to use flavour extracts or natural flavourings above artificial alternatives.

Monosodium glutamate (MSG), is a flavour enhancer added to intensify a savoury taste. Reports have linked high intakes of MSG and symptoms such as headaches and nausea, however the research has been inconclusive.²⁶ We believe that flavour can be enhanced without the need of MSG and so aim to minimise the use, where possible.

²³ Leonie Elizabeth, Priscila Machado, Marit Zinöcker, Phillip Baker, Mark Lawrence: Ultra-Processed Foods and Health Outcomes: A Narrative Review, 2020.

²⁴ Europäische Behörde für Lebensmittelsicherheit: Eurobarometer Spezial 354: Lebensmittelrisiken, 2010.

²⁵ European Food Safety Authority: Titanium dioxide: E171 no longer considered safe when used as a food additive, 2021, https://www.efsa.europa.eu/en/news/titanium-dioxide-e171-no-longer-considered-safe-when-used-food-additive

²⁶ Prevention: Is MSG Actually Bad for You? Here's What the Science Says, 2022, https://www.prevention.com/food-nutrition/healthy-eating/a38917726/msg-good-or-bad/

Flavorings in vegan substitute products

There are some cases where the use of artificial flavourings may be required. Certain vegan substitute products aim to reflect the flavour of their meat alternative. In these cases, artificial flavourings would be considered if natural flavourings would not allow the product to be vegan.

Preservatives

Our aim is to reduce the use of preservatives as much as possible, and where appropriate, to avoid them altogether, whilst ensuring a reasonable shelf life. As part of this, food safety must not be impaired.

Vitamin and mineral fortification

For the average population, a balanced diet provides an adequate amount of all essential vitamins and minerals. Certain groups of people, for example pregnant woman or those with certain illnesses, can require more key vitamins and minerals. For the majority of the population, excessive intakes of foods with added vitamins and minerals could have a negative impact on their health in isolated cases. We therefore only add vitamins and minerals to selected products. These include wheat-containing products, multi-vitamin drinks (vitamins), sports drinks, meat substitute products (vitamin B12), plant-based milk alternatives (calcium), margarine and iodised table salt.

Our approach to reducing additives

- 1. Using natural food ingredients as a preference to food additives in our product development process.
- 2. Reviewing and reducing the use of colourings, as well as continuing the ban of azo dyes, quinoline yellow and Green S(s) and avoidance of titanium dioxide.
- 3. Reviewing and reducing the use of flavourings, as well as continuing to minimise the use of MSG.
- 4. Reviewing and reducing the use of preservatives.
- 5. Responsible vitamin and mineral fortification.

Promoting sustainable nutrition

Our approach

To achieve the planetary health diet we need to support a transition towards predominantly plant-based diets that include a moderate consumption of meat and dairy products. Globally, the production of meat-based products currently contribute towards:

- 20 percent of global greenhouse gas emissions²⁷
- 80 percent of global agricultural land use²⁸
- 40 percent of global deforestation of primary forests²⁹
- 30 percent of global freshwater use³⁰

To support this transition, we are taking steps to better understand the current status of our customer's diets and setting goals to support the transition towards more sustainable diets.

Our strategy in aims to gradually increase the share of plant-based protein sources within our ranges and to promote the consumption of sustainably sourced raw materials and meat-based products. To help customers to access a more sustainable diet, we are committed to offering locally sourced British produce, from third party certified sustainable sources, whilst developing our assortment to include a wider selection of vegan and vegetarian foods.

We are committed to sourcing our key raw materials from responsible and sustainable sources. These include fruit and vegetables, soy, palm oil, coffee, tea, cocoa, rice, nuts, meat, fish and seafood. In addition to this, we recognise the role that British livestock farming plays in the production of sustainable production and ensure 100% of our British produce is sourced to Red Tractor standards.

All of our responsible sourcing policies are available on our website.

²⁷ Food and Agriculture Organization of the United Nations: GLEAM 2.0 Assessment of Greenhouse gas emissions and mitigation potential, 2017.

²⁸ Statista: Distribution of land use for food production worldwide as of 2019, 2021.

²⁹ Our World in Data: Cutting down forests: what are the drivers of deforestation? 2021.

³⁰ P.W. Gerbens-Leenes, M.M. Mekonnen, A.Y. Hoekstra: The water footprint of poultry, pork and beef: A comparative study in different countries and production systems, 2013.

Development of sustainable product range

In the face of climate change, increasing biodiversity loss and the associated impacts on people's living and working conditions, we fully understand our responsibility as a global food retailer to operate within planetary boundaries.

We are responding to this challenge by continuously aligning our product ranges with scientifically based sustainability criteria. In concrete terms, this means a continuous improvement process for existing products and the development of new, more sustainable alternatives. This is why we work closely with credible certification systems, industry initiatives and partners from science, society and politics.

