Welcome

Providing quality affordable food, supporting local communities and creating good jobs now and for the future has never been more pressing, the need never more urgent. It is important to all our stakeholders that we continue to do this in a fair and responsible way.

We have set a clear sustainability purpose to ‘make good food accessible to everyone’. Our sustainability strategy, the ‘Good Food Plan’, delivers against this purpose by strengthening the notion of good food. Good food is more than being high quality and affordable, it is food which is good for producers, people and our planet.

Since our first sustainability report published in 2017, we have been on a continued journey with our stakeholders to strengthen our approach and reach new levels of transparency. As part of this we’ve set clearer, more tangible plans for the future to ensure we can act and lead with both direction and ambition.

In this years’ report you will read how we are performing against the sustainability goals and objectives we’ve set ourselves during the financial years 2019 and 2020 (1st March to 28th February). It is a critical, honest and transparent account, demonstrating alignment of our sustainability purpose with our wider business mission and outlining the progressive actions being taken to drive further value for our producers, people and planet.

Find out more about our approach and programmes
A word from our CEO

This past year has been unparalleled and yet at Lidl GB, our teams continued to be there for all those who needed us. Our colleagues did a phenomenal job of ensuring operations continued to run smoothly and that customers were kept safe when visiting our stores.

I am incredibly proud of their dedication through these extremely challenging times and I want to take this opportunity to personally thank each and every one. Our employees are the backbone of our business and, in addition to investing over £9.2 million in thank you payments, for the last six years we have also committed to align with the Living Wage Foundation’s recommended real living wage.

As a food retailer, we recognise the important role we had in maintaining access to food and essential supplies throughout the pandemic. We took that responsibility very seriously. Our priority remained the health and safety of our customers and colleagues, investing quickly in measures to prevent further spreading of the virus. As a business, we remained agile in responding to the fast-moving situation and had to make the right decisions early.

Despite the challenges of the past year, we have continued our investment in Great Britain, opening on average one store a week over the last year. I’m delighted we are well on our way to meet our 1,000th store goal by the end of 2023.

However, despite the challenges we have all faced over the last two years we must not lose sight of the bigger picture in tackling those urgent systemic issues facing our communities, producers and planet.

Climate change remains a key focus, not just at Lidl, but for society at large. We know that as a leading British food retailer, we have an important role to play. As such, we have set ambitious operational greenhouse gas (GHG) emission reduction targets aligned to limit global warming to 1.5 degrees by 2030. We are working with our suppliers to help them do the same.

Our ongoing partnership with Neighbourly is as strong as ever and means we will continue to support our local communities and those in need. Food insecurity is increasingly prevalent and, together, we’ve committed to donating five million meals every year. At the height of the pandemic, our partnership gave thousands of fresh fruit and vegetables to NHS workers and key workers. This was in addition to our £300,000 rapid response to Neighbourly’s Covid-19 Emergency Community Fund appeal at the outset of the pandemic.

The Coronavirus pandemic has no doubt had a significant impact on our lives and the effects will likely be felt for some time to come. As we enter into this ‘new normal’, we are determined to continue delivering high quality and affordable produce in a fair and sustainable way.

Finally, to our customers, we hope we have helped and supported you through these difficult times and thank you for your continued loyalty.

Christian Härtogel
Chief Executive Officer, Lidl GB
July 2021
About Lidl GB

We’re a growing discount retailer. Despite the ongoing restrictions caused by the pandemic, our expansion continues at pace with 107 stores and 1 distribution centre opening up in the last two years, creating almost 4,000 new jobs.

We’re on track to meet our ambitious target of 1,000 stores by the end of 2023. We’re proud to now serve more than 15.6 million households per year², and are the 7th largest food retailer in the UK with a market share of 5.9%², with our Lidl GB headquarters based in London.

Lidl GB is part of the Schwarz Group which employs around 500,000 employees around the world and operates in more than 12,900 stores and specialist-stores in 33 countries. At its core the Schwarz Group consists of two retail divisions: Lidl Stiftung & Co. KG and Kaufland. Headquartered in Neckarsulm, Germany, Lidl Stiftung & Co. KG is currently present as a food retailer in 32 countries around the world. This includes around 11,500 stores and more than 200 warehouses and distribution centres in a total of 29 countries, with more than 341,000 employees.

Since opening our doors in the UK in 1994, we have had a clear vision for our business, to ‘enhance the lives of our customers by providing high quality products at market-leading value’. Our business model, designed for high levels of efficiency and built on long-term collaborative partnerships, differentiates us from our competitors. Discounter principles of efficiency, scale, product control and operational simplicity generate savings which can be passed directly on to our customers without compromising quality. Our vision is therefore one we can truly continue to deliver against.

Our vision

To enhance the lives of our customers, by providing quality products at market-leading value, whilst ensuring that customer satisfaction is at the heart of everything we do.

Where we are

Our 800th store opens Beverley (Yorkshire) store opened on 13th February 2020

A growing business (FY2020)

7.7bn Turnover

5.9% Market share²

15.6m Households served

Investing in the UK (FY2020)

865 Stores

13 Distribution centres

26,040 Employees

Discounter principles

Efficiency

Keeping prices low is an inherent part of our business; we look at minimising costs and associated resources in every part of our supply chains and operations.

Scale

As part of the wider Lidl Stiftung (Group), we are able to leverage significant purchasing scale without disadvantaging producers. Lidl Stiftung sources high volumes of products and ingredients, making it more efficient for our suppliers to produce our high quality products whilst keeping costs low.

Product control

Almost 90% of the products we sell are own label, not brands. This gives us direct control over the provenance and standards of quality, ethical conduct and sustainability of the majority of what’s on our shelves. So, when we make Good Food commitments, we’re helping our customers make more sustainable choices.

Simple and lean

We have approximately 2,300 permanently listed products on our shelves (around 10% of some larger supermarkets). This means fewer, simpler supply chains so we can build longer-term partnerships with our producers, working with them to achieve improved standards of quality and sustainability.

Covid response

As Covid-19 brought unprecedented challenges across the nation, our role as a retailer of everyday items became all the more critical. Maintaining food and essential supplies to British people, while also keeping customers and colleagues safe, was no simple task. But we are proud of what we achieved.

Safety first
We adopted a range of measures early, from positioning colleagues at store entrances to ensure safe customer numbers, we also provided bakery gloves for customers and colleagues, in addition to safety equipment for colleagues, new cleaning regimes and sanitiser stations at entrances.

Maintaining supply
As a range of public health measures were imposed to mitigate the spread of Covid we experienced interruptions to our supply chains and fluctuation in demand. During this time, we worked hard to mitigate this by engaging closely with our suppliers, other members of the industry and government departments to ensure everyone continued to have access to the products they needed. As a result we only needed to restrict a limited number of lines within our product range.

Supporting our colleagues and communities
We recognised our communities needed more support than ever during this time and we responded robustly:

- **Thank you bonuses:** All colleagues received vouchers of £150 as a thank you for their dedication and hard work in April 2020. This was supplemented by a one off bonus payment ranging from £100 to £200 in February 2021. We also increased wages by committing to paying the real living wage, as defined by the Living Wage Foundation.

- **Food donations points:** Across all our stores, collection points were set up at the front of our tills enabling our customers to donate products to local charities during their shop.

- **Free fresh produce for NHS:** We donated thousands of fresh fruit and vegetable boxes to frontline health workers, in partnership with The Royal Voluntary Service.

- **Emergency donations:** An additional £300,000 was donated to charity partner Neighbourly’s Emergency Fund to support community groups and charities facing urgent need.

- **Healthy Start:** We were the first supermarket to voluntarily increase the value of healthy start vouchers in England and Wales from £3.10 to £4.25.

Find out more about Neighbourly’s Emergency Fund
Find out more about our Healthy Start case study
At Lidl GB, we believe that everyone should be able to shop sustainably. It’s why we’re making green and ethical choices both affordable and accessible to all who shop with us.

We have set a clear sustainability purpose to ‘make good food accessible to everyone.’ We deliver against our purpose by embedding our sustainability strategy, the ‘Good Food Plan’, into the core of our business, challenging the common misconception that sustainability necessitates higher prices. Sustainability is intrinsic to the discount model and our discounter principles ensure that additional costs of sustainability are not passed on to our customers or suppliers.

At Lidl, by making good food accessible to everyone, sustainability is made affordable.

Our strategy
Our sustainability strategy, ‘The Good Food Plan’ strengthens the notion of what constitutes good food. Good food is more than being high quality and affordable, it is food which is Good for producers, Good for people and Good for our planet.

At Lidl GB, we approach sustainability across these three themes of Producers, People and Planet, with each theme housing priority topics ranging from Human rights to Healthy eating. We regularly consult with key stakeholder groups to ensure that our approach remains relevant and ambitious. Changing stakeholder expectations alongside shifting social and environmental factors shape our topic plans. 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 of our strategy to provide Good Food.

Our approach
In order to deliver against our sustainability purpose, our sustainability strategy is embedded into the core of how we operate as a business. It is a central pillar in the wider strategy for Lidl GB, providing a blueprint to deliver our sustainability purpose within and throughout everything we do. This ensures that sustainability remains affordable for those who shop with us and enables us to drive positive change year-on-year, safeguarding our future.

Since our first sustainability report was released in 2017 we’ve been further integrating sustainability into the heart of our business, from our commercial objectives and priorities to supplier relationships and store operations. Our ethos is centred around moving quickly to deliver ambitious impact on the most urgent issues, while taking a leadership position on topics most material to our business and stakeholders.

By working towards systemic change through our Good Food Plan, we’re making a difference to some of the world’s greatest challenges, as set out in the United Nations’ Sustainable Development Goals (SDGs). The SDGs have informed our long-term vision and targets, as mapped out at the beginning of each chapter. In 2020, as part of Schwarz Group, we also joined the UN Global Compact of businesses committed to sustainable and socially responsible policies, and to reporting on their implementation. Our involvement in the British Retail Consortium’s ‘Better Retail, Better World’ campaign further enables us to deepen our sectoral role for a fairer, more sustainable economy, in line with the SDGs.

See our sustainability targets
Find out more about our material issues and stakeholder engagement

This page aligns with GRI 102-16
Our Good Food Plan

This year, as part of our regular strategic review, we’ve updated our Good Food Plan to better reflect the priorities and importance of the key issues affecting our business and stakeholders.

The framework remains the same as in previous reports but we’ve strengthened our goals, in consultation with our stakeholders.

In total, we have set 29 goals for 2025, listed at the front of each chapter. They align with our vision and strategic priorities. They have been shaped and developed in line with our regular materiality assessments (see page 43). We’ve summarised the objectives and key commitments across each topic on the right, forming our blueprint for how we continue to define and deliver Good Food.

See our material issues and governance

<table>
<thead>
<tr>
<th>Topic</th>
<th>Objective</th>
<th>2025 goals</th>
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</thead>
<tbody>
<tr>
<td><strong>Good for producers</strong></td>
<td></td>
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<tr>
<td>Sustainable agriculture</td>
<td>To support a resilient agricultural supply chain, focusing on the most</td>
<td>50% of key fruit and veg suppliers engaged</td>
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<td>material issues of water, biodiversity, soil and carbon</td>
<td>in biodiversity projects</td>
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<tr>
<td>Backing British</td>
<td>To support sustainable growth and protect the interests of the British</td>
<td>Invest £15 billion into the British food and</td>
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<td></td>
<td>food and farming sector</td>
<td>farming sector</td>
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<td>Human rights</td>
<td>To respect human rights throughout our business and supply chain by</td>
<td>Conduct 15 HRIAs across high-risk supply chains</td>
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<td></td>
<td>conducting human rights due diligence</td>
<td>and implement corresponding time-bound action</td>
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<td>Animal welfare</td>
<td>To continually improve animal health and welfare, ensuring that all</td>
<td>Define and deliver robust animal welfare</td>
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<td></td>
<td>animals in our supply chains live a good life</td>
<td>action plans for each primary protein</td>
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<td><strong>Good for people</strong></td>
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<td></td>
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<tr>
<td>Healthy eating</td>
<td>To make our food healthier and healthier choices accessible to all</td>
<td>Increase sales of healthy food to 85%</td>
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<td>Community investment</td>
<td>To help strengthen the communities we serve</td>
<td>Donate 25 million meals to local charities and</td>
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<td></td>
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<td>community groups over the next 5 years</td>
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<td>Colleagues</td>
<td>To be the first choice employer in our sector</td>
<td>— Empowering employees to act sustainably</td>
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<td></td>
<td></td>
<td>— Ensure fair remuneration</td>
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<td>— Sensitise employees to diversity</td>
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<td></td>
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<td>— Promote health and equal opportunity in the</td>
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<td>workplace</td>
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<tr>
<td><strong>Good for our planet</strong></td>
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<tr>
<td>Food waste</td>
<td>To continually drive down food wastage from farm to fork</td>
<td>Cut food waste levels by 40%</td>
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<tr>
<td>Plastic and packaging</td>
<td>To champion the circular economy</td>
<td>— Reduce primary plastic packaging of own</td>
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<td></td>
<td></td>
<td>brand products by 40%</td>
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<td></td>
<td>— Ensure 100% of our packaging is either</td>
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<td></td>
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<td>recyclable, renewable or reusable</td>
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<tr>
<td>Climate action</td>
<td>To rapidly decarbonise our business in line with the most up to date</td>
<td>Reduce absolute operation GHG emissions (Scope 1</td>
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<td>science and work with our suppliers to do the same</td>
<td>and 2) by 80% and work with suppliers to set</td>
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<td>science-based targets for 75% of product-related</td>
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<td></td>
<td></td>
<td>emissions (Lidl Stiftung &amp; Co. KG target)</td>
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<tr>
<td>Sustainable sourcing</td>
<td>To source all of our critical raw materials from verified sustainable</td>
<td>Source 100% of key raw materials from verified</td>
</tr>
<tr>
<td></td>
<td>sources</td>
<td>sustainable sources</td>
</tr>
</tbody>
</table>
Hyper-transparency

Transparency is the cornerstone of accountability. As such, we’re committed to moving beyond typical corporate disclosure levels to push the boundaries of openness. For the last five years, we’ve been steadily building the amount and quality of data on our social and environmental impact. Today, we share more data and information than ever before.

For example, back in 2017 we led British food retailers in publishing tier one supply chain information and in 2018 we once again demonstrated leadership by publishing a comprehensive plastic footprint. In 2021, we will launch a ‘basis of reporting’ platform on our website to make our data and calculation methodologies accessible to all.

Through open disclosure, we challenge ourselves to go further and faster and we challenge our suppliers and competitors too.

Tracking performance

We’re committed to reporting openly on our impacts and performance and aim to continually improve transparency and the quantification of our impacts. As part of our strategic review, we’ve introduced 9 new Key Performance Indicators (KPIs) and strengthened existing KPIs to make them more relevant and measurable. In total, 41 KPIs have been set across our three Good Food pillars.

For the first time, we’ve developed a scorecard to report and track performance against strategic commitments. For each KPI, where possible, we have indicated the performance status.

See our KPI scorecard

Hyper-transparency

Our first Sustainability Report is published

Published food waste data and set targets

Published our first Health and Nutrition Policy

Published two Human Rights Impact Assessments in our Kenyan tea and Spanish berry supply chains, publicly disclosing adverse and positive impacts relating to Lidl’s business operations

Published online map of dairy farm locations

Published online

Published our first Health and Nutrition Policy

Published two Human Rights Impact Assessments in our Kenyan tea and Spanish berry supply chains, publicly disclosing adverse and positive impacts relating to Lidl’s business operations

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Published two Human Rights Impact Assessments in our Kenyan tea and Spanish berry supply chains, publicly disclosing adverse and positive impacts relating to Lidl’s business operations

Published online map of dairy farm locations

Published Scope 3 GHG emissions

Published nutrient profile

Published community investment policy

Commitment to full supply chain disclosure across three high-risk supply chains

2016

2017

2018

2019

2020

2021
Good for producers

Sourcing in a fair and sustainable way which improves the lives of people and animals, promotes long-term food production and strengthens relationships.

