

The Good Food Report

Sustainability report
FY 2021 and 2022

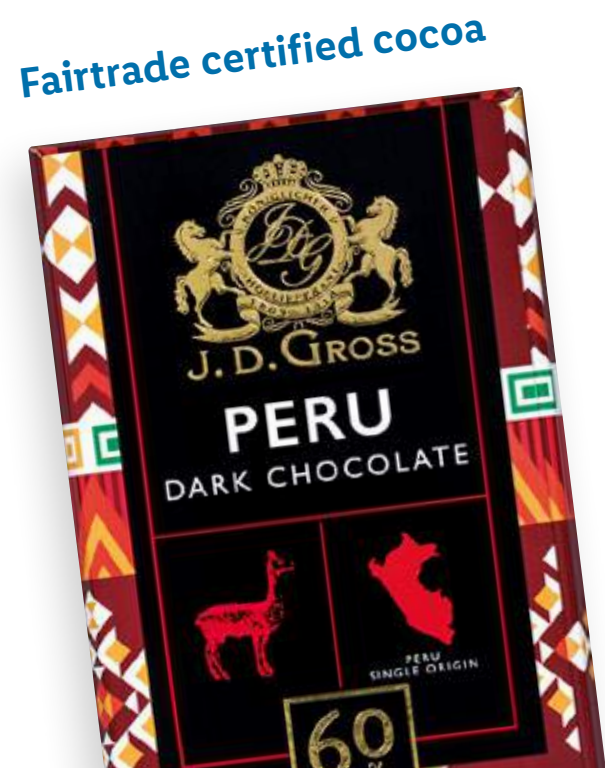


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At Lidl GB, we’re determined to deliver on our purpose to ‘make good food accessible to everyone’ in a fair and responsible way. That’s why we created our sustainability strategy, The Good Food Plan, and we’ve been reporting against it since 2017.

With rising living costs and the global failure to act on environmental issues dominating worldwide risks, we’re working hard to show all our stakeholders that good value can be good for the future, too. In our reports, we’re transparent about our ongoing journey to ensure that the food we sell is good for producers, people and the planet.

This report summarises the highlights of our sustainability performance and future plans during the financial years of 2021 and 2022 (March 1, 2021 to February 28, 2023). It has been prepared in accordance with the GRI 2021 Standards and reflects the activities and operations of Lidl Great Britain Limited (Lidl GB).



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A word from our CEO

As I reflect back on the last two years, and the challenges that this country and economy has faced, I'm proud that Lidl has continued to make strong progress on our ambitious sustainability goals.

That's not to say we're immune to, or complacent about the very real challenges that both food producers and households are facing. But, thanks to the relentless dedication of our 30,000 colleagues, strong support from our supplier partners and ever-growing commitment from our customers and communities, we've achieved record sales, welcomed 1.5 million more customers, opened nearly 100 new stores and continued to expand our network of distribution centres.



We recognise that, whilst our brand promise – to be 'Big on Quality, Lidl on Price' – is clear, it's not always clear that we fulfil this promise by acting in a fairer, more responsible, and increasingly sustainable way. We're doing this through our purpose and strategy – 'making good food accessible for everyone'. For us, this means embedding ambitious, measurable goals and focussed programmes within our company to help us build a better business and respond to the issues that our customers care most about.

We've taken some significant steps over the past couple of years – from launching the UK's first smart refill machine and preventing 15 million plastic bottles entering the ocean through our Prevented Ocean Plastic partnership, to increasing instore food donations by 25% through our industry leading Good to Give Trustmark and being the first discounter to sign the WWF basket for nature. However, despite progress we have made, 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°C 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. In addition, we launched our Community Fund and have so far given away £500,000 of community grants to enable charities across Great Britain to expand their community impact, provide a wider range of essential food products, and serve an even greater number of people.

Over the next few years, it's likely that households will look for further ways to reduce their outgoings. At the same time, issues such as ethical trade, climate change, plastic and human rights will be even more firmly on their radar. By investing in our own business, and in our suppliers across the country, we can ensure that more and more producers share the rewards of good food, while protecting the ecosystems on which we depend.

Ryan McDonnell
CEO of Lidl GB

About Lidl GB

Our discount retail business continues to grow apace. Over the last two years, we opened 98 new stores and created thousands of additional jobs for local communities across Great Britain.

We employ over 29,000 people, operating 13 regional distribution centres and more than 960 Lidl stores nationwide which collectively serviced over 1.5 million more customers in 2022 compared to the previous year. That makes us the sixth biggest food retailer in the UK.

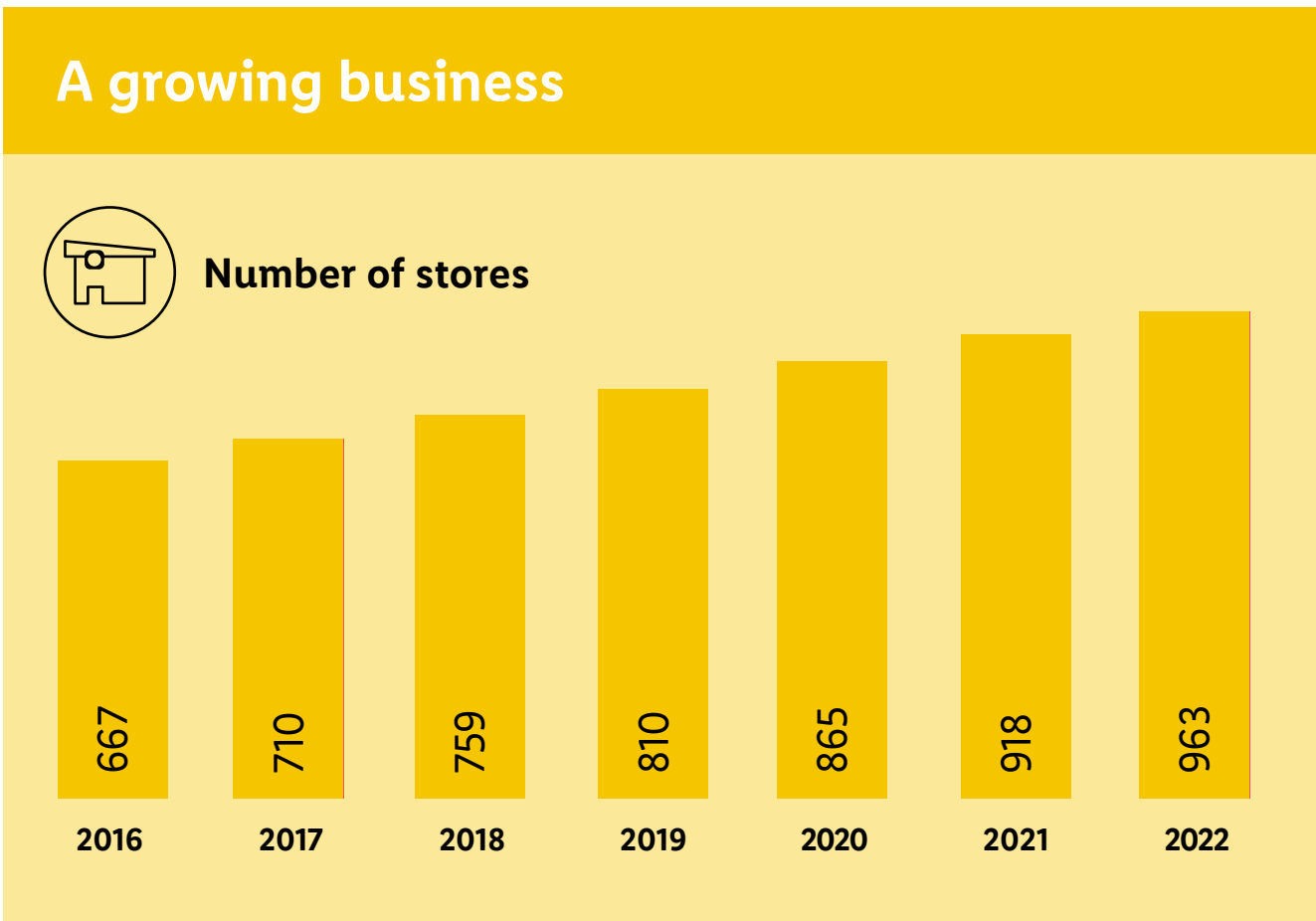
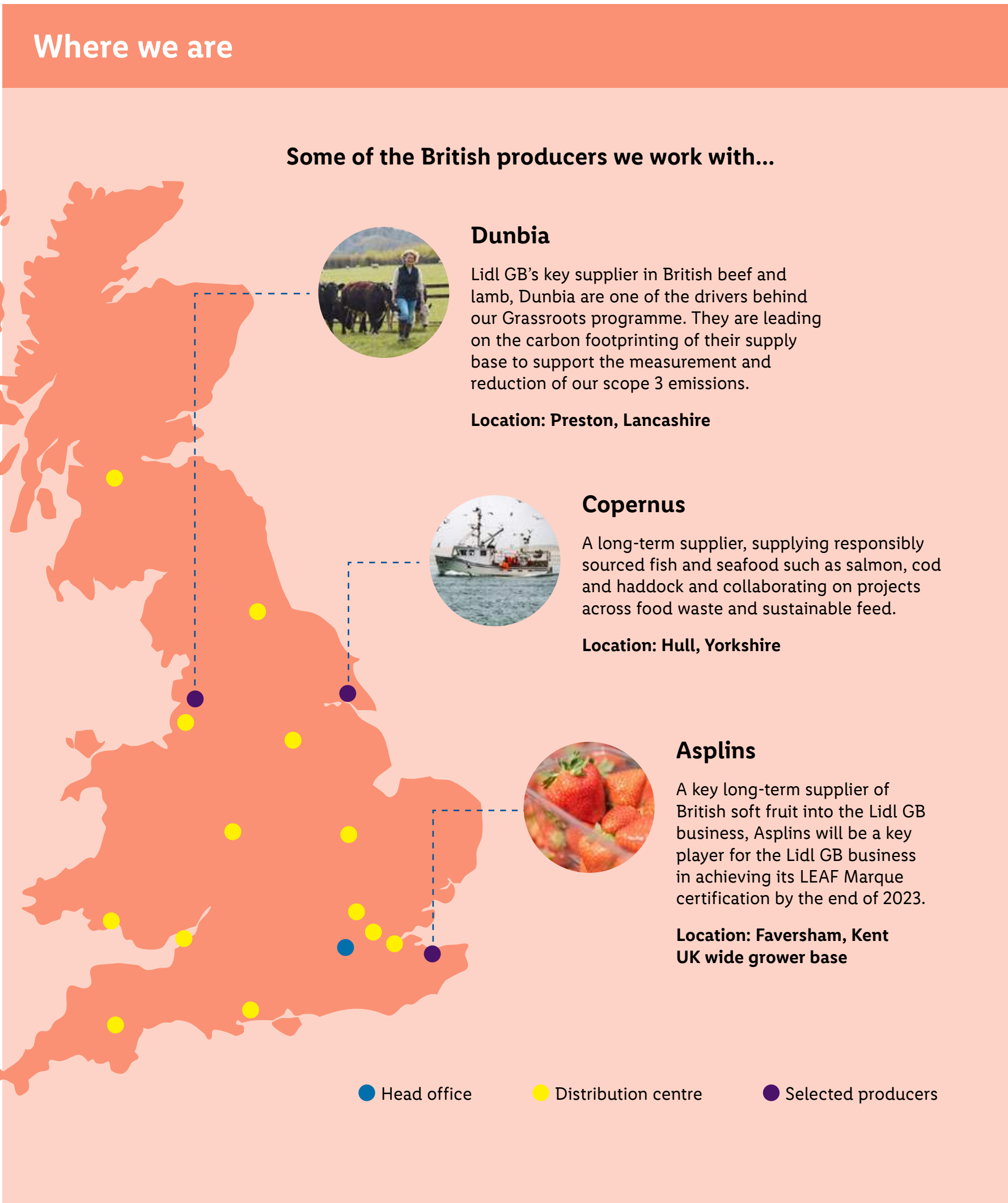
Our approach to business is based on simplicity and efficiency in everything we do – from stores, to working with suppliers. This means we’re able to offer our customers the promise of low cost and high quality each and every day.

We’re also proud to be part of something bigger. Lidl GB is part of Schwarz Group, which is headquartered in Neckarsulm, Germany, and is one of the leading food retailers in Europe. Lidl currently operates over 12,200 stores and more than 220 goods distribution and logistics centres in 31 countries. Lidl also employs colleagues in Asia. Lidl currently has around 376,000 employees in total.

The companies of Schwarz Group, with business activities in over 30 countries, together form one of the leading retail groups in the world. With their c.13,700 stores and more than 575,000 employees, the companies of Schwarz Group jointly generated total sales of 154.1 billion euros by the end of the 2022 financial year. Divided into production, retail and environmental divisions, the companies of Schwarz Group together cover the entire value chain.

*this figure is calculated using a different methodology to the Schwarz sustainability report

Quick facts (FY 2022)	Revenue	Average no. of colleagues*	Market share	Supermarket size	Number of stores	Distribution centres
	£9.3bn	29,882	7.1%	6 th largest	963	13



Sustainability at Lidl GB

We believe that more sustainable shopping shouldn't mean more expensive shopping. So, guided by our purpose to 'make good food accessible to everyone' and through the objectives of our sustainability strategy, The Good Food Plan, we're making sustainable choices affordable and accessible to our customers.

Our Good Food Plan

Good food isn't just about quality or price. It should be Good for People, Good for Producers and Good for our Planet, and these are the themes we use to organise our sustainability priorities within both our plan and this report – from plastic and packaging to backing British farming.

Across each topic, we've worked with industry leads to set long-term goals that stretch us. We consult with our stakeholders regularly to ensure that our efforts are relevant, ambitious, transparent and accountable.

Our approach

Sustainability is a central pillar that supports the overarching strategy of our business and wider discount model. Since our first sustainability report was published in 2017, we've done much more to integrate the pressing aims of our sustainability strategy into our commercial objectives, supplier relationships, store operations and beyond. We act quickly to address the most urgent issues and aren't afraid to take a leadership position when it matters most to our business or our stakeholders.

The United Nations' Sustainable Development Goals inform our long-term purpose and targets, ensuring that our strategy always contributes to overcoming our world's greatest challenges. Earlier this year, we became the first discount retailer to sign the WWF's Retailers' Commitment for Nature, working to halve the environmental impact of UK grocery baskets by 2030. As part of Schwarz Group, we're also members of the world's largest voluntary corporate sustainability initiative, the UN Global Compact, and are committed to openly reporting our progress on a regular basis.















Our Good Food Plan Objectives

We regularly review and strengthen our sustainability strategy, The Good Food Plan, which details 26 goals towards 2030 that are good for our Planet, Producers and People, to ensure that we’re continuing to stretch our ambitions and meet the expectations of our key stakeholders.


Our goals for each topic can be found within the relevant sections of this report, and all our sustainability KPIs are documented in the dedicated section towards the end of this report.



 Good for our Planet	 Food waste: Driving down food loss from farm to fork	 Plastic and packaging: Enabling circularity through redesign	 Climate action: Science-based decarbonisation of our operations and supply chain	 Sustainable sourcing: Sourcing all our critical raw materials from verified sustainable sources	Read more on page 09
	 Sustainable agriculture: Supporting a resilient agricultural supply chain through action on biodiversity enhancement, water stewardship and carbon management	 Backing British: Championing the sustainable growth of the British food and farming sector	 <small>© Fairtrade/Funnelweb Media</small> Human rights: Respecting and protecting human rights throughout our business and supply chain	 Animal welfare: Improving animal health and welfare standards, ensuring all animals in our supply chain live a good life	Read more on page 22
	 Healthy and sustainable diets: Making healthier and more sustainable food accessible to everyone	 Community investment: Helping to strengthen the communities we serve	 Colleagues: Being the first choice employer in our sector		Read more on page 32
	Good for People				



Our Good Food Plan

Progress against key targets

Pillar	Topic	Target	Baseline year	Target year	Progress against target
<div>  <div> <div>Good for</div> <div>our planet</div> </div> </div>	Food waste	Lidl GB's food waste will be reduced by 50% (relative)	2016	2030	86% <div></div>
		100% of key suppliers of high wastage categories will have joined the Food Waste Reduction Roadmap or be implementing a target, measure, act approach	N/A	2027	43% <div></div>
	Plastic and packaging	Own-brand plastic packaging will be reduced by 40% (relative)	2017	2025	72% <div></div>
		Own-brand packaging will be reduced by 25% (relative)	2019	2025	50% <div></div>
		100% of own-brand and branded packaging will be recyclable, reusable, refillable or renewable	N/A	2025	95% <div></div>
	Climate action	Reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions by 80% (1.5°C trajectory)	2019	2030	N/A
		100% of Lidl GB's store delivery fleet will be fossil-fuel free	2018	2030	10% <div></div>
		100% of Lidl GB suppliers that contribute to top 75% product-related emissions will have validated science-based targets	2022	2026	39% <div></div>
	Sustainable sourcing	Source 100% of high-risk raw materials within our product ranges from verified sustainable sources	-	2025	98% <div></div>

Our Good Food Plan

Progress against key targets

Pillar	Topic	Target	Baseline year	Target year	Progress against target
<div>  <div> Good for producers </div> </div>	Sustainable agriculture	100% of British Lidl GB fruit and veg suppliers to achieve LEAF Marque certification	2019	2023	45% <div></div>
		Provide financial support for nine water catchment projects	N/A	2025	67% <div></div>
	Human rights	Conduct 15 Human Rights Impact Assessments (HRIAs) across high-risk supply chains and implement corresponding action plans	2019	2025	40% <div></div>
	Animal welfare	Robust animal welfare action plans in place for six key categories and being delivered against for each primary protein	2021	2025	33% <div></div>
<div>  <div> Good for people </div> </div>	Healthy and sustainable diets	We will increase sales, based on tonnage, of healthy and healthier products to at least 80%	2019	2025	96% <div></div>
		We will increase fruit and vegetable unit sales by 35%	2021	2026	7% <div></div>
		We will deliver a 400% sales increase in our own-brand meat free and milk alternative range	2020	2025	99% <div></div>
	Community investment	We will have raised £10m for NSPCC to help keep children safe	N/A	2025	74% <div></div>
		Donate five million meals every year to families in need	N/A	ongoing	100% <div></div>

Our highlights of the year

100%

of own-brand personal care and household products are Leaping Bunny certified



Launched
first
ever donation
trustmark,
'Good to Give'



First

UK retailer to trial environmental rating for products, 'Eco-Score'



Piloted UK's

first

smart refill trial



Committed to
WWF's
basket for nature



Won MSC mid-sized retailer for
7 years

MSC UK
MID-SIZE
STORE
RETAILER
OF THE YEAR
2022



Donated over

26m

meals to
communities
since 2016



Prevented the equivalent of
15m bottles entering the ocean, through POP (Prevented Ocean Plastic)



Invested in

3

water
catchment
projects



Good for our



Planet



Making good food accessible to everyone requires us to use our resources efficiently, source our products responsibly and play an effective role in tackling urgent global challenges.



Food waste

From the farm gates to family plates, the UK wastes almost 10 million tonnes of food every year. Of that total, around 70% comes from inside the home.

We can't afford to waste food. Annual household food waste alone has a shelf value of £14 billion and adds more than 20 million tonnes of greenhouse gas emissions to our rapidly warming atmosphere.

At Lidl GB, our ambition is clear: no edible food surplus should go in the bin. That's why we're committed to reducing our food waste by 50% by 2030 and to helping our customers and suppliers follow suit.



Progress update

By 2030, we will have reduced Lidl GB's food waste by 50% (relative)

86%
achieved

By 2027, 100% of key suppliers of high wastage categories will have joined the Food Waste Reduction Roadmap or have implemented a target, measure, act approach

43%
achieved

All the unavoidable food waste we generate is repurposed into biogas, a renewable energy source. But that's our last resort. Using the waste hierarchy as our guiding principle, we're working hard to first prevent and reduce food waste before collaborating with our charity partners to ensure edible, unsold food gets redistributed to those who need it most. With so much of the country's food waste coming from homes and with slow progress on household waste reduction, helping customers cut their contribution remains a priority.

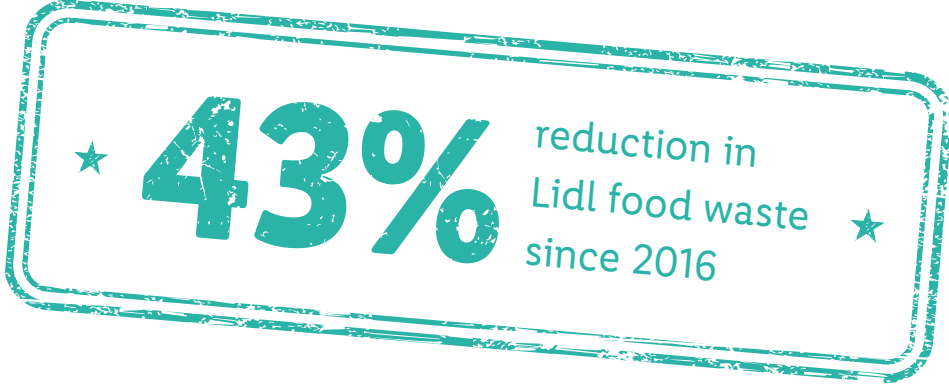
Progress and initiatives

Operational avoidance

Less than 1% of the food sold in our stores now goes to waste, a reduction of 43% against a 2016 baseline, meaning we achieved our 2025 goal of a 40% decrease ahead of schedule. However, we know we still have a long way to go to reach our 2030 target of a 50% cut.

Driven by deeper discounting, smarter stock management and a more intensive redistribution effort, we've continuously lowered levels of food waste throughout our operations over the last two years.