At Lidl GB we are committed to sourcing 100% of our key raw materials from sustainable sources by 2025. Lidl sells over 100 Fairtrade certified products and in 2021 Lidl GB generated more Fairtrade premium for cocoa farmers than any other UK retailer – over 1.2 million pounds. In addition to this, Lidl has won the MSC's Mid-sized retailer of the year for 7 years for its commitment to sustainable seafood sourcing.

Our commitments for a more sustainable product range

- We are committed to sourcing 100% of our key raw materials from third party validated sustainable sources by 2025. All our raw material commitments and policies can be found on our website
- 2. Lidl GB is committed to sourcing 100% of its non-organic British Fresh Produce from LEAF Marque assured farms by the end of 2023.
- 3. Lidl GB is committed to sourcing 100% of its fresh British meat and poultry from Red Tractor Assured farms.

Increasing plant-based protein sources

We are committed increasing the proportion of plant-based protein sources in line with the planetary health diet. As part of this we are taking a number of steps as part of a wider sustainable protein strategy.

Our objectives for increasing plant-based protein sources

- 1. By the end of 2023, we are committed to annual public protein disclosure. Through this we will transparently report the proportion of animal-based protein sources in comparison to plant-based sources.
- 2. By the end of 2025, we will deliver a 400% sales increase in our own brand meat free and milk alternative range, against a 2020 baseline.

To help customers that wish to buy vegan and vegetarian products within our stores we have launched the Vemondo product range. This range which includes a number of permanently listed products, as well as promotional products at key tines of the year, such as Veganuary, enables our customers to increase their plant-based protein sources at market leading prices. In addition to the Vemondo range, we sell a wide assortment of nuts and pulses, all of which will be captured within our

protein disclosure reporting.







Reduction of food waste

It is estimated that approximately 1.3 billion tonnes³¹ of food waste is created every year worldwide. These wastages can occur at any time from farm to fork, through losses in production, storage and further processing, to name a few. In the UK, 60% of the food that is wasted can be avoided.

Lidl is committed to reducing food waste, from supporting our customers through our 'Too Good to Waste Boxes' clear on pack messaging on products we sell, to working closely with our suppliers to improve problem areas in food production.

For more information on Lidl's commitment to reducing food waste, visit our website

³¹ J. Aulakh, A. Regmi: Post-harvest food losses estimation: development of consistent methodology, 2013.

Improving transparency through labelling

Our approach

Through the transparent labelling of our products, we aim to empower our customers to make informed healthier and more sustainable food choices. We are therefore always looking at ways to improve the visibility and messaging of information on our packaging.

Market research within the EU demonstrates that the increasing number of product-specific labels can lead to customer confusion.³² Therefore we aim to make the labelling of health, sustainability and animal welfare on our products as simple as possible.

For the nutritional composition, we use the UK Government's front of pack traffic light labelling scheme. We have piloted the Eco-Score label to communicate environmental impacts. For transparency about the methods of production of livestock, we have introduced our 'Welfare Windows' initiative.

Sustainability labelling

To enable us to offer our customers practical and easy-to-understand sustainability labeling on products, we are piloting a five-point Eco-Score labeling system on all our hot beverage products across our stores in Scotland.

There are two components in the Eco-Score method: The environmental impact of the product, based on the "Product Environmental Footprint (PEF)", plus additional sustainability criteria (e.g. packaging).

Our objective for consistent sustainability labelling

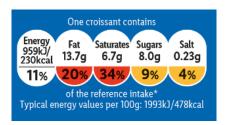
Through our pilot project and industry engagement we are committed to supporting the UK industry to develop a long term and viable sustainability labelling solution.

ECO-SCORE



³² European Commission: Impact Assessment Report, 2022.

Traffic light labelling





The UK Government's front of pack traffic light label offers a voluntary approach to increasing the visibility of nutrition information for customers. Lidl first adopted the traffic light labels in 2013.

This simple colour-coding system can be used by customers to make food choices based on easily accessible, understandable and comparable nutrition information.

The full traffic light label consists of information on energy (calories), fat, saturated fat, sugar and salt. Quantities are given in both grams and as a percentage of your daily allowance (RIs). The red, amber and green colours show whether a product is high, medium or low in fat, saturated fat, sugar or salt.

We strive to improve the traffic light labelling by reformulating our own brand products, with the aim to shift reds to ambers and greens.

Lidl aims to include traffic light labels on front of pack, where possible. There may be cases where this isn't feasible, for example space restraints on pack.

Our objective for front of pack nutrition labelling

We are committed to continue using traffic light labels on our own brand products where possible.

Welfare windows

At Lidl, we are committed to empowering our customers by being transparent about the animal rearing methods of the products available in our stores.

Our customers have told us that animal welfare standards and greater supply chain transparency are important to them. According to our research, 71% have said that they want retailers to be more transparent with the information displayed on the packaging. This is why we are providing more details on how our animals are reared (i.e. in what type of farming system they live in), and how these systems impact their welfare, through our new Method of Production Labelling Initiative - Welfare Windows.