Good Food Plan

Affordable & fair

With own brand product control, plus simple and lean supply chains, we can work closely with producers over long-term contracts.

Read more
<table>
<thead>
<tr>
<th>Topics</th>
<th>2025 targets</th>
<th>2030 targets</th>
<th>Short-term action (2021–22)</th>
</tr>
</thead>
</table>
| **Sustainable agriculture** | 1. 50% of Lidl GB fruit and veg suppliers will have engaged in biodiversity projects  
2. All strategic suppliers of products which are sourced from high-risk supply chains are taking meaningful action to improve the quality and availability of water within our supply chain | 1. 100% of fruit and veg suppliers will have engaged in biodiversity projects  
2. Ensured all suppliers of products sourced from high-risk supply chains are taking meaningful action to improve the quality and availability of water within our supply chain | — Develop biodiversity module for all F&V suppliers to implement  
— Conduct water risk assessment for all Lidl GB negotiated products and join water catchment programme in high-risk region |
| **Backing British**         | 1. CSR business plans will be developed with 25 British strategic suppliers  
— Invest £15 billion into the British food and farming sector  
— Meaningfully engage with 50 next generation farmers through the Grassroots partnership across the beef, dairy and lamb sectors | 1. Developed CSR business plans with key British suppliers in every product group  
2. All Lidl Grassroots Farmers will have reached the top quartile of AHDB Farm Bench, or equivalent ranking | — Continue to increase share of turnover from suppliers with long-term contracts  
— Implement 12 CSR business plans with suppliers by the end of 2021  
— Support 30 Grassroots farmers to conduct carbon footprints on their farms and develop carbon reduction plans |
| **Human rights**            | 1. Conducted 15 Human Rights Impact Assessments (HRIAs) across high-risk supply chains and implement corresponding time-bound action plans  
— Established three pilot projects to reduce living wage/living income disparity in three supply chains  
— High-risk departments within Lidl and Lidl suppliers to have a proactive training programme and remediation process embedded to tackle modern day slavery | 1. Gender equality programme implemented in 5 identified high-risk supply chains.  
— Made meaningful progress in closing the wage gap within 10 prioritised risk supply chains  
— Ensured all high-risk product categories incorporate bespoke human rights assessments as part of supplier selection | — Publish a supply chain gender policy by the end of 2021  
— Implement our Human Rights Impact Assessment action plans  
— Encourage all suppliers to sign up to the Women’s Empowerment Principles by the end of 2021  
— Provide access to effective grievance mechanisms for workers in three high-risk supply chains by the end of 2021 |
| **Animal welfare**          | 1. Robust animal welfare action plans in place and being delivered against for each primary protein | 1. Demonstrated year on year improvements in animal welfare, based on Key Welfare Indicator reporting | — Work with our suppliers to eliminate dairy bull calf culling by 2023  
— Support suppliers to transition from cage to barn egg production |
Sustainable agriculture

With agriculture taking up more than 70% of UK land, farming businesses play a critical role in feeding our growing population, while also protecting our beautiful landscapes and thriving ecosystems.

As climate change impacts on food systems become clearer, farmers are having to adapt farming practices to protect land from increased risks of flooding, drought and erosion, and reduce greenhouse gas (GHG) emissions. Therefore, by 2030 we will work with 100% of our key suppliers to implement robust on-farm biodiversity plans in order to support the growth of resilient supply chains.

We recognise the need to work in partnership with farmers across our supply chains, ensuring we are mutually taking steps to secure our businesses for the future.

Our vision is for resilient and sustainable agricultural supply chains. Within sustainable agriculture our focus topic areas are promoting greater biodiversity, supporting water stewardship and supporting improved soil health. In conjunction with our climate, sustainable sourcing, backing British and animal welfare plans, the strategy brings together agricultural specialists with farming organisations and farmers themselves to ensure we can be offering sustainable, high quality food, at the best possible price for current and future generations.

Bringing biodiversity back

In Britain, over half of our land is used for farming. As the industry has mechanised and scaled during the last century, it’s sadly become the main cause of biodiversity loss. And yet, to meet the quantity and quality of national demand for produce, we depend on pollinators and rich soils. By taking action to bring biodiversity back to farming systems, we are not only addressing the global challenge of nature loss, but we are also helping to safeguard national food and water security, mitigate climate change, boost sustainable rural development and ensure the ongoing availability of nutritious food.

Based on rigorous supply chain materiality analysis, we’re focusing first on our fruit and veg growers, where potential issues such as the improper use of pesticides and the expansion of monocultures can have significant impacts. Our plan over the next five years is to work in collaboration with our key growers to ensure they are taking action to protect and enhance biodiversity on their land. To support this commitment, we are developing a specific biodiversity module for our growers to implement. In addition to this, the Lidl Pesticide Reduction programme uses the latest science to ensure strict limits on pesticide use within our supply chains. We are also stepping up our supply chain engagements to avoid the use of peat (a contributor to global warming and an important ecosystem for wildlife), with a commitment to peat-free compost by 2022 and are aiming for peat-free supply chains by 2025. By 2030, it is our goal to ensure that 100% of our key suppliers are implementing robust on-farm biodiversity plans, ensuring that they are taking the right steps for their businesses.

Conserving water

With 70% of water consumption in the UK being attributed to agriculture, the rising frequency of droughts and floods poses a very real threat to national food supplies and livelihood security. As well as consuming more water than any other sector, farming is also the biggest polluter of water sources. Determined to play our part, we are working with the industry to follow the principles of sound water stewardship as outlined by WWF. We have completed a detailed mapping of our high water-risk suppliers (a contributor to global warming and an important ecosystem for wildlife), with a commitment to peat-free supply chain engagements to avoid the use of peat. This is further supported by action being taken by our international business to support our producers in Spain, one of the highest risk sources within our supply chain, to pilot water stewardship certification standards. Based on the learnings from these projects we will strengthen our certification requirements further.

In parallel with our work to understand supply chain water risks and to intervene where necessary (including through sustainability certification schemes), we are exploring more holistic water catchment approaches as part of our collective action on water stress under the Waste and Resources Action Programme’s (WRAP) Courtauld 2025 Commitment. Starting in the Wye and Usk valley, we’re joining up with more than 40 businesses and NGOs to scale successful approaches to flood-risk catchments in a world-first initiative of its kind.

The WWF Water Stewardship Ladder

1 Water awareness
2 Knowledge of impact
3 Internal action
4 Collective action
5 Influence governance

Good for producers

In the year ahead, we will work on the following actions:

- Develop biodiversity module for all fruit & veg suppliers
- Conduct water risk assessment for all Lidl GB negotiated products and join water catchment programme in high-risk region
Back to British

The local farmers, growers and producers who supply our stores get to know us well – we’ve worked with some of our farmers for more than two decades. These close, long-term relationships keep security of supply high, and wasted product low.

What’s more, producers can plan further ahead, reinvesting profits in sustainable systems that will support livelihoods for the next generation of British farmers and growers.

When we asked Lidl GB customers recently why it’s important for products to be sourced locally, the number one response was to support local economies and jobs. Over the past two years, marked by Covid-19 and Brexit, the trusted relationships we’ve built up with suppliers have, quite literally, kept supplies flowing and customers fed. They’ve also kept hundreds of British producers in business, protecting jobs when they’ve been needed the most.

Our £15 billion commitment

At Lidl GB, we’re making an impact on the food and farming landscape. Two thirds of our products come from British suppliers. This includes all of our core fresh poultry, beef, milk, eggs and pork, with local lamb offered all year round in our stores in Wales and Scotland. Wherever possible, fruit and veg is also local. Since 2019, we’ve sold almost 1.5 billion British farm eggs and today, around 1 in 10 British farmed products to develop sustainable business plans for the conversion to cage-free production systems.

Contracts like these give stability to small and large family businesses up and down the country, keeping thousands of people in jobs and enabling investments in sustainable land practices and animal welfare.

Our Backing British strategy is all about providing the best British produce at world-leading welfare and environmental standards. By taking a public stance to back British farmers both in GB and globally (as part of the world’s biggest retail network we are able to broaden our suppliers’ market and promote the export of the best of British produce), we are long-standing supporters of the National Farmers’ Union (NFU) Back British Farming campaign.

Longer contracts mean greater livelihood security

In the last two years, we’ve done even more to extend buying contracts and to make sure they reflect individual supplier needs. We now offer two-year contracts on 100% of main crop potatoes, as well as longer-term contracts with our key onion, whole head salad and mushroom suppliers. We’ve extended a three-year contract with Asplins British Berries for a further two years, representing half of our total berry supply, and we’re engaging closely with our egg producers to develop sustainable plans for the conversion to cage-free production systems.

Contracts like these give stability to small and large family businesses up and down the country, keeping thousands of people in jobs and enabling investments in sustainable land practices and animal welfare.

Investing in tomorrow’s farms and farmers

With agriculture taking up more than 70% of UK land, farming businesses play a critical role in feeding our growing population, while also protecting our beautiful landscapes and thriving ecosystems. As climate change impacts on food systems become clearer, farmers are having to adapt farming practices to protect land from increased risks of flooding, drought and erosion, and reduce greenhouse gas (GHG) emissions. As a retailer committed to backing British, we’ve been working closely with our food producers to help accelerate the transition to sustainable practices and technologies that use integrated farm management approaches to avoid food waste and enable farmers to do more with less.

In the last two years, Lidl agricultural and sustainability experts have joined up with six major suppliers of British farmed products to develop sustainable business plans: 2 Sisters Food Group, Müller, Cranswick, Dunbia, Pilgrim’s Pride and Wyke Farms. Together, we have identified the key risks and impact areas, with action plans spanning packaging optimisation and animal welfare metrics, to gender equality and supply chain transparency programmes. Our aim is to extend this sustainable business planning to 25 British businesses by 2025. In doing so, we further improve supply stability and we expand our climate action more widely.

Find out about supply chain transparency at Lidl GB

At Dunbia, we have formed a strategic partnership with Lidl GB, sourcing our beef and lamb from British farmers and have developed shared goals across Climate Action, Packaging, Agriculture, Food Waste, Animal Welfare and Human Rights.

Gill Higgins, Head of Sustainability, Dunbia UK
Our Grassroots Dairy Partnership is working to build up the next generation of British dairy farmers. With the average age of a farmer in the UK being 60, and Brexit-related trade barriers negatively impacting export opportunities for the sector, there is a very real risk of our nation’s dairy heritage being lost to overseas competition. Among the barriers to young people becoming farmers are costs (training and capital required to start a farm) and technical know-how.

Alongside offering financial security in the form of a fixed-term farmgate price for up to 50% of liquid milk output, the Grassroots Dairy Partnership is bringing farmers together to share challenges and find solutions to support the future of the sector.

Find out more about our dairy partnerships

Grassroots dairy partnership

During the extreme pressures and uncertainties of the last year, we saw an astounding flexible, can-do spirit among our farmers. This was clear when 30 young beef and dairy farmers enthusiastically came together with Lidl buyers, sustainability experts and suppliers Müller and Dunbia to find ways to future-proof British agriculture in the face of sustainability challenges. Topics ranged from climate change and antibiotic use, to dairy bull calves in the beef supply chain. Across three virtual events, farm tours and interactive breakout sessions, potential solutions were identified, which will be explored in more detail as the programme develops. Steadily, the Grassroots Dairy Partnership is building resilience across the sector, taking us towards our goal of enabling our Grassroots dairy farmers to be the highest performing in the sector by 2030.

We are working with a diverse community of next generation farmers as part of our Grassroots programme, such as dairy farmer Fran Bell.

“Farming is still a very male-dominated industry, there have been a few times where someone new has arrived on-farm and assumed I am someone’s wife, not one of the partners of the business. But it is becoming more accepted for women to be involved in running a farm business.”

Fran Bell
Lidl Grassroots Farmer

100% of our British produce is Red Tractor assured; we sit on the technical advisory board for Red Tractor, helping to shape progress in the sector.

Fran Bell
Lidl Grassroots Farmer

Our Grassroots programme

Mitigate risk
Build resilience
Source responsibly
Unlock revenue

12 Actions for the year ahead

- Continue to increase share of turnover from suppliers with long-term contracts
- Implement 12 CSR business plans with suppliers by the end of 2021
- Support 30 grassroots farmers to conduct carbon footprints on their farms and develop carbon reduction plans
Human rights

Upholding the rights of the people that work within our supply chains is a responsibility we take extremely seriously. Alongside our network of specialist partners, we work holistically to monitor risks on an ongoing basis, whilst also pivoting to emerging challenges and championing positive approaches for systemic change within our sector and beyond.

As part of our commitment to the UN Guiding Principles on Business and Human Rights, our due diligence involves systematically identifying risks, informed by our social compliance programme and internationally recognised assessment tools, as well as knowledge gathered through our supplier relationships and engagement with stakeholders. Having identified key risks, we work together with suppliers to formalise next steps and develop projects and partnerships as needed. Ongoing monitoring of developments and transparent communication are key to our due diligence approach.

Find out more about our human rights and ethical trade approach

Being accountable for human rights challenges starts with supply chain transparency. As one of the first global retailers to publicly disclose supply chain data from our food and non-food supply chains, each year we add more detail, now listing all direct (tier one) food, textiles, hardware and fruit and veg suppliers. We’re now working closely with these suppliers and specialist partners to understand issues and challenges faced upstream, starting with our higher risk products: bananas from South America, our tea supply chain in East Africa and Asia and our fish and seafood supply chains.

Diving deeper with human rights impact assessments

Last year we became the first British retailer to publish Human Rights Impact Assessments (HRIAs) for high-risk supply chains. These detailed assessments seek to understand how our business operations may impact the rights of people working in our food supply chains, and to identify improvement measures through a time-bound action plan. So far, we have published two assessments and are committed to publishing three every year until 2025.

Our Kenyan Tea HRIA highlighted the systemic issues facing women and smallholder tea producers, including land rights, worker representation and gender discrimination. We are now working closely with expert partners to implement our detailed mitigation plan that includes opportunities to collaborate with stakeholders in strengthening buyer and supplier practices, as well as testing specific interventions associated with smallholder farmers and women.

The second 2020 impact assessment was carried out in our Spanish berries supply chain which identified fundamental human rights being negatively impacted in the sector, including the right to just and favourable working conditions, the right to freedom of association, the right to an adequate standard of living and access to remedy. The mitigation plan is being implemented to introduce holistic supply chain dialogue, enhanced auditing and greater price transparency, as well as improving grievance mechanisms.

All of our Human Rights Impact Assessments follow internationally recognised methodologies and the detailed action plans have deadlines to hold us to account. We continue to engage with external stakeholders, to apply the findings to support wider development of ethical trade standards. We will publish progress reports in 2022, as well as applying insights from HRIAs to develop bespoke category-level ethical requirements within buying tenders.

KPI status (FY2020)  Progress to date
Tier 1 suppliers on Sedex  95%
UK tier 1 suppliers attending modern slavery training  84%
Lidl GB buyers trained on human rights and modern slavery issues as part of the range review process  100%
Lidl GB employees trained through introductory modern slavery e-learning  New KPI

Human Rights Impact Assessments published

Signatory to the Women’s Empowerment Principles

1st discount food retailer to join Action, Collaboration, Transformation (ACT) for fair pay in the textiles supply chain
From conducting this HRIA we have gained a clearer understanding of the impact of our business activities within the Kenyan tea supply chain, including potential direct and indirect impacts.

We have also gained a better understanding of our leverage, role and responsibility in effectively mitigating the impacts identified. The HRIA identified further information about the systemic issues facing women and smallholder tea producers, including land rights, worker representation and gender discrimination.

Through this process we have developed relationships with partners to enable direct access to rights-holders as well as understanding impacts first-hand. We will continue to develop these partnerships to support our action plans and ongoing monitoring, continuing the ongoing process of improvement following the publication of the HRIA.