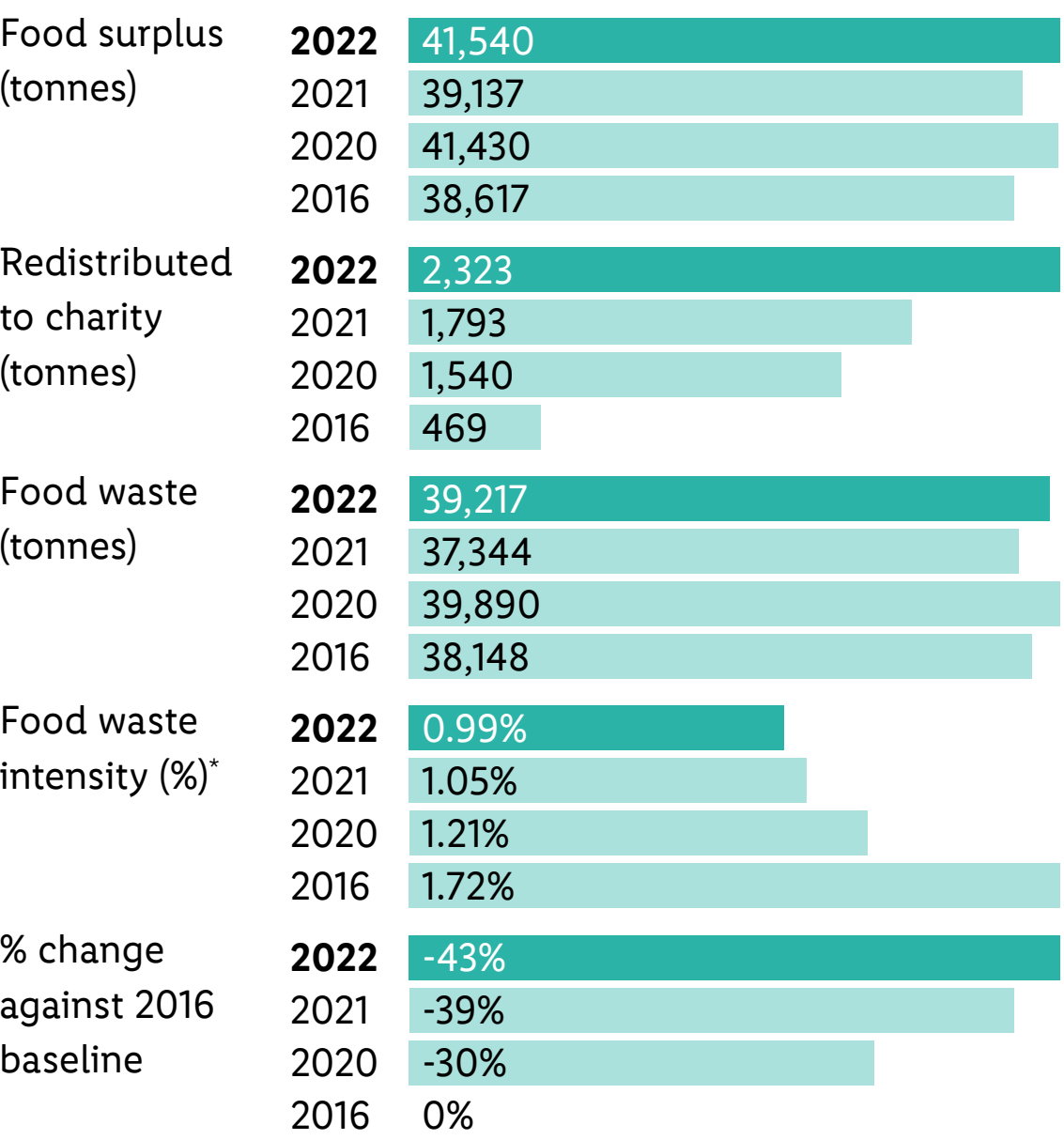
Our 'Waste Not' fruit and veg boxes (part of our Too Good to Waste initiative) are a large part of our discounting success. Sales have grown 37% year on year, and the boxes avoided 8,853 tonnes of surplus in 2022. We've also introduced new category of focused initiatives to generate further reductions across high-wastage areas, such as Happy Hour, enabling customers with the Lidl Plus app to save 30% on bakery products after 7pm.



We've provided charities and good causes with more than 26 million meals since 2016 and, aided by our partnerships with Neighbourly and HIS Church, we've increased the amount of food surplus we redistribute locally by over 50% since 2020.

We've extended our redistribution programme to donate surplus frozen food to charities, which will save another 800 tonnes of food waste per year. And we continue to explore new opportunities to avoid food becoming waste at all, such as sending excess stock to produce animal feed and sending edible waste containing animal protein to pet food manufacturers.

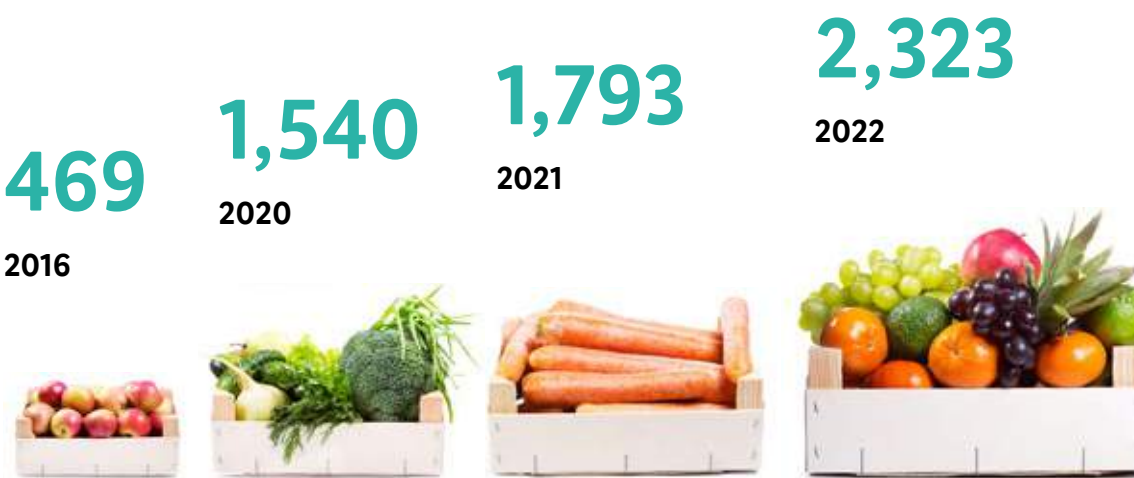
Lidl GB food waste data



*(% food waste vs food handled)



Redistributed to charity (tonnes)



Food waste continued

Whole-chain food waste

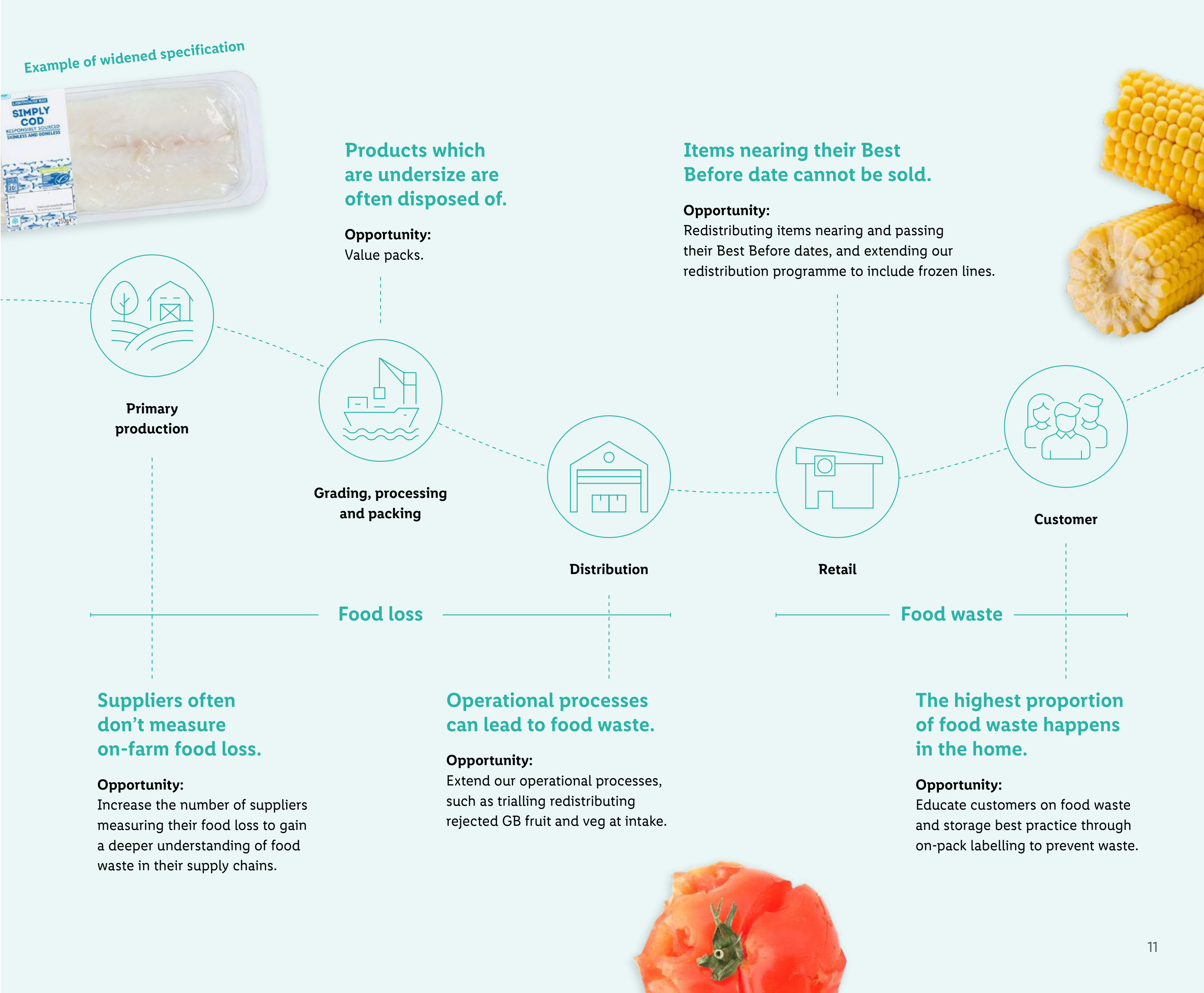
Working with our partner, Waste Resources Action Programme (WRAP), and our suppliers, we've implemented a new whole-chain food waste programme. We've already completed three audits, covering cod, strawberries and apples, and right now, we're repeating the process in two more areas, focusing on potatoes and carrots.

These intensive studies enable us to measure food loss and critically analyse each step of the entire value chain, by joining our suppliers and operational colleagues on site to look at the complete lifecycle of specific foods.

In one example, we worked with Copernus, one of the UK's largest independent suppliers of chilled fish. Together, we established a cross-functional project team to visit their facility and assess every stage of the processing, helping us understand each stage in more detail.

As a result of our collaborative cod programme, Copernus identified markets in Asia and Portugal where they could sell their fish head and neck columns. In addition, we launched our new Simply Cod Fillets value pack in June 2022 with a widened specification that allows us to utilise more of the fish fillet.

In support of this objective, we're continuously encouraging our suppliers to follow the principles of Target, Measure, Act on their journey to tackle food waste by recommending WRAP's Food Waste Reduction Roadmap. That is why by 2027, 100% of our key suppliers of high wastage categories will have joined the roadmap or have implemented a target, measure, act plan. Over 250 Lidl GB suppliers attended a dedicated food waste webinar in 2023, collaboratively hosted with WRAP, to learn more about the roadmap and value of the whole-chain approach.



Food waste continued

Customer

WRAP’s best practice guidance on pack labelling continues to steer our labelling philosophy. This includes small-but-valuable nudges, such as the ‘twist and tuck’ reminder we include alongside other waste-reduction messaging on our own-brand bread wrappers.

We’ve carried out detailed audits to ensure that we’re consistently applying the best and most relevant storage and handling advice to our high-wastage categories, such as bakery, fruit and veg, dairy and fresh meat.



We also sponsored WRAP’s national ‘Love Food, Hate Waste’ Food Waste Action Week for the first time in 2023. To support the event, we produced a range of food waste-busting recipes that aimed to get customers thinking about meal planning, food storage and inspiration for using up leftovers.

Challenges

As the major supermarket selling one of the highest proportions of fresh foods in the UK, our shelves have a greater exposure to food loss from short-life perishable goods. As a result, we have less time and options to redirect, and are therefore concentrating efforts on avoidance.

We continue to lead many campaigns aimed at helping our customers as we know this is where 70% of food waste is generated. However, it remains difficult for us to clearly track the behaviour change and measure the impact these have. So, as part of WRAP’s Courtauld Commitment 2023, we’re working closely with others in the industry to better understand where our household initiatives can be most impactful.



Next steps

We have a plan to keep building on our food redistribution efforts by increasing surplus donation performance. We’ll also explore options to send surplus up the waste hierarchy, such as sending bakery excess to animal feed.

As part of our ongoing ambition to reduce household food waste, we’re looking across our product portfolio to establish where use-by dates can be safely replaced with best-before dates, such as on milk and yogurts. We are also exploring where we can further increase the availability of loose options within fresh produce to allow consumers to buy only the amount they need.

Plastic and packaging

Packaging plays a vital role in protecting and preserving products, but we know that it is impacting our environment too, particularly through plastic pollution. Every year, 11 million tonnes of plastic is entering our oceans, so it is vital that we continue to tackle this issue.

In 2018, we set ambitious targets for packaging, including a 40% reduction in own-label plastic packaging, and have made significant progress against them – sustainable packaging choices are now embedded into every buying decision we make.



Our approach is to remove and reduce plastics wherever we can, introduce reuse models to eliminate single-use packaging completely and maximise both recycled content and recyclability.

Collaboration across industry continues to be vital, and Lidl GB was a founding member of the UK Plastics Pact. Schwarz Group is also a signatory of the New Plastics Economy, a movement spearheaded by the Ellen MacArthur Foundation, and has endorsed The Business Coalition for a Global Plastics Treaty, working to support a legally binding UN treaty to end plastic pollution.



As part of Schwarz Group, we’re committed to the group-wide REset Plastic strategy that includes targets such as reducing plastic consumption by 30% by 2025.



But with many of the quickest, most obvious changes now made, the challenges for our business become more complex. We know there’s still much for us to do if we’re to meet our 2025 goals and create a truly sustainable packaging system.

As such, we’re evolving our current strategy to make sure that we take a holistic approach to packaging that accounts for all environmental impacts, including plastic pollution, food waste and emissions.

Progress and initiatives

Removal and reduction

We’ve already removed the most problematic plastic packaging types, such as black plastic, PVC and EPS, from our own-label core food ranges and have been redesigning and reducing weight from our packaging. By dispensing with overlids from dairy pots, for example, we’ve taken 38 million pieces of plastic off our shelves to date.

In addition, by reducing the amount of packaging surrounding our beef and lamb, poultry and tomato products, we’ve so far saved over 420 tonnes of plastic. We’re removing unnecessary plastic from our fruit and veg, including withdrawing 20 million tags from spring onions and beetroot and 10 million stickers from loose bananas.



Plastic and packaging reduction targets

Progress on our own-brand plastic packaging reduction target (tonnes/£1m) % change

2022	6.5	-28.8
2021	7.30	-20.1
2020	7.45	-18.5
2019	7.49	-18.1
2018	8.41	-0.1
2017	9.14	0

Progress on our own-brand packaging reduction target (tonnes/£1m) % change

2022	21.9	-12.4
2021	24.5	-2
2020	25.9	3.4
2019	25	0



Progress update

By 2025, own-brand plastic packaging will be reduced by 40% (relative)

72%
achieved



By 2025, own-brand packaging will be reduced by 25% (relative)

50%
achieved



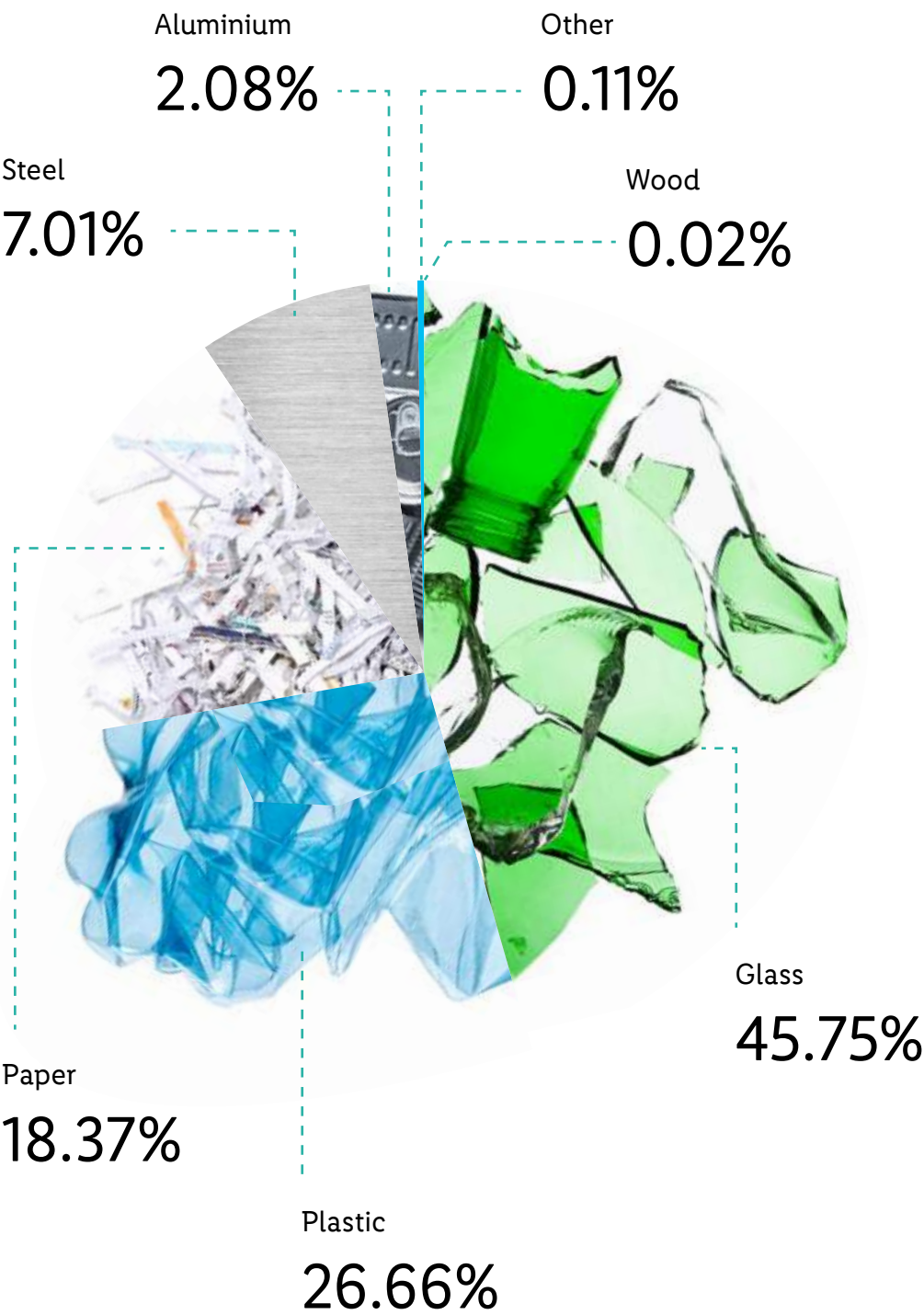
By 2025, 100% of own-brand and branded packaging will be recyclable, reusable, refillable or renewable

95%
achieved



Plastic and packaging continued

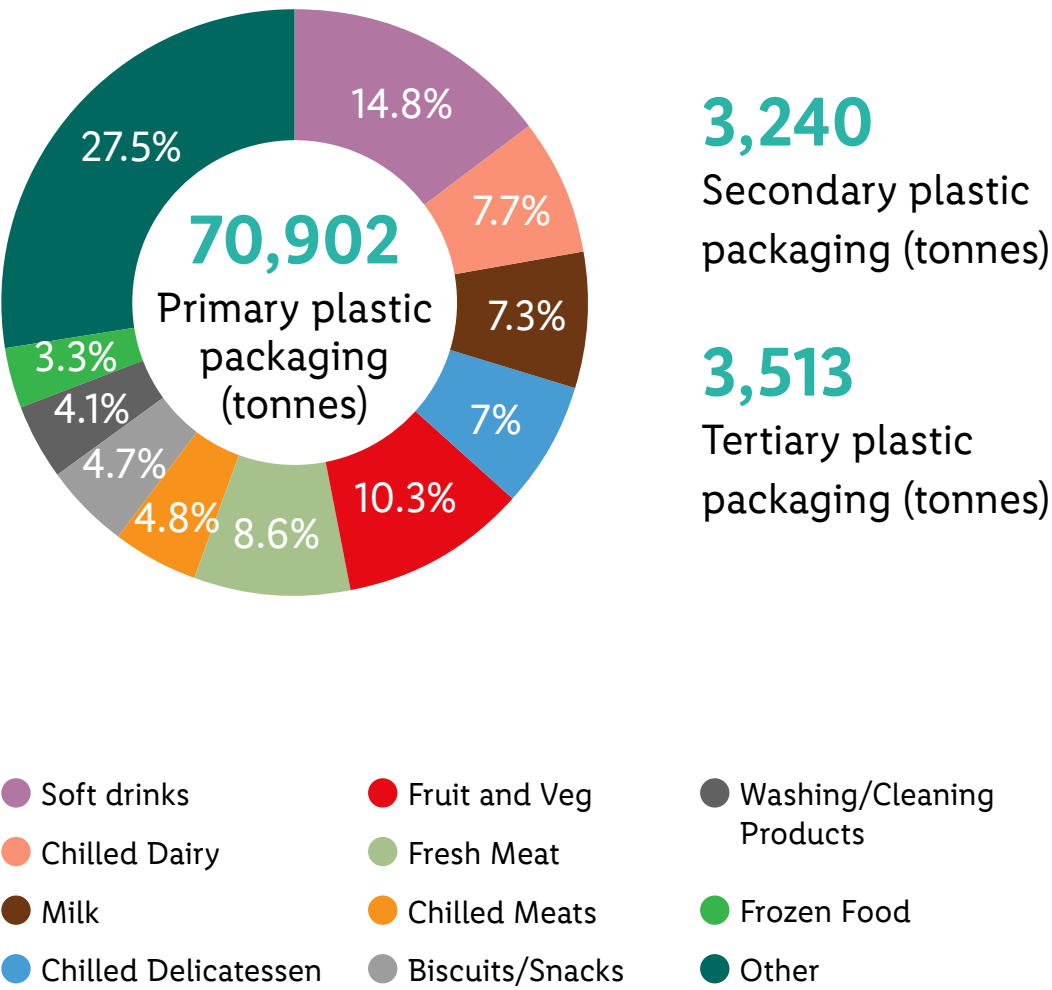
Primary packaging footprint – materials



Recycled content and recyclability

We've made a number of positive swaps over the last two years to improve packaging circularity. We've replaced the majority of plastic wrapping with card on multi-packs of tins, bottles and cartons and 600 tonnes of mushroom trays with flow wrap have been switched to recyclable material. In addition, we're rolling out new, clear and consistent pack labelling that makes recycling easier for our customers.

Plastic packaging footprint – top categories



Reuse and refill

Since April 2022, we've been trialling the UK's first smart refill solution for laundry detergent. For more on this story, please see page 16.

