



Basis of Reporting

Lidl GB is providing a basis of reporting document on its website for selected KPIs related to sustainability reporting.

Healthy & healthier commitment: Methodology

Scope

The methodology outlined below is used to calculate the percentage of healthy and healthier product sales tonnage compared to total sales tonnage for full Lidl GB financial years.

Commitment: Increase sales, based on tonnage, of healthy and healthier products to at least 80% by 2025, against the baseline year of 2019.

Timeframe

In line with our financial reporting period, the published figures for healthy sales tonnage cover our financial years, which run from 1st March to 28th February inclusive of each period.

Data source, methodology and assumptions

The commitment includes all own brand food and drink products, excluding alcohol.

To calculate the tonnage of healthy and healthier products sold, we use a number of data sources.

The bullet points below explain how we have calculated this for full financial years.

- a) **Product sales:** The Controlling department pull reports from the MIS (Management Information System) system of all products sold in the financial year (file called 'Healthy Foods Comparison'). The MIS system pulls transactional data from the tills in stores. This is conducted by the store managers by manually selecting Day End, transferring the data to MIS. If they don't this will be flagged in the MIS missing data report. The MIS system generates the missing data report automatically on a daily basis. The main report pulled from MIS for the purpose of this commitment is broken down by barcode of each item sold and includes the number of units sold in that timeframe. Separate reports are then run to identify article family, sub-article family and pack size. An XLOOKUP is then applied to pull this information into the main report. Please note that, should the identical report be run again, a few of the unit sales may be off by up to approx. 100 or so due to corrections in the system e.g. from a recent inventory. However, this isn't large enough to affect the overall figures.



The tonnage is calculated based on the pack size and the number of units sold. For example, a product with a 200g pack size and sales of 100,000 units. $200 \times 100,000 = 20,000,000\text{g}$ sold. $20,000,000 / 1,000,000 = 20$ tonnes. For the purpose of the calculation, 1ml = 1g and 1l = 1kg.

- b) **Nutrition information:** The Quality Assurance department manages the 'Quality Development' spreadsheet. The spreadsheet lists all products sold that fall under a government salt, sugar or calorie reduction target. The spreadsheet tracks the full nutrition information of each product, which is manually entered from the product packaging. Annual store audits are conducted by Quality Assurance to review on pack nutrition information in store against the Quality Development spreadsheet as a form of due diligence. The Food Standards Agency's 2004/05 Nutrient Profiling Model (NPM) calculations are then applied to the nutrition information in order to determine the score of the product (https://assets.publishing.service.gov.uk/media/5a7cdac7e5274a2c9a484867/dh_123492.pdf). To align with FSA's definition, as well as those adopted wider within the government for legislative use (for example, the Food (Promotion and Placement) (England) Regulations 2021), we classify any food scoring less than 4 points and drinks scoring less than 1 point as healthy. We understand that not all products can achieve a 'healthy' classification and are keen to provide our customers with better alternatives where possible. It is for this reason that we have classified any food scoring between 4 and 6 points and drinks scoring 1 to 3 points as healthier products. Foods scoring more than 6 points and drinks scoring more than 3 points are classified as least healthy.
- c) **Healthy foods comparison:** The healthy classifications must then be pulled into the healthy food comparison spreadsheet to determine tonnages of healthy and healthier products compared to total tonnage. To do this, the Quality Development spreadsheet is sorted from '3 – Least Healthy' to '1 – Healthy' to ensure the 'worse case' is at the top of the spreadsheet. This ensures that if there is more than 1 supplier of the product, or the product is a mixed case and therefore has more than 1 variant, the worst case is assumed for that product. For example, if a product is supplied by 2 suppliers and Supplier A's product is classified as '1 – Healthy' and Supplier B's product is classified as '2 – Healthier', then '2 – Healthier' is assumed for that product. An XLOOKUP is applied on the healthy food comparison spreadsheet, using the item number as the unique number that links the two spreadsheets ('Item I02' in healthy food comparison and 'GB item no.' in Quality Development). This formula pulls the healthy classification from the Quality Development



spreadsheet in to the Healthy Foods Comparison spreadsheet for the relevant product (e.g. '1 – Healthy').

- d) **Missing healthy classifications:** Once the XLOOKUP is applied, products with missing classifications are reviewed.

Where a product that was classified in 2019 but no longer falls under a government salt, sugar or calorie target and is therefore not listed in the 2022 Quality Development spreadsheet, the 2019 healthiness classification is taken. For all other products, the following approach is taken to classify the healthiness of the products.

All single ingredient products, such as fruit & vegetables and plain meat & poultry, are classified as healthy.

Products are then reviewed by article family ('SPG 104'). If products under the article family are all or mostly classified as the same, and the product with the missing classification is of a similar nature, then it will adopt the same classification as the rest of the article family. Where there is any cause for doubt, the product will be classified as '3 – Least Healthy' to ensure a worst-case approach is taken.

- e) **Summarising tonnages:** SUMIF formulae are then applied to pull the total tonnage amounts for all healthy, healthier, and least healthy products. Healthy and healthier tonnages are added together. The percentage of healthy and healthier products is then calculated. This is the reporting percentage against the commitment.

Fruit & veg commitment: Methodology

Scope

The methodology outlined below is used to calculate the percentage increase in the total number of unit sales of fruit and vegetables for the full Lidl GB financial years.

Commitment: Increase fruit and vegetable unit sales by 35% by 2026, against the baseline year of 2021.

Timeframe

In line with our financial reporting period, the published figures for fruit and vegetable sales cover our financial years, which run from 1st March to 28th February inclusive of each period.



Data source, methodology and assumptions

The commitment includes all fresh fruit and vegetables.

We define fruit and vegetables as all fresh, unprocessed fruits and vegetables, both loose and packaged.

Article Family	Sub article family	Fruit & Veg Types
10	10	Bananas
10	20	Citrus Fruits
10	30	Top Fruits
10	40	Stone Fruits
10	50	Grapes
10	60	Melons
10	70	Exotic Fruits
10	80	Berries
10	90	Dried Fruits
11	10	Salads
11	20	Fine Vegetables (Spring Onions / Radish / Spinach / Courgette / Mini Veg / Leeks / Cucumbers / Green Beans / Aubergines / Asparagus / Baby Corn)
11	30	Tomatoes
11	40	Peppers
11	50	Hard Vegetables / Carrots / Parsnips / Garlic / Sweetcorn / Shallots / Celery / Ginger
11	60	Cabbages / Pak Choi
11	70	Mushrooms
11	80	Herbs
11	90	Potatoes
11	90	Onions

The bullet points below explain how we have calculated this for full financial years.

- a) **Fruit and Vegetable Sales:** A report is pulled from the MIS system which listed all fresh fruit and vegetables sold in the timeframe and the corresponding number of units sold. The MIS system identifies all fresh fruit & vegetables using the above article families.
Please note that, should the identical report be run again, a few of the unit sales may be off by up to approx. 100 or so due to corrections in the system e.g. from a recent inventory. However, this isn't large enough to affect the overall figures.
SUM formula applied to establish the total number of units sold across both fruit and vegetables.
- b) **Summarising the data:** The total number of units sold of fruit and vegetables is compared to the baseline data. The percentage change is then calculated to understand growth. This is the reporting percentage against the commitment.