Human Rights Impact Assessment
Kenyan Tea Supply Chain – December 2020

Stage 1
Review business activities and process

Stage 2
Scope potential human rights

Stage 3
Baseline analysis

Stage 4
Stakeholder engagement

Stage 5
Field assessment

Stage 6
Impact assessment

Stage 7
Mitigation, action planning and communication

Impact assessment findings

This section focuses on the HRIA findings, which are based on the baseline assessment, enhanced by stakeholder engagement and the field assessment. They have been collated to identify the most salient impacts at different stages of the supply chain, and the impacts that are more closely linked to Lidl’s activities.

A premium for cocoa farmers

It’s not just our customers who love our new Super-Fairtrade Way To Go! chocolate bars. Cocoa farmers in Ghana are guaranteed the Fairtrade minimum price and an additional Lidl premium for every bar that’s sold, with pay benchmarked against a living wage index. This money funds projects that make an additional and permanent improvement in incomes for agricultural producers. They can also access free training from Fairtrade agronomists to improve yields and manage their land with environmental practices that support generations to come. At £1.99 our Way To Go! chocolate bars ensure that sustainability does not come at an unaffordable cost to the customer.

“
We’re proud to have partnered with Lidl on this exciting new range, which is now permanently listed. These treats will be even more enjoyable knowing they are fully traceable, sustainable and improving the lives of cocoa farmers. Way to Go Lidl!”

Anna Barker
Head of Commercial Partnerships,
The Fairtrade Foundation
Modern slavery

Modern slavery is the severe exploitation of other people for personal or commercial gain and this can take many forms, including forced labour, debt bondage or human trafficking. Our business has a legal obligation to report on the steps we are taking to address and mitigate the risks posed, both within our business and in our global supply chains. In light of changes to European immigration rules post-Brexit, as well as Covid-19 lockdowns, there is increasing risk of exploitation being undetected. Our recent focus has been on collaborating with a wide variety of specialist organisations to build our understanding and to strengthen our ethical buying processes and commercial contracts, as well as upskilling tier one suppliers and colleagues in identified high-risk departments. By the end of 2021 we are committed to providing access to effective grievance mechanisms for workers in three high-risk supply chains.

Working towards living wages

As part of the Schwarz Group, we endorse the Universal Declaration on Human Rights and its call for everyone to receive just and favourable remuneration. Lidl has been championing fair wages since 2006. However, in global supply chains, this can be complex as we rarely set wages directly. In agricultural supply chains for example, legal minimum wages are often below those outlined in the SDGs to meet basic needs and people who do not receive a living wage are more vulnerable to rights violations and exploitation.

We have therefore made a new commitment to support the assessment of income and wage gaps at farm level in our global supply chains and to take meaningful action to close these. For example, in Brazil we have been supporting a living wage study in the orange supply chain, published by the Global Living Wage Coalition. We are now working closely with the orange working group to develop a structured approach to increasing wages for workers in the São Paulo region, towards a living wage. Likewise, in Colombia and the Dominican Republic, we are supporting the findings of our key supplier Fyffes’s Fairtrade impact study to better protect incomes for smallholder producers and workers.

As part of a collaborative industry approach to tackling wages within the banana sector, we have worked with our direct suppliers to measure the wage gap on over 25 banana farms and are committed to rolling this out further as the programme evolves. Using this insight will help us to take steps to reduce wage gaps, as outlined in the process below.

In our non-food business, we became the first discount food supermarket to join the ACT on living wages campaign. Together with other global brands and retailers, we are committed to formalising wages agreed through collective bargaining in our buying contracts, starting with key sourcing countries of Cambodia, Myanmar, Bangladesh and Turkey. We are now developing a strategy to take this forward. Reflecting the additional pressures the garment industry has faced over the last year with reduced orders as a result of Covid-19 and as part of our membership of ACT, we have pledged to honour all textile orders going forward, ensuring security for suppliers and their employees.

The process to closing the gap on living wages

What is a living wage? Measure it Check it

Close the gap Share experiences

In the last year 100% of Lidl GB buyers received in-depth, product-specific training on human rights risks, delivered by our ethical trade experts. This training enables them to assess risks in their annual range reviews and when developing new ranges.

Empowering women in high-risk supply chains

It’s a sad fact that women are disproportionately impacted by ethical issues in supply chains. They are more likely to experience workplace discrimination or harassment and lower pay for equal work. As a signatory to the Women’s Empowerment Principles®, we are realigning our supply chain strategy to cover all seven principles and we will be applying them systematically to direct, high-risk suppliers. By the end of 2021 we have committed to publishing a gender policy for our supply chain, which will become the basis for further understanding of the root causes of issues facing women. We’ve already started taking practical steps towards this.

With Fyffes, our banana supplier, we’ve joined forces to establish an ambitious gender empowerment training programme, HERessentials. Women working in banana cultivation and picking receive training in health (including Covid-19 risks), protection from violence, financial literacy and workplace skills. This training will be launched in 2021 and is due to be rolled out across the Lidl and Fyffes supply chain until 2030.
Animal welfare

High animal welfare is consistently cited by customers as being one of the most important issues for them when they shop in our stores.

Responsible animal welfare practices are behind the quality, sustainability and animal welfare, every farmer who supplies Lidl GB must commit to upholding the requirements of our Animal Health and Welfare Policy, which was improved in 2020 to strengthen ongoing monitoring of sourcing against the Five Freedoms of the Farm Animal Welfare Council. Our policy outlines requirements on topics such as confinement, transportation, antibiotic reduction and stunning and is built into every commercial contract with our suppliers. Since our last report, we’ve joined the Red Tractor Board for Poultry, enabling us to champion wider systemic change for bird welfare.

With Red Tractor as standard for meat and dairy, we also offer over 85 product lines under the higher-welfare RSPCA Assured label, including farmed salmon, eggs, and fresh and processed meat.

It’s fantastic to see that there is still an appetite to improve the welfare of farm animals amongst key food industry players, despite the difficulties Covid-19 has thrown at them, and I wholeheartedly congratulate them.

Tracey Jones
Compassion in World Farming

Reducing unnecessary antibiotics

Antibiotics are an important component in farmed animal health and wellbeing. However, excessive use risks resistance, not only among animals but among consumers of meat. British agriculture has been world-leading in the speed and scale of antibiotic reduction and our own new Antibiotic Stewardship Policy echoes the essential and responsible use of antibiotics, with reduction targets aligned to the Responsible Use of Medicines in Agriculture Alliance.

By working closely with industry partners, suppliers and certification schemes, we’ve reduced antibiotic use across the sector by 70% for poultry and 60% for pigs since 2012, with a 97.3% reduction in critically important antibiotics.

70% reduction in poultry antibiotics since 2012

Over 85 RSPCA Assured higher welfare product lines sold in 2019 and 2020

55% of eggs (shelled or in ingredients) sold in 2020 sourced from cage-free sources

21% increase in number of British free range eggs sold between 2019 and 2020

Since committing to 100% cage-free sourced eggs (shelled or in ingredients) by 2025, we’re now at 55%. This is the result of close collaboration with our suppliers and the wider industry.

Good egg award

Since committing to 100% cage-free sourced eggs (shelled or in ingredients) by 2025, we’re now at 55%. This is the result of close collaboration with our suppliers and the wider industry.
Welfare windows

Following Brexit, there has been a renewed consumer interest around where produce comes from and how animals in the supply chain have been reared. As the first retailer to voluntarily label all of our fresh poultry in 2019, we have since extended our welfare labels ‘Welfare windows’ to pork, turkey, duck and egg products.

Welfare windows clearly show the different ways in which animals in our supply chains are reared; championing British farming practices and animal welfare standards whilst also helping customers to make more informed choices when they shop in our stores.

Welfare windows show our customers how animals in our supply chains have been reared so they can see the differences between systems such as British indoor, free-range and organic by animal type. By increasing consumer awareness in this way, we can remove misconceptions and, in turn, better support the farming sector in improving animal welfare. This is one of many examples of Lidl GB being at the forefront of supply chain transparency.

Quality Meat Scotland welcomes the introduction of clear and transparent method of production labelling that empowers customers to make informed choices about the meat they buy.

Tom Gibson
Director of Market Development,
Quality Meat Scotland

Example: Chicken welfare windows

Indoor
Birds are reared outside the UK to legal housing requirements.

British Indoor
Birds live in safe, comfortable housing with natural daylight and pecking objects.

British Indoor+
Birds live in housing with more space to exhibit natural behaviour, with natural daylight and environmental enrichment.

British Free Range
Birds live in safe, comfortable housing with access to the outdoors for a minimum of 8 hours a day.

British Organic
Birds have access to large outdoor ranges with smaller flock sizes and a GM-free diet.

76% of Lidl GB customers see animal welfare as an important consideration when shopping6

6. Customer survey conducted March 2021
Making safe, affordable and nutritious food accessible whilst caring for our colleagues and communities

Good for people

Good Food Plan

Affordable & nutritious

Lean, efficient processes and international scale mean we can consistently offer low prices and attractive promotions on nutritious food.

Read more
## Good Food Plan: People

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<tr>
<th>Topics</th>
<th>2025 targets</th>
<th>2030 targets</th>
<th>Short-term action (2021–22)</th>
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<tr>
<td><strong>Healthy eating</strong></td>
<td><strong>1.</strong> Increased healthier food sales (tonnage) to 85% (against 2019 baseline)</td>
<td><strong>2025 targets</strong> <strong>1.</strong> Increased fruit and veg sales by 35% by 2026 (against 2021 baseline)</td>
<td><strong>— Deliver customer campaign to make healthier choices</strong></td>
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<td></td>
<td><strong>2.</strong> Increased fruit and veg sales by 35% by 2026 (against 2021 baseline)</td>
<td><strong>2030 targets</strong> <strong>— At least 62% of customers will consider that Lidl helps them make healthier choices</strong></td>
<td><strong>— Reformulate products to make our food healthier by working towards the UK government’s salt, sugar and calorie reduction targets</strong></td>
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<td><strong>Community</strong></td>
<td><strong>1.</strong> Raised £5 million over 5 years to NSPCC to help keep children safe</td>
<td><strong>2.</strong> 25 million meals will be donated to local charities to tackle food insecurity</td>
<td><strong>— Launch new local community fund tackling food insecurity</strong></td>
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<td><strong>investment</strong></td>
<td><strong>6.</strong> Worked collectively with industry and government to address the salient issues associated with food insecurity</td>
<td><strong>8.</strong> Execute customer campaign aimed at increasing volume and quality of food donations</td>
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<tr>
<td><strong>Colleagues</strong></td>
<td><strong>— Empowered our employees to act sustainably</strong></td>
<td><strong>— Continue to deliver meaningful action against our targets</strong></td>
<td><strong>— Roll out sustainability training to all employees to inspire and engage</strong></td>
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<td></td>
<td><strong>— Promoted equal opportunity in career guidance</strong></td>
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<td><strong>— Continue to roll out the Feel Good Five employee wellbeing programme</strong></td>
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<td><strong>— Ensured fair remuneration</strong></td>
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<td><strong>— Built an inclusive workplace that reflects the communities we serve</strong></td>
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<td></td>
<td><strong>— Promoted health in the workplace</strong></td>
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Healthy eating

At Lidl, we’ve always believed that good food should be a right, not a privilege. Our mission to make nutritious food affordable and appealing to everyone has never been more important, with Covid-19 exposing the polarised realities of food poverty and obesity within many communities.

While there is no quick-fix to resolving the many complex socio-economic issues behind a balanced diet, as a discount retailer we know that there is an important role we can play in making healthier choices easier and affordable for all our customers.

Since 2017, working alongside leading research institutions, we’ve improved our understanding of the barriers our customers face, especially those on low household incomes, to achieve a nutritious and balanced diet. From these learnings we’re regularly testing and implementing interventions to assess impact.

In 2017, we were one of the signatories to the founding Food Foundation’s Peas Please pledge. As part of the initiative we are committing to run more discounts on vegetables, in a bid to making greens more affordable for more families.

Placing fresh, healthy products at the heart of our customers’ store journey is always a priority, with fresh fruit and vegetable products located prominently at the front of store. Every week six of these lines are promoted under Lidl’s Pick of the Week initiative to further drive healthier consumption behaviour.

Making food healthier
We are committed to continuously improving the nutrition of our permanent own brand food range through our ongoing product reformulation work, and our new annual nutrition improvement programme.

Tracking healthy food sales
As part of this commitment we’ve pledged to increase sales of healthier products7, based on tonnage sold, to at least 85% (against a 2019 baseline) with sales reported annually. In support, we aim to increase sales of our fruit and veg category by 35% over the next 5 years.

In 2021, our specialist nutrition teams developed a nutrient profiling model (NPM) based on Public Health England’s nutrient criteria for front of pack traffic light labelling. This system has enabled us to define healthy, healthier and least healthy food products and has been applied across our own brand permanent lines and all promotional lines. Our approach ensures that all our products defined as ‘healthy’ and ‘healthier’ have no red traffic lights.

This information allows us to track sales shifts based on nutritional scoring and strategically guides our approach to nutrient improvement at a product level. Every year, as part of our nutrient improvement programme, our nutrition and buying teams analyse the ingredients of over 200 own brand listed products focusing on reducing level of fats, salt, sugar and calories.

“It’s fantastic to see Lidl making such strong commitments to increasing sales of healthier foods, particularly an ambitious 35% increase in sales of fruit and veg. This really places Lidl in a leadership position when it comes to retailers championing fruit and veg, and is exactly the sort of bold action that is required if we are to support the nation’s health and wellbeing, and create a food environment that actually supports healthier eating instead of making it challenging.”

Rebecca Tobi
Peas Please Project Manager, Food Foundation

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7 Based on volume tonnage as this most accurately represents total levels of nutrition.
According to the NHS, 67% of men and 60% of women in the UK are overweight or obese, with 20% of year six children obese – these are among the highest rates in Europe. We welcome the government’s Childhood Obesity Strategy and calls for the food industry to reduce excessive calories in everyday foods by 20% by 2024. These plans form part of our wider product reformulation programme aimed at meeting the PHE’s salt, sugar and calorie reduction targets. Since 2017, we have reduced sugar in 32 biscuit lines, saving a total of 765 tonnes of sugar every year. Since 2017, we have also reduced salt in 21 condiment lines, saving a total of 21 tonnes of salt every year.

**Making healthier choices easier**

As part of our healthy eating strategy, we’re making further interventions to help families on a budget make healthy choices more accessible. A number of mechanisms have been employed across promotion and placement, incentives, information and signposting. These range from major store re-formatting to promote a greater level of fresh healthy food consumption to new nudge-based campaigns, such as healthy swaps.

Lidl has always prioritised placing fresh, healthy products at the heart of a customer’s store journey, with fresh fruit and vegetable products located prominently at the front of store.

**Here is our progress since 2019**

**Salt**

Aligned to Public Health England’s August 2020 revised salt targets.

**Sugar**

To reduce sugar content in those food categories that make up the majority of a child’s sugar intake by 20%.

**Calories (introduced in 2020)**

To reduce calories levels across food categories aligned with PHE calorie reduction programme (sales weighted average).

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8. Average target is used as a maximum across those categories where no maximum target exists. 9. Based on sales weighted average.
Community investment

We are active in our communities, tackling food insecurity and also supporting youth safety and wellbeing.

Our commitment to making healthier food accessible to everyone extends into our community work, where we work with over 1,300 food banks and community groups to address food poverty and wider issues of social deprivation at a local level.

As a food retailer we are well placed to tackle food insecurity, through corporate donations or redistributing surplus. Our recent customer research on community impact was clear in highlighting an expectation to see us support local communities, with food poverty as the top priority (cited by 56% of customers).

While our food donation programmes are focused on supporting communities at a local level, we also back national initiatives to tackle the issues deemed important by our customers and employees. Through our partnership with the NSPCC, we’re raising money and awareness to ensure every child is heard.

Tackling food insecurity

Over the last year, against the backdrop of the pandemic, the number of people requiring support to access food has risen. In a recent survey of our food donation partners, 69% reported seeing an increase in demand from service users over the last year, while 75% expect demand to increase over the next 3-6 months.