Prevented Ocean Plastic

In 2020, we became the first British retailer to adopt the Prevented Ocean Plastic initiative, using discarded water bottles collected on or near the beaches and coastlines of southeast Asia in the packaging for some of our fish products.

The entire process is fully traceable, and we've since extended our usage of Prevented Ocean Plastic packaging to include fresh meat products: our 400g and 667g Deluxe sausages now come in trays containing at least 30% of the reclaimed material. In 2023, we're pleased to be the first retailer to further expand our Prevented Ocean Plastic range to include water bottles.

Lidl GB, through its parent company, Schwarz Group, is also the first retail and technical partner for Project STOP, set up to design, implement and scale circular economy solutions to marine plastic pollution in southeast Asia.

On top of this, we're a member of the Global Ghost Gear Initiative, a cross-sectoral alliance of organisations dedicated to solving the problem of abandoned, lost or discarded fishing gear in order to protect the health of marine ecosystems and people.

★ **95%** of our packaging is recyclable, reusable, refillable or renewable ★



Plastic and packaging continued

Challenges

A key challenge is improving our data so we can make more informed packaging decisions. In some areas, further packaging improvements are becoming harder to implement, as many of the more straightforward successes have been achieved. There can also be some tension between the different targets – for example, reducing packaging by making it more lightweight can mean introducing materials that are more difficult to recycle. Also, swapping plastic packaging for another material can be good news for plastic reduction but masks the progress we’re making to reduce other types of packaging.

A specific ongoing challenge for our sector is flexible packaging. We’re working with our suppliers and fellow retailers to promote the use of mono material flexible packaging to aid recycling. While we’ve introduced flexible plastic collection stations in more than 50 stores, we support the UK government’s commitment to introducing consistent kerbside collection as a vital next step.

That is why our aim is to assess packaging changes holistically to ensure we are making the most sustainable change possible.

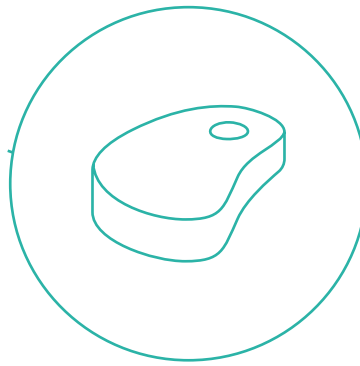


Tangible changes across packaging



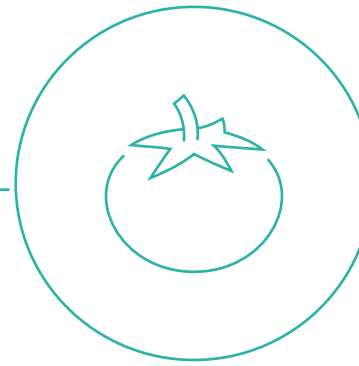
We have removed ‘over lids’ from dairy pots, removing

38m
pieces of plastic

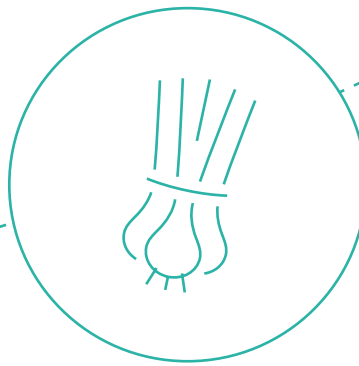


We have light weighted our fresh meat packaging, saving

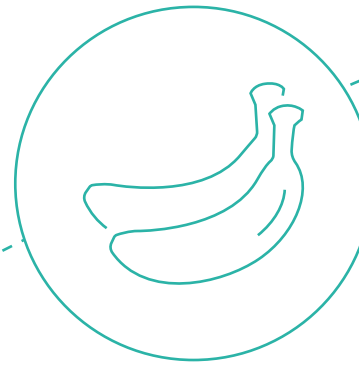
420
tonnes of plastic



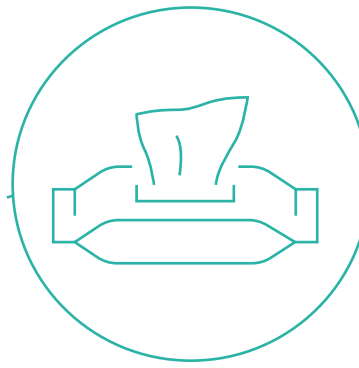
We have removed **24m** plastic trays across our fruit and veg range



We have removed over **20m** vegetable tags



We have removed **10m** fruit stickers from our bananas



We have removed **all** wet wipes that contain plastic



Next steps

Our strategy sets out a number of targets and milestones for our increased use of sustainable packaging.

As it was created five years ago, we’re now evolving our approach to ensure we stay on track to make good progress towards our 2025 commitments and be able to tackle additional packaging challenges.

We have ambitious changes planned over the next 12 months, including removing plastic trays from our beef mince to save 254 tonnes of plastic annually. We will be trialling more loose fruit and veg as we move towards an ambitious 2025 UK Plastic Pact target of 30% loose sales for this category – currently, 24% of our fruit and veg sales are loose. We’ll also review our refill trial to assess sales, costs, scalability and more.

Now, though, we’re expanding our attention to all materials, considering the environmental impacts of every packaging type as part of a holistic, system-level approach.



Case study

“We’re committed to providing our customers with cost-saving solutions that can help their wallets and the planet. We’re incredibly proud of this latest innovation, which will enable our customers to save money and reduce their plastic consumption.”

Mark Newbold
CSR Manager at Lidl GB

Plastic and packaging

Award-winning refill pilot

Visitors to our Kingswinford store in April 2022 were the first at any UK supermarket to trial a state-of-the-art laundry detergent refill station.

The machines, designed with refill start-up Fyllar, have since evolved and been added to further stores where customers select a reusable pouch and follow easy on-screen instructions to select their favourite detergent. The trial has been designed to provide a positive customer experience, maximise efficiencies in the supply chain and test whether the approach can be scaled up.

Refillable pouches save 59g of plastic per refill and come with the incentive of a 20p discount for each top up. They also take up less pallet space, are faster to pick at our distribution centres and quicker for store colleagues to replenish. A unique chip inside each pouch helps us track how many times it gets used, meaning we can accurately calculate the volume of saved packaging.

The stations also take up the shelf space of just 66 single-use detergent bottles but have the capacity to refill over 245 equivalent-sized pouches. Closed-fill technology means speedy filling with the cap still on – and a whole lot less mess than taps and pumps.

Initial reaction to the refill trial has been promising with stronger than expected sales and over two thirds of refill customers bringing the containers back. We’re now analysing its performance in relation to the costs and savings experienced throughout the value chain so that we can fully assess its potential for scalability and cross-retailer standardisation.

Our survey says...

67%

of customers said the main reason for refilling in store was to reduce plastic

84%

of customers found the solution quick and easy

97%

of customers were likely to recommend the refill solution



Climate action



The world is currently experiencing the most urgent environmental emergency in human history.

The science is unanimous, and the evidence is clear: the last nine years were the nine warmest in 143 recorded years.

Climate change is important to us both in terms of our operations and how we sustainably source our products – over 90% of our total emissions come from the products we sell.

In 2021 we set out our commitments to tackle climate change and, in February 2023, we became the first discount supermarket to join the WWF Basket and sign the WWF’s Retailers’ Commitment for Nature, pledging to halve the environmental impact of UK shopping baskets by 2030.

As a signatory of the Commitment, we’ll work alongside other retailers to collaboratively target, measure and actively reduce the environmental impact of food production.

Alongside this, we’re active members in several other industry groups, including WRAP’s Climate Action Working Group, the Retail Energy Forum and the British Retail Consortium’s Climate Action Roadmap, encouraging industry coordination with a focus on carbon-footprinting methodology and reporting.



During the reporting period, improved energy efficiency, more renewable energy generation and a higher mix of renewable sources in the UK’s electricity mix combined to help us reduce Scope 1 and 2 emission intensity by 14% in the last year. Many programmes contributed to this reduction over the last two years:

Optimising temperature and lighting. We saved 10,200 MWh last year while continuing to provide safe and comfortable environments.

Utilising energy management platform. Provides greater transparency and accessibility of detailed energy consumption at each site and helps us identify opportunities to reduce local energy usage.

Investing in renewables. Where possible, all new store developments are now fitted with solar PV arrays. We also started retrofitting stores with solar PV in 2022.

Reducing gas usage. Our store modernisation programme includes upgrading gas boilers to more efficient electrical heating technologies, saving 479 tCO₂e during the last financial year.

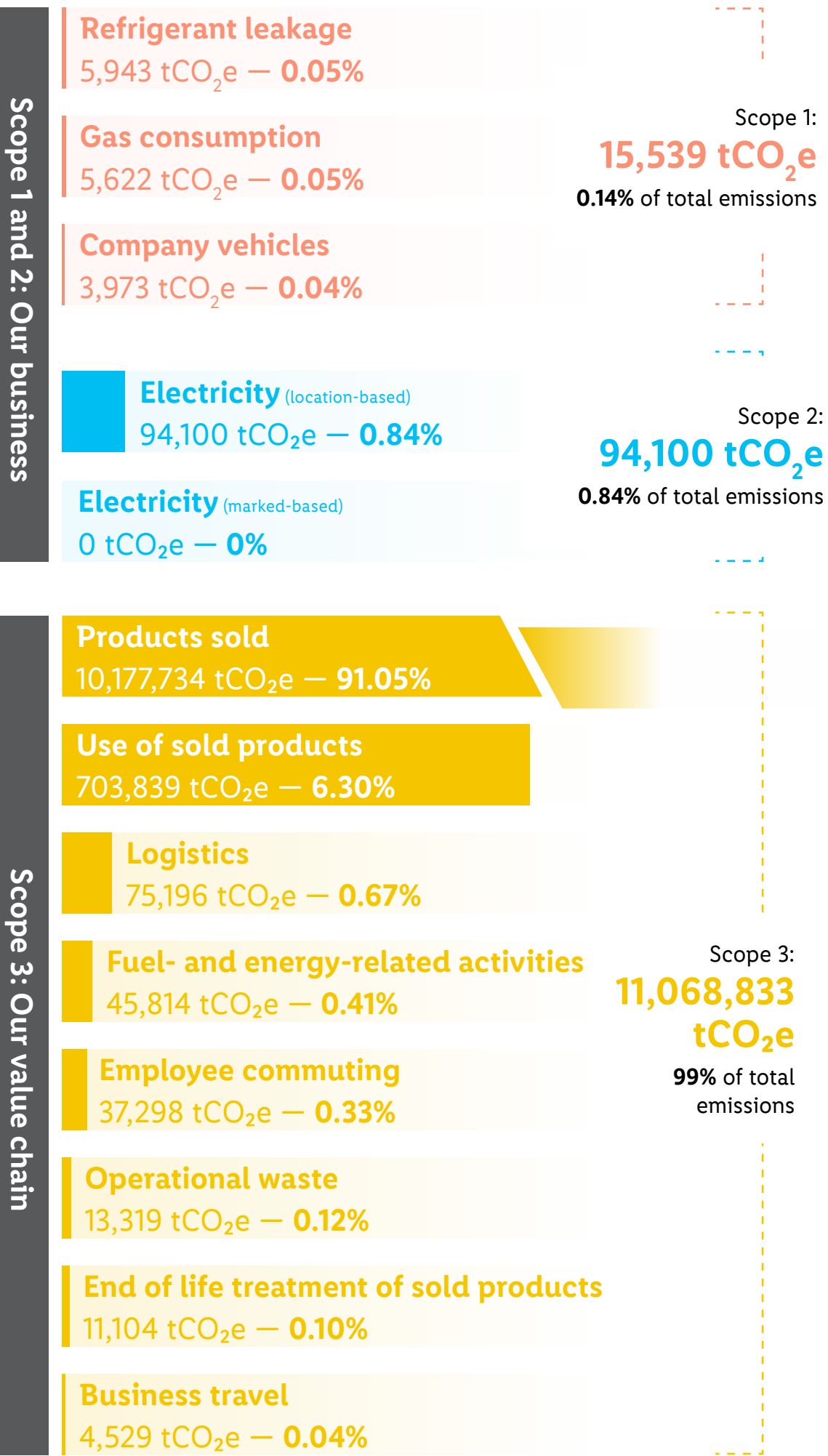
Certifying our energy management system. Since 2016, we’ve held ISO 50001 certification, covering the energy consumption optimisation of all stores, distribution centres and offices.

2022 saw us open the doors to our new head office. The building is fitted with automatic LED lighting and rainwater-flush toilets. Outside, the car park hosts the largest number of electric vehicle charging points in a single UK location and solar panels that can provide up to 300 kW of energy per hour.

Progress and initiatives

Scope 1 and 2

While these represent less than 1% of our total carbon impact, it’s still vital that we continuously drive down our emissions in line with science-based guidance. That’s why, in 2022, we committed to playing our role as part of a joint target of the companies of Schwarz Group in reducing absolute Scope 1 and 2 GHG emissions by 80% by 2030 against a 2019 baseline.



Progress update

By 2030, 100% of Lidl GB’s store delivery fleet will be fossil-fuel free

10%
achieved

By 2026, 100% of Lidl GB suppliers that contribute to the top 75% of Lidl’s overall product-related emissions will have validated science-based targets

39%
achieved

Climate action continued

Scope 3

Scope 3, also known as indirect emissions, account for over 99% of our total impact. We can't tackle these alone, which is why we're collaborating with other industry actors in partnership with WWF and WRAP.

We understand the importance of measuring and tracking our carbon emission at a category and even product level to enable us to be targeted in our actions. That's why we're focusing on improving the collection and accuracy of these emissions.

Our current target is to ensure that the suppliers representing 75% of Lidl's overall product-related greenhouse gas emissions have targets that are aligned to the Science Based Targets initiative (SBTi) by 2026.

To support our suppliers in setting science-based targets, we've launched an engagement platform with ClimatePartner that provides guidance tailored to each supplier's emissions-reduction journey.

Through the WWF's Retailers' Commitment for Nature, we've committed to setting a science-based Scope 3 target, in line with both the SBTi's pathway to limit global warming to 1.5°C and net zero.

And we're offering more sustainable products to our customers too, like plant-based alternatives to meat and dairy.

We acknowledge that we're only just starting our work and have plenty more to do. But we're committed to reaching our objectives, working alongside a range of key industry stakeholders.

Responsible Cheddar

Chilled cheese is the second biggest emitter of carbon in our supply chain. In May 2021, we launched our responsibly produced Cheddar cheese in conjunction with our supplier, Somerset cheesemaker Wyke Farms. This Deluxe Cheddar has had a carbon emissions reduction of 23% in 2022 with a strategy for continual reduction year-on-year. With a focus on sustainable farming and improved business practices, alongside purchase of Gold Standard carbon offsets, it has achieved certification as carbon neutral to the globally recognised PAS 2060 standard by the Carbon Trust.

We've worked with Wyke Farms to help them reduce on-farm emissions through enhanced management of feed, manure, herds, energy, soil, and land. As a result, farmers can assist the programme through responsible actions such as lower fertiliser use, using deforestation-free feed or sourcing low food-mile feedstuffs.

In fact, this is only the beginning of our story. Together, we're now working on an even bigger ambition – to pioneer a closed-loop system by 2030 that ensures carbon neutrality comes from completely within the supply chain itself.



Challenges

Climate change is an issue that no one organisation or government can tackle alone. It needs extensive collaboration, alignment, knowledge sharing and collective effort to achieve global goals. If we're to achieve the most transformational impact as an industry, it's vital that our efforts are aligned and coordinated – collaborative programmes such as WWF Retailers' Commitment to Nature and WRAP Retailer Net Zero Collaboration Action Programme will help us achieve this. As we define a pathway for action, we all need to understand and activate the enablers, from the role of public policy to access to funding.

Next steps

We're focusing on improving the collection and accuracy of data, defining the transformative action required and, importantly, helping embed it within our supply chains so that we address our Scope 3 emissions.

We'll be working to implement our newly developed strategy and track supplier progress towards our 2026 target. We'll also confirm the science-based target for Lidl GB aligned with SBTi and collaborate with our fellow members to advance WWF's Retailers' Commitment for Nature.

Climate action

WWF's Retailers' Commitment for Nature

As the first discount supermarket to sign WWF's Retailers' Commitment for Nature, we've pledged to work with WWF towards their ambition to halve the environmental impact of UK shopping baskets by 2030.

Major, systemic changes like these can't be achieved by any one business acting alone. So we're proud to stand shoulder-to-shoulder with our co-signatories from Co-op, M&S, Sainsbury's, Tesco and Waitrose. That's 60% of the UK food retail market working together to tackle our sector's climate and nature impact and secure our nation's food for the future.

It's estimated that the global food sector drives 60% of deforestation and 30% of greenhouse gas emissions. We can't let that continue. By working with the WWF, alongside other food retailers who have signed WWF's Retailers' Commitment for Nature, we're determined to address the environmental impacts across the seven key areas that make up the WWF Basket: climate, deforestation and conversion of habitat, agricultural production, marine, diets, food waste and packaging.

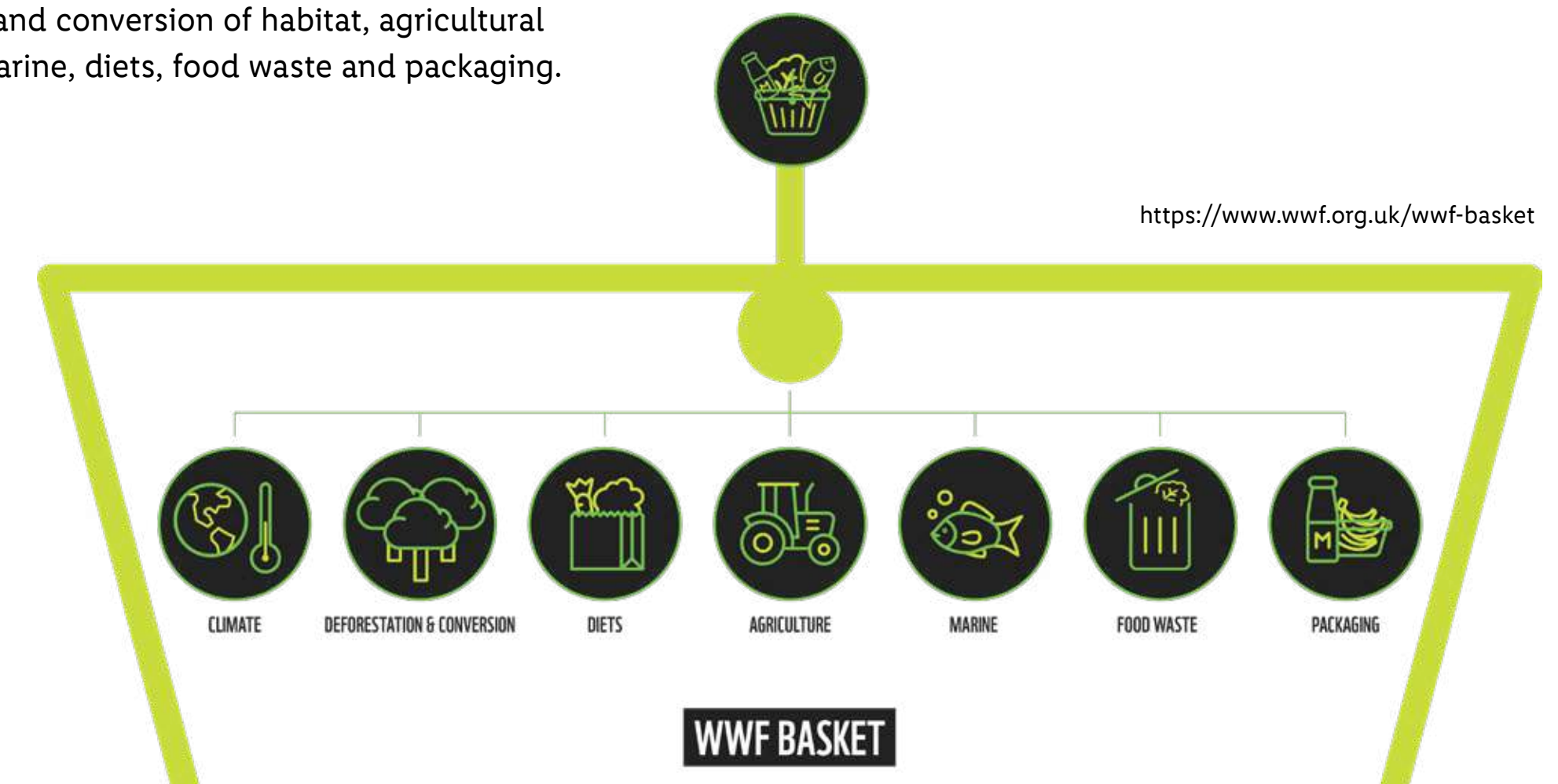
We're aligned to WWF's Retailers' Climate Action pledge to reduce our supply chain emissions by setting a science-based net-zero target aligned with the 1.5°C pathway across all scopes.

“By signing up to WWF's Retailers' Commitment for Nature, we're joining an important movement to make the UK food system more sustainable and build on the momentum of existing initiatives we have in place.”

Ryan McDonnell
CEO of Lidl GB

“As the first UK discounter to sign up to WWF's Retailers' Commitment for Nature, we're continuing to demonstrate that affordability and sustainability don't have to be mutually exclusive.”

Ryan McDonnell
CEO of Lidl GB



Sustainable sourcing

The raw materials used in our products are the planet’s natural resources. Sourcing them directly impacts 400 million people working within raw material supply chains.

Depending on where these ingredients come from, how they’re harvested or the way they’re manufactured, that process can have a negative effect on the environment, people’s livelihoods and local communities.



Progress update

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

98%
achieved

We’ve committed to sourcing 100% of our critical raw materials from sustainable sources by the end of 2025. By analysing what we sell and conducting a thorough risk assessment, we’ve identified 13 materials that are critical to our business: cotton, plants and flowers, seafood, coffee, cocoa, nuts, palm oil, soy, egg, wood and timber, tea, fruit and veg, and rice. As part of our sustainable sourcing strategy, we’ve launched new policies covering raw materials, deforestation and cocoa.

We’re responsible for ensuring our raw materials are sourced in a way that’s good for people, good for producers and good for our planet.

Progress and initiatives

Soy

Approximately 90% of the soy imported into Europe is used for animal feed. Therefore fresh meat supply chains, such as poultry and pork, can be significant drivers of global deforestation and land-use change.

It’s our responsibility to act on this, so we became a founding signatory of the UK Soy Manifesto in November 2021, in addition to being long-standing members of the Retail Soy Group (RSG). The UK Soy Manifesto is an industry commitment to work together to ensure all physical shipments of soy to the UK are deforestation- and conversion-free by 2025. The Manifesto signatories account for approximately 60% of the soy footprint in the UK.