We believe that through this initiative, we can raise awareness of British farming standards and help customers to learn more about the products that they buy from us in our stores, ultimately helping them to make more sustainable choices.

Our objective for method of production labeling through our Welfare Windows Initiative

We are committed to Welfare Windows on 100% of our fresh chicken, turkey, duck, egg and pork products, empowering our customers to make more informed choices when they shop in our stores.











Ensuring food safety

Our approach

Food safety is critical in the food industry and is therefore built into the foundation of this strategy. Lidl has developed comprehensive processes to ensure that the foods we sell are safe for our customers. These are embedded deep in our strategies, and we work hard to ensure alignment with our suppliers.

For more information on Lidl's commitments to food safety, visit our <u>website</u>.



OVERVIEW OF THE HEALTHY & SUSTAINABLE DIETS COMMITMENTS

BACKGROUND:

The food industry plays a vital role in supporting individual's health and the health of our planet. With over two-thirds of UK adults being overweight or obese, and clear links between these individual's and dietrelated diseases, it's as important as ever to support those to make dietary changes.1

Today, food production takes up 55% of our planet's biocapacity, i.e. more than half of the earth's surface, and so food security must also be captured.2

CHALLENGE: SUSTAINABLE AND HEALTHY DIET

The planetary health diet is the scientific basis for global dietary change.3 If everyone were to follow a plant-based diet, around 10 billion people could be fed healthy food in 2050 without overburdening the

TARGET:

Our goal is to offer the best available products to support our customers to live healthier and more sustainable lifestyles. By setting the following strategic goals for healthy and sustainable diets, we want to support the transformation of food systems: increase sales, based on tonnage, of healthy and healthier products to at least 80% by 2025, increase sales of fresh fruit and veg by 35% by 2026 and increase sales of our own brand meat free and milk alternative range (Vemondo) by 400% (against a 2020 baseline) by 2025.

- NHS Digital, Health Survey for England, 2019 https://digital.nhs.uk/data-and-information/publications/statistical/health-survey-for-england
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HEALTHY DIFTS

CHILDREN'S MARKETING

We are committed to taking steps to promote the marketing of healthier and sustainable diets to children, therefore:

From January 2023	We will no longer advertise unhealthy branded and own brand food on marketing materials aimed directly at children.
By spring 2024	We will no longer use cartoon characters on the packaging of unhealthy own brand products aimed at children.

INCREASING FIBRE

By the end of 2023	We will have assessed the fibre and whole grain content of our own brand product range.
By 2025	We aim to increase the fibre and whole grain content in our own brand product range.
Ongoing	We will continue to increase the number of products with fibre declared on packaging, where possible.

REDUCING SALT, SUGAR AND CALORIE

Ongoing	We are committed to working towards the UK
	government's salt, sugar and calorie reduction
	cohomos

REDUCING FAT

We are committed to reviewing the nutritional composition of all own brand products through the existing product development process. Through this process we aim to:

Ongoing Decrease the total fat content of our own brand

> Shift the proportion of fat in our own brand products from saturated fats to unsaturated fats.

REDUCING ADDITIVES

Ongoing Using natural food ingredients as a preference to food additives.

> Reviewing and reducing the use of colourings, as well as continuing the ban of azo dyes, quinoline yellow and Green S(s) and avoidance of titanium dioxide.

Reviewing and reducing the use of flavourings, as well as continuing to minimise the use of MSG.

Reviewing and reducing the use of preservatives.

Responsible vitamin and mineral fortification.

SUSTAINABLE DIETS

PLANT-BASED PROTEIN SOURCES

By the end of 2023	We are committed to annual public protein disclosure. Through this we will transparently report the proportion of animal-based protein sources in comparison to plant-based sources.
By 2025	Increase sales of our own brand meat free and milk alternative range by 400% (against a 2020 baseline)

DEVELOPMENT OF CUCTATIVABLE PROBLECT BANCE

DEVELOPMENT OF SUSTAINABLE PRODUCT KANGE	
By 2025	We are committed to sourcing 100% of our key raw materials from third party validated sustainable sources.
By the end of 2023	We are committed to sourcing 100% of our British Fresh Produce from LEAF Marque assured farms.
Ongoing	We are committed to sourcing 100% of our fresh British meat and poultry from Red Tractor Assured farms.

TRANSPARENCY

SUSTAINABILITY LABELLING

We are committed to supporting the UK industry Ongoing to develop a long term and viable sustainability labelling solution.

TRAFFIC LIGHT LABEL

Ongoing We are committed to using traffic light labels on our own brand products where possible.

WELFARE WINDOWS

Ongoing

We are committed to Welfare Windows on 100% of our fresh chicken, turkey, duck, egg and pork products, empowering our customers to make more informed choices when they shop in our stores.



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Sources and links

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