Feed it Back

Our Feed it Back programme in partnership with CSR platform, Neighbourly, redistributes surplus food from our stores to local food banks, charities and community groups. In the last two years, the equivalent of six million meals have been donated through Feed it Back, reaching an estimated 294,000 people per week. During the first lockdown, we recognised the need to urgently support those in our communities facing food insecurity, donating a further £300,000 to Neighbourly as part of our Covid-19 Emergency Community Fund. This ensured vital funds were distributed quickly to those in need. We also introduced donation points in all of our stores, allowing customers to donate items directly to their local food banks.

Find out about how we’re tackling food waste

Teaming up to Tackle Hunger

During 2020, we jointly launched Teaming up to Tackle Hunger with Neighbourly. An initiative to work together with our customers to increase support available for families in need, we introduced a new mechanism for our customers to donate to their local charity or community group simply and easily by scanning a flyer. Lidl committed to matching our customers’ donations over the five-week run, resulting in over 300,000 food items donated.

“We’re pleased to be able to support Lidl as they roll out this new initiative. Our network of charities and community causes are working around the clock at this time to support isolated and vulnerable members of the community with food and basic essentials.”

Steve Butterworth
CEO, Neighbourly

6m meals donated to struggling families, since 2017

1,300 local charities and community groups supported through our food surplus redistribution network

Increase in value of Healthy Start vouchers from January 2021

+£4m raised for the NSPCC in 4 years
Giving more children a place to turn to

For four years’ running, the NSPCC has been our national charity partner and we stand behind its tireless dedication to keeping children safe from abuse and neglect. Since our last report, we’ve raised a further £2 million to help fund its ‘Speak Out. Stay Safe’ programme and Childline, the 24/7 phone or online counselling service accessed by approximately 250,000 children every year.

With school closures in 2020, vulnerable children became even more exposed and Childline has been vitally important in supporting young people through this period. Our fundraising activities included the Lidl GB Childline 30 Challenge inspiring colleagues and their families to find virtual ways of fundraising, based on the reality that it takes £30,000 to run Childline for a day. In a year when most traditional fundraising events were cancelled, colleague fundraising and customer donations resulted in over £400,000 raised for the NSPCC.

With calls to Childline increasing over lockdown, and the challenges of the pandemic meaning the NSPCC had to run a reduced service, we launched The Rainbow Trail in partnership with the NSPCC. Rainbow billboards were stationed at stores across the country, featuring pictures submitted by children. The programme sent a message of hope at a time when things may have been tougher for children and young people suffering with mental and emotional health, especially for those where home is not a safe place. We wanted to let children know that the NSPCC’s Childline service was still there for them.

We are now aiming to raise a further £1 million to fund 469 new Childline counsellors and 38,900 counselling sessions.

“Children have been the hidden victims of this pandemic. But Lidl have done so much by coming together – even when having to keep your distance. From walks, runs and hikes, to peddling hard on bikes, fancy dress and five-a-side; being apart hasn’t stopped Lidl. Together, you have raised £1 million for Childline. That’s enough to recruit, train and support 625 Childline volunteers.”

Peter Wanless
Chief Executive, NSPCC

Supporting STV’s Children’s Appeal

As well as supporting our national partnership with the NSPCC, Lidl colleagues in Scotland also fundraise for STV’s Children’s Appeal, supporting young people in Scotland living in poverty. They have raised over £125,000 over the last two years alone.

Fundraising activities ranged from charity bike rides and runs, to beach clean ups, kilt walks, football matches and much more. To celebrate Lidl Scotland’s 100th store opening, we partnered with KT Tunstall for Lidl Live. KT performed a string of shows across Scotland while raising money for STV.
A healthy start for children
During 2020, food insecurity peaked under Covid-19 lockdowns10. Almost overnight, our community partnerships with food banks and redistribution charities became the difference between eating and not eating for some British families finding themselves unemployed or caring for the vulnerable. We knew that another way we could help was by offering struggling households more from Healthy Start vouchers that pass through our tills each day. These vouchers are provided by the government to parents of young children or pregnant mothers receiving income support or allowance, for them to spend on healthy food.

From 2021 we committed to raise the value of Healthy Start vouchers, and were awarded the Peas Please Good Society Award in recognition.

Healthy Start top-ups
To further support families who were already on a very tight budget we decided to top-up Healthy Start vouchers, from £3.10 to £4.25, in our stores in England and Wales.

By taking a proactive step with Healthy Start, we were three months ahead of the formal government announcement on this and were the first retailer to offer Healthy Start top-ups. By adding an additional £1.15 to each voucher, we have helped more than 200,000 families afford more healthy food, such as fruit, vegetables, pulses, milk and vitamins – providing vital support to children’s early years development. In addition to offering existing users greater support we saw redemption rate of Healthy Start vouchers increase by 10%.

10. Food insecurity levels in May 2020 were 250% higher than pre-Covid-19: Food Foundation Survey 2019.
Colleagues

As key workers through Covid-19, 26,000 Lidl GB employees kept shelves stocked and food on the table when it mattered most. Ensuring our colleague heroes are supported, inspired, recognised and rewarded has never been more important.

We’re one of the best paying supermarkets in Britain. Back in 2015, we were the first GB supermarket to voluntarily align with the Living Wage Foundation’s recommended real living wage and each year since then we have increased hourly wages against its benchmark. In Spring 2021, 20,000 Lidl GB employees – representing 80% of the workforce – received an hourly pay rise to £9.50 (£10.85 within the M25). All colleagues received vouchers of £150 as a thank you for their dedication and hard work in April 2020. This was supplemented by a one off bonus payment ranging from £100 to £200 in February 2021.

Being supported and recognised is about far more than monetary reward. In recent years we have been developing a holistic approach to supporting our people with the ‘Feel Good Five’ wellbeing strategy for food and fitness, feelings, finances, family/ friendships and future planning. In 2020, we prioritised on supporting our colleagues’ mental and physical wellbeing. We introduced discounted gym memberships and a new mental health app where colleagues could get real time support. We introduced a new “wellbeing hub” offering financial advice, healthy recipes, tips to support mental health and more! We also continued to promote our existing Employee Assistance Programme which offers free confidential 24/7 support and all line managers continued to take part in mental health awareness training.

Keeping colleagues safe and well

When the UK entered Covid-19 lockdown in March 2020, we were well prepared. Having seen the impact of the pandemic on our wider Lidl network, our crisis management team acted rapidly to implement stringent protective measures in our stores, warehouses and distribution centres (including buying four million masks and 5,000 protective checkout screens). A hotline was set up for colleagues, in addition to the existing Care First helpline. We issued clear daily updates based upon government guidance and we set up an internal test and trace system to alert any colleagues who had tested positive to isolate.
An inclusive Lidl is a more successful Lidl

Our growth is rooted in the diverse mindsets and backgrounds of our workforce. But we know we need to become even more diverse, which is why we developed our vision for diversity and inclusion at Lidl and set our strategic objectives to achieve this over the next 12 months. In addition, we have signed up to the British Retail Consortium’s Diversity and Inclusion Charter, pledging to take decisive action to improve diversity practices across the retail industry.

Our Diversity and Inclusion working group has developed a Diversity and Inclusion Strategy. In addition, we ensure that all new line managers undertake an internal training programme entitled the Leadership Academy. This is designed to equip all our leaders with the knowledge to confidently manage their teams. Within this reporting year, 70 people received leadership training from the business.

We are systematically closing our gender pay gap. Our median gender pay gap is now at 0.2%, down from 0.5% in 2018. We have also made significant progress in reducing our mean pay gap, which now stands at 6.6%, down from 11% in 2018. As a comparison, the UK national average is 15.5% for all employees in 2020. We are pleased to have made progress, which is a reflection of the hard work undertaken within the business to bring about meaningful change. For example:

Hiring practices
All hiring managers receive diversity and inclusion training, with a focus on unconscious bias, as standard, to ensure hiring practices remain fair and transparent. Our commitment to advertising all non-specialist role vacancies internally before publishing them externally is also encouraging internal development and allowing females to successfully progress through the business and move into more senior roles.

Ways of working
An example is our commitment to more flexible working practices for our office-based colleagues, including a mobile working policy. For our store and warehouse-based colleagues, we have also introduced a variety of part-time contracts. This enables colleagues to retain a management position whilst working part-time hours to better support their work-life balance. Additionally, our enhanced maternity leave policy, which offers up to 14 weeks’ full pay, is another attractive part of our benefits package.

Appraisals and progression
As part of our appraisal process we conduct ‘talent forums’, a calibration and benchmarking process to ensure a fair and transparent performance review. Subsequent decisions related to promotions and progression are generally determined on completion of the talent forum process.

Supporting female talent
We have maintained our partnership with the Retail Week Be Inspired initiative, designed to encourage women to fulfil their career aspirations and connect them with those who can help support and inspire them. Through this, we have the opportunity to send female leaders on a Senior Leadership Academy. This prepares them with both industry relevant leadership seminars and workshops.

We will continue to find new ways to promote better gender parity across all levels and we’re committed to maintaining a transparent approach to this process and will continue to share our progress as we work to close the gap.

Read our gender pay gap report

Uninterrupted learning, no matter what
As a business that keeps on growing, we want our teams to grow with us. Investing in their growth and development is part of this and our training, work placements, international rotations and leadership development programmes have adapted to the circumstances of 2020.

In the last two years, we have been improving our training offer to make courses more accessible and flexible. This blended approach of face-to-face and online learning became all the more important following the Covid-19 pandemic with many of us shifting to home working. While still fully supported with regular trainer or manager check-ins, employees were able to take their training at their own pace and from any location.

With 47 e-learning packages to choose from, our colleagues were also able to access our E-Book lounge and suite of bite-size videos. The Leadership Academy sessions continued apace, with 547 current and future leaders joining leadership experience days in 13 regions prior to the pandemic. We also delivered more programmes for managers on supporting colleagues’ mental wellbeing.

Technical training and apprenticeships
For colleagues who have been working harder than ever in our store, distribution centres and warehouses, we have sought to maintain uninterrupted training. The Lidl Training Academy enabled 97 apprentices to continue on-the-job training, with seven graduating ever in our stores, distribution centres and warehouses, we have sought to maintain uninterrupted training. The Lidl Training Academy enabled 97 apprentices to continue on-the-job training, with seven graduating during 2020. Our apprenticeships span more than 12 departments, from retail and payroll, to stores and HR. Going forward, we will be launching new apprenticeships in logistics warehouse operations and sales retail team leadership.

Lidl GB gender pay gap: FY2018 FY2019

<table>
<thead>
<tr>
<th></th>
<th>Male %</th>
<th>Female %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean pay (%)</td>
<td>11</td>
<td>6.6</td>
</tr>
<tr>
<td>Median pay (%)</td>
<td>0.5</td>
<td>0.2</td>
</tr>
<tr>
<td>Mean bonus gap (%)</td>
<td>30.4</td>
<td>27.1</td>
</tr>
</tbody>
</table>

Actions for the year ahead

+ Support all colleagues to act more sustainably through delivery of new training concepts
+ Continue to roll out the Feel Good Five employee wellbeing programme
+ Learn more about the diversity status of our business through colleague surveys and implement measures to break barriers

Overview  Good for producers  Good for people  Good for our planet  Good for business  Lidl Sustainability Report FY 2019 & 2020
Good for our planet

Promoting the sustainable and efficient use of resources and minimising losses across the food system
### Topics

<table>
<thead>
<tr>
<th>Topics</th>
<th>2025 targets</th>
<th>2030 targets</th>
<th>Short-term action (2021–22)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Food waste</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reduced Lidl’s food waste by 40% since 2016 (relative to business growth)</td>
<td>Reduced Lidl’s food waste by 50% since 2016 (relative to business growth)</td>
<td>Trial new interventions to tackle food waste hotspots (bake off and chilled product categories)</td>
</tr>
<tr>
<td></td>
<td>10 suppliers will have a Whole Chain Food Waste Reduction Programme in place</td>
<td>— 100% of GB strategic suppliers will have a Whole Chain Food Waste Reduction Programme in place</td>
<td>Roll out new discount strategy to maximise sales of products reaching their end of life</td>
</tr>
<tr>
<td></td>
<td>— Developed and executed annual consumer engagement plans aimed at reducing food waste at home</td>
<td>— Conduct 2 whole chain food waste programmes for top fruit and fish products</td>
<td>— Conduct 2 whole chain food waste programmes for top fruit and fish products</td>
</tr>
<tr>
<td><strong>Plastic &amp; packaging</strong></td>
<td>Own label plastic packaging will be reduced by 40% (relative to business growth)</td>
<td>100% of Lidl GB’s packaging portfolio (including primary, secondary and tertiary packaging) is optimised, championing reduction, end-of-life and circularity</td>
<td>Pilot in-store refill product solution, testing customer engagement and operational efficiency</td>
</tr>
<tr>
<td></td>
<td>Own label packaging will be reduced by 25% (relative to business growth)</td>
<td>— 100% of Lidl GB's packaging portfolio (including primary, secondary and tertiary packaging) is optimised, championing reduction, end-of-life and circularity</td>
<td>Continue to remove unnecessary plastic packaging, eliminating 1 billion pieces of plastic by end of 2021 (since 2018)</td>
</tr>
<tr>
<td></td>
<td>100% of own label &amp; branded packaging will be recyclable, reusable, refillable or renewable</td>
<td>— 100% of Lidl GB's packaging portfolio (including primary, secondary and tertiary packaging) is optimised, championing reduction, end-of-life and circularity</td>
<td>Roll out prevented ocean plastic into packaging formats of other product categories</td>
</tr>
<tr>
<td></td>
<td>50% of own label packaging to be made of recycled content</td>
<td>— 100% of Lidl GB's packaging portfolio (including primary, secondary and tertiary packaging) is optimised, championing reduction, end-of-life and circularity</td>
<td>Trial in-store collection and recycling system of plastic bags and wrapping</td>
</tr>
<tr>
<td><strong>Climate action</strong></td>
<td>100% of Lidl GB suppliers that contribute to top 75% of product-related emissions will have validated, by 2026</td>
<td>Reduced Scope 1 and 2 emissions in line with a 1.5°C trajectory</td>
<td>Install solar PV arrays on all new stores where possible</td>
</tr>
<tr>
<td></td>
<td>— Become carbon neutral in our own operations, by 2022</td>
<td>Reduced absolute GHG emissions by 42% from store delivery vehicles</td>
<td>Install electric vehicle points across 300 stores</td>
</tr>
<tr>
<td></td>
<td>100% of Lidl GB suppliers in top 25 product emitting food categories will have engaged in carbon reduction programme</td>
<td>100% of Lidl GB suppliers in top 25 product emitting food categories will have engaged in carbon reduction programme</td>
<td>Transfer 10% of store delivery fleet to biomethane</td>
</tr>
<tr>
<td><strong>Sustainable sourcing</strong></td>
<td>100% of high-risk raw materials within our product ranges will be sourced from verified sustainable sources</td>
<td>Advocated beyond our direct supply chains to ensure zero deforestation or land conversion within UK supply chains</td>
<td>100% of our block chocolate will be Fairtrade certified</td>
</tr>
<tr>
<td></td>
<td>— Zero deforestation or land conversion within own brand product supply chains</td>
<td>— Advocate beyond our direct supply chains to ensure zero deforestation or land conversion within UK supply chains</td>
<td>Transition to sustainable soy in all egg and poultry supply chains</td>
</tr>
<tr>
<td></td>
<td>— New verified, sustainable supply chains for orange juice, nuts and rice will be established</td>
<td>— Advocate beyond our direct supply chains to ensure zero deforestation or land conversion within UK supply chains</td>
<td>At least one verified sustainable orange juice product</td>
</tr>
</tbody>
</table>
Food waste

As a business driven by high levels of efficiency, we strive to avoid waste of any kind – especially food. The shocking reality is that almost 20% of the food we buy as a consumer ends up in the bin – among the worst rates in Europe.