Collaboration is essential in this arena because, within a global market, the volumes of soy we source as a business – and even as a nation – are relatively small. But if we work together, we can have a bigger influence across the industry.



of our soy footprint is covered by certification³

(Soy footprint covers indirect soy within fresh Meat, Fish and Poultry categories – 2021 and 2022)¹

Under the Manifesto, we work with retailers, suppliers and other supply chain actors to discuss solutions that mean the entire industry can source deforestation- and conversion-free soy, whether it’s as an ingredient in products or, more commonly, for use as animal feed.

Our industry still has a long way to go to achieve the full transparency that will enable us to be certain that our soy is sourced without deforestation or land conversion. One way in which we’re trying to address this is by working with 3Keel to collect data about the soy footprint of our suppliers and understand the origin of the soy. To read more about the transparency of the soy we source, visit our [website](#).

Soy footprint

Soy footprint (tonnes)¹



% footprint verified deforestation and conversion free (vDCF)²



% of footprint certified



Supplier engagement

% of suppliers in scope with a deforestation policy for soy in place or in development⁴



% of suppliers in scope with an action plan to achieving deforestation-free soy⁴



% soy volume covered by UK Soy Manifesto signatories



1. Footprint covers Lidl GB suppliers. Our data collection is a requirement for all our Lidl GB fresh poultry, meat, dairy, eggs, and fish suppliers and those that use soy embedded in our products. We rely on our suppliers to provide us with this data and are working with them to improve the consistency and accuracy year on year

2. Defined as soy that can be shown at the point of import to the UK to be legally produced and not linked to deforestation or conversion of land with a latest cut-off date January 2020

3. Certifications schemes including Cargill Triple S, CRS (area mass balance and credits), ADM responsible Soybean Standard v2, Proterra (mass balance and segregated), RTRS (mass balance, regional mass balance and credits), VLOG, ISCC Plus, USSAP

4. The supplier engagement programme is only applicable to Lidl GB suppliers that are in scope of the soy data collection

Sustainable sourcing continued

Fish and seafood

For over 10 years, we've been working with industry partners and suppliers to source our fish and seafood responsibly. As such, we're delighted to have been presented with the UK Mid-size Store Retailer of the Year Award by the Marine Stewardship Council for the seventh consecutive year. The award reflects our consistent dedication to sourcing sustainable wild-caught fish and seafood.



On top of this, we also won the Aquaculture Stewardship Council's inaugural UK Retailer of the Year Award in 2021, recognising our commitment to responsibly sourced farmed fish and seafood.

And through the Ocean Disclosure Project, we're transparent about the origin of our farmed and wild-caught fish and seafood, reporting this information annually.

Fairtrade

We've been the largest UK retailer of Fairtrade cocoa through own-label products since 2020, and in 2022, an incredible 48% of all own-label Fairtrade cocoa sold in UK supermarkets comes from our shelves. Every square of our block chocolate now uses Fairtrade-certified cocoa, too. But our belief in Fairtrade isn't limited to tasty chocolate products.

Last year, we became the first UK retailer to commit to converting all cotton-based store team uniforms to Fairtrade cotton. That means we'll buy 330,000 shirts, trousers, polo tops and chinos for our 22,000 store colleagues, equating to 175 tonnes of cotton bought on Fairtrade terms from farmers in India.



Challenges

As a retailer far removed from the cultivation and production of raw materials, we are a small actor in a broad, complex supply chain, and are therefore heavily reliant on collaboration to move the entire industry towards meeting our ambitious goals. Upcoming EU and UK legislation is also expected to add additional pressure along with new due diligence requirements that our business will need to adapt to and comply with in the coming years.



Next steps

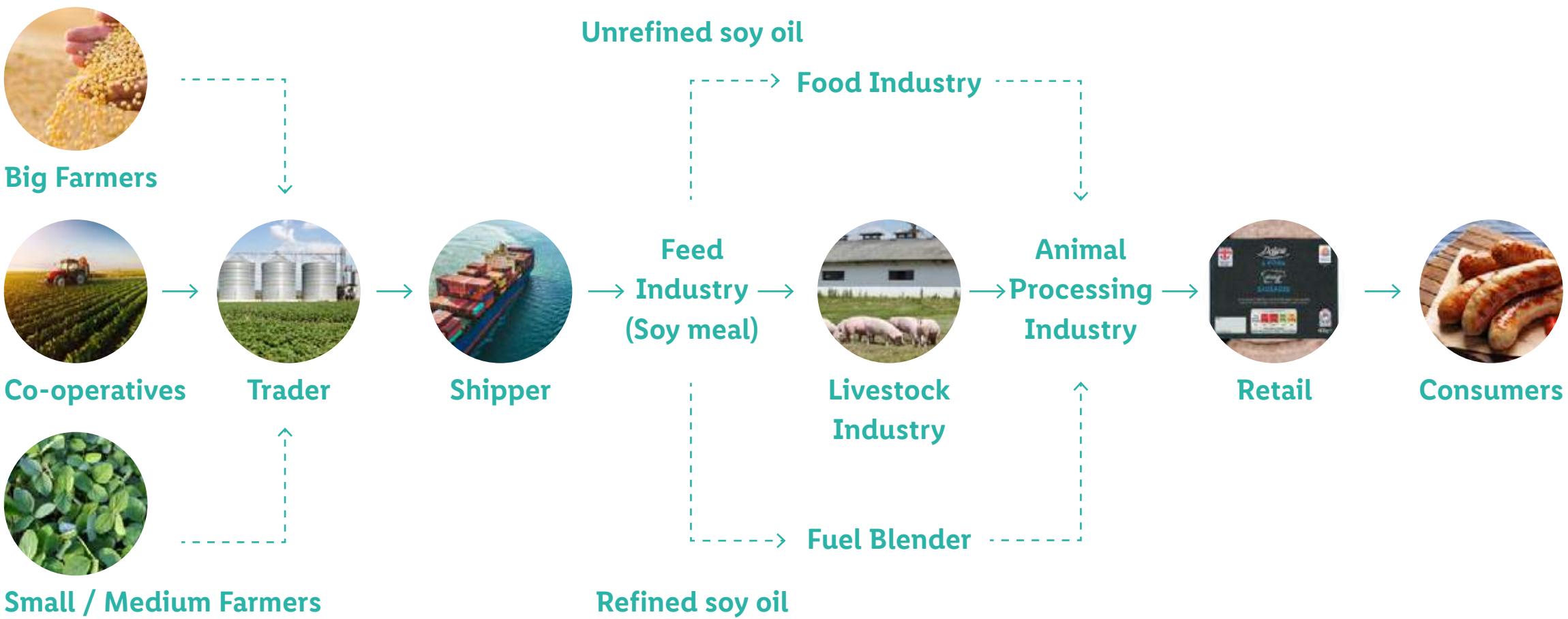
One of our biggest priorities over the next two years is to ensure we meet our commitment to achieve fully verified deforestation- and conversion-free soy sourcing within our UK supply chain. Beyond soy, this work extends to all the commodities covered by our alignment with the WWF's Retailers' Commitment for Nature.

We're also planning to trial more sustainable alternatives to the soy used as animal feed in parts of our supply chain. One trial we'll be working on is with our egg supplier to remove soy from the feed and replace it with locally grown protein sources, such as pea and rapeseed.

In addition, we'll become the first UK retailer to use Global G.A.P.'s GGN label. The label, which will launch on our Lighthouse Bay fresh farmed salmon fillets, includes a scannable QR code to find out more about where the salmon comes from and our fish and seafood policy.

A complex supply chain

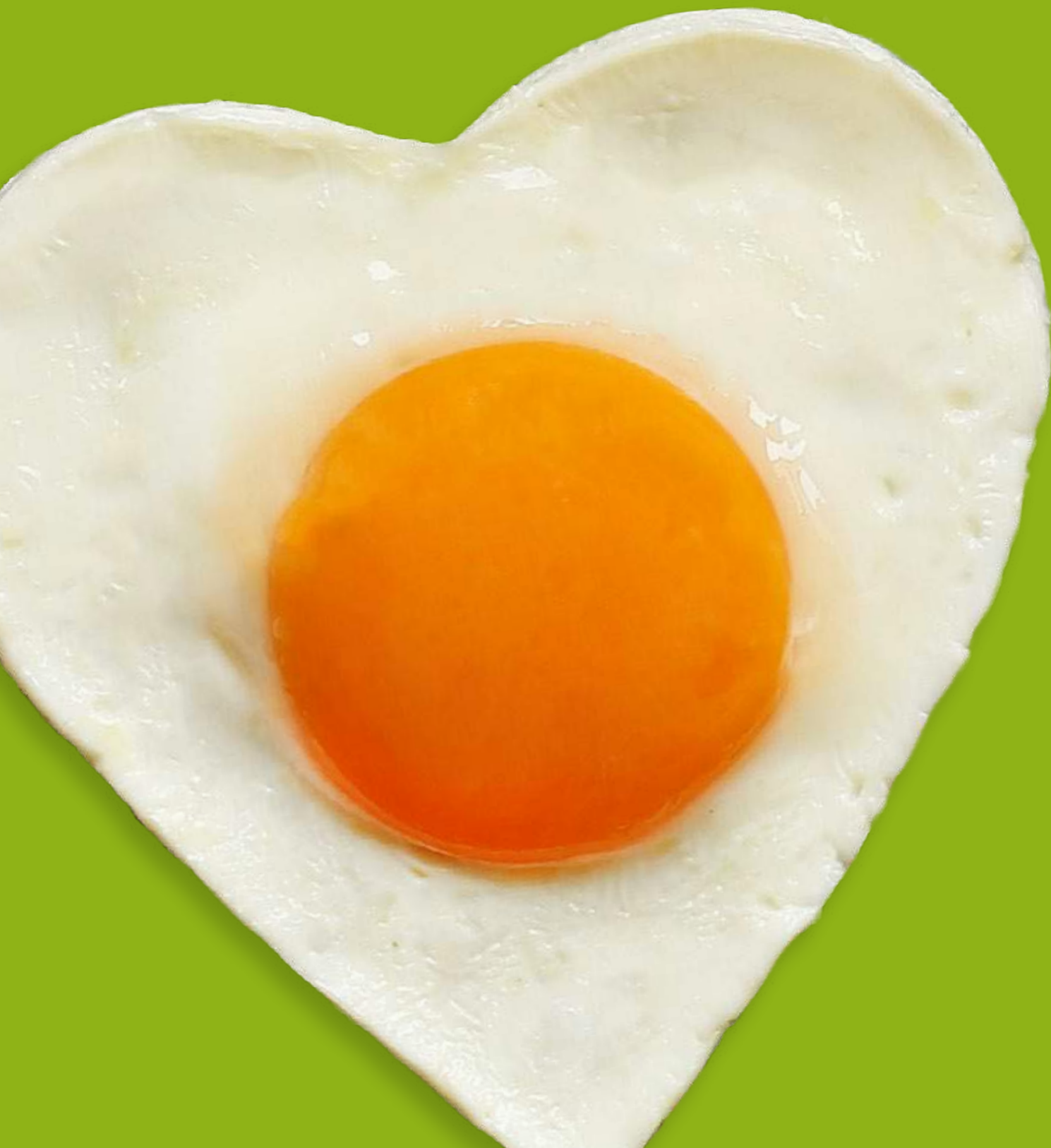
The soy supply chain is complex – with many different actors and power dynamics.



Good for



Producers



We're determined to support the dedicated people who grow, pick, farm and process our food, as well as the environments and ecosystems they support, in a fair and responsible way.



Sustainable agriculture

New patterns of production and consumption are emerging across Great Britain, reflecting global geopolitical uncertainty, resource availability and consumer preferences. As a leading food retailer, we recognise the demand we place on our agricultural resources and the influence we have on our suppliers’ practices.



Progress update

By 2023, 100% of key Lidl GB fruit and veg suppliers to achieve LEAF Marque certification

45%

achieved



By 2025, financially support nine water catchment projects

67%

achieved



Through collaboration with our suppliers, our engagement with customers, certification bodies and colleagues, and our partnerships with LEAF, WRAP, The Rivers Trust, WWF and more, we’re working to ensure that the produce we source leaves as light a footprint on our world as possible and protects the nation’s resources and food supply for generations to come.

Progress and initiatives

LEAF Marque

As a result of committing to LEAF* Marque we have now been able to increase the ambition of our biodiversity and water KPIs from the last Good Food report. The LEAF Marque certification ensures all our British fruit and vegetable farmers have robust water, nature and conservation (biodiversity) plans in place and which are approved by a third-party. Please refer to the KPI section at the end of this report for more details.

LEAF Marque certification is considered a gold standard in sustainable farming, and, in 2022, we were delighted to become the first UK discount supermarket to commit to it. Our commitment to achieving it means that our entire British fruit and vegetable supplier base will be certified LEAF Marque or organic by the end of 2023.



*Linking Environment And Farming (LEAF)

Crucially, it isn’t only the produce we stock that will benefit – certification is achieved not at product-level but right across the supplier’s whole farm. As a result, all UK farms that nurture our fresh produce will be implementing sustainable principles of Integrated Farm Management, managing soil and water sustainably, improving energy efficiency, implementing circular waste management and enhancing their biodiversity and nature conservation as everyday, farm-level considerations.

The scheme ties closely in with our sourcing efforts in other key category areas that fall outside our UK fruit and veg production. We work closely with certifications such as Fairtrade, Rainforest Alliance and EU Organic to ensure biodiversity is closely considered in the products we source. We are also working in partnership with Global G.A.P. where we developed and piloted a biodiversity add-on with over 250 producers across several countries within the fruit and veg category.



45%

of Lidl GB’s fruit and veg suppliers are LEAF Marque certified (2022).

Biodiversity awareness

Beyond our efforts to encourage greater biodiversity within our supply chain, we also want to inspire others to appreciate its benefits and beauty.

We launched our first biodiversity campaign in 2022, sharing information with customers and colleagues about small, simple improvements they can make at home to help conserve pollinators and biodiversity. And across our stores on World Bee Day, we gave away 100,000 packets of bumblebee-friendly flower seed.

After a successful inaugural year, we reprised our biodiversity campaign in 2023.

Sustainable agriculture continued

Sustainable water management

Through the Waste & Resources Action Programme’s (WRAP’s) Courtauld 2030 Water Roadmap, we’re collaborating with over 60 stakeholders across the food and drink industry to protect water resources that are critical for food supply, nature and local communities.

As part of the Roadmap’s aim to ensure 50% of the UK’s fresh food is sourced from areas with sustainable water management, and supplemented by our own risk assessment, we’re working with The Rivers Trust and investing in three key catchment areas.

Alongside the Wye and Usk Foundation, we’re supporting collaborative solutions to address water pollution from agriculture. With the South East Rivers Trust, we’re supporting the development of demonstration sites and tools to build more resilient horticultural businesses. And, in conjunction with Norfolk Rivers Trust, we’re helping to provide best practice advice for land managers to reduce their impact on local watercourses.

We require products sourced from our international suppliers, who are operating in areas with high water risk, to adopt sustainable water practices. To ensure this happens, sourcing areas such as Spain, Portugal, Italy, Greece, Egypt, South Africa, Israel, Morocco and Chile will require additional water certifications, such as Global G.A.P. Spring, Rainforest Alliance or Fairtrade.

The focus isn’t just on food. To address water scarcity and pollution within textile production, we ensure that all our cotton is certified to the Cotton Made in Africa Standard or the Global Organic Textile Standard. These standards ensure production is predominantly rainfed and wastewater is treated to minimise pollution based on set criteria.

These are early days – there’s much more action we need and want to take in this critical area, including working towards a catchment-based approach to positive water stewardship.

Challenges

There’s only so much we can control directly. Ensuring we meet our commitments – whether it’s to the LEAF Marque, the WWF’s Retailers’ Commitment for Nature, or WRAP’s Water Roadmap – requires us to engage with and encourage a wide range of stakeholders to help facilitate the changes we’re pressing for.

Climate change and unsustainable farming practices are putting the supply of food and drink to UK consumers at risk and damaging freshwater ecosystems and biodiversity. Weather extremes, such as drought and flooding, are increasing and impacting negatively on agriculture. This creates multiple risks for the UK’s food retailers. It’s essential that we understand how we can ensure food security and availability while trying to reduce the impacts of these systems.

Water update (Nov 2022)

Over

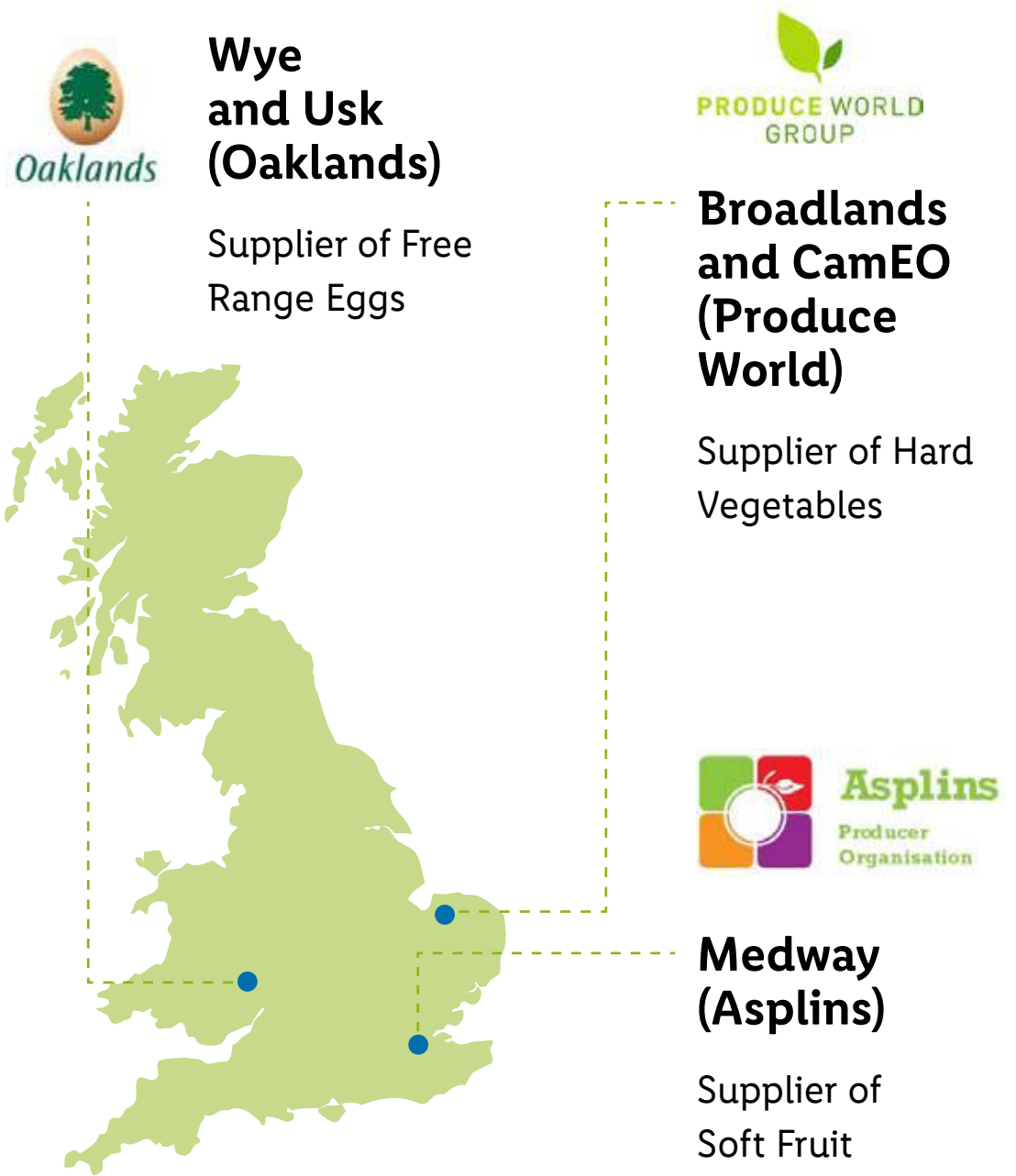
1,200+

British fruit and veg farmers risk assessed

Over

140

Lidl GB growers identified to be in the **three high risk catchments** (Wye & Usk, Medway and Broadlands and CamEO)



Next steps

Throughout 2023, we’ll be working to secure LEAF Marque certification in all our British fruit and vegetable supply chains. Achieving this will mean that our customers know the produce they buy from us has been grown with care by sustainable, British growers.

We’ll accelerate collaborative, catchment-focused action to ensure sustainable water management in our top 20 most important product and ingredient sourcing areas, including Spain, South Africa, Kenya and, more locally, the areas surrounding rivers such as the Wye, Usk and Medway. Through the WRAP Water Roadmap, we have committed to funding for the next three years to ensure we can take action at pace in some of our most high risk catchments.

We’re also excited to be planning a new egg product for 2023 that will enhance the biodiversity of the areas in which the birds roam. By exploring opportunities such as these, we hope to not only reduce the emissions of our products but also leave a positive mark on the places they come from.



Backing British

At Lidl GB, our dedication to Backing British is visible in every corner of our stores, including sourcing 100% of our fresh everyday milk, butter, eggs, cream, chicken, turkey, pork and beef from British suppliers.

At the heart of this Backing British strategy is a continual engagement with our 700 UK suppliers to align our sustainability plans – an approach we’ve been refining since 2019 and which has covered topics such as agriculture, human rights, plastic and packaging, raw materials and climate.

Through our in-house Grassroots Partnership – a part of our £17 billion, five-year investment in British farming – we’re upskilling 25 next-generation British beef and dairy farmers over a three-year partnership. Within this commitment to a sustainable farming future, we’re providing carbon assessments and expert support to build resilience and reduce the environmental impact of our supplier farms.



Progress and initiatives

Corporate Social Responsibility (CSR) plans

We know that the vast majority of the impact we have on the world is embedded in the products we sell. That’s why it’s essential for us to work with our suppliers to create meaningful CSR plans for our product categories.

CSR plans are comprehensive strategies that encompass animal welfare, climate action, community projects, deforestation, human rights and transparency and plastic and packaging. More recently, we’ve also added three new topics: biodiversity, water stewardship and food waste.

To date, we have six plans completed and six more in progress.

Grassroots Partnership

Thanks to our ongoing success and growth, we’ve been able to continue investing in British farming, and two-thirds of the products we sell now come from the UK.

In 2021 we launched our in-house Grassroots Partnership programme. Since then, we’ve conducted carbon assessments on all farms involved, hosted online meetings and in-person sustainability conferences with our farmers, CSR consultants and buyers, leading valuable discussions about the key challenges facing the industry and sharing best practice about how we can come together to tackle them.



Did you know?

100%

of our everyday fresh beef, pork, milk, butter, cream, chicken, turkey, and eggs are British.



Backing British continued

Extreme weather

In the UK, we got a stark reminder of the impacts of climate change through the unprecedented hot and dry weather the country endured in summer 2022. The effects of these extreme conditions on farming and food supply were noticeable.

At that time, we were the first retailer to publicly stand by our British producers, offering support for products affected by the drought that perhaps looked and felt a little different to our customers’ normal expectations. By showing our flexibility, we were able to prevent perfectly good produce from going to waste.

We extend a huge thank you to all British farmers and growers for keeping the nation fed and maintaining such high standards through an incredibly difficult period.



Did you know?

Over **£4bn** invested in British suppliers in 2022 which is a **20% investment increase** v 2021

We work with over **700** British suppliers (based on last 12 months' data)

66% of products sourced from British suppliers



Challenges

With most of the environmental and social cost of our operations coming from our products, we can’t change the world on our own.

We’ve already seen bold and positive action within our supply chains. But commercial, political and climate pressures have made the last couple of years tough times for British producers.

Our British farmers and growers are on the frontline of our sustainable future. We rely on them to feed people, and in return, we need to ensure stability, fairness and security for them, ensuring they have the confidence to invest in and meet the challenges of the future. We know that our customers value locally grown, quality British produce, and we have been working with our suppliers to ensure long-term commercial agreements and fairer pricing models that benefit British farmers.

We must plan ahead, together, to make sure our farmers can preserve their livelihoods and our food security, sustainably.



Next steps

We’ve been delighted by the success of our Grassroots Partnership and the overwhelmingly positive response has encouraged us to explore expanding the programme to more British farmers outside of just Beef and Dairy. With such large issue to tackle across areas like climate and nature, getting closer to those who are producing our nations food we believe is critical.

Towards 2025 we will be focusing on action and therefore will implement more impactful supplier CSR plans in categories where progress is required at pace. This will enable us to ensure we are working in a meaningful way with our key suppliers to drive tangible action across areas ranging from animal welfare to food waste.

Finally, we’re expanding our investment our British supply base and at the start of 2023, we announced plans to go beyond our five-year, £15 billion commitment by injecting an additional £2 billion. We expect to now invest over £17 billion over the 5 year period from 2020-2025.

Human rights

We take a human rights due-diligence approach to protecting workers throughout our global supply chain, systematically monitoring and addressing potential and actual human rights violations.

We have a long track record of collaborating with partner organisations and direct suppliers to ensure workers' rights are both respected and protected. For example, we work with ethical auditing platform Sedex and commission modern slavery training through specialists Stronger Together. Lidl Stiftung & Co. KG joined both the Ethical Trading Initiative and Ethical Tea Partnership in 2021/22.

The first step to compliance is through our commercial contracts, where we incorporate a Code of Conduct and Sustainable Purchasing Policy that we expect our suppliers to act in accordance with and pass on to their own supply chains. We're also continuing to conduct and learn from in-depth Human Rights Impact Assessments.



Progress update

By 2025, conduct 15 HRIAs across high-risk supply chains and implement corresponding action plans

40%
achieved



Progress and initiatives

Human Rights Impact Assessments

Back in 2019 we committed to conducting three Human Rights Impact Assessments (HRIAs) every year until 2025, and we're on track to meet that ambition.

The aim of a HRIA is to understand where and how specific business and supply chain activities have the potential to affect human rights, particularly focused on higher risk sourcing regions and sectors. HRIAs involve desk-based research, stakeholder interviews and field visits to understand and assess risk, culminating in a report that develops recommendations on how Lidl GB can mitigate the risks identified.

A key aspect of this systematic approach is the mitigation and remediation plan, which includes time-bound actions to ensure the most salient human rights risks are addressed effectively.

To date, we've conducted six HRIAs, looking into the commodity streams for Kenyan tea, Colombian bananas, Spanish berries, Italian processed tomatoes, Indian farmed shrimp and South African wine. These have resulted in action plans for tea, bananas, berries and tinned tomatoes that we are currently working on in collaboration with a variety of stakeholders. Following through on the recommendations of our action plans remains an important, ongoing commitment for us.

97%

Tier 1 suppliers on Sedex* (previously 95%)

*Supplier ethical data exchange
* As of July 2023

93%

Suppliers attending modern slavery training** (previously 84%)

**As of July 2023, 86% of suppliers have attended training and 7% have booked to attend



Fairtrade tea picker in India. © Fairtrade/Funnelweb Media

Progress since we conducted our first Kenyan tea HRIA in 2020



Human rights continued

Gender equality

We recognise that women play a crucial role within our supply chains and understand that they are more vulnerable to human rights violations, including discrimination, harassment, unequal access to opportunities and inadequate support mechanisms.

As well as being a signatory of the UN Women’s Empowerment Principles and publishing our first Gender in the Supply Chain policy in 2021, we work with our suppliers and BSR to run a training programme aiming to tackle issues impacting women in our supply chain.

Alongside our banana supplier, Fyffes, we’re in the second year of the BSR HERessentials training programme, providing critical information on a variety of topics, including health, financial resilience and harmonious relationships.

We’re also piloting BSR’s HERespect and HERhealth initiatives on Kenyan tea estates, helping to break perceived gender norms and discuss sensitive topics, including gender-based violence and harassment and its root causes, while ensuring women also have information and access to essential health services.

Gender equality training

Over

1,000

workers trained on gender equality topics in our banana supply chain (since June 2021)

Internal modern slavery training

Over

22,000

Lidl GB employees completed ‘Modern Slavery Awareness’ eLearning (2022)

Living wages

We recognise living wages as a fundamental human right which should enable workers to secure a dignified standard of living for themselves and their families.

In March 2023, in collaboration with eight other major UK supermarkets and facilitated by IDH (the sustainable trade initiative), we made a commitment for workers in our banana supply chains to receive a living wage by the end of 2027.

As part of this we have committed to a number of measures, including collecting data on the wage gaps across our banana supply chain using the IDH Salary Matrix, as well as supporting projects and opportunities to help close them.



British consumers enjoy billions of bananas each year, but only account for 4% of global banana imports. If we acted alone, our ability to make a profound difference to the wages of banana growers would be limited. By joining up with other major supermarkets, our collective strength is a force for good.

That’s why achieving this objective takes a whole-industry approach, with certification bodies, NGOs, trade unions and suppliers, to name but a few important stakeholders engaged in this commitment.

Grievance mechanisms

Access to effective grievance mechanisms for employees in global supply chains is an essential part of uncovering human rights risks and potential rights violations.

We recognise the definition of ‘effective grievance mechanisms’ set out by the UN Guiding Principles on Business and Human Rights, and these form part of our supplier Code of Conduct. As such, over the last two years, we’ve been piloting grievance mechanisms in three high-risk supply chains: palm oil, Spanish berries and Vietnamese coconut milk. Our next pilot will be in Indian farmed shrimp following our HRIA.

We intend to take the learnings gained from these projects to support our approach in other supply chains, enabling an increased number of supply chain workers access to effective grievance mechanisms.

Fairtrade

In 2022, Lidl GB sold the largest volume of Fairtrade cocoa through own-brand labelled products of all UK retailers with a

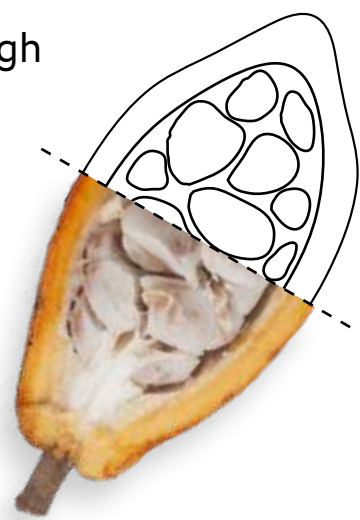
48%

share of the UK retail market (previously 28%).

Over

£1.8m

in Fairtrade Premium was raised by Lidl GB for farmers and workers in 2022



Next steps

Building on the success of our previous HRIAs and associated action plans, our top priorities over the coming year include developing and publishing additional action plans for our Indian farmed shrimp and South African wine supply chains.

We’ll also work with the industry to pilot actions that work towards closing the wage gaps in banana supply chains and explore the next steps for our gender project trial in the tea estates of Kenya.

Animal welfare

Protecting and improving animal welfare is a top priority for us. We're working hard to ensure all animals in our supply chains live a good life.

All our fresh British meat and poultry is assured to a third-party standard, including RSPCA Assured, Red Tractor and organic. We've created strong supplier relationships, and by championing British farming, we're able to source affordable products with leading welfare standards.

Through initiatives such as our Welfare Windows, we're moving the industry forwards, creating greater transparency that empowers customers to make informed decisions about the products they buy.

Progress and initiatives

Welfare Windows

We're proud to be the first UK retailer to introduce a 'method of production' label on many fresh product lines. Our new welfare labels, located on pack, give customers detailed descriptions of how farmed animals have been reared and are the result of active engagement with the industry and customer research.

According to that research, 71% of shoppers want greater transparency of information to appear on product packaging.

Following the successful trial of Welfare Windows within our fresh chicken range, we've extended the labelling initiative to other primary protein categories, including fresh duck, turkey, pork and egg products.

In addition, we're also using our industry-leading position to inform and educate government on welfare labelling, providing data and insights that shows strong customer appetite for more clarity about the food they purchase.



Example Welfare windows

Pork



BRITISH OUTDOOR BRED
Pigs are born in fields, with shelters, after 4 weeks they move to comfortable straw barns with natural enrichment.

Chicken



BRITISH ORGANIC
Birds have access to larger outdoor areas with smaller flock sizes and a GM free diet.

Eggs



British Free Range
Birds are free to roam outdoors for a minimum of 8 daylight hours, sleeping in spacious and enriched barns at night.



Progress update

By 2025, robust animal welfare action plans in place for six key categories and being delivered against for each primary protein

33%
achieved



Animal welfare continued

Antibiotics

In recent years, the conversation around antibiotic use has become more pressing.

We've continued our four-year project with the University of Glasgow School of Veterinary Medicine to better understand how Scottish dairy farmers are using, and reducing the use of, antibiotics in their herds.

We've engaged with the Scottish dairy supply chain through targeted surveys and farmer group meetings because we know that farmers play a critical role in ensuring animal health and welfare.

In 2023, we expect the publication of two reports that will help drive dialogue and understanding about the subject.

Leaping Bunny certification

Since 2022, all our own-label, everyday household and personal care products have carried the Leaping Bunny certification mark.



The Cruelty Free International Leaping Bunny Programme is the recognisable gold standard for cruelty-free products. Among other leading features, it's the only global cruelty-free programme that checks animal testing down to the ingredient manufacturer level.

Earning the approval required us to undergo a rigorous audit of our supply chains, raw materials and ingredients and agree to regular, independent audits of our supply chains.



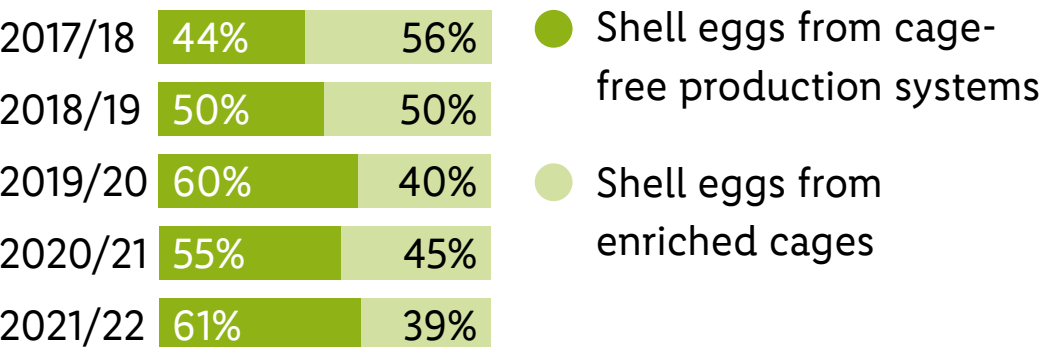
Challenges

The Covid-19 pandemic and other global and national events have created price volatility in the markets that has shaken the whole agricultural industry and made it challenging to make long-term commitments and progress.

This has been exacerbated in the egg industry by avian flu. However, we continue to be committed to selling 100% British shell eggs even during these challenging times when British egg production is at a lower level than the market requires and will continue to strive to meet our 100% free range egg commitment by 2025.



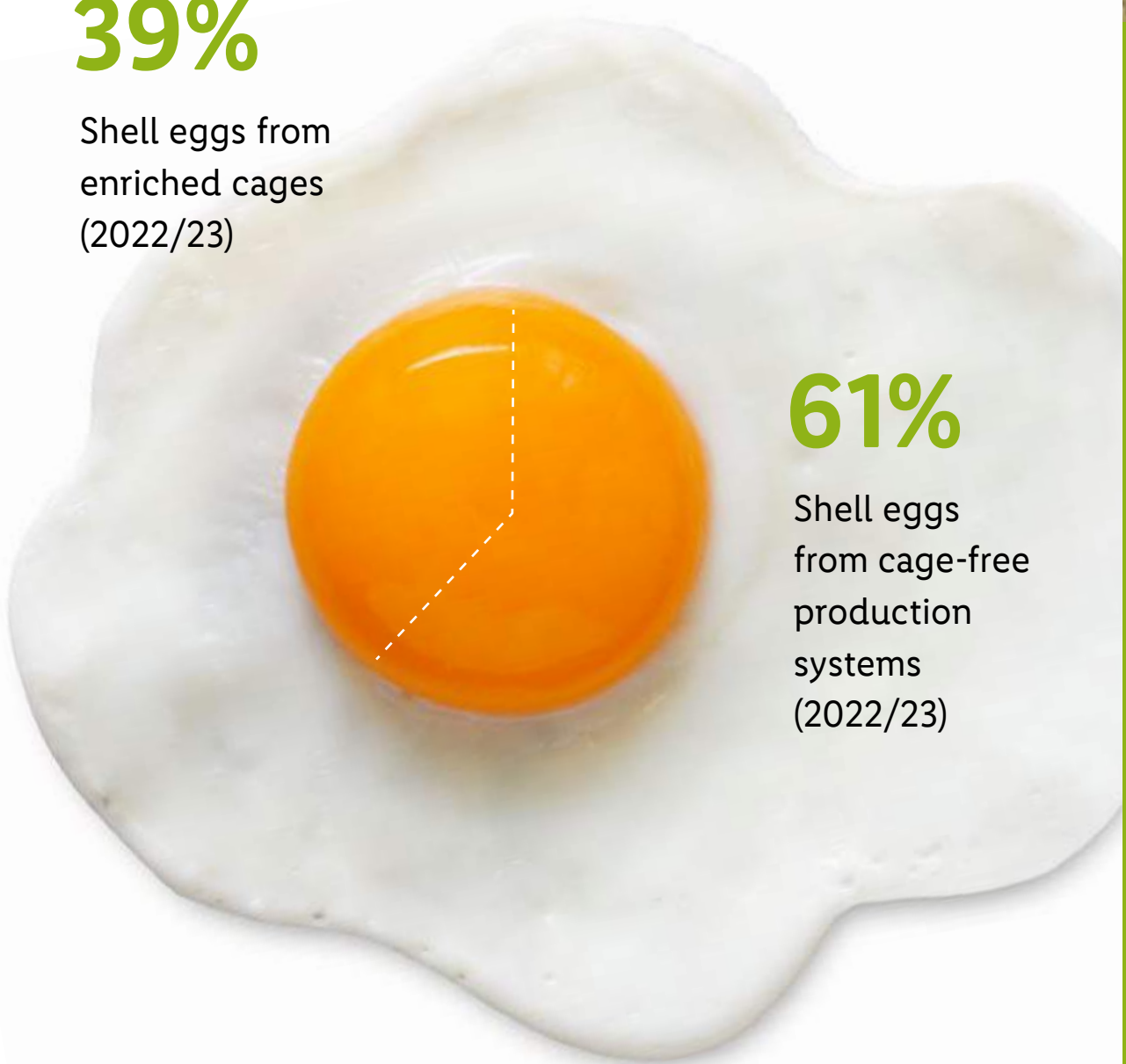
Progress made on shell eggs* (2017–2022)



*this figure is calculated using a different methodology to the Schwarz sustainability report

39%

Shell eggs from enriched cages (2022/23)



Next steps

We'll continue our efforts to make the best possible progress towards our cage-free and free-range egg targets, and we'll keep working with our suppliers, the industry and our farmers to make improvements to animal welfare. We also plan to unveil an exciting UK first through the introduction of the Kipster egg farming system, combining high animal welfare standards and reducing the environmental impact of egg production.

We'll be launching our Lidl GB pig standard, including a roadmap for further improvements to pig welfare, producer fairness and our impact on the planet. Plus, we'll soon be extending our Welfare Windows initiative to cover more categories.



Case study

Animal welfare

Wyke Farms

At Lidl GB we recognise the importance of good animal welfare and the role it plays in overall sustainability. We firmly believe that all animals in our supply chain should lead good and healthy lives and we are continually working with our suppliers to ensure that this happens.

A key example of this is what we have achieved with Wyke, who supply our Deluxe, Somerset Crunchy, Vintage and Extra Mature Cheddar cheese. Wyke and Lidl GB worked in partnership, setting a goal to make our cheese as sustainable as possible.

This partnership looked at the key elements of farming and what meaningful actions our farmers can take to ensure they are operating in the most sustainable way possible. This was done by focusing on the following pillars – feed management, soil and land management, manure management, herd management and energy management. Within each pillar, farmers would choose their own KPI criteria that suited their individual farms and unique operations. Lidl GB supports these actions by paying a sustainability bonus as they achieve each pillar. These include maximising cow grazing time, converting to deforestation-free feed or using low food-mile feedstuffs.

After a successful first year, over 80% of the farmers in the group were paid a bonus, demonstrating how, with the right support in place, farmers can play a critical role in making good food accessible to everyone. In consultation with Wyke and their farmers, we have now introduced a new animal welfare pillar in recognition that healthy and happy cows play an essential role in sustainable farming. This pillar will focus on antibiotics and ensuring that they are used responsibly as well as improving cow lameness and mobility. We look forward to working with Wyke and our dedicated farming base as they continue to supply us with quality British Cheddar and help build a more sustainable future.



23%

carbon footprint
reduction
achieved in 2022



Good for



People



We invest in our colleagues, customers and communities because we believe safe, nutritious and accessible food is best delivered by fairly rewarded team members who can bring their whole selves to work.



Healthy and sustainable diets

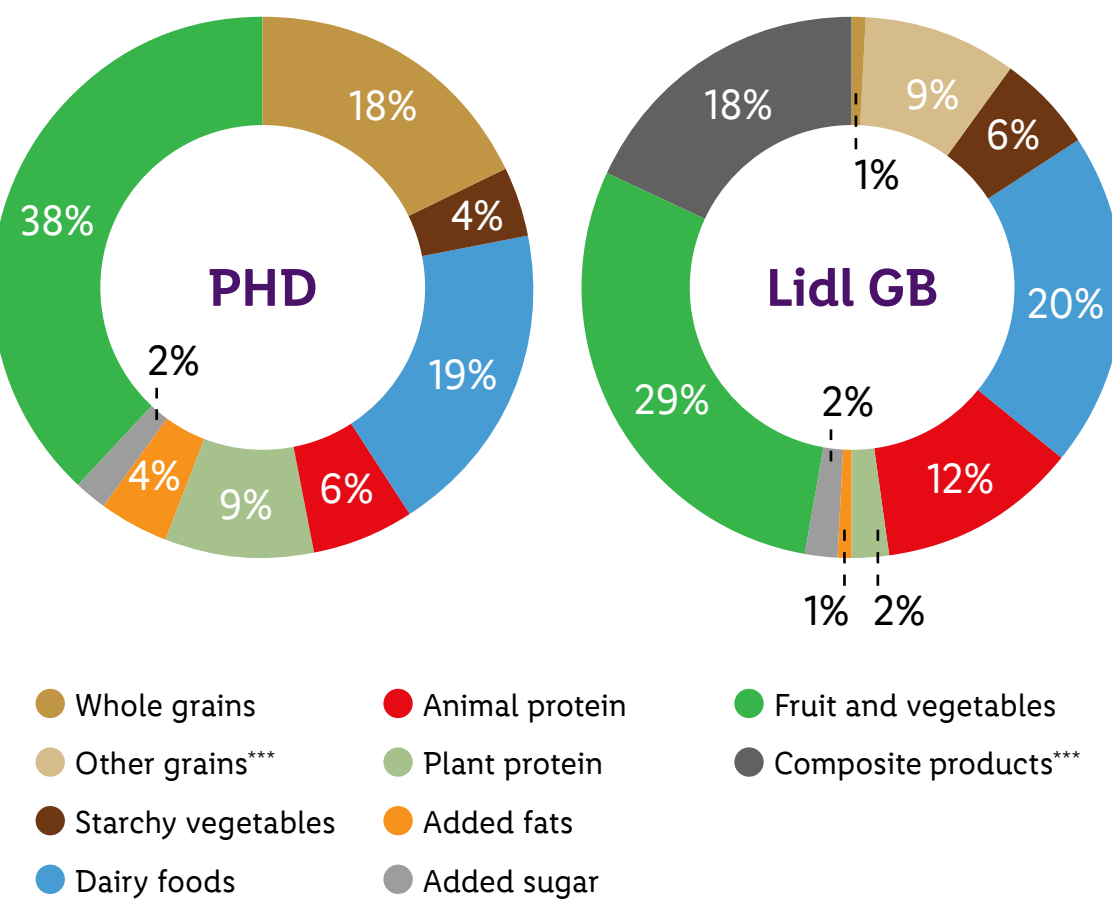
Our approach to healthy and sustainable diets has evolved in recent years, and our newly published policy takes account not only of the health of individuals but of our planet, too.

We balance helping customers maintain good health with food security and diets that don't overburden the planet. That's why we've aligned our key objectives with the long-term vision of the planetary health diet (PHD)** to increase fruit, veg and whole grain consumption and switch to a greater proportion of plant-based protein.

These topics are highly relevant to our customers: 87% of UK consumers say that eating healthily is important to them, and 73% are concerned about eating more sustainably.

As a retailer, we can play a vital role in breaking down the barriers to eating healthily and sustainably, empowering customers to make easy, positive changes to their diets.

Lidl GB's tonnage sales (FY22) relative to the Planetary Health Diet (PHD)



**EAT Lancet Commission: Food, Planet, Health, 2021

Progress and initiatives

Healthy sales

We're committed to increasing sales of healthy and healthier products to 80% (based on tonnage), from a 2019 baseline of 74%. In 2022, we revised this target and criteria in 2023, using the Food Standards Agency's (FSA's) widely recognised 2004/05 nutrient profiling model (NPM).