Avoidable food loss and waste is unacceptable, which is why we’re taking urgent action in our stores and work collectively with others to take decisive steps across the food value chain to cut out the loss of food. We were also one of the first UK supermarkets to publish our food waste data from 2016.

Avoiding in-store food waste

In 2017 we set our first target to reduce food waste across our operations by 25% by 2020. We’re proud to have exceeded this ahead of our pledge; primarily thanks to smarter discount strategies (helping to avoid over 10,000 tonnes of food surplus each year) and our Feed it Back programme (redistributing 49% more food surplus – six million meals – since 2017).

We know that customers can be confused by different date labels on food, risking perfectly edible items being discarded. To address this, we’re consistently applying WRAP’s best practice guidance on date labelling across our food range, only applying ‘Use By’ where there is a food safety reason to use it.

Our approach follows the waste hierarchy, firstly preventing and avoiding food waste and then ensuring good edible surplus food is eaten. All unavoidable food waste is sent to produce biogas. Proportionally, we sell the greatest proportion of fresh food (fresh meat, fish, poultry, fruit and veg). This presents deeper challenges as fresh foods have shorter shelf lives meaning they must be managed quickly and carefully to ensure they are available for customers at their freshest. As we move forward, we are critically examining each area of the business where food wastage occurs.

Meeting our new target will require us to look for multiple interventions in our stores and distribution centres. These will range from smarter bake plans, to optimised quality checks and specialist training. Meanwhile, we will expand our charity redistribution programme to accept frozen products. We also aim to improve the traceability of redistributed food, with more training for charity partners and formal KPIs established to accurately track and report progress.

Food waste

<table>
<thead>
<tr>
<th>Amounts in tonnes</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total food surplus</td>
<td>37,604</td>
<td>40,428</td>
<td>41,790</td>
</tr>
<tr>
<td>Food surplus redistributed</td>
<td>1,540</td>
<td>1,447</td>
<td>469</td>
</tr>
<tr>
<td>Food waste to anaerobic digestion</td>
<td>36,063</td>
<td>38,981</td>
<td>39,699</td>
</tr>
<tr>
<td>Food waste per store</td>
<td>32.42</td>
<td>35.71</td>
<td>40.90</td>
</tr>
</tbody>
</table>
A food lifecycle approach
In the last two years, we engaged with 127 of the UK’s largest food suppliers to adopt the ‘target, measure, act’ approach to reducing food waste, in line with the Waste and Resources Action Plan’s (WRAP) Food Waste Reduction Roadmap. 70% of food waste is wasted in the home and with 16% arising from primary production and processing, we know a food lifecycle approach is vital. Now, we’re co-creating action plans, including mapping food journeys to pinpoint losses across the value chain for high-waste products. Starting with our salmon, strawberry and apple supply chains, we are undertaking ‘whole chain projects’, identifying hotspots for waste, meaning we can examine each stage of production for food-saving opportunities. Our plan is to expand this mapping to more supply chains to achieve a measurable impact across more products.

At the same time as mapping risks we also continue to widen cosmetic specifications for fruit and veg so that more product ends up on our shelves and not rotting in fields. Our principle has always been to make imperfection accepted as the norm, which is why we’ve deliberately not marketed ‘wonky veg’ lines like other supermarkets.

Using more perfectly good food in the home
While we are working tirelessly in our stores and supply chains to avoid food waste, the reality is that the majority of UK food waste occurs in the home. For many households, lockdown measures changed peoples eating and food purchasing habits, with more time to plan for and cook meals at home. At Lidl GB, we embraced these new trends, partnering with Zero Waste Scotland to create ‘zero waste’ shopping lists and with environmental charity Hubbub to give customers tips and quick-wins to make food last longer.

Across our stores, we continue to apply WRAP’s best practice guidance to label products that are most often wasted in the home with the best advice to store and freeze. In fact, we were one of the first retailers to introduce the ‘blue fridge’ to the front of pack to make the guidance as clear as possible.

### Key root causes for food loss
- Climate change
- Disease and pests
- Volume planning
- Product specification not met
- Off-cuts
- Damage during processing/grading
- Sorting loss
- Quality deterioration
- Product or packaging damage
- Broken chilled chain
- Over ordering
- Poor stock rotation
- Labelling confusion

### Steps taken to reduce wastage
- Long-term contracts and planning
- Broaden cosmetic standards
- Investment in production/harvest techniques
- Expand secondary markets
- Broaden product specification
- Production line optimisation
- Expand secondary markets
- Appropriate storage
- Efficient ‘just in time’ deliveries
- Allocation planning
- Redistribution
- Packaging innovation
- Accurate ordering
- Effective discount strategy
- Colleague engagement and training
- Redistribution
- Best practice date and storage labelling
- Consumer campaigns
- Meal planning guidance

### Actions for the year ahead
- Trial the extension of our discounting strategy for all product categories
- Target high volume food waste in bakery, chilled and frozen categories
- Continue to apply WRAP’s best practice on-pack guidance for product storage and date labelling
- Collaborate with our top fruit and fish suppliers to conduct two whole chain food waste programmes

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11. Waste and Action Resource Programme; Food surplus and waste in the UK (June 2021)
Plastic and packaging

With visible harm to the oceans and our environment, more and more people are turning away from single-use plastics, especially when it comes to grocery shopping.

Consumer concern about single-use plastics, combined with increasing regulatory pressures, are welcome developments as we depend on our sector – and local authorities – to get behind the complex challenge of reducing plastics and increasing recycled content and recyclability. It’s a complex issue – plastic packaging has transformed food shelf life, ensuring food safety and avoiding food waste. As one of the lightest materials, it’s also supporting the move to low-carbon transportation. At Lidl, our packaging technology team carefully balance factors like these when designing packaging, all within the context of national recycling infrastructure limitations.

Our Circular Motion strategy is one of the most ambitious projects we’ve undertaken yet. It sets a path to transform our packaging system, with nine new targets that support a GB circular economy for packaging. These tough targets hold us to account as we reduce plastic packaging and improve its recyclability, whilst making it easier for our customers to avoid waste and recycle more. Our approach is threefold: avoid unnecessary plastic, increase recycled content and recyclable packaging; and find alternatives to plastic that do not compromise price, safety or freshness.

Lidl, as part of Schwarz Group, also delivers against the Schwarz Group’s plastic strategy, REset Plastic. In 2018, Schwarz Group launched its own plastic strategy, REset plastic and its systems, this strategy commits the Group to five key principles: REDuce, REdesign, REcycle, REMove and REsearch. By 2025 the Group will reduce plastic packaging by 20% and make 100% of own brand packaging recyclable. This supports the Group’s recognition of its responsibility to collect, sort and recycle the material it brings to market.

To date, over 430 products are either more recyclable, reduced in weight or now with recycled content. Each pack is reviewed and optimised to make sure it’s as recyclable as possible, lightweight and responsibly sourced. We’re closing the loop on this by making sure our packaging includes clear recycling labelling and highlighting where we’ve made improvements through our on-pack sustainability claims which highlight to customers the changes we’ve made to reduce or improve packaging formats. Packaging technology is now part of buying lifecycle decisions, meaning that our buyers are considering packaging sustainability as well as product quality and product sustainability as they develop the ranges available in our stores.

Our 2020 plastic footprint (tonnes) % total own brand primary plastic packaging

```
<table>
<thead>
<tr>
<th>Key</th>
<th>2020 Plastic footprint (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>54,444</td>
</tr>
<tr>
<td>Secondary</td>
<td>2,068</td>
</tr>
<tr>
<td>Tertiary</td>
<td>2,781</td>
</tr>
</tbody>
</table>
```

Our unique business model allows us to adapt and innovate at pace and we are proud of the progress we have made to date in tackling excessive plastic use. We have significantly expanded our targets to help accelerate the impact we are having on cutting plastics, and we’re proud to be working collaboratively with our suppliers to find solutions.

Ryan McDonnell
Chief Commercial Officer at Lidl GB
Recyclability and recycled content

We’ve continued to make solid progress, increasing the recyclability of our packaging from 64% to 84% in the last three years. Today 100% of our fibre-based packaging, on our own brand core food lines, is either made from recycled content or sourced from material sustainably grown to internationally-monitored sustainability standards such as the Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC).

As packaging manufacturers with sustainability in our DNA, we have embraced this challenge to create environmentally responsible packaging. It’s been an exciting opportunity to bring teams together and get creative, knowing that we will be making a real difference.

Patrick Gautier
Sharpak UK Division MD

Avoiding unnecessary plastic

Since 2017, we’ve reduced plastic packaging on our own brand products by 18.5% relative to business growth – that’s an equivalent saving of 10,000 tonnes of plastic. We’ve also eliminated black plastic, PVC and expanded polystyrene from all own label core food range, avoiding more than 2,000 tonnes of non-recyclable plastic ending up in landfill.

By 2025, reduce own label plastic packaging by 40% relatively against a 2017 baseline

<table>
<thead>
<tr>
<th>Year</th>
<th>Tonnage/£1m</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>7.45</td>
<td>-18.5%</td>
</tr>
<tr>
<td>2019</td>
<td>7.49</td>
<td>-18.1%</td>
</tr>
<tr>
<td>2018</td>
<td>8.41</td>
<td>-8%</td>
</tr>
<tr>
<td>2017</td>
<td>9.14</td>
<td>0%</td>
</tr>
</tbody>
</table>

By 2025, 100% of own label & branded packaging to be recyclable, reusable, refillable or renewable (90% by 2023)

By 2021, 30% of own label plastic packaging to contain recycled content

84% Recycled
16% Not recycled

See all our packaging commitments
We’re the first retailer to introduce an own brand refillable cleaning kit. Our W5 Ecoclear Kit uses 99% less single-use plastic compared to conventional trigger-bottle cleaning sprays.

As the programme’s lead retail adopter, we’ve worked with Lidl GB to improve the sustainability of its fish and poultry ranges by packing it in Prevented Ocean Plastic — high quality, certified recycled plastic that has been collected from coastal areas at risk of ocean plastic pollution. It is fully traceable back to source and can be identified on-pack through its distinctive triangular logo. The results speak for themselves — small changes really can make big impacts on our planet.

Raffi Schieir
Bantam Materials, the supplier of Prevented Ocean Plastic

Helping customers recycle and refill at home and on the go

Last year, we launched an own brand refill product as part of our commitment to support more circular systems. The W5 Ecoclear Starter Kit is a refillable cleaning kit, which uses 99% less single-use plastic compared to conventional trigger-bottle cleaning sprays.

To create lasting and systemic change however, collaboration is needed amongst retailers, manufacturers, local authorities and NGOs to openly share and replicate successes. As one of the founding members of WRAP’s UK Plastics Pact, we’re actively engaging in multi-stakeholder work in this area. We’re also bringing our branded suppliers on board with tough targets on plastic reduction goals and delisting branded products that do not measure up.

“...”

Preventing 10m bottles entering the ocean

In 2020, we became the first GB supermarket to adopt packaging made from recycled ocean-bound plastic that may have otherwise ended up in our oceans. Starting with fish packaging, we worked in collaboration with our major supplier, Copernus, materials distributor, Bantam Materials, and packaging manufacturer, Sharpak, to create lightweight packaging made from at least 80% recycled material, with a minimum of 30% made from Prevented Ocean Plastic.

Having introduced the packaging into our fresh fish category, it’s already been expanded to breaded poultry and will be expanding into berries and prepared fruit over the course of 2021. The work builds on our commitment to Project STOP, which aims to design, implement and scale circular economy solutions to marine plastic pollution in South East Asia, a major source of ocean-bound plastic. It also supports our new Microplastics Policy.

Find out more about Project STOP
Climate action

Global warming is already impacting the fundamentals of what we do as a food retailer. With more erratic weather patterns, farmers and growers are facing real risks of crop losses and erosion to their land – the risks being even higher in subsistence-based economies. We are listening and, alongside our work with farmers on sustainable agricultural practices, we are accelerating our own climate strategy.

On behalf of all subsidiaries internationally, the wider Schwarz Group submitted a commitment letter to the Science Based Target Initiative (SBTi)\(^\text{13}\) to set science-based targets in line with the latest climate science. As part of this group wide approach we are committing to play our role in reducing GHG emissions. Since 2018 we have worked closely with the Carbon Trust to model our reduction pathway and associated strategy for our business aligned to these group level commitments. To support this we will develop a series of roadmaps to clearly set out the actions we will take.

As a food retailer the vast majority of our wider climate impact occurs across our value chain. 95% of our total impact is embedded in how our food is produced, packaged and transported. Therefore, our focus is on working collectively with our suppliers to ensure that producers representing over 75% of product-related emissions commit to clear science-based reduction targets by 2026. Together, we are putting in place action plans to understand impacts and data, set targets and share best practices with other Lidl GB producers from our own operations (Scope 1 & 2), aligned to limit global warming to 1.5°C. By 2030, the Lidl Stiftung aims to reduce its operational emissions by 80% (compared to 2019) across all countries in which it operates in. We also pledge to become carbon neutral by 2022. In 2021, we are finalising our country level targets for Scope 1 and 2. To support this we will develop a series of roadmaps to clearly set out the actions we will take to achieve our goals.

Every day, the call for urgent coordinated and effective climate action grows louder as it becomes ever-clearer that we are failing to address the greatest threat to humanity. The scientific evidence is unequivocal. The path we need to take is clear. Now is the time for action.

Christian Härtogel
Chief Executive Officer, Lidl GB

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13. Currently awaiting validation from the Science Based Targets Initiative.
End-to-end footprint (FY2020)
Since our last report, we’ve carried out our second detailed review to map the GHG emissions associated with our direct operations (Scope 1 and 2) and value chain (Scope 3). Our value chain footprinting process involves modelling the lifecycle impact of every single one of the 14,000 products we sell as well as the other key activities outside our direct business, including employee commuting, waste, product transportation and the use and disposal of products.

Scope 1 & 2: Our business
Scope 3: Our value chain

<table>
<thead>
<tr>
<th>Product category</th>
<th>Scope 1 (location based)</th>
<th>Scope 2 (location based)</th>
<th>Scope 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refrigeration</td>
<td>10,206 tCO₂e — 0.09%</td>
<td>976,971 tCO₂e — 0.89%</td>
<td>98.9%</td>
</tr>
<tr>
<td>Gas</td>
<td>6,341 tCO₂e — 0.06%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned transportation</td>
<td>5,211 tCO₂e — 0.05%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity¹</td>
<td>976,971 tCO₂e — 0.89%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gas</td>
<td>6,341 tCO₂e — 0.06%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owned transportation</td>
<td>5,211 tCO₂e — 0.05%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>10,082,517 tCO₂e — 92.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Logistics</td>
<td>58,757 tCO₂e — 0.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer</td>
<td>572,169 tCO₂e — 5.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations</td>
<td>88,326 tCO₂e — 0.8%</td>
<td></td>
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</tr>
</tbody>
</table>

Since 2019 Lidl GB has sourced 100% renewable (REGO) electricity.
Overview of Lidl Sustainability Report FY 2019 & 2020

Focusing on supply chain emissions

Since 95% of our GHG footprint is incurred indirectly via our supply chains (Scope 3), we are leveraging our producer partnerships to measure, report and reduce product-related carbon. We will begin this process by asking strategic suppliers (those representing over 75% of product-related Scope 3 emissions across Lidl Stiftung & Co. KG) to join us in committing to science-based reduction targets by 2026. Together, we are putting in place action plans to understand impacts and data, set targets and share best practices with other Lidl GB suppliers.

Through a portfolio approach, we are now working towards adapting our products and ranges to help support the science-based trajectory. This will involve swapping GHG-intensive products for more sustainable alternatives such as plant-based foods and deforestation-free animal feed. At the same time, our clear sustainability labelling work is helping customers make more informed sustainable choices.

We look forward to reporting back on this wider work in our next report.