The NPM reviews energy, saturated fat, total sugar, sodium, fruit, nut and vegetables, fibre and protein contents of products, producing an overall score. We classify healthy food as those scoring less than four points and drinks scoring less than one, as well as all single-ingredient products.

We've also defined healthier as foods scoring four to six points and drinks scoring one to three points. Least healthy foods and drinks are those scoring more than this. To deliver on our commitment, we look to increase what people often need more of, such as fibre and veg, while also reducing what people often need less of, such as salt and sugar.

A focus on fresh

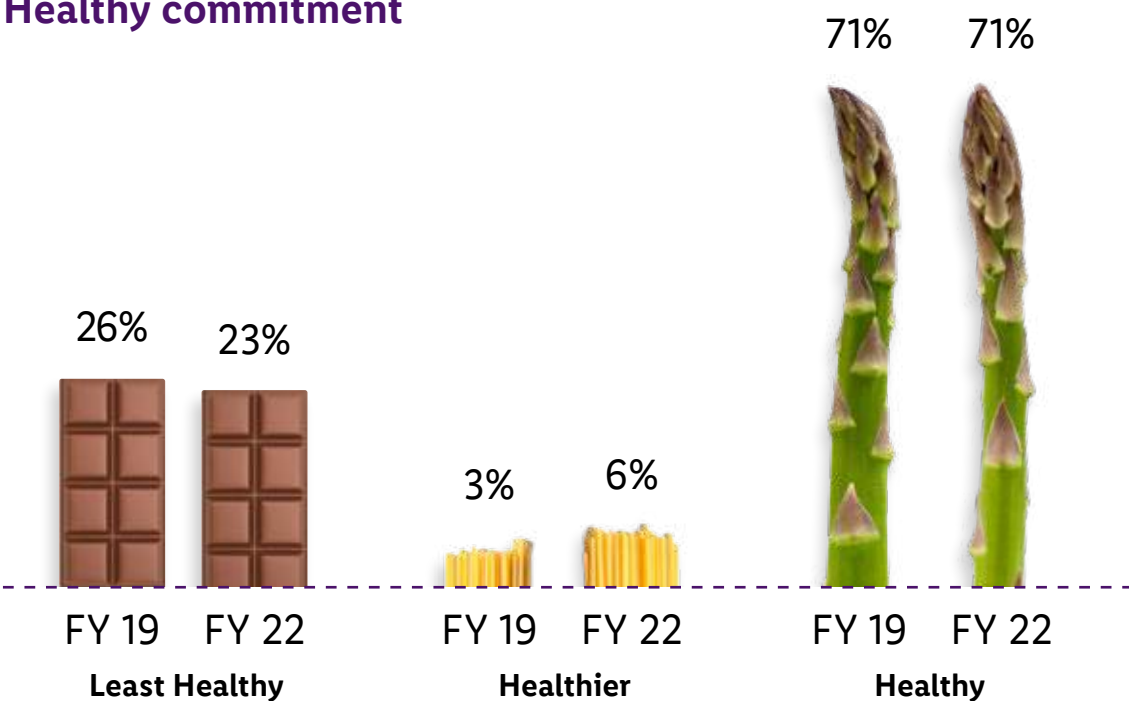
At Lidl GB we have a strong focus on fresh, healthy categories, especially fruit and veg. This centralised strategy helps us make healthy food more accessible for our customers by using strong mechanisms to help drive consumption. These include long-term promotions such as Pick of the Week, prominent positioning at the front of stores and clear discounting through our Too Good To Waste initiative.

***Additional categories added to capture products that fall outside the PHD.

Excludes alcoholic drinks and all other drinks excluding 100% fruit juices, herbs, spices and baby food.

PHD proportions have been converted from kcal/day to g/day to allow for a comparison against Lidl GB tonnage data.

Healthy commitment



77%

of food sales are healthy or healthier products (FY22)



Progress update

By 2025, we will increase sales, based on tonnage, of healthy and healthier products to at least 80%* **96% achieved**

By 2026, we will increase fruit and vegetable unit sales by 35% **7% achieved**

By 2025, we will deliver a 400% sales increase in our own-brand meat free and milk alternative range **99% achieved**

*KPI methodology updated to align with FSA's 2004/05 Nutrient Profile Model (NPM)

Healthy and sustainable diets continued



Shift to a sustainable diet

In line with the planetary health diet, we're determined to grow the proportion of plant-based protein we sell.



In early 2023, we announced our commitment to increase sales of our own-brand meat free and milk-alternative ranges by 400% by 2025.

To support this commitment, we published our first annual protein disclosure, highlighting the percentage of protein sales that come from meat, fish, eggs and plant sources, as well as from milk and milk alternatives. The disclosure revealed that in 2022 15% of our protein sales were plant-based and within Dairy and Dairy alternatives, 7% were dairy alternatives. We will continue to publish this annually and as we progress towards a more sustainable diet.

We became one of the first UK retailers to publish such a disclosure, a move that also reinforces our support for the WWF's Retailers' Commitment for Nature.

Eco-Score

In August 2021, we became the first UK retailer to trial the Eco-Score product rating system. For more on this initiative, see page [36](#).

Product marketing

Since January 2023, we've stopped advertising any unhealthy food, both branded and own-brand, in marketing materials that are aimed directly at children.

Healthier swaps trial

In 2021, in collaboration with the Institute of Grocery Distribution (IGD) and the University of Leeds, we designed and delivered an extensive nudge-based campaign to highlight and inspire healthier food choices.



The four-week trial ran across all our British stores, using signposting at point of choice to flag eight healthier product alternatives. We defined healthier as containing fewer calories, less fat, saturated fat or sugar, or more fibre.

All swaps were the same price or cheaper and for a recognisably similar product, meaning customers wouldn't need to adapt their meal plans.

We found a mixture of results during the trial. Sales of the healthier swap for cereals and coleslaw increased significantly, rising by 32% and 71% respectively, whereas for chicken, tuna and granola, the trial had no impact on sales of the healthier option.

With no definitive outcome, our trial suggests that clear signposting of healthier products may help in some cases, but more research is needed to understand why the results appeared to vary by product.



Healthier cereal sales increased by

32%



Healthier coleslaw sales increased by

71%



Healthy and sustainable diets continued

Reformulation progress

We focus on improving the overall healthiness of our products, from increasing fibre to reducing salt, all whilst maintaining high quality, tasty products. Here’s our progress towards government salt, sugar and calorie reduction targets.



Reformulation examples

Baresa Green Pesto, 190g
60%
salt reduction

Deluxe Sticky Toffee Pudding, 450g
16%
sugar reduction

Deluxe Fish Pie, 400g
20%
calorie reduction

Challenges

While our reformulation work remains ongoing, changing the composition of some products is now becoming harder. Salt, sugar and other ingredients play functional roles in many products, such as salt’s use as a preservative, meaning that it’s not always possible to reduce specific ingredients below a certain point.

The greatest challenge in terms of establishing a more sustainable diet is encouraging customers to make more sustainable choices while also ensuring we provide quality and affordable alternatives to meat. Making the switch to meat alternatives accessible to all is fundamental to this shift.



Next steps

We believe we have an important role to play in helping to educate customers about the options available.

By spring 2024, we’ll have removed cartoon characters from the packaging of all unhealthy own-brand products aimed at children. This follows our previous ban, established in spring 2020, on cartoon characters used on breakfast cereal packaging.

We’ll have completed an in-depth assessment of the fibre and whole grain content of our own-brand product ranges by the end of 2023. Additionally, we’ll publish a plan setting out how we plan to increase this content by 2025.

To ensure customers have access to good-value plant-based alternatives, we’ll continue to promote our meat-free events at fixed points throughout the year while also expanding our year-round offering for customers. However, a sustainable diet isn’t just about meat-alternatives. Beans and Pulses are just some of the other options for customers to eat more sustainability. We will continue to educate and inspire by providing customers with delicious recipe suggestion through our different marketing channels, including the Lidl Plus app.

*Average target is used as a maximum across those categories where no maximum target exists
**Based on sales weighted average



Healthy and sustainable diets

Eco-Score

We want to make labelling clearer so that our customers feel confident in making sustainable decisions when shopping with us. So, in 2021, we became the first UK retailer to trial the Eco-Score environmental rating for products.

If you've bought a fridge or a lightbulb, or even moved home, you're probably familiar with the energy label – a red-to-green lettered scale making it easy to quickly assess the energy efficiency of the labelled product.

The Eco-Score works on a similar visual principle, assessing criteria such as a product's ingredients, packaging and sourcing to calculate its total environmental impact using a five-leaf scale: from a dark-green 'A' for the lowest impact to a red 'E' for the highest.

In establishing our trial, which we conducted on tea, coffee and hot chocolate products across all our stores in Scotland, we engaged with the industry through the IGD steering group, charities and the government to understand their opinions about eco labelling.

The trial garnered some great media coverage and, ten weeks after launch, half of Lidl Plus users in Scotland recognised the Eco-Score label when surveyed.

Those who knew about the Eco-Score found it to be overwhelmingly useful in their decision-making process, with a majority of customers believing it may have some effect on their shopping choices. Shoppers also felt the label could be more widely beneficial, especially in the fresh and animal product categories.

When offered the chance to comment on the Eco-Score trial, customers cited a lack of awareness or visibility of the label as the largest barrier to its effectiveness. As a result, we know that prominent, consistent labelling supported by clear communication and marketing is critical for the success of any future roll out. We'll be using this feedback and our experience to support the IGD steering group and government consultation on eco labelling, as the industry works towards an aligned methodology we've gathered to guide our next steps.



Community investment

Our community programmes have two main focuses: improving access to quality, healthy food and supporting young people’s mental health.

We work towards the first through our local community projects, including our Community Fund, Feed it Back and Good to Give schemes. The latter is the ambition that now drives our long-standing partnership with the NSPCC.

As well as these core activities, we also take part in many other charitable and community projects that complement our main programmes. Among these is our support for the STV Children’s Appeal, the Natasha Allergy Research Foundation, DrinkAware, and an upcoming commitment to Bowel Cancer UK’s #GetOnARoll campaign.

Progress and initiatives

Tackling hunger in the community

We operate a number of initiatives aimed at addressing the growing issue of access to affordable food in the UK. These include our Good to Give, Feed it Back and Community Fund programmes.

Since introducing the Good to Give trustmark in June 2022, customer food donations to local charities have increased by an estimated 25%. For more details on this initiative, see page 39.

Launched in 2017, our nationwide food surplus redistribution network, Feed it Back, connects all our stores to good causes in their local areas, such as charities and food banks.

Working with our partners Neighbourly, for in-store collections to local charities, and HIS Church, for bulk collections from our distribution centres, our quality surplus is being put to good use every day, regularly supporting over 1,300 community causes who help those in need. So far, we’ve used surplus food to donate the equivalent of more than 26 million meals to our partner charities.

Through our partnership with Neighbourly, we set up a £500,000 Community Fund accessible to the network of charities that collect food surplus and donations from our stores. The inaugural fund dispersed 487 payments totalling £489,736.

The grants have been used to tackle issues such as increased demand for food parcels and food storage capacity, as well as enabling the refurbishment of food preparation areas and premises.

In total, the fund is believed to have helped an extra 286,830 people, including families, young people, older people and those facing homelessness.

Thanks to the success of this initial launch, we’re delighted that the Community Fund is now an annual programme.



Total number of meals donated to charity

(calculated from corporate and customer product and surplus donations (420g per meal))



Progress update

By 2025, we will have raised £10m for NSPCC to help keep children safe

74% achieved

Donate five million meals every year to families in need

100% achieved

Community investment continued

Highlighting mental health with the NSPCC

Now in its seventh year, we're proud of our lasting partnership with the NSPCC.

Having raised £1.27 million in 2021/22 and a further £1.69 million in 2022/23 – our highest annual total to date – we've now raised almost £7.5 million for the charity.

In 2022, we renewed our relationship for a further three years and introduced a new focus on supporting young people's mental health. When we surveyed our customers, they told us that mental health was one of the main issues they wanted us to support. It's also the number one reason for young people to contact the NSPCC's Childline.

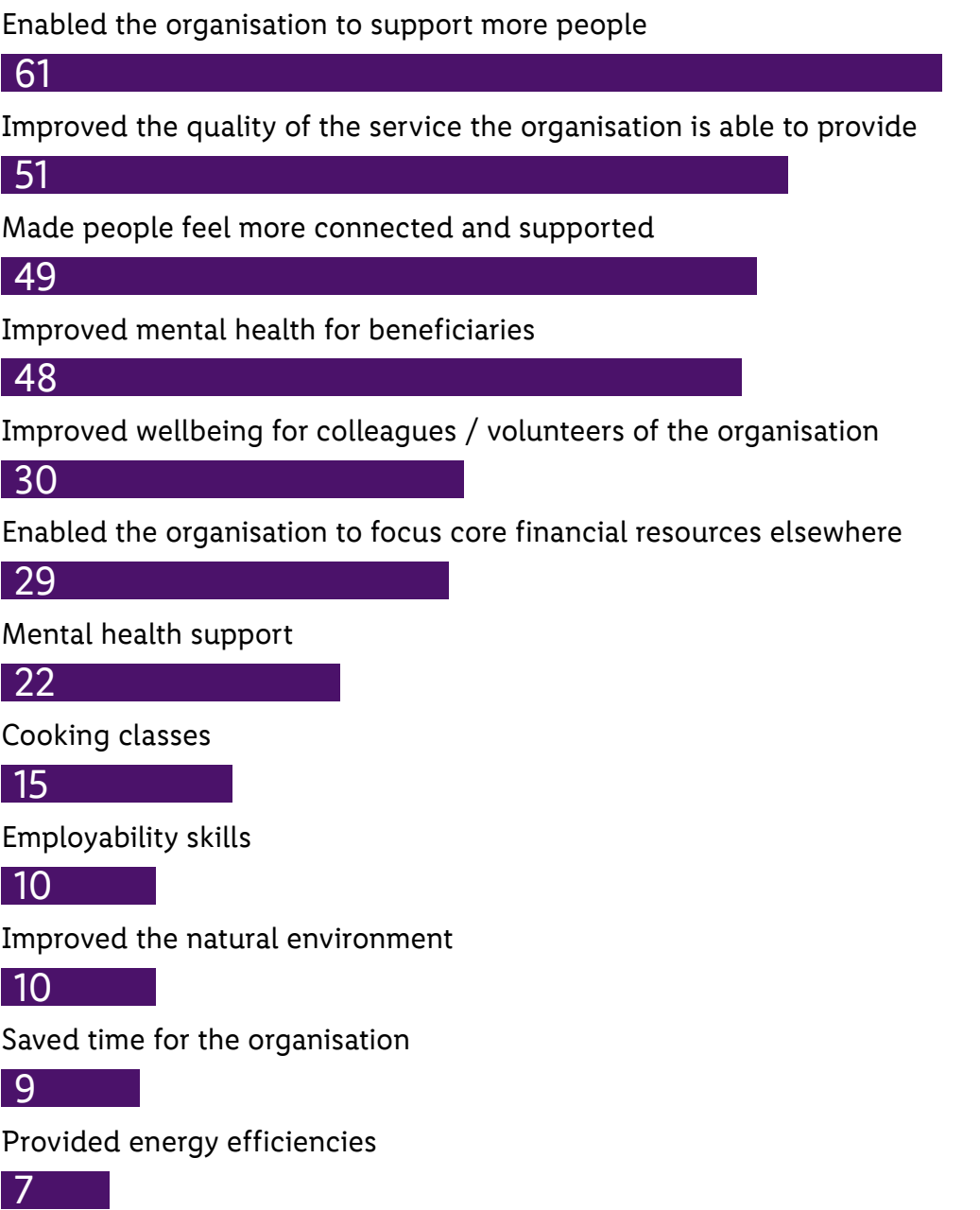
As part of this new focus, in February 2023, we funded the NSPCC's Day in the Lonely campaign, through which the charity aimed to help young people recognise the signs of loneliness in themselves and others.

This was the first solely Lidl GB-funded NSPCC campaign, and it generated over six million video views through social media channels and gaming apps.

Childline experienced an average 25% increase in page views across its whole website, including from a 24% rise in new users, and, in counselling sessions where the main concern was mental and emotional health, the young person mentioned loneliness in 29% more sessions.



Local community fund (Number of groups supported)



Doing more for UK children

For Christmas 2022, we introduced Lidl Bear's Toy Bank, after 80% of our charity network said that as well as food and financial support, they would benefit from toy donations, too.

The Toy Bank launched in every store, and our customers donated more than 60,000 new and unopened toys between November and mid-December. In addition, we gifted £125,000 to participating charity partners over the festive period.

We've also supported the STV Children's Appeal every year since its launch in 2011. During that time, we've raised over £700,000 for children in Scotland affected by poverty.

Last year was a record-breaking one for our partnership, raising more than £110,000 through colleagues fundraising, customer donations and giving a proportion of sales from key products in our stores.



Did you know?

£13.5m

was generated for good causes during FY22

2,224

good causes supported through our food donation programmes and funding

Challenges

One outcome of the cost-of-living crisis has been the greater demand placed on vital community services at a time when their fundraising and income are in decline. Working together with our customers, our initiatives like Good to Give or our Community Fund help alleviate some of the short-term challenges faced by the groups in our network.

Next steps

We're aiming to raise another £1.6 million for the NSPCC in 2023. As well as supporting the charity's ongoing costs, this money will exclusively fund another Childline Mental Health campaign in early 2024 which will aim to reach two million young people and increase mental health-related contacts to Childline by 15%.

We're also investigating ways we can develop our Good to Give and Community Fund initiatives, such as our recent £50,000 grant in support of local community partners tackling hygiene poverty. Hygiene products are now part of our highlighted Good to Give products in store and are generously donated by our customers.

Community investment

Good to Give

In June 2022, we launched our Good to Give trustmark, an industry first designed to boost the quantity and range of food donations and help a growing number of people relying on food banks to meet their dietary needs.

The initiative came about after a survey we commissioned with our partner, Neighbourly, found that 87% of charities needed greater diversity in the food types they receive in order to help people eat a more healthy, balanced diet.

In response, we identified 30 food and drink products as 'Good to Give', based on the NHS Eatwell Guide. The products include tinned fruit, lentils, mackerel, noodles and brown rice.

To support the initiative, we installed in-store signage highlighting these items and encouraging customers to donate them at our existing food donation points, ready for collection by local food-bank volunteers.

The new trustmark and signage had an instant effect. Since introducing Good to Give in June 2022, in-store food donations by customers for local charities have increased by 25% – the equivalent of over 250,000 additional meals between June and December 2022, at a time when donations nationally were declining.

Since its initial success last year, we've extended Good to Give to include hygiene products and also provided £50,000 of grants for local organisations working to tackle hygiene poverty in their communities.

The extra funding has helped good causes across our Neighbourly network make items like tampons, shower gel and toothpaste available to those in need as demand continues to soar.



“We hope that more retailers will adopt the trustmark so that we can work together as an industry to help more people access the balanced and nutritious diet they need.”

Ryan McDonnell
Lidl GB CEO

Colleagues

Across our stores, warehouses and offices, our business success is the result of the hard work and commitment of more than 29,000 Lidl GB colleagues. Every individual’s contribution is vital, so we’re intent on listening to, and learning from, all our colleagues.

We engage in a wide range of activities aimed at understanding the perspectives of our colleagues and ensuring that we equip them with the skills and knowledge to move our business forward.

We’re also committed to creating an environment where all colleagues feel they can bring their authentic selves to the workplace, building an inclusive organisation that reflects the communities we serve. To help us achieve this, we partner with organisations such as Stonewall and the British Disability Forum and are signatories of the UN Women’s Empowerment Principles and the British Retail Consortium’s Better Jobs D&I Charter.

Progress and initiatives

Reward packages

Earlier this year, we introduced four additional benefits for our colleagues. Firstly, we now provide life assurance to all Lidl GB colleagues. This death-in-service benefit pays a tax-free lump sum to colleagues’ designated beneficiary.

Three more benefits – private medical insurance, dental insurance and a healthcare cash plan – are voluntary, allowing colleagues to opt in and pay monthly via their salary. Thanks to the corporate volume rates we’ve secured, these benefits are more affordable than they would otherwise be if individuals sourced them privately. In addition, a tree is planted for every voluntary benefit that is selected and for every 100 colleagues insured under the Group Life Assurance Policy.



Hourly pay

We continue to be one of the UK’s highest-paying supermarkets. Since the last sustainability report, we’ve continued to increase our colleagues’ pay. In March 2023, the minimum salary for all colleagues rose to £11 per hour, once more above the Living Wage Foundation’s recommendation for the Real Living Wage.



In September 2023, we raised hourly pay yet again, with colleagues outside the M25 earning at least £11.40 an hour, rising to £12.30 based on service length. Inside the M25, the equivalent rates will be from £12.85 to £13.15 an hour. This latest increase equates to a combined investment of over £60 million into colleagues’ pay during the past year alone.



Colleagues continued

Diversity and inclusion

We've appointed an Executive Diversity and Inclusion Sponsor to ensure we're accountable throughout our journey to an inclusive workplace. Matt Heslop, Chief Operations Officer, will help us stay focused as we develop our diverse talent.

One milestone on that journey was to launch a Diversity and Inclusion resource hub on our intranet. Alongside this, we produced a series of guidance documents for managers, empowering them to support colleagues appropriately on topics such as Ramadan, menopause, gender identity, mental health, and addiction and substance abuse.

As part of our commitment to listening to and learning from our colleagues, we organised and ran two Diversity and Inclusion surveys over the past two years. Key findings from the surveys include that a large majority (79%) of colleagues who responded agree that Lidl GB is an inclusive organisation and that 81% of colleagues who responded believe they can be themselves in the workplace.

To help build a more inclusive workplace, we rolled out Inclusion Awareness training to all our colleagues in 2022, consisting of a company-wide e-learning module and four-hour Inclusive Leadership workshops for line managers. The awareness workshops saw managers learn more about how to be an inclusive leader and how to foster an inclusive culture in their teams. Our training was created by diversity and inclusion experts Mix Diversity Developers, who we also commissioned to conduct an external audit of people's perceptions of our inclusivity.



International Women's Day

To mark International Women's Day in March 2023, we organised a panel event bringing together four female senior leaders from across our business. Hosted by our Chief Human Resources Officer, Steph Rogers, the panel discussed topics such as returning to work after maternity leave, imposter syndrome and the advice they would give to women in the early stages of their careers.