Energy efficiency and renewable energy

As we continue our pathway to decarbonise we will explore new energy efficiency and heat recovery technologies in refrigeration and lighting, while scaling renewable energy investments. Any outstanding emissions will be offset to credible standards.

As we’ve opened more stores in the last two years, we’ve used more energy. However, when measured by store area (in square metres), our energy usage has remained generally the same, demonstrating that our innovations are making a positive impact.

But we need to go much further. We remain committed to purchasing all of our electricity from renewable sources, sourcing 100% renewable energy since 2019. To ensure our investments are also having the greatest grid decarbonisation impact, we are also aiming to increase the amount of electricity we source from renewable Power Purchase Agreements that provide revenue certainty for new wind and solar assets. In 2020, 1.8% of our energy was sourced this way and we are looking to increase this as the market matures.

Case study

I’m hugely excited by this collaborative project. It is only by all parts of the supply chain working together that we can hope to address climate change. As ‘practical environmentalists’, for the sake of our children, we absolutely have to produce quality cheese products in a way that creates a net positive impact on the environment.”

Richard Clothier
Managing Director, Wyke Farms

Climate-smart farming partnerships

After fresh meat, chilled cheese is our second highest buying category for carbon emissions. We’re working together with producers like Wyke Farms to support sustainable farming methods, whilst helping to reduce carbon emissions. As a family-run, Somerset-based business, Wyke Farms has been supplying cheddar to Lidl for 25 years. Together we’ve been applying low-carbon innovations from farm to fork with impressive results.

Our partnership with Wyke Farms is aiming to tackle some of the barriers to addressing carbon-neutrality in farming. Developing a closed-loop system requires significant investment, but we believe that this pioneering programme will help set the standard for our supplier practices going forward.

On the farm side, all 130 Wyke farmers are now Red Tractor Assured, while organic fertilisers avoid 1.5 million kg of CO₂ every year. Farms are powered from 100% renewable sources, including energy from farm waste. Wyke is even paying a sustainability bonus to farmers. We’re on track to deliver the first carbon-neutral cheddar to the market by the end of 2021, with on-pack labels showing this carbon neutral pledge on Deluxe cheddar lines.

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**Decarbonising deliveries**

When it comes to transporting products from our distribution hubs to stores, we have steadily reduced GHG emissions per pallet over six years. This has been achieved through a combination of improved route planning, increased load capacity and opening new distribution hubs.

We’ve now set stretching targets to reduce absolute carbon emissions from our store delivery fleet by 42% by 2030 (following a climate scenario well below 2 degrees).

We will achieve this by utilising vehicles powered by biofuel generated from our stores’ surplus food not collected by our charity partners. By March 2022, we aim to have achieved this for 10% of the delivery fleet avoiding 5,625 tonnes of CO₂, the equivalent to taking 1,200 cars off the road.

**A vision for systemic change**

As part of the British Retail Consortium steering committee on climate action, Lidl GB has helped develop the 2040 roadmap for a net zero retail industry. Our commitment under this roadmap is to work with other retailers, their suppliers, government and other stakeholders, while empowering customers to collectively accelerate bold changes.

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<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Pallets shipped</td>
<td>7,368.401</td>
<td>7,800.109</td>
<td>8,666.359</td>
<td>9,493.371</td>
<td>10,320.682</td>
<td>11,155.080</td>
</tr>
<tr>
<td>Kms driven</td>
<td>59,665.849</td>
<td>53,965.584</td>
<td>53,310.370</td>
<td>52,544.309</td>
<td>54,512.981</td>
<td>57,164.722</td>
</tr>
<tr>
<td>Carbon pallet (kgCO₂)</td>
<td>6.8</td>
<td>5.8</td>
<td>5.2</td>
<td>4.7</td>
<td>4.5</td>
<td>4.3</td>
</tr>
</tbody>
</table>
Sustainable sourcing

For many years we have been systematically working through our products to ensure verified sustainable sourcing for all key raw materials used within our ranges.

Having achieved this for tea, coffee, cocoa, palm oil, soy, seafood, eggs, plants, flowers, cotton and wood-based fibres, we have now extended our programme to include even more materials and drive systemic change.

In 2020, we embarked on an ambitious project to conduct a multi-stakeholder supply chain risk assessment and market analysis. Together, we identified the top 15 critical raw materials and set stretching, smart targets for each that have not compromised customer price. Our buyers have been trained on targets relevant to their product lines.

One of our discounter differences is that, with fewer and shorter supplier chains, we can be more responsive to change and drive progress rapidly within our supply base. And, where we see supply is not yet sufficiently sustainable at volume, we look to our international purchasing power and supplier networks to drive growth in sustainable production. This is the approach we are taking in our sustainable rice and nut sourcing, for example.

For some of the materials we source, such as palm oil, soy and cotton, supply chain issues can be complex and even conflicting. To achieve wider change, we have joined forces with other retailers and expert organisations within initiatives like the Roundtable on Responsible Soy (RTRS), the Roundtable on Sustainable Palm Oil (RSPO), the Retailer Cocoa Collaboration and the Sustainable Seafood Coalition. To further accelerate systemic change, we have welcomed government proposals to bring forward legislation on mandatory due diligence to end deforestation, habitat conversion and human rights abuses linked to the production of commodities placed on the UK market. By creating a level playing field among businesses, we are more likely to achieve a strategic pathway to accelerate action towards sustainable commodity supply chains, drive demand for sustainable commodities, align collective global action and finance, catalyse change through innovation and track progress.

Find out more about our responsible and sustainable sourcing practices
Read about human rights in our supply chains

100% certified sustainable soy (animal feed), palm oil, cocoa and tea

100+ Fairtrade certified product lines

New targets for 15 raw materials

---


* Including Fairtrade, Rainforest Alliance, UTZ, MSC, ASC, Organic and FSC.
Sustainable palm oil from different certified sources is kept separate from ordinary palm oil throughout supply chain. Sustainable palm oil from certified sources is mixed with ordinary palm oil throughout supply chain.

Soy footprint certified by Lidl as sustainable
Soy footprint certified by supplier as sustainable (through schemes accepted by Lidl as certifying physical trade flow)

2021 2023 2024

Key
1. Poultry
2. Pork
3. Dairy
4. Eggs
5. Beef
6. Lamb
7. Seafood

- Soy footprint certified by Lidl as sustainable
- Soy footprint certified by supplier as sustainable

Case study

Championing systemic change

As the first GB supermarket to invest in Roundtable on Responsible Soy (RTRS) credits for our entire soy footprint, we’re now trying to create wider change across the industry through forums such as the RTRS. Our goal is to see transparency, traceability and sustainability across the soy value chain – and we can’t achieve this alone.

During 2020, there was a 20% increase in RTRS-certified material uptake, with 1.3 million hectares of sustainable soy being certified in Latin America and Asia. RTRS Chain of Custody Certification has now reached a record level, and retailers need to move beyond certification and work directly with suppliers to ensure the physical traceability of soy to its origin, as well as investing in rigorous research into viable alternatives to soy.

Forest friendly products

Many of the products we all consume every day will have originated in forests. Most of us will be aware of the threats facing global forests, especially in the tropics, and that our diets are becoming inextricably linked to climate change. The Lidl GB sustainable sourcing strategy therefore has a heavy focus on ensuring deforestation-free supply chains.

Soy

Soy, primarily used in animal feed in meat and poultry supply chains, has been behind concerning levels of deforestation, particularly in South America. Having made industry-leading commitments to eradicate deforestation in the soy sector, today 100% of the soy used in animal feed in our supply chains is RTRS certified sustainable. By purchasing RTRS credits, we have not only offset our entire soy supply chain but we’ve sent out a market signal for others to follow.

Now, we are moving into the next phase of our sustainable soy strategy to ensure that we can enable suppliers to physically trace the origin of the soy they buy and ensure it is from sustainable sources. Thanks to our detailed supply chain mapping and years of working closely with soy traders via the RTRS and the Soy Transparency Coalition, we now have transparent and robust data to understand far more about the journey that soy takes from field to feed. So far, we have focused our traceability work on our poultry, eggs and dairy suppliers (see our Grassroots Dairy story), with the plan to cover all key animal protein categories by 2024 (see charts). In the meantime, we are exploring ways to avoid soy altogether with alternative feeds and working alongside our industry to create greater transparency in soy supply chains – moving towards sustainable suppliers.

Find out more https://responsiblesoy.org

Palm oil

Palm oil is an extremely versatile and efficient oil crop, making it the most widely used vegetable oil in the world. However, like soy it has been behind tropical deforestation and peat clearances on an unsustainable scale. As a saturated fat, it is also coming under increased health scrutiny. Of the 11,091 tonnes of palm oil, palm kernel oil and palm derivatives we sourced through our GB suppliers in 2020, 81% was sourced from segregated RSPO certified sustainable sources, with the remaining sourced from mass balance sources. With all suppliers now fully compliant with our palm oil policy, we are close to 100% verified sustainable sourcing, meaning we can move towards engaging directly with the major traders of palm oil and ensure they are driving sustainable production beyond just Lidl’s supply chains. By the end of 2021, we will have a complete mapping of our palm oil footprint, giving us the data to understand our most material sourcing regions, as well as engaging in targeted programmes within the supply chain.

Each year we conduct a rigorous strategic review to assess whether palm oil remains the right choice for both human health and ecosystems. Switching to alternative oils is not always the solution as other oils often require more land and may be less closely monitored for environmental risks than palm. Our role in multi-stakeholder groups like the RSPO is critical to finding solutions to dilemmas behind palm oil, including how to support peat-free production, as well as smallholder and human rights issues.

Going forward, we will continue to train our buyers on the impact of palm oil within their product ranges. We will also survey suppliers annually for compliance with our policies and support specific programmes in the supply chain to maintain momentum against our commitments.

Find out more about sustainable palm oil
Good for our planet
Overview
Lidl Sustainability Report FY 2019 & 2020

Coffee, tea and cocoa
For a number of years 100% of the cocoa in our products has been certified by Fairtrade, UTZ or Rainforest Alliance and we are now making a new commitment, to ensuring 100% of our block chocolate is Fairtrade certified by 2022. When it comes to driving certified raw material we are having an impact: in 2020, Lidl GB sold the highest volume of Fairtrade cocoa in the UK market, representing 22% of all Fairtrade cocoa sold in the UK. Alongside other retailers in the Retail Cocoa Collaboration, of which we were founding members, we have been pushing hard for concerted action across the cocoa system, including launching a scorecard that assesses traders on social and environmental impacts. For black, green and rooibos tea, we’ve met our 100% certified sustainable target and are now extending it to fruit and herbal teas. For coffee, we have achieved 50% Fairtrade, Rainforest Alliance or organic certification, which means we are halfway to meeting our newly launched 2022 commitment.

Other priority raw materials
While cotton is not directly related to deforestation, it is associated with pollution, water use and microplastics. In 2020, 11% of cotton in our own brand textiles was certified by the Global Organic Textile Standard (GOTS) and we are working towards 20% by 2025, with the rest of our cotton being sourced from third party sustainable sources such as BCI, Cotton made in Africa and Fairtrade.

Sustainable fish and seafood
Sustainably sourced fish from responsibly managed sources is an important part of a healthy diet and a livelihood for many thousands of people. However, the pressure on oceans has reached a tipping point. It’s why, beyond ensuring that 100% of our fresh, frozen and canned seafood comes from sustainable fisheries or responsibly managed farms, we know exactly where it’s come from and how it was fished. Now we’re challenging the sector to make transparency the norm for all fish and seafood.

As outlined in our Sustainable Fish and Seafood Policy, we require that our entire supply chain is fully traceable from fishing vessel or farm to finished product at every step. For over 10 years we’ve been working with our suppliers and wider industry partners, for example the Sustainable Seafood Coalition and through initiatives like the Responsible Fishing Scheme, to shape a more sustainable fishing industry and safeguard future supplies. We offer a wide range of independently certified sustainable fish and seafood from the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Best Aquaculture Practices (BAP) and Global Gap. In 2020 we were the only GB retailer to sell more than 80% of wild caught fish lines from MSC certified sources.

Timber and wood-based products
100% of fibre-based packaging, marketing leaflets, magazines, customer receipts, bakery bags, product stickers, in-store woodwork and office paper are verified recycled or sustainable by the Forest Stewardship Council or Programme for the Endorsement of Forest Certification.

MSC mid-sized retailer of the year for 5th year running
Highest volume of Fairtrade cocoa sold in the UK in 2020
100% fibre-based packaging from responsible sources

Read about how we’re recycling ocean bound plastic at lidl.co.uk/sustainability

WINNER 2016
WINNER 2017
WINNER 2018
WINNER 2019

Sustainability, it’s in our nature
Winning the MSC mid-sized retailer of the year award for the fifth time in a row is one of our proudest accolades.

Lidl Sustainability Report FY 2019 & 2020

Find out more about coffee and cocoa sourcing
Find out more about wood and timber sourcing
Find out more about packaging innovation

Good Food Plan

Good for producers
Good for people
Good for business

MSC certified source of the year for 5th year running
Good for our planet

Overview

Lidl Sustainability Report FY 2019 & 2020

41

Good for producers

Good for people

Good for business

By expanding the scope of its seafood sourcing disclosure to include farmed sources, Lidl GB has taken an important step towards even greater transparency of its seafood.

Tania Woodcock
Project Manager, Ocean Disclosure Project

Case study

Transparent sourcing

In 2020 we began voluntarily disclosing all nationally purchased farmed seafood sources, publishing a list of our farmed fish and shellfish through the Sustainable Fisheries Partnership’s reporting framework, the Ocean Disclosure Project (ODP). This builds on our work to achieve full transparency of seafood sourcing, which began with nationally purchased seafood in 2018. As well as showing all our sources, our ODP disclosure shows whether those sources were certified to a recognised standard or are in an improvement project and includes sustainability ratings and notes on environmental impacts.

Ocean Disclosure Project

53 fisheries used

38 certified fisheries

6 fisheries in a FIP

12 farmed sources

12 certified farmed sources

Production methods used

— Midwater trawl
— Bottom trawl
— Dredge
— Purse seine
— FAD-free (unassociated) purse seine
— Seine nets
— Gillnets and entangling nets
— Hook and line
— Longlines
— Handlines and pole-lines
— Pots and traps
— Miscellaneous

Actions for the year ahead

+ Ensure 100% of our block chocolate to be Fairtrade certified
+ Transition to sustainable soy in all egg and poultry supply chains
+ Deliver at least one verified sustainable orange juice product
Our sustainability strategy is designed to pivot towards new and emerging trends. In this final chapter, we demonstrate how the way we work is more relevant than ever during periods of rapid change, enabling us to maintain momentum on the challenges that matter most to our stakeholders, and to consistently conduct business with transparency and accountability.
Sustainability management

About our report
Our report covers our sustainability performance during the financial years 2019 and 2020 (1st March to 28th February). This report has been prepared in accordance with the GRI Standards\(^\text{18}\). Core option covers the operations and activities of Lidl GB Ltd (Lidl GB). Ernst and Young LLP has provided limited assurance over selected KPIs in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised. Lidl GB consists of our operations in England, Scotland and Wales. Northern Ireland’s operations are managed by Lidl Ireland GmbH.

We will publish our Sustainability Report every two years; each report will reflect the previous two financial years. Our last report covered our FY 2017 and 2018.

Management and materiality
Our management of sustainability focuses on both the direct and indirect effects of our business along the entire value chain. The Lidl Responsibility Model (LRM) forms a uniform frame of reference for our business, supporting identification of relevant sustainability topics. The LRM is structured into four value chain stages: resources, supply chain, operations and customers. Across these value chain stages there are eleven responsibility areas, separated into 41 sustainability topics.

Every two years we conduct a materiality analysis using these topics as a standardised foundation to determine and prioritise the issues that are most material. This process ensures we can continuously review the expectations of our stakeholders against the impacts and influence of our business to inform our strategy.

In March 2021, almost a year since the start of the pandemic in the UK, we conducted our bi-annual materiality analysis to gauge stakeholder perceptions at a time of change. A total of 480 stakeholders were surveyed, including customers, employees, suppliers, NGO, media and political representatives with respondents assessing each of the 41 topics based on their perceived relevance and importance to us.

The issues are placed in a matrix that display their position relative to the degree of stakeholder interest and potential business impact. Together, the results represent our material issues used as the basis for reporting and strategy development.

Our governance
Sustainability sits centrally within our Lidl GB business strategy meaning risks and opportunities related to sustainability is a central consideration in strategic business decision-making and planning. Its an important function to ensure the Good Food Plan is embedded consistently and comprehensively within the way we work. Our streamlined governance structure mirrors our approach to business to enable agile and quick decision-making from the right functions across the business.

— Our Board of Directors determine our business strategy annually shaped by our vision and values. Sustainability is a central consideration in strategic business decision-making and planning.

— Our CEO represents sustainability at Board level and holds ultimate accountability for sustainability strategy and programmes. There is a direct reporting line between our Corporate Social Responsibility (CSR) team and the CEO to make the decision-making process efficient and simple.

Material matrix
The results indicated that topics of Food Waste, Local Sourcing and Climate increased in importance to stakeholders. The topics covered in this report reflect topics that sit within the identified materiality threshold in addition to other strategically relevant topics. We have also introduced 9 new KPIs, introduced new commitments and included specific narrative and performance data on the topic of ‘Sustainable Agriculture’.
Stakeholder engagement

The success of our business relies on the strength of relationships we have with our stakeholders. They shop with us, work for us, produce for us, inform us and challenge us. They are fundamental to the delivery of our business and our plans for Good Food, helping to shape and deliver current programmes, products and future plans. Talking with our wide range of stakeholders is a key part of everyday business for us; learning together as we build stronger, longer partnerships.

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Why are they important?</th>
<th>How do we engage?</th>
<th>What do they expect from us?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Customers lie at the centre of our business. How we work and what we sell is dedicated to ensuring our customer expectations are met.</td>
<td>Every two years we conduct a wide scale survey of a representative cross-section of the UK consumer-base to determine the issues they care most about and expectations placed on our business. We support this with regular more specific surveys and focus groups on sustainability related topics. For example, in January 2021 we conducted a 400 consumer survey to understand more about our customers relationship to local communities.</td>
<td>Results from our surveys indicate consistently that our customers expect safe and high quality products at an affordable price. Knowing where and how our products are produced is of high importance and that we can demonstrate we are taking action to manage our impacts. Customers also expect we are sourcing our products in a fair way.</td>
</tr>
<tr>
<td>Communities</td>
<td>We are part of the communities we serve, it’s where our customers and colleagues come from. Our communities have distinct needs and expectations of food retailers which is our responsibility to meet.</td>
<td>We connect with our communities through various channels depending on the purpose. We host direct consultations with communities and individuals when planning new developments. Our partners enable us to reach our communities at a wider level to better understand localised pressures and how we can support. We work closely with our food surplus partner, Neighbourly, to issue quarterly questionnaires to our network of 1,500 local community groups.</td>
<td>Our communities expect us to understand the pressures they face. Our research shows food insecurity and mental health are the top priorities for support from food retailers.</td>
</tr>
<tr>
<td>Colleagues</td>
<td>Our colleagues are our backbone. Their continued hard work and dedication enable us to grow and deliver our vision.</td>
<td>We regularly conduct colleague surveys to gauge views and gather feedback from across our entire workforce. We support this with focused interviews, internal communication and formal meetings. In 2021 we launched our employee app enabling our colleagues to engage more closely with each other across the country.</td>
<td>Our colleagues expect fair pay for the work they do and to be given the opportunity to develop. They expect trust and to work in an environment that is fully inclusive and does not tolerate discrimination in any form.</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Our strong network of producers and business partners are vital in delivering a successful and growing business. We rely on them for the high quality products we offer and enabling us to operate efficiently.</td>
<td>We’ve built strong relationships with our suppliers through regular direct engagement. As part of our way of working our buying and operational teams talk to and visit our diverse supplier base, building greater understanding and trust.</td>
<td>Our suppliers expect that we maintain fair working relationships built on trust. We are open with our ways of working, our plans for the future and work with them in the long term to help them grow with us.</td>
</tr>
<tr>
<td>Non-governmental organisations (NGOs)</td>
<td>They challenge us, help drive progress and hold us accountable for our environmental and social impacts. NGO groups can promote greater transparency and consistency in reporting across the industry.</td>
<td>We have close consistent engagement with many of the NGOs that support and challenge us. Many interactions are direct via meetings or interviews, we also provide disclosure via surveys.</td>
<td>We understand and are accountable for our environmental and social impacts we are responsible for. Importantly, we are taking appropriate action to manage these against clear goals. They expect openness and transparency in disclosing these impacts and how we are performing.</td>
</tr>
<tr>
<td>Government</td>
<td>They set the regulations and laws we must adhere to in order to operate our business. Many regulations support our environmental and social goals.</td>
<td>Direct engagement with government departments and regulators and responses to consultations. Through trade and industry bodies we discuss the development of policies and how these impact the sector.</td>
<td>We support the development of emerging environmental and social policy, providing impact data and evidence. We adhere to all relevant regulations associated with the operation of our business.</td>
</tr>
</tbody>
</table>
Impacts across our value chain

Our ‘Good For’ pillars of producers, people and our planet allow us to cluster our material topics; however we have impacts across the entire value chain.

**Resources**
- Agricultural inputs
- Cultivation & harvesting

**Supply chain**
- Production
- Processing
- Transportation

**Operations**
- Logistics centre
- Transportation

**Customer**
- Stores & services
- Purchase
- Usage
- Disposal

**Protection of ecosystems**
- Biodiversity
- Raw materials
- Pollution
- Fresh water

**Animal Welfare Standards**
- Animal welfare

**Environmental protection along the supply chain**
- Climate (SP)
- Conservation of Resources (SP)
- Transportation (SP)
- Circular economy

**Employment-related human rights**
- Occupational Health (SP)
- Freedom of association
- Non-discrimination
- Fair remuneration (SP)
- Child labour
- Forced labour

**Supplier and market development**
- Supplier assessment
- Supplier awareness and training
- Fair business relations

**Corporate environmental management**
- Climate (OP)
- Conservation of resources (OP)
- Transportation (OP)
- Planning & construction
- Food waste

**Employee responsibility**
- Occupational safety and health promotion (OP)
- Labour rights (OP)
- Remuneration (OP)
- Diversity and Inclusion
- Life balance
- Internal enabling

**Responsible products**
- Sustainable products
- Local sourcing
- High-quality products and product safety

**Transparency at point of sale**
- Traceability
- Ingredients and nutrition information
- Product labelling

**Social value creation**
- Corporate citizenship
- Compliance
- Local development
- Cooperation

**Responsible communication**
- Stakeholder dialogue
- Customer awareness

**Key**
- Good for producers
- Good for people
- Good for our planet

This page aligns with GRI 102-9, 102-46
We're committed to reporting openly on our impacts and performance. We publish our sustainability report every two years, so each report reflects the previous two financial years. This report covers our financial years 2019 and 2020 (i.e. 1st March 2019 to 28th February 2021).

This report has been prepared in accordance with the GRI Standards: Core option and covers the operations and activities of Lidl GB GmbH (Lidl GB). Ernst & Young has conducted a limited assurance over our corporate citizenship (donations) KPIs in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised. Lidl GB consists of our operations in England, Scotland and Wales. Northern Ireland’s operations are managed by Lidl Ireland GmbH.

Introducing scorecards
Always looking to improve transparency and rigour, in 2020 we introduced a KPI scorecard system to report and track annual progress. For each KPI, where possible, we have indicated the performance status.

<table>
<thead>
<tr>
<th>Business data</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross sales (£)</td>
<td>5.6bn</td>
<td>6.2bn</td>
<td>6.9bn</td>
<td>7.7bn</td>
</tr>
<tr>
<td>Number of stores</td>
<td>710</td>
<td>759</td>
<td>810</td>
<td>865</td>
</tr>
<tr>
<td>Number of RDCs</td>
<td>12</td>
<td>13</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Number of employees (HO)</td>
<td>879</td>
<td>840</td>
<td>931</td>
<td>996</td>
</tr>
<tr>
<td>Number of employees (RDC)</td>
<td>4,565</td>
<td>4,795</td>
<td>5,002</td>
<td>5,313</td>
</tr>
<tr>
<td>Number of employees (Store)</td>
<td>16,654</td>
<td>16,982</td>
<td>18,205</td>
<td>19,727</td>
</tr>
</tbody>
</table>

19. The GRI is an independent international organisation, whose standards represent global best practice for reporting on a range of economic, environmental and social impacts. This page aligns with GRI 102-7, 102-8, 102-10
## Good for producers: Performance scorecard

### Our commitment

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainable agriculture</strong></td>
<td><strong>KPI 1</strong> % of Lidl GB fruit and veg suppliers with robust on-farm biodiversity plans in place</td>
<td>(FY2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Nationally negotiated fruit and veg suppliers meeting criteria for ‘robust on-farm biodiversity plan’ to be defined in 2021</td>
<td></td>
<td></td>
<td></td>
<td>New KPI</td>
</tr>
<tr>
<td>By 2025, 50% of Lidl GB fruit and veg suppliers with robust on-farm biodiversity plans</td>
<td><strong>KPI 2</strong> % of Lidl GB fruit and veg suppliers with robust on-farm water management plans</td>
<td>(FY2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Nationally negotiated fruit and veg suppliers meeting criteria for ‘robust on-farm water management plan’ to be defined in 2021</td>
<td></td>
<td></td>
<td></td>
<td>New KPI</td>
</tr>
<tr>
<td>By 2025, 50% of key Lidl GB suppliers with robust on-farm biodiversity plans</td>
<td><strong>KPI 3</strong> No. of suppliers with meaningful CSR business plans</td>
<td>(FY2019)</td>
<td>–</td>
<td>–</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Strategic suppliers are defined as having long-term commercial arrangements in place, supplying high volumes and priority partners for product innovation. Meaningful CSR business plans have considered all material topics for the partnership and set time-bound actions against these</td>
<td></td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>By 2025, engage 25 British strategic suppliers with meaningful CSR business plans</td>
<td><strong>KPI 4</strong> No. of HRIAs conducted with corresponding action plans</td>
<td>(FY2019)</td>
<td>–</td>
<td>–</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>HRIAs follow international guidelines and published externally on Lidl GB's website. Risk assessment as outlined in Lidl GB’s Human Rights and Environmental due diligence policy</td>
<td></td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>By 2025, conduct 15 HRIAs across high-risk supply chains and implement corresponding time-bound action plans</td>
<td><strong>KPI 5</strong> No. of robust animal welfare plans in place</td>
<td>(FY2019)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Percentage of categories with robust action plans in place across dairy, beef, lamb, pork, poultry and eggs</td>
<td></td>
<td></td>
<td></td>
<td>New KPI</td>
</tr>
</tbody>
</table>
## Good for people: Performance scorecard

### Healthy diets

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of healthy and healthier own brand food products sold (based on tonnage)</td>
<td>Healthy and healthier products defined by Lidl’s Nutrient Profile System (NPS), based on PHE’s front of pack traffic light labelling. Rating applied to sales (tonnage)</td>
<td>(FY2019) 80%</td>
<td>80%</td>
<td>80%</td>
<td>In progress</td>
</tr>
<tr>
<td>Units of fruit and veg products sold (% increase from FY2021 baseline)</td>
<td>Sales (units) calculated for products within the fruit and veg category</td>
<td>(FY2021) –</td>
<td>–</td>
<td>1,145,766,007 units/kg (0%)</td>
<td>⚫⚫⚫⚫⚫ New KPI</td>
</tr>
<tr>
<td>Percentage of products that meet the maximum salt target</td>
<td>All own brand listed lines are assessed against their relevant maximum target to determine the percentage of products meeting the target. For categories which don’t have a maximum target, the average target is used as a maximum</td>
<td>–</td>
<td>95</td>
<td>85</td>
<td>⚫⚫⚫⚫⚫ In progress</td>
</tr>
<tr>
<td>Number of product categories to have met the targets/Number of product categories where reductions have been made</td>
<td>Sales weighted averages are calculated for all pre-defined categories. These are compared against a baseline of 2015 to determine the percentage of change. Those showing a 20% or more reduction compared to the baseline have met the target; those showing less than a 20% reduction have showed some progress towards meeting the target</td>
<td>–</td>
<td>1/4</td>
<td>5/5</td>
<td>⚫⚫⚫⚫⚫ In progress</td>
</tr>
<tr>
<td>Number of product categories to have met the targets/Number of product categories where reductions have been made</td>
<td>Sales weight averages are calculated for all pre-defined categories based on 52 weeks’ worth of sales. These are compared against a baseline of 01/09/2016-31/08/2017 to determine the percentage change. Different categories have different percentage reduction requirements. All own brand listed lines are also assessed against the maximum calorie targets per portion to determine percentage of products meeting the maximum target</td>
<td>–</td>
<td>–</td>
<td>0/4</td>
<td>⚫⚫⚫⚫⚫ In progress</td>
</tr>
<tr>
<td>Percentage of customers will consider Lidl helps them make healthier choices</td>
<td>Survey (400) of UK consumers conducted every two years</td>
<td>(FY2021) –</td>
<td>–</td>
<td>62%</td>
<td>⚫⚫⚫⚫⚫ New KPI</td>
</tr>
</tbody>
</table>
### Community investment

<table>
<thead>
<tr>
<th>Indicator/Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support our communities to strengthen</td>
<td>Amount (£) raised for charity</td>
<td>–</td>
<td>£1.4m</td>
<td>£1.6m</td>
<td>n/a</td>
</tr>
<tr>
<td>By 2022, we will have raised £5m to NSPCC to help keep children safe</td>
<td><strong>Amount raised for NSPCC</strong>* Total amount raised for NSPCC from corporate donations, supplier donations, employee fundraising and in-store and online customers donations.</td>
<td>/P/</td>
<td>£1.32m</td>
<td>£1.22m</td>
<td>In progress</td>
</tr>
<tr>
<td>Donate 5m meals every year to families in need</td>
<td>Number of meals donated Total number of meals donated to charity calculated from corporate and customer product and surplus donations (420g per meal) (FY2021)</td>
<td>/P/</td>
<td>3.84m</td>
<td>4.73m**</td>
<td>/P/</td>
</tr>
</tbody>
</table>

** Indicators which EY have performed limited assurance engagement, see: Assurance statement page 59. For the basis of reporting for these indicators visit https://corporate.lidl.co.uk/sustainability. *** Data calculated for partnership year April 21st to 22nd April. **** Total raised for NSPCC since 2017 baseline is £4.4m

### Our colleagues

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Gender pay gap (% median)</td>
<td>(FY2021)</td>
<td>0,5 (2018)</td>
<td>0,2</td>
<td>n/a</td>
</tr>
<tr>
<td>Promoting learning and development opportunities, especially for young people</td>
<td>Number of graduates Total number of graduate positions filled at the end of the financial year (FY2021)</td>
<td>–</td>
<td>15</td>
<td>18</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>Number of placement students Total number of placement students onboarded at the end of the financial year (FY2021)</td>
<td>–</td>
<td>13</td>
<td>12</td>
<td>n/a</td>
</tr>
</tbody>
</table>

** Indicators which EY have performed limited assurance engagement, see: Assurance statement page 59. For the basis of reporting for these indicators visit https://corporate.lidl.co.uk/sustainability. *** Data calculated for partnership year April 21st to 22nd April. **** Total raised for NSPCC since 2017 baseline is £4.4m
## Food waste

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2025, we will have reduced Lidl’s food waste by 40% (relative)</td>
<td>Tonnes operational food waste per average store m² (% reduction from baseline)</td>
<td>(FY2016) 47.74</td>
<td>35.71 (-25%)</td>
<td>32.42 (-32%)</td>
<td>In progress</td>
</tr>
<tr>
<td>By 2025, 10 suppliers will have conducted a whole chain food waste programme with Lidl</td>
<td>Number of suppliers that have completed a whole chain food waste reduction programme with Lidl</td>
<td>n/a</td>
<td></td>
<td></td>
<td>New KPI</td>
</tr>
</tbody>
</table>