Over 100 colleagues attended the session in person, which we also recorded to share on our app for others to watch. Colleagues reacted positively to the event, and we plan to hold more panels on different subjects throughout the coming year.

Welsh language certification

In January 2023, we were delighted to become the first supermarket to achieve the prestigious Cynnig Cymraeg certification from the Welsh Language Commissioner.

The Cynnig Cymraeg is given to organisations that have collaborated with the Commissioner's office to develop and deliver ambitious Welsh language provision.

With 55 stores in Wales, we're committed to demonstrating that we're an inclusive retailer by respecting and including the Welsh language for the benefit of customers and colleagues alike.



Next steps

We'll continue to pay fair and competitive wages and maintain our focus on becoming a more inclusive organisation.

There are many actions that will feed into this progress, including seeking to increase the percentage of women in management roles, rolling out an extended family leave programme and working with Henpicked to achieve accreditation as a menopause-friendly employer.

We have recently partnered with the Hidden Disabilities Sunflower Scheme and joined the government's Disability Confident scheme.

Good for
Business



Sustainability management

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, helping us identify relevant sustainability topics. The LRM is structured into four value chain stages – resources, supply chain, operations and customers – across which there are six areas of strategic focus separated into 17 sustainability topics.

Every two years, we conduct a materiality analysis using these topics to determine and prioritise the issues that are most material to us. This process ensures our strategy is informed by continuously reviewing the expectations of our stakeholders against the impacts and influence of our business.

In 2022, we conducted our latest materiality assessment. This began with an exposition analysis – a data-based assessment of our potential direct and indirect impact on people, the environment and society. This work was followed by interviews with nine international experts to gain a deeper understanding of our impact on our material topics. The combination of exposition analysis and expert interviews produced the impact relevance values for the material topics, which also represent the values on the x-axis of the materiality matrix.

To determine the business relevance, we carried out workshops with CSR representatives from across the business to assess and rank the material topics in terms of their business-related opportunities and risks. These represent the y-axis of the materiality matrix.

Our governance

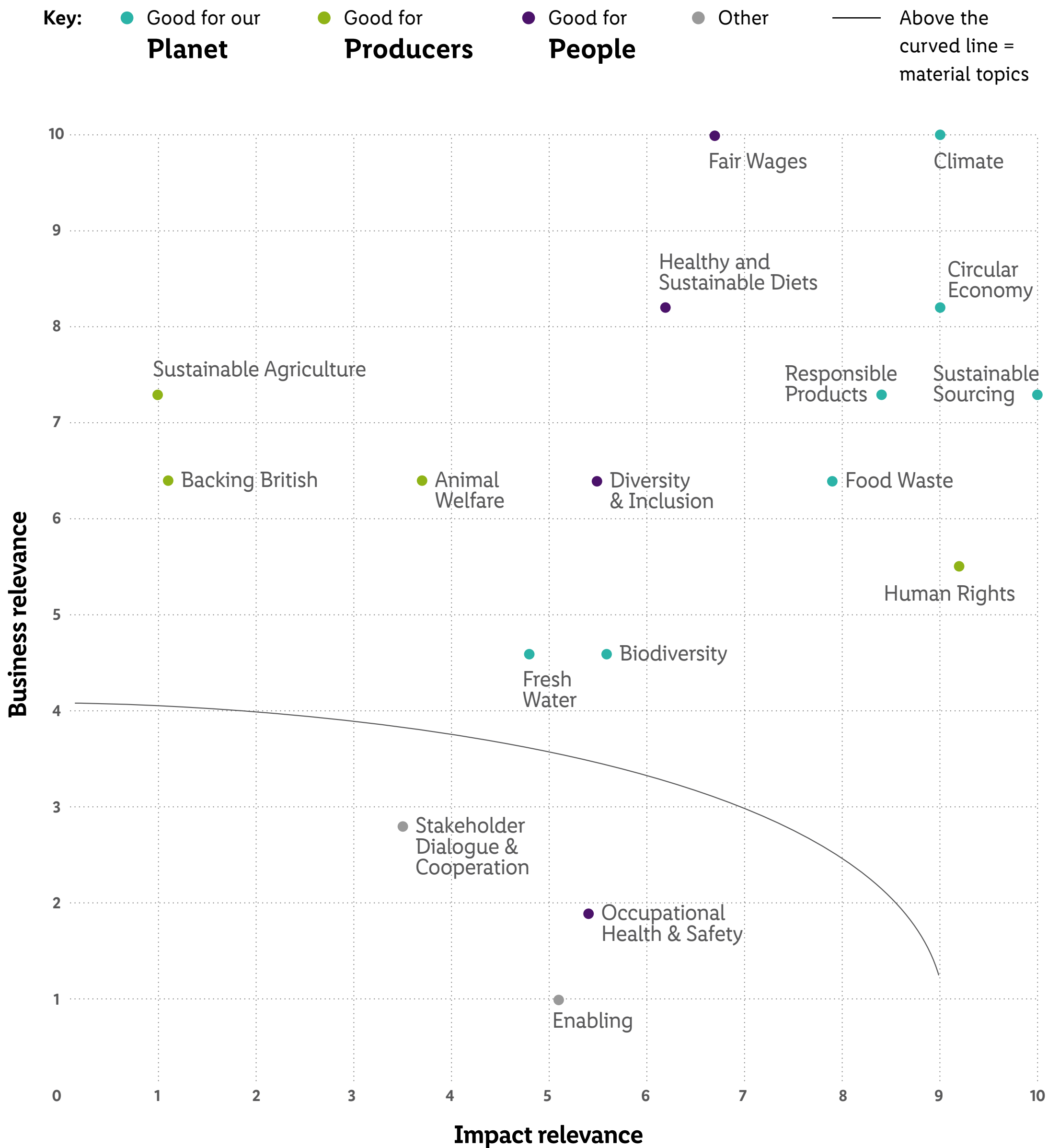
Sustainability is a key strategic pillar of the wider business strategy. It's consistently integrated into strategic areas of our business, and the risks and opportunities related to sustainability are duly considered in our decision-making and planning. It's important that we ensure the Good Food Plan is embedded consistently and comprehensively in the way we work. Our streamlined governance structure mirrors our approach to business, enabling agile and quick decision-making by teams across the business.

Our Board of Directors determine our business strategy annually, shaped by our vision and values. The role of sustainability within the business strategy is defined during this process.

Our CEO sponsors sustainability at Board level and holds ultimate accountability for our sustainability strategy and programmes. To make the decision-making process efficient and simple, there is a direct reporting line between our Corporate Social Responsibility team and the CEO.

Materiality matrix

The results of our most recent materiality exercise indicate that food waste, local sourcing and climate increased in importance to stakeholders. The topics covered in this report reflect those identified by the materiality matrix, as well as other, strategically relevant topics.



Sustainability management continued

Compliance

Violations of existing legislation can lead to financial loss and reputational damage for Lidl GB. In addition, violations can result in personal liability for damages and criminal law consequences for individual employees or members of our governing bodies. The actions of Lidl GB and our employees are therefore subject to the following principle: we comply with applicable law and internal policies.

In view of this, we have implemented a compliance management system (CMS), consisting of binding requirements to ensure compliance. The measures under the CMS include issuing and communicating rules and regulations (e.g. rules regarding the handling of inducements and data protection rules), conducting training as well as investigating all internal and external reports of possible legal violations. We investigate and clarify all internal and external reports of compliance violations.

Lidl GB also has workers who are not employed directly by Lidl GB and are not reported as employees in this respect. Temporary workers must be treated equally to employees. To ensure legal compliance, we also ensure that employment agencies supplying temporary colleagues consistently comply with employment and labour law requirements within the scope of our CMS. In addition, we are committed to the fair payment of temporary employees.

We are always open to reports by employees, customers, or business partners about potential compliance violations. At Lidl GB, information about potential compliance violations may be reported to the compliance officer or through our online reporting system. For privacy reasons and to protect the identity of whistle-blowers, we do not make any disclosures in this report regarding the content or quality of the information reported.

Policy commitments

Code of Conduct

As part of our Code of Conduct (CoC), we and our business partners in our supply chains are committed to respecting human rights and enforcing applicable national and international laws. Specifically, our CoC defines our principles on occupational safety standards, the right of freedom of association, remuneration, equal treatment, as well as the prevention of child and forced labour in our supply chain.

Human and labour rights

We reject any form of violation against human and labour rights, as stipulated in the CoC. We are continuously working to integrate corporate due diligence principles into our company-wide processes. The focus has been placed on our supply chain in recent years, as this is where our business activities have the greatest impact. This is reflected in our Human Rights in the Supply Chain policy and Human Rights and Due Diligence Policy.

Fraud and bribery prevention

We are committed to preventing, deterring, and detecting fraud, bribery, and all other corrupt business practices. We have adopted a zero-tolerance approach towards any such behaviour.

The ultimate objective is to create awareness of fraud and bribery prevention in all areas of the business. This is reflected in our Fraud and Bribery Prevention Policy.

Stakeholder engagement

We are committed to ongoing and productive engagement with our internal and external stakeholders. These include customers, employees, suppliers, government, and the media. This is a key part of Lidl GB's sustainability management.

This important dialogue is a two-way conversation. We regularly inform our stakeholders about activities. We use different formats to do this such as sustainability reports, press releases, our website, as well as our intranet platforms for our employees.

We tailor engagements for specific stakeholder groups including one-to-one meetings and stakeholder events. Through their expertise, observations, as well as constructive interactions with our company, our stakeholders provide valuable feedback that flows through to all areas of our work. We are part of a range of networks and collaborate closely with external stakeholders, such as suppliers, NGOs and government, to participate in topical conversations and exchange best practice and approaches.



Sustainability management continued

Memberships

We are an active partner in social and political discussions. Therefore, monitoring legislation and engaging with our stakeholders, as discussed above, is an integral part of our work. Our aim is to be able to transfer legal requirements into operational practice as quickly and smoothly as possible and to work with suppliers to identify future topics early on.



Lidl GB is also represented in the following international associations, organisations, and initiatives:

- British Retail Consortium (BRC Climate Roadmap)**
- WRAP Courtauld Commitment**
- WRAP Plastic Pact**
- Retail Net Zero Collaborative Action Programme**
- WWF Basket**
- British Nutrition Foundation**
- Retail Palm Oil Group**
- Roundtable on Responsible Soy (RTRS) Retail Soy Group**
- Retail Energy Forum**
- Sustainable Seafood Coalition**
- ACT – Action, Collaboration, Transformation**
- Ethical Tea Partnership**
- Ethical Trade Initiative**
- GlobalG.A.P., GlobalG.A.P. GRASP Technical Committee**
- Round Table on Responsible Soy (RTRS)**
- Roundtable on Sustainable Palm Oil (RSPO)**
- Sustainable Rice Platform (SRP)**
- World Banana Forum**
- Sedex**
- GGGI – Global Ghost Gear Initiative**
- Leaping Bunny**
- Project STOP (Stop Ocean Plastic)**
- Drinkaware**

Value chain of Lidl GB

As a retailer, Lidl GB operates as the interface between producers and consumers across numerous supply chains. Our upstream value creation activities range from the cultivation and harvesting of agricultural primary products, to livestock and fishing companies. The value chain extends from the processing of raw materials to the transportation of goods to logistics centres and to stores. This is where we offer the finished products to consumers – our key customer group, which are therefore also at the centre of our downstream value creation activities.

Raw material production, the processing of agricultural primary products, and the resulting production and transport processes all have environmental and social impacts. We want to contribute to the step-by-step improvement of environmental and social standards. That is why we work in partnership with suppliers, reduce our use of raw materials, where possible, and incorporate the concept of closed loops right from the production stage. We are also committed to working towards the improvement of living and working conditions for people in production countries.

We can also play a role in influencing consumer behaviour and empowering them to make sustainable, informed, and healthy purchasing decisions. We therefore continually review how we can make our product assortment healthier and more sustainable whilst ensuring we are transparent with our approaches.



Performance scorecards

Lidl GB consists of operations in England, Scotland and Wales. Operations in Northern Ireland are managed by Lidl Ireland GmbH.

We publish a new sustainability report every two years, with each report reflecting the previous two financial years. Our last report covered 2019 and 2020.

In accordance with the ISAE 3000 (revised), Mazars has provided limited assurance of selected KPIs contained in this report.



Good for our Planet performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Food waste								
By 2030, we will have reduced Lidl GB's food waste by 50% (relative)	Food waste intensity* (% food waste vs food handled)	Conforming with the Food Loss and Waste Accounting and Reporting Standard (FLW Standard). Food surplus (tonnes) = Unsold product volumes (tonnage) x Unit product weights. Redistributed food surplus is deducted to determine food waste (tonnes).	FY2016 1.72%	1.36% (-21%)	1.21% (-30%)	1.05% (-39%)	0.99% (-43%)	86% <div></div>
By 2027, 100% key suppliers of high wastage categories will have joined the Food Waste Reduction Roadmap or implemented a target, measure, act approach	Number of suppliers that have committed to adopting the Food Waste Reduction Roadmap or are implementing a target, measure, act approach to managing food waste	Number of key suppliers (based on volume supplied) that have committed to adopting WRAP's Food Waste Reduction Roadmap (list supplied by WRAP).	N/A	-	-	-	43%	43% <div></div>

*Food waste intensity is the percentage of total food handled that ends up as waste



Good for our Planet performance scorecard

Food waste disclosure

	2019	2020	2021	2022
Surplus food (tonnes)	40,428	41,430	39,137	41,540
Redistributed to charity (tonnes)	1,447	1,540	1,793	2,323
Food waste to AD (tonnes)	38,981	39,890	37,344	39,217
Food waste intensity (%)	1.36	1.21	1.05	0.99

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Plastic and packaging								
By 2025, own-brand plastic packaging will be reduced by 40% (relative)	Tonnes of primary own-brand plastic packaging per £1m turnover (% change from baseline)	Tonnes of own-brand primary packaging sold relative to turnover (£m)	FY2017 9.14	7.5 (-18%)	7.4 (-19%)	7.3 (-20%)	6.5 (-29%)	72% <div></div>
By 2025, own-brand packaging will be reduced by 25% (relative)	Tonnes of primary own-brand packaging per £1m turnover (% change from baseline)	Tonnes of own-brand packaging sold relative to turnover (£m)	FY2019 25	25 (0%)	25.9 (+3%)	24.5 (+2%)	21.9 (-12%)	50% <div></div>
By 2025, 100% of own-brand and branded packaging will be recyclable, reusable, refillable or renewable	% recyclable, based on tonnage, of own-brand and branded packaging	Products that are eligible to carry an OPRL (On-Pack Recycling Label) 'recyclable' logo. Includes reclassification of PP as recyclable	N/A	81%	84%	93%	95%	95% <div></div>



Good for our Planet performance scorecard

Plastic and packaging disclosure

Packaging (tonnes)	2019	2020	2021	2022
Primary packaging (total)	212,060	251,759	253,604	265,472
Primary packaging (own-brand)	171,420	202,546	199,438	201,926
Secondary packaging (total)	99,707	108,047	113,310	120,958
Tertiary packaging (total)	23,206	15,408	25,666	26,946
Plastic packaging (tonnes)	2019	2020	2021	2022
Primary plastic packaging (total)	58,956	68,001	67,851	70,902
Primary plastic packaging (own-brand)	50,413	54,444	57,166	60,048
Primary plastic packaging- tonnes per £1m turnover (own-brand)	7.49	7.45	7.30	6.46
Secondary plastic packaging (total)	2,068	2,068	2,524	3,240
Tertiary plastic packaging (total)	2,567	2,781	3,268	3,513



Good for our Planet performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Climate action								
Scope 1 and 2								
Joint target of the companies of Schwarz Group: by 2030, reduce absolute Scope 1 and 2 GHG emissions by 80% (1.5°C trajectory)	tCO ₂ e	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 2023	FY2019 Companies of Schwarz Group	22,170	21,999 (-1%)	20,658 (-7%)	17,608 (-20%)	25% <div><div></div></div>
Scope 3 (Category 3: Logistics)								
By 2030, 100% of Lidl GB's store delivery fleet will be fossil-fuel free	% fleet powered by alternative (non-fossil) fuels	% miles driven using alternative (non-fossil) fuels, from distribution centres to stores.	-	-	-	5%	10%	10% <div><div></div></div>
By 2030, reduce absolute store delivery GHG emissions by 42%	tCO ₂ e	Number of kilometres travelled by store delivery vehicles multiplied by 0.3 litres of diesel consumed per km (assumed). Sum multiplied by CO ₂ e emission factor (kgCO ₂ e/litre)	FY2018 51,567	55,575 (+8%)	58,278 (+13%)	64,589 (+25%)	75,196 (+46%)	0% <div><div></div></div>
Scope 3 (Category 1: Products for resale)								
By 2026, 100% of Lidl GB suppliers that contribute to top 75% of Lidl Stiftung & Co. KG product-related emissions will have validated science-based targets	% 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	FY2022	-	-	-	39%	39% <div><div></div></div>



Good for our Planet performance scorecard

Climate disclosure

Energy and fuel	2019	2020	2021	2022
Total electricity consumption (MWh/yr)	379,343	393,586	456,266	486,608
Total gas consumption (MWh/yr)	39,864	34,509	33,308	31,234
Total energy consumption (MWh/yr)	419,207	428,095	489,574	517,842
Total energy intensity (MWh/m²)*	0.35	0.29	0.31	0.30
Renewable energy generation (KWh)	985	2,011	4,164	5,151
GHG footprint	2019	2020	2021	2022
Scope 1 (tCO ₂ e)	22,170	21,999	19,549	15,539
Gas consumption	7,571	6,614	6,101	5,622
Company vehicles	4,324	5,211	4,292	3,973
Refrigerant leakage	10,273	10,174	9,156	5,943
Scope 2 (tCO ₂ e)				
Electricity (Location)	96,764	97,697	96,879	94,100
Electricity (Market)	0	0	0	0
Scope 1 and 2: Total (tCO ₂ e)				
Location	118,934	119,696	116,428	109,639
Market	22,170	21,999	19,549	15,539
Scope 3 (tCO ₂ e)				
GHG Protocol categories 1-7, 11 and 12	9,480,753	10,800,452	10,353,772	11,068,833

*Total store area m2



Good for our Planet performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Sustainable sourcing								
By 2025, source 100% of high-risk raw materials within our product ranges from verified sustainable sources	All key raw materials	% of products certified to third-party sustainability standards as per policy	-	90	91	98.5	98	98% <div><div></div></div>
	Cocoa	Fairtrade, Rainforest Alliance	-	100	100	100	100	100% <div><div></div></div>
	Coffee	Fairtrade, Rainforest Alliance	-	56	70	78	89	89% <div><div></div></div>
	Tea	Fairtrade, Rainforest Alliance	-	100	100	100	100	100% <div><div></div></div>
	Bananas	Fairtrade, Rainforest Alliance	-	100	100	100	100	100% <div><div></div></div>
	Palm oil	RSPO	-	100	100	100	100	100% <div><div></div></div>
	Soy	Cargill Triple S, CRS, ADM RS, Proterra, RTRS, VLOG, ISCC+, USSAP	-	100	100	100	100	100% <div><div></div></div>
	Wood and timber	FCS, PEFC	-	100	100	100	100	100% <div><div></div></div>
	Fish	MSC, GGN, ASC, BAP, RSPCA Assured	-	89	95	95	95	95% <div><div></div></div>
	Eggs	% of individual shell eggs sold from cage-free production systems	-	60	55	61	62	62% <div><div></div></div>
	Plants and flowers*	GlobalG.A.P. plus GRASP	-	-	73	-	87	87% <div><div></div></div>
	Cotton	GOTS, OCS, Fairtrade, CmiA, BCI	-	-	11**	86	92	92% <div><div></div></div>

*Recorded every second year
**Based on organic cotton only



Good for Producers performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Sustainable agriculture								
By 2023, 100% of key Lidl GB fruit and veg suppliers to achieve LEAF Marque certification	% of Lidl GB fruit and veg suppliers certified by LEAF	Nationally negotiated fruit and veg suppliers meeting LEAF Marque certification	FY2019	-	-	40%	45%	45% <div><div></div></div>
By 2025, financially support nine water catchment projects	Financial support delivered for catchment-based projects	Financial support delivered by Lidl to the WRAP water roadmap and the WWF Retailer's Commitment for Nature. WRAP report of the impacts of collective funding for each catchment area	FY2019	-	-	-	3	67% <div><div></div></div>
Human rights								
By 2025, conduct 15 HRIAs across high-risk supply chains and implement corresponding action plans*	No. of HRIAs conducted with corresponding action plans	HRIAs follow international guidelines and final reports are published on Lidl GB's website. Risk assessment as outlined in Lidl GB's Human Rights and Environmental Due Diligence Policy	FY2019	0	2	4	6	40% <div><div></div></div>
Animal welfare								
By 2025, robust animal welfare action plans in place for six key categories and being delivered against for each primary protein	No. of robust animal welfare plans in place	Number of categories with robust action plans in place across dairy, beef, lamb, pork, poultry and eggs	FY 2021	-	-	-	2	33% <div><div></div></div>

*6 HRIA's have been completed and published on Lidl's corporate website, 4 of these HRIAs have published action plans at the time of this report publication.



Good for People performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Healthy and sustainable diets								
Increase sales, based on tonnage, of healthy and healthier products to at least 80% by 2025 (74% baseline, FY2019)*	% of healthy and healthier own-brand food products sold (based on tonnage)	Products classified using FSA's 2004/05 Nutrient Profile Model (NPM). Classifications applied to sales (tonnage).** This commitment covers all own-brand food and drink products, excluding alcoholic drinks.	FY2019 74%	74%	-	*	77%	96% <div><div></div></div>
Increase fruit and vegetable unit sales by 35% by 2026	Units of fruit and veg products sold (% increase from FY2021 baseline)	Sales (units) calculated for products within the fruit and veg category	FY2021 1,138,160,940 units/kg	-	-	1,138,160,940 units/kg	1,166,458,179 units/kg (+3%)	7% <div><div></div></div>
By 2025, we will deliver a 400% sales increase in our own-brand meat free and milk alternative range	% Increase in turnover (£) from 2020 baseline	-	FY2020	-	£5,494,417	£10,942,950 (+99%)	£27,261,838 (+396%)	99% <div><div></div></div>
Reduce salt content in own-brand food products aligned with Public Health England's (PHE's) revised salt targets (Sept 2020)	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	All own-brand listed lines are assessed against their relevant maximum	N/A	-	85	86	90	90% <div><div></div></div>
Reduce sugar content in own-brand food categories by 20%, aligned with PHE's Childhood Obesity Plan (sales weighted average)	SUGAR: number of product categories to have met the targets/ Number of product categories where reductions have been made	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 shown some progress towards meeting the target	2015	1/4	5/5	3/6	4/14	27% <div><div></div></div>

*KPI methodology updated to align with FSA's 2004/05 Nutrient Profile Model (NPM)
**Healthy foods are those scoring less than four points and drinks scoring less than one, as well as all single-ingredient products. Healthier is defined as foods scoring four to six points and drinks scoring one to three points. Foods and drinks scoring more than this are classified as least healthy.