## Disclosure waste

<table>
<thead>
<tr>
<th>FY</th>
<th>Surplus food (t)</th>
<th>Redistributed to charity (t)*</th>
<th>Food waste to AD (t)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>38,617</td>
<td>469</td>
<td>38,148</td>
</tr>
<tr>
<td>FY2017</td>
<td>37,701</td>
<td>533</td>
<td>37,168</td>
</tr>
<tr>
<td>FY2018</td>
<td>38,196</td>
<td>1,850</td>
<td>36,346</td>
</tr>
<tr>
<td>FY2019</td>
<td>40,428</td>
<td>1,447</td>
<td>38,981</td>
</tr>
<tr>
<td>FY2020</td>
<td>37,604</td>
<td>1,540</td>
<td>36,063</td>
</tr>
</tbody>
</table>

## Plastic and packaging**

### Indicator

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2025, own brand plastic packaging will be reduced by 40% (relative)</td>
<td>Tonnes of primary own brand plastic packaging per £1m turnover (% change from baseline)</td>
<td>(FY2017) 9.14</td>
<td>7.49 (-18.1%)</td>
<td>7.45 (-18.5%)</td>
<td>In progress</td>
</tr>
<tr>
<td>By 2025, own brand packaging will be reduced by 25% (relative)</td>
<td>Tonnes of primary own brand packaging per £1m turnover (% change from baseline)</td>
<td>(FY2019) 168,060</td>
<td>199,481 (+3.4%)</td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>By 2025, 100% of own brand &amp; branded packaging will be recyclable, reusable, refillable or renewable</td>
<td>% recyclable, based on tonnage, of own brand and branded packaging</td>
<td>n/a</td>
<td>84%</td>
<td></td>
<td>In progress</td>
</tr>
</tbody>
</table>

## Plastic and packaging**

### Metric

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2025, 50% of own label packaging to be made of recycled content</td>
<td>% product lines with recycled content</td>
<td>n/a</td>
<td>30%</td>
<td>50.8%</td>
<td>Completed</td>
</tr>
<tr>
<td>By 2021, 30% of own label plastic packaging to contain recycled content</td>
<td>% own label lines with plastic packaging with recycled content</td>
<td>n/a</td>
<td>21%</td>
<td>30.4%</td>
<td>Completed</td>
</tr>
</tbody>
</table>

---

*Indicators which EY have performed limited assurance engagement, see: Assurance statement page 59. For the basis of reporting for these indicators visit [https://corporate.lidl.co.uk/sustainability](https://corporate.lidl.co.uk/sustainability) ** Calendar year data
Good for our planet

Overview

Lidl Sustainability Report FY 2019 & 2020

Good for business

Good for producers

Good for people

Climate action

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1 and 2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tCO₂e</td>
<td>Market-based, Scope 1 and 2 GHG emissions, as disclosed in our Streamline Energy and Carbon (Report) published in our Annual Report and Financial Statements 2020</td>
<td>Group level (FY2019)</td>
<td>21,894</td>
<td>21,756</td>
<td>(-0.6%)</td>
</tr>
</tbody>
</table>

| **Scope 3 (Logistics)** | | | | | |
| kgCO₂e/pallet shipped | Number of kms travelled by store delivery vehicles multiplied by 0.3 litres of diesel consumed per km (assumed). Sum multiplied by CO₂e emission factor (kgCO₂e/litre). Total kgCO₂e divided by total number of pallets shipped to store in financial year | (FY2018) | 4.7 | 4.5 | (-5%) |
| | | | | | In progress |
| By 2030, reduce absolute store delivery GHG emissions by 42% | tCO₂e | Number of kms travelled by store delivery vehicles multiplied by 0.3 litres of diesel consumed per km (assumed). Sum multiplied by CO₂e emission factor (kgCO₂e/litre) | (FY2018) | 51,567 | 54,126 | (+4.9%) |
| | | | | | Not on track |

| **Scope 3 (Products for resale)** | | | | | |
| % Lidl GB suppliers that contribute to the Group’s 75% of product-related emissions | Suppliers negotiated by Lidl GB that fall within the scope of the top 75% of product-related emissions of Lidl Stiftung & Co. KG, with validated science-based targets | (FY2021) | – | – | – |
| | | | | | New KPI |

Disclosure plastic and packaging

<table>
<thead>
<tr>
<th>Packaging (t)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary packaging (Total)</td>
<td>212,060</td>
<td>251,759</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Primary packaging (Own brand)</td>
<td>171,420</td>
<td>202,546</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary packaging (Total)</td>
<td>99,707</td>
<td>108,047</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tertiary packaging (Total)</td>
<td>23,206</td>
<td>15,408</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Plastic packaging (t)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary plastic packaging (Total)</td>
<td>52,474</td>
<td>59,393</td>
<td>58,956</td>
<td>68,001</td>
</tr>
<tr>
<td>Primary plastic packaging (Own brand)</td>
<td>51,297</td>
<td>51,958</td>
<td>50,413</td>
<td>54,444</td>
</tr>
<tr>
<td>Primary plastic packaging – 1 per £1m turnover (own brand)</td>
<td>9.14</td>
<td>8.41</td>
<td>7.49</td>
<td>7.45</td>
</tr>
<tr>
<td>Secondary plastic packaging</td>
<td>2,064</td>
<td>1,770</td>
<td>2,068</td>
<td>2,068</td>
</tr>
<tr>
<td>Tertiary plastic packaging</td>
<td>2,302</td>
<td>1,872</td>
<td>2,567</td>
<td>2,781</td>
</tr>
</tbody>
</table>
### Climate disclosure

#### Energy and fuel

<table>
<thead>
<tr>
<th>Metric</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total electricity consumption (MWh/yr)</td>
<td>265,634</td>
<td>325,739</td>
<td>359,038</td>
<td>379,343</td>
<td>393,586</td>
</tr>
<tr>
<td>Total gas consumption (MWh/yr)</td>
<td>49,907</td>
<td>52,624</td>
<td>46,075</td>
<td>39,864</td>
<td>34,509</td>
</tr>
<tr>
<td>Total energy consumption (MWh/yr)</td>
<td>315,541</td>
<td>378,363</td>
<td>405,113</td>
<td>419,207</td>
<td>428,095</td>
</tr>
<tr>
<td>Total energy consumption per store m²</td>
<td>0.27</td>
<td>0.30</td>
<td>0.29</td>
<td>0.35</td>
<td>0.34</td>
</tr>
<tr>
<td>Renewable energy generated (Kwh)</td>
<td></td>
<td></td>
<td></td>
<td>985</td>
<td>2,011</td>
</tr>
</tbody>
</table>

#### GHG footprint

<table>
<thead>
<tr>
<th>Scope 1 (tCO₂e)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural gas</td>
<td>7,529</td>
<td>7,772</td>
<td>7,267</td>
<td>6,341</td>
<td></td>
</tr>
<tr>
<td>Company vehicles</td>
<td>6,507</td>
<td>6,812</td>
<td>4,358</td>
<td>5,210</td>
<td></td>
</tr>
<tr>
<td>Refrigerants</td>
<td>18,727</td>
<td>9,849</td>
<td>10,269</td>
<td>10,205</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Scope 2 (tCO₂e)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity (Location)</td>
<td>115,796</td>
<td>101,456</td>
<td>96,764</td>
<td>97,697</td>
<td></td>
</tr>
<tr>
<td>Electricity (Market)</td>
<td>99,582</td>
<td>116,707</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

### Sustainable sourcing

<table>
<thead>
<tr>
<th>Metric</th>
<th>Methodology</th>
<th>Baseline</th>
<th>2019</th>
<th>2020</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cocoa – % of sustainably sourced</td>
<td>% of products certified to third party sustainability standards as per policy</td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Coffee – % of sustainably sourced</td>
<td></td>
<td>56</td>
<td>70</td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>Tea – % of sustainably sourced</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Bananas – % of sustainably sourced</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Palm oil – % of sustainably sourced</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Tonnage of soy – % sustainable sourced (indirectly)</td>
<td>% of products certified to third party sustainability standards across the group</td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Wood &amp; timber</td>
<td></td>
<td>100</td>
<td>100</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Fish</td>
<td></td>
<td>89</td>
<td>95</td>
<td></td>
<td>Completed</td>
</tr>
<tr>
<td>Eggs</td>
<td>% of individual shell eggs sold from cage-free production systems</td>
<td>60</td>
<td>55</td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>Plants &amp; flowers</td>
<td>% of products certified to 3rd party sustainability standards as per policy</td>
<td>73</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>Cotton</td>
<td>% of products certified to 3rd party sustainability standards as per policy</td>
<td>73</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
<tr>
<td>Tropical fruits (banana, pineapple, avocado &amp; mango)</td>
<td>% of products certified to 3rd party sustainability standards across the group</td>
<td>11</td>
<td></td>
<td></td>
<td>In progress</td>
</tr>
</tbody>
</table>

*By 2025, source 100% of high-risk raw materials within our product ranges from verified sustainable sources*
### GRI content index

#### GRI 101: Foundation 2016

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Disclosure Title</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>101</td>
<td>Reporting Principles</td>
<td></td>
</tr>
</tbody>
</table>

#### GRI 102: General Disclosures 2016

##### 1. Organisational profile

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Disclosure Title</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>43</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
<td>3</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>3</td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>3</td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>43</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
<td>43</td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organisation</td>
<td>3, 46</td>
</tr>
<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>25, 26, 46</td>
</tr>
<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>3, 45</td>
</tr>
<tr>
<td>102-10</td>
<td>Significant changes to the organisation and its supply chain</td>
<td>46</td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary principle or approach</td>
<td>43</td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>11, 12, 14, 15, 16, 17, 23, 33, 38, 39, 40</td>
</tr>
<tr>
<td>102-13</td>
<td>Membership of associations</td>
<td>11, 12, 14, 15, 16, 17, 23, 33, 38, 39, 40</td>
</tr>
</tbody>
</table>

##### 2. Strategy

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Description</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>2</td>
</tr>
</tbody>
</table>

##### 3. Ethics and integrity

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Description</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-16</td>
<td>Values, principles, standards, and norms of behaviour</td>
<td>5, 43</td>
</tr>
</tbody>
</table>

##### 4. Governance

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Description</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>43</td>
</tr>
</tbody>
</table>

##### 5. Stakeholder engagement

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Description</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-40</td>
<td>List of stakeholders engaged</td>
<td>44</td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>0% of employees are covered by collective bargaining agreements</td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>44</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>44</td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>44</td>
</tr>
</tbody>
</table>

##### 6. Reporting practice

<table>
<thead>
<tr>
<th>Standard Disclosure</th>
<th>Description</th>
<th>Location of disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>Lidl GB has now published its first financial statements</td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic boundaries</td>
<td>43, 45</td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>43</td>
</tr>
<tr>
<td>102-48</td>
<td>Restatements of information</td>
<td>43</td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>43</td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>43</td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>43</td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>43</td>
</tr>
<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Back cover</td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>43</td>
</tr>
<tr>
<td>102-55</td>
<td>GRI content index</td>
<td>53, 54, 55, 56, 57</td>
</tr>
<tr>
<td>102-56</td>
<td>External assurance</td>
<td>58</td>
</tr>
</tbody>
</table>

* For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.
### GRI index

#### Topic-specific disclosures

**Good for producers**

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Material topics</th>
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**Forced or compulsory labour**

**Human rights and ethical trade**

**Animal welfare**

**Forced or compulsory labor**

**Biodiversity**

**Supplier relationships**

**Good for people**

**Good for our planet**

**Good for business**

Lidl Sustainability Report FY 2019 & 2020
## GRI index

**Topic-specific disclosures continued**

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**Topic-specific disclosures continued**

#### Good for our planet

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Assurance statement

Independent Assurance statement to the Directors of LIDL Great Britain Limited

We have performed a limited assurance engagement on selected performance data and statements presented in LIDL Great Britain Limited’s (“LIDL Great Britain”) 2019/2020 Sustainability Report (referred to as “the Report”)

Respective responsibilities

LIDL Great Britain’s management is responsible for the collection and presentation of the information within the Report. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with LIDL Great Britain’s management, is to carry out a ‘limited level’ assurance engagement on selected performance data and performance claims in the Report (the ‘Subject Matter Information’) set out below. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Whilst we acknowledge that the Report will be published on the LIDL Great Britain’s website, the maintenance and integrity of that website is the responsibility of LIDL Great Britain. The work that we carried out does not involve consideration of the maintenance and integrity of that website and, accordingly, we accept no responsibility for any changes that may have occurred to the Report, since it was initially presented on the website.

What we did to form our conclusions

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised20, LIDL Great Britain’s Basis of Reporting (https://corporate.lidl.co.uk/sustainability) has been used as the Criteria against which to evaluate the ‘Subject Matter Information’ defined below.

The ‘Subject Matter Information’ comprises the following data sets in the Report regarding the sustainability performance of LIDL Great Britain:

— Amounts (£) raised for NSPCC from 22nd April 2020 to 21st April 2021
— Food donated (tonnes of food and number of meals) from 1st of March 2020 to 28th of February 2021
— Financial donations to Neighbourly from 1st of March 2020 to 28th of February 2021

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. Interviews with LIDL Great Britain’s staff responsible for guidance on data reporting, managing the data systems, review and quality assurance activities, and presentation of the data in the Report.
2. Interviews with sustainability representatives to understand the quality assurance performed on data submitted.
3. Testing of data with data coordinators to:
   a. Review the quality assurance performed and subsequent revisions to the data.
   b. Review any explanations provided for significant variances with data from previous reporting periods.
   c. Select a sample of data points from across the business and seek documentary evidence to support the data.
4. Review of the presentation of the data and supporting narrative in the Report, to check that this is consistent with the findings from our procedures above.

Limitations of our review

Our evidence gathering procedures were designed to obtain a ‘limited level’ of assurance (as set out in ISAE3000 Revised) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and, therefore, a lower level of assurance is provided. While we considered the effectiveness of management’s internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls or performing procedures relating to checking aggregation or calculation of data within IT systems. The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with LIDL Great Britain’s management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors, or instances of non-compliance that may exist.

We have only sought evidence to support performance data for the reporting periods as noted above. We do not provide conclusions on any other data from prior years. We have not sought any supporting evidence for data that has been sourced from LIDL Great Britain’s Annual Report and Accounts beyond the ‘Subject Matter Information’ for which we are providing assurance. We have not provided assurance over claims made by LIDL Great Britain that are statements of belief or forward looking in nature.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

Completeness and accuracy of performance information

How complete and accurate is the ‘Subject Matter Information’ presented in the Report?

— With the exception of the limitations identified in LIDL Great Britain’s Basis of Reporting document, we are not aware of any material reporting units that have been omitted from the ‘Subject Matter Information’ in accordance with the Criteria.
— Nothing has come to our attention that causes us to believe that the ‘Subject Matter Information’ was not prepared, in all material respects, in accordance with the Criteria, which were applied by management.
— We are not aware of any errors that would materially affect the Subject Matter Information as presented in the Report.

Our independence and competence

We have implemented measures to comply with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC21. EY’s independence policies apply to the firm, partners, and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm’s policies.

We confirm annually to LIDL Great Britain whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2020/2021.

Our assurance team has been drawn from our global Climate Change and Sustainability Services Practice, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP, London

24th of November 2021

20 International Federation of the Accountants’ International Standard for Assurance Engagements (ISAE3000) Revised; Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

21 Parts A and B of the IESBA Code, and the International Standard on Quality Control 1 (ISQC1)
What’s on your mind?

We’d love to know what you think about our Good Food approach and report. Please reach out and tell us.

www.corporate.lidl.co.uk/sustainability
csr@lidl.co.uk