Good for People performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Reduce calorie levels across food categories aligned with PHE's calorie reduction programme (sales weighted average)	CALORIES: Number of product categories to have met the targets/ Number of product categories where reductions have been made	Sales-weighted 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	2016 (01/09/2016-31/08/2017)	-	0/4	0/5	1/4	11% <div><div></div></div>
Reduce calorie levels across food categories aligned with PHE's calorie reduction programme (maximum targets)	CALORIES: Percentage of products that meet the maximum calorie target	All own-brand listed lines are also assessed against the maximum calorie targets per portion to determine percentage of products meeting the maximum	N/A	-	85	85	88	88% <div><div></div></div>
Community investment								
Continual support for communities via charitable donation	Amount (£) raised for charity	Total amount raised for charity from corporate donations, employee fundraising and in-store and online customer donations	-	£1.4m	£1.6m	£1.41m	£2.66m	N/A
By 2025, we will have raised £10m for the NSPCC to help keep children safe	Amount raised for NSPCC	Total amount raised for NSPCC from corporate donations, supplier donations, employee fundraising and in-store and online customer donations	-	£1.32m	£1.22m	£1.27m	£1.69m	74% <div><div></div></div>
Donate five million meals every year to families in need	Number of meals donated	Total number of meals donated to charity calculated from corporate and customer product and surplus donations (420g per meal)	N/A	3.84m	4.73m	5.57m	6.18m	100% <div><div></div></div>



Good for People performance scorecard

Target	Metric	Methodology	Baseline	2019	2020	2021	2022	Progress
Colleagues								
Advance gender equality across the business								
	Gender pay gap (% mean)	Calculation adheres with UK Government's guidance 'Making your gender pay gap calculation, Government Equalities Office'	FY2021	11 (2018)	6.6	10.5	10.9	N/A
	Gender pay gap (% median)	Calculation adheres with UK Government's guidance 'Making your gender pay gap calculation, Government Equalities Office'	FY2021	0.5 (2018)	0.2	0%	0%	N/A
Promoting learning and development opportunities, especially for young people								
	Number of graduates	Total number of graduate positions filled at the end of the financial year	FY2021	15	18	60	88	N/A
	Number of placement students	Total number of placement students onboarded at the end of the financial year	FY2021	13	12	12	9	N/A

GRI Index

GRI standard / other source	Disclosure	Detail / location
GRI 2: General disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	About Lidl, page 3 Contents - About this Report, page 1
	2-2 Entities included in the organization’s sustainability reporting	About Lidl, page 3 Contents - About this Report, page 1
	2-3 Reporting period, frequency and contact point	Contents - About this Report, page 1 Back page for contact details
	2-4 Restatements of information	No restatements of information
	2-5 External assurance	Good for Business - Reporting, page 46
	2-6 Activities, value chain and other business relationships	About Lidl, page 3 Good for Business - Value chain of Lidl GB, page 45
	2-7 Employees	About Lidl, page 3 Good for People - Colleagues, page 40, 41 Good for Business - Compliance, page 44 <i>Note: Workers fluctuate during the festive season</i>
	2-8 Workers who are not employees	Good for Business - Compliance, page 44
	2-9 Governance structure and composition	Good for Business - Our Governance, page 44
	2-10 Nomination and selection of the highest governance body	Good for Business - Our Governance, page 44
	2-11 Chair of the highest governance body	Good for Business - Our Governance, page 44
	2-12 Role of the highest governance body in overseeing the management of impacts	Good for Business - Our Governance, page 44
	2-13 Delegation of responsibility for managing impacts	Good for Business - Our Governance, page 44
	2-14 Role of the highest governance body in sustainability reporting	Good for Business - Our Governance, page 44
	2-15 Conflicts of interest	Omission due to confidentiality constraints
	2-16 Communication of critical concerns	Omission due to confidentiality constraints
	2-17 Collective knowledge of the highest governance body	Good for Business - Our Governance, page 44
	2-18 Evaluation of the performance of the highest governance body	Omission due to confidentiality constraints
	2-19 Remuneration policies	Good for People - Colleagues, page 40, 41
	2-20 Process to determine remuneration	Good for People - Colleagues (Reward packages), page 40
	2-21 Annual total compensation ratio	Omission due to confidentiality constraints

GRI standard / other source	Disclosure	Detail / location
	2-22 Statement on sustainable development strategy	Sustainability at Lidl, page 4 Our Good Food Plan, pages 5, 6, 7
	2-23 Policy commitments	Good for Business - Policy commitments, page 44
	2-24 Embedding policy commitments	Good for Business - Policy commitments, page 44
	2-25 Processes to remediate negative impacts	Good for Business - Compliance, page 44
	2-26 Mechanisms for seeking advice and raising concerns	Good for Business - Policy commitments, page 44 Good for Producers - Human rights, page 27
	2-27 Compliance with laws and regulations	Omission due to confidentiality constraints
	2-28 Membership associations	Good for Business - Memberships, page 45
	2-29 Approach to stakeholder engagement	Good for Business - Stakeholder engagement, page 44
	2-30 Collective bargaining agreements	Omission due to data being unavailable

GRI 3: Material topics

GRI 3: Material Topics 2021	3-1 Process to determine material topics	Good for Business - Management and materiality, page 43
	3-2 List of material topics	Good for Business - Materiality Matrix, page 43

Economic Performance

GRI 201: Economic Performance	3-3 Management approach	Good for Business - Management and materiality, page 43
	201-1 Direct economic value generated and distributed	About Lidl, page 3 Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	201-2 Financial consequences of climate change for the organization and other risks and opportunities associated with climate change	Good for our Planet - Climate Action, page 17, 18
	201-3 Defined benefit plan obligations and other retirement plans	Good for People - Colleagues, page 40, 41
	201-4 Financial assistance received from government	Omission due to confidentiality constraints

Market Presence

GRI 202: Market Presence	3-3 Management approach	About Lidl, page 3 Good for Business - Management and materiality, page 43
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Good for Business - Policy commitments, page 44 Good for People - Colleagues (Hourly pay), page 40
	202-2 Proportion of senior management hired from the local community	Omission due to confidentiality constraints

GRI standard / other source	Disclosure	Detail / location
Procurement Practices		
GRI 204: Procurement Practices	3-3 Management of material topics	Good for our Planet - Sustainable sourcing, page 20, 21 Good for Producers - Backing British, page 25, 26
	204-1 Proportion of spending on local suppliers	Good for Producers - Backing British, page 25, 26 About Lidl, page 3 <i>Note: Local refers to active GB suppliers with their head office in GB with GB registered addresses.</i>
Anti-competitive Behavior		
GRI 206: Anti-competitive Behavior	3-3 Management of material topics	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
Tax - Part of Business Relationships and Integrity		
GRI 207: Tax	3-3 Management of material topics	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	207-1 Approach to tax	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	207-2 Tax governance, control, and risk management	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	207-3 Stakeholder engagement and management of concerns related to tax	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
	207-4 Country-by-country reporting	Lidl Great Britain Limited Reports and Financial Statements 28 February 2023
Materials		
GRI 301: Materials 2016	3-3 Management of material topics	Good for our Planet - Plastic and Packaging, page 14, 15, 16
	301-1 Materials used by weight or volume	Good for our Planet - Plastic and Packaging, page 14, 15, 16
	301-2 Recycled starting materials used	Good for our Planet - Plastic and Packaging, page 14, 15, 16
	301-3 Reused products and their packing materials	Good for our Planet - Plastic and Packaging, page 14, 15, 16
Energy		
GRI 302: Energy 2016	3-3 Management of material topics	Good for our Planet - Climate action, page 17, 18
	302-1 Energy consumption within the organization	Good for our Planet - Climate action (Progress and initiatives), page 17 Good for our Planet performance scorecard, page 49, 50
	302-2: Energy consumption outside the organization	Good for our Planet - Climate action (Scope 3), page 18 Good for our Planet performance scorecard, page 49, 50
	302-3: Energy intensity	Good for our Planet performance scorecard, page 49, 50
	302-4: Reduction of energy consumption	Good for our Planet - Climate action (Progress and initiatives), page 17
	302-5: Reductions in energy requirements of products and services	Good for our Planet - Climate action, page 17, 18

GRI standard / other source	Disclosure	Detail / location
Water and Effluents		
GRI 303: Water and Effluents 2018	3-3 Management of material topics	Good for Producers - Sustainable Agriculture, page 23, 24
	303-1 Water as a collectively shared resource	Good for Producers - Sustainable Agriculture, page 23, 24
	303-2 Management of water discharge-related impacts	Good for Producers - Sustainable Agriculture, page 23, 24
	303-3 Water withdrawal	Omission due to data being unavailable
Biodiversity		
GRI 304: Biodiversity 2016	3-3 Management of material topics	Good for Producers - Sustainable Agriculture, page 23, 24
	304-1 Operational sites owned, leased, managed, or adjacent to, protected areas and areas of high biodiversity value	Good for Producers - Sustainable Agriculture, page 23, 24
	304-2 Significant impacts of activities, products and services on biodiversity	Good for Producers - Sustainable Agriculture, page 23, 24
	304-3 Habitats protected or renaturalized	Good for Producers - Sustainable Agriculture, page 23, 24
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Omission due to data being unavailable
Emissions		
GRI 305: Emissions 2016	3-3 Management of material topics	Good for our Planet - Climate action, page 17, 18
	305-1 Direct GHG emissions (Scope 1)	Good for our Planet - Climate action, page 17, 18
	305-2 Energy indirect (Scope 2) GHG emissions	Good for our Planet - Climate action, page 17, 18
	305-3 Other indirect (Scope 3) GHG emissions	Good for our Planet - Climate action, page 17, 18
	305-4: Intensity of the GHG emissions	Good for our Planet - Climate action, page 17, 18 Good for our Planet performance scorecard - Climate Disclosures, page 50
	305-5: Reduction of the GHG emissions	Good for our Planet - Climate action, page 17, 18
Waste		
GRI 306: Waste 2020	3-3 Management of material topics	Good for our Planet - Food waste, page 11, 12, 13 <i>Note: Food waste is considered Lidl UK's most material waste</i>
	306-1 Waste generation and significant waste-related impacts	Good for our Planet - Food waste, page 11, 12, 13
	306-2 Management of significant waste-related impacts	Good for our Planet - Food waste, page 11, 12, 13
	306-3 Waste generated	Good for our Planet - Food waste, page 11, 12, 13
	306-4 Waste diverted from disposal	Good for our Planet - Food waste, page 11, 12, 13
	306-5 Waste directed to disposal	Good for our Planet - Food waste, page 11, 12, 13

GRI standard / other source	Disclosure	Detail / location
Supplier Environmental Assessment		
GRI 308: Supplier Environmental Assessment 2016	3-3 Management of material topics	Good for Producers - Sustainable Agriculture, page 23, 24
	308-1 New suppliers that were screened using environmental criteria	Good for Producers - Sustainable Agriculture, page 23, 24 Good for Producers - Good for Producers performance scorecard, page 52 Good for People - Eco score case study, page 36
	308-2 Negative environmental impacts in the supply chain and actions taken	Good for Producers - Sustainable Agriculture, page 23, 24
Employment		
GRI 401: Employment 2016	3-3 Management of material topics	Good for People - Colleagues, page 40, 41
	401-1 New employee hires and employee turnover	Good for People - Colleagues, page 40, 41 About Lidl, page 3
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Good for People - Colleagues (Reward Packages), page 40 <i>Note: Full time, part time, and temp colleagues receive the same benefits entitlement</i>
	401-3 Parental leave	Omission due to data being unavailable
Diversity and equal opportunity		
GRI 405: Diversity and Equal Opportunity 2016	3-3 Management of material topics	Good for People - Colleagues, page 40, 41
	405-1 Diversity of governance bodies and employees	Good for People - Colleagues (Diversity and Inclusion), page 41
	405-2 Ratio of basic salary and remuneration of women to men	<u>Gender Pay Report 2022/23</u>
Non-discrimination		
GRI 406: Non-discrimination 2016	3-3 Management of material topics	Good for People - Colleagues (Diversity and Inclusion), page 41
	406-1 Discrimination incidents and remedies taken	Omission due to confidentiality constraints
Freedom of association and collective bargaining		
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3 Management of material topics	Good for Business - Sustainability Management (Policy Commitments), page 44 <u>Code of Conduct</u> - online
	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Good for Business - Sustainability Management (Policy Commitments), page 44 <u>Code of Conduct</u> - online
Child labour		
GRI 408: Child Labor 2016	3-3 Management of material topics	Good for Business - Sustainability Management (Policy Commitments), page 44 <u>Code of Conduct</u> - online
	408-1 Operations and suppliers at significant risk for incidents of child labor	Good for Business - Sustainability Management (Policy Commitments), page 44 Good for Producers - Human rights, page 27 <u>Human rights impact assessment</u> - online

GRI standard / other source	Disclosure	Detail / location
Forced or compulsory labour		
GRI 409: Forced or Compulsory Labor 2016	3-3 Management of material topics	Good for Business - Sustainability Management (Policy Commitments), page 44 Good for Producers - Human rights, page 27 Code of Conduct - online Human rights impact assessment - online
	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Good for Business - Sustainability Management (Policy Commitments), page 44 Good for Producers - Human rights, page 27 Human rights impact assessment - online
Local communities		
GRI 413: Local Communities 2016	3-3 Management of material topics	Good for People - Community investment, page 37, 38
	413-1 Production sites that involve local communities, impact assessments and funding programs	Good for People - Community investment, page 37, 38
	413-2 Operations with significant actual and potential negative impacts on local communities	Good for People - Community investment, page 37, 38
Supplier social assessment		
GRI 414: Supplier Social Assessment 2016	3-3 Management of material topics	Good for Producers - Human rights, page 27 Human rights impact assessment - online
	414-2 Negative social impacts in the supply chain and actions taken	Good for Producers - Human rights, page 27
Customer health and safety		
GRI 416: Customer Health and Safety 2016	3-3 Management of material topics	Good for People - Healthy and sustainable diets, page 33
	416-1 Assessment of the health and safety impacts of different product and service categories	Good for People - Healthy and sustainable diets, page 33, 34, 35
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Omission due to data being unavailable
Protection of customer data		
GRI 418: Protection of Customer Data 2016	3-3 Management of material topics	Data Protection Policy - online
	418-1 Substantiated complaints concerning breaches of customer privacy and the loss of customer data	Omission due to confidentiality constraints

Climate

Further information

Challenge

Climate change is one of the biggest environmental issues of our time. The global community needs to act quickly to tackle the causes and keep the impact manageable for future generations. As was decided in the 2015 Paris Climate Agreement and confirmed at COP26 in Glasgow in 2021, nations around the world have agreed, based on scientific findings, to limit the global temperature increase to significantly below 2°C, ideally to 1.5°C. Lidl GB supports this target.

Solution

Lidl GB is committed to the targets set in the Paris Climate Agreement and has defined a clear process in this respect. This includes, as a first step, recording our GHG emissions as a carbon footprint.

This can help to calculate the exact quantity of GHG emissions for the company. The amount of GHG emissions provides us with the basis for our climate management – the analysis of the reduction potential. The carbon footprint enables us to identify the reduction potential, to check the impact of our measures, and to document our progress in achieving our climate targets.

At 85%, the manufacturing of our products accounts for the largest share of Lidl's total carbon footprint. However, we also generate emissions in our own stores, logistics centres, national headquarters buildings, and vehicle fleet. We can significantly influence these direct GHG emissions and take measures to directly avoid or reduce them. We offset unavoidable Scope 1 and 2 GHG emissions through certified climate protection projects.

Our operational GHG emissions include direct GHG emissions (Scope 1) and indirect GHG emissions from the purchasing of energy (electricity, heating, steam, and cooling) (Scope 2), but also the indirect upstream and downstream GHG emissions in our value chain (Scope 3).

We collect all the required usage data for operational emissions ourselves (e.g., quantity of diesel fuelled in company cars) and the necessary emission factors are provided by an external service provider that also calculates the carbon footprint for us.

We use a location-based and market-based approach to report our Scope 2 emissions. The latter bases the conversion on the emission factors that we obtain directly from our electricity supplier. The location-based approach, in contrast, uses the emission factors for a geographic region for the conversion. We used the market-based approach to calculate the total emissions for Scope 1, 2 and 3.

For Scope 3, the complexity lies in the collection of data. We request the required consumption data from external service providers (for example, kilometres travelled by truck for store logistics), collect it ourselves for individual categories (e.g., amount of paper used for promotional materials), or make assumptions in conjunction with our external consultants (e.g., employee commutes). So that we can make the right decisions after collecting the data, we are working on improving it from year to year to increase our share of primary data.

Reducing GHG emissions

We define our climate targets based on the Science Based Targets initiative (SBTi). This initiative is an alliance of NGOs and companies and aims to fulfil the Paris Climate Agreement. The participating organisations also define science-based targets (reduction targets). Lidl GB joined the initiative in 2020 as part of Schwarz Group.

Lidl set itself the target of switching 100% to renewable energy by 2022 and using carbon offset projects to become climate neutral. We want those suppliers that are responsible for 75% of product-related Scope 3 emissions to have set science-based targets by 2026 at the latest. By 2030, our target is to reduce our GHG emissions by 80% in comparison to 2019. Specific measures in reducing GHG emissions by Lidl GB can be found on page [17](#).

Energy management

In addition to the increased use of renewable energy sources, the more efficient use of energy is also key to reducing GHG emissions.

All of Lidl GB's stores, logistics centres and national headquarters buildings are certified in accordance with the ISO 50001 energy management system.

As well as recording consumption and evaluating the energy used, training is also given to employees to raise awareness about energy. The management system helps to identify inefficiencies and optimisation potentials at an early stage. Further information on energy consumption and energy efficiency measures can be found on pages [17](#) and [18](#).



Assurance statement

Practitioner’s Assurance Report on selected sustainability indicators

Independent Assurance Report to the Directors of Lidl Great Britain Limited on selected sustainability indicators disclosed in Lidl Great Britain Limited’s 2021/2022 Sustainability Report.

Scope and engagement terms

Mazars LLP (“**Mazars**”) have been engaged to provide an independent limited assurance report, on the selected sustainability indicators (“**the Subject Matter Information**”) throughout the period 1st March 2021 to 28th February 2023 (“**the Reporting Period**”).

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) (UK) 3000 (July 2020) (“**ISAE 3000**”), “Assurance Engagements other than Audits or Reviews of Historical Financial Information”, issued by the Financial Reporting Council.

The Subject Matter Information has been reported in Lidl Great Britain Limited’s (“**Lidl GB**”) 2021/2022 Sustainability Report and has been prepared in accordance with the Lidl GB Basis of Reporting (“the **Reporting Criteria**”) which outlines the criteria against which the Subject Matter Information has been measured. The Basis of Reporting has been produced by Lidl GB and published on their website.

Subject Matter Information

The directors have requested limited assurance over progress towards the following Subject Matter Information targets in the period ended 28 February 2023:

- Increase of sales, based on tonnage, of healthy and healthier products to at least 80% by 2025

- Increase fruit and vegetable unit sales by 35% by 2026

- By 2025, conduct 15 Human Rights Impact Assessments (HRIAs) across high-risk supply chains and implement corresponding time-bound action plans

Along with the following sustainability indicators (as at 31 July 2023):

- Percentage of Tier 1 suppliers on Sedex

- Percentage of UK Tier 1 suppliers attending modern slavery training

Summary of the Work Performed

The procedures we performed were based on our professional judgment and included enquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods, and agreeing or reconciling with underlying records as appropriate.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Limited assurance

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on relevant selected subject matter. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We have performed the procedures we consider necessary to enable us to express an opinion, as to whether anything has come to our attention to cause us to believe that the Subject Matter

Information has not been prepared, in all material respects, in accordance with the Reporting Criteria throughout the Reporting Period. We used our professional judgement to inform our procedures. Procedures performed include the following:

1. Interviews with the relevant Lidl GB staff to understand the internal processes and controls for collecting, reporting, and consolidating information relating to each Subject Matter Information area.

2. Review of the arithmetical accuracy including recalculations of percentages used by Lidl GB in each Subject Matter Information, and corroborated the underlying data to supporting documentation, as appropriate.

3. Testing of data, including selecting a sample of data points across each of the Subject Matter Information areas and agreement to supporting documentation to check accuracy and completeness of the data.

4. Where relevant, use of external confirmations to verify data points.

5. Evaluation of the appropriateness of the reporting criteria used.

6. Review of the relevant extracts of the Sustainability Report to check that the presentation of data and supporting narrative is consistent with our findings.

Restrictions on Use and Limitation of Liability

This report is made in accordance with the terms of our engagement letter dated 17 August 2023 for the purpose of reporting to the Directors of Lidl GB in connection with the Subject Matter Information disclosed in the Sustainability Report and for no other purpose.

This report was prepared solely for the benefit of the Directors of Lidl GB and no responsibility or liability is accepted towards any other person in respect of the use of the Report or for any reliance on information contained in the Report by any other person or

entity. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors of Lidl GB for our work, for this report, or for the conclusions we have formed.

Our Independence and Quality Control

In carrying out our work, we complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We also apply the International Standard on Quality Management 1 (ISQM1) Quality Management for Firms that Perform Audits or Reviews of Financial statements, or Other Assurance or Related Services Engagements and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The Practitioner’s Responsibilities

Our responsibility is to express an opinion on whether anything has come to our attention to cause us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria. We conducted our engagement in accordance with ISAE 3000.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities

Management is responsible for the following:

1. The preparation of the Subject Matter Information in accordance with the Reporting Criteria.

2. Designing, implementing and maintaining internal

control relevant to the preparation of the Subject Matter Information to enable the preparation of such information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Inherent limitations exist in all assurance engagements due to the selective enquiry of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected by the assurance procedures performed. Additionally, non-financial information, such as that reported in the selected subject matter, is subject to more inherent limitations than financial information, given the nature and methods used for determining, calculating, and sampling or estimating such information.

While we acknowledge that this report will be published on the Lidl GB website, the maintenance and integrity of that website is the responsibility of the Directors. Our procedures do 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 this report and the Sustainability Report, since they were initially presented on the website.

The Practitioner’s Conclusion

Our opinion has been formed on the basis of the matters outlined in this report.

For the selected Subject Matter Information, based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Michelle Olckers
Partner

11 October 2023
Mazars LLP

Contact us

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.



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