



Sustainability Report

Lidl Latvija and Lidl Eesti
Financial year 2022 and 2023

A BETTER
TOMORROW



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Introduction



It is with great pleasure and responsibility that I present to you the first joint Sustainability Report of Lidl Latvija and Lidl Eesti. This report covers the financial years 2022-2023 and is the first look back at what has been achieved since the start of operations in Latvia and Estonia. It is an important step that demonstrates our work towards a more sustainable future, where interaction and responsible decisions are becoming increasingly important today.

Conducting a responsible business is the cornerstone of every company's reputation. As a leader in our industry, we recognise that we have the opportunity and responsibility to influence positive change through our daily actions, making a concrete contribution to the preservation of the environment and the well-being of society.

Lidl's sustainable business approach is based on three dimensions: 'Good for the Planet', 'Good for People' and 'Good for You'. Each dimension includes specific activities, following recognised standards. Inspired by our guiding principle "A Better Tomorrow", we are committed to setting ever more ambitious goals for our team, because sustainability is not a destination, but a path of continuous improvement.

Our objectives focus on conserving resources, respecting biodiversity and protecting climate. We achieve these by working closely with suppliers and partners, following common guidelines to make measurable progress. Equally important is the contribution of our store, warehouse and office staff. Acting fairly and engaging in dialogue are an integral part of our strategy, as is a focus on promoting health and well-being of customers and employees through our operations.

Maciej Urbanski,
Chairman of the Board

To promote the understanding of sustainability and topics important to us throughout society, we are happy to engage in diverse activities – together with Fairtrade Baltics, promoting public awareness of the importance of fair dealing in product supply chains, working side by side with the World Wide Fund for Nature in Latvia to fight invasive plants on the coast of the Gulf of Riga that threaten the biodiversity of the area, and cleaning Vējupīte in the Gauja National Park from historical pollution. At the invitation of the Estonian Fund for Nature, we helped to create river habitat oases in Jānijõe river. In the fall of 2022, we created the first opportunity in Latvia to donate the returned deposit fee to support lonely seniors in cooperation with the Latvian Samaritan Association. Regular food, etc. donations of goods in cooperation with various NGOs are directed to support the needy both in Latvia and Estonia.

As a food retailer, we are responsible for the range of products our customers buy. That is why we, Lidl Latvija and Lidl Eesti, are committed to offering products that are traceable, responsibly grown and produced, and whose high quality is guaranteed by international certifications, because our mission is to offer our customers highest quality at the best everyday price.

I invite you to take a closer look at our first Sustainability Report, which provides insights into what we have already achieved, and join Lidl on our journey together to a better tomorrow!



About this report

The report covers Lidl Latvia and Lidl Eesti, as the companies have no subsidiaries. This first-edition Sustainability Report has been written in accordance with Global Reporting Initiative (further referred to as GRI) Sustainability reporting standards 2021 and outlines the initiatives, achievements, and strategic directions of Lidl Latvija and Lidl Eesti for the financial years 2022 (1st March, 2022 – 28th February, 2023) and 2023 (1st of March, 2023 – 29th February, 2024).

Scope and boundaries

As part of Schwarz Group, we are committed to enhancing our sustainability practices and contributing positively to the communities we serve. This report provides a comprehensive overview of our efforts in various sustainability domains, including environmental stewardship, social responsibility, and governance. It includes data and information on our sustainability initiatives, targets, and performance metrics within the reporting period. Sustainability Report encompasses our retail stores, distribution centers, and corporate offices in both Latvia and Estonia. We intend this report to be useful to our internal and external stakeholders and provide contextual information in which we, Lidl Latvija and Lidl Eesti operate.

Data collection and validation

The data presented in this report has been collected through our internal management systems and verified through internal audit. Where applicable, we have used external sources and certification to ensure the accuracy and reliability of the information provided. Key performance indicators (KPIs) have been selected based on their relevance to our sustainability objectives.

Assurance

Some of the data presented in the report was assured by an external provider. Our policy for ensuring independent sustainability report assurance involves a structured process with active participation from the highest governance body and management. They oversee the selection and engagement of the assurance provider to ensure reliability and alignment with our strategic objectives.

Looking ahead

Lidl Latvija and Lidl Eesti remain dedicated to advancing the wider sustainability agenda –

continuing to set ambitious targets, monitor our progress, and transparently report on our performance. Our goal is to create lasting positive impact on the environment and society while delivering value to our stakeholders.

For any inquiries or further information regarding sustainability reporting, please contact: csr@lidl.lv

About the Company

Lidl Stiftung & Co. KG

The retailer Lidl is part of Schwarz Group, based in Neckarsulm, and is one of the leading food retailers in Germany and Europe. Lidl currently operates over **12 350 stores** and around **225 goods distribution and logistics centers in 31 countries**. Furthermore, Lidl has employees in Asia. Overall, Lidl operates with around **375 000 employees**.

Lidl Stiftung & Co. KG, which is headquartered in Neckarsulm, Germany, specifies the framework for the operational business in coordination with the national companies. As a system provider, it is responsible for the conception and design of standardized processes worldwide.

About the companies of Schwarz Group

The companies of Schwarz Group, with business activities in **32 countries**, together form one of the leading retail groups in the world. With their about **13 900 stores** and more than **575 000 employees**, the companies of Schwarz Group jointly generated total sales of **167,2 billion euros** by the end of the 2023 fiscal year. As one of only few retail groups, Schwarz Group thus covers the entire *value cycle*, from production and retail to recycling and digitalization.

The retail divisions Lidl and Kaufland are Group's pillars in food retailing. Many private label products on Lidl's and Kaufland's shelves, ranging from ice cream to beverages, are produced by the companies of Schwarz Produktion. Special emphasis is placed on the use of sustainable raw materials as well as the manufacturing, use and recycling of environmentally friendly packaging. The environmental service provider PreZero pursues the vision of closed loop recycling in waste and recycling management and thus contributes to a cleaner tomorrow. Schwarz Digits as IT and digital division offers compelling products and services, which comply with Germany's strict data protection standards. Schwarz Dienstleistungen, Group's corporate services division, provides administrative and operational services – for example with regard to controlling, finances or personnel – for all other companies of Group.

Value creation circle of the companies of Schwarz Group



About Lidl Latvija and Lidl Eesti

Lidl is a retailer in fast moving consumer goods (FMCG) sector. Lidl Latvija opened first stores in 2021 and Lidl Eesti followed in 2022. By the end of the reporting period Lidl Eesti operated 13 stores and employed around 600 people. Lidl Latvija operated 30 stores and employed around 1 400 people. Lidl Latvija also operates one warehouse, which is receiving the goods from the suppliers and is distributing the goods to the Latvian but also Estonian stores. Lidl Latvija SIA and Lidl Eesti OU are separate legal entities but are run by the same management team. The highest governing body of Lidl Latvija and Lidl Eesti is the Management Board, composed of internal employees. During the reporting period it consisted of four male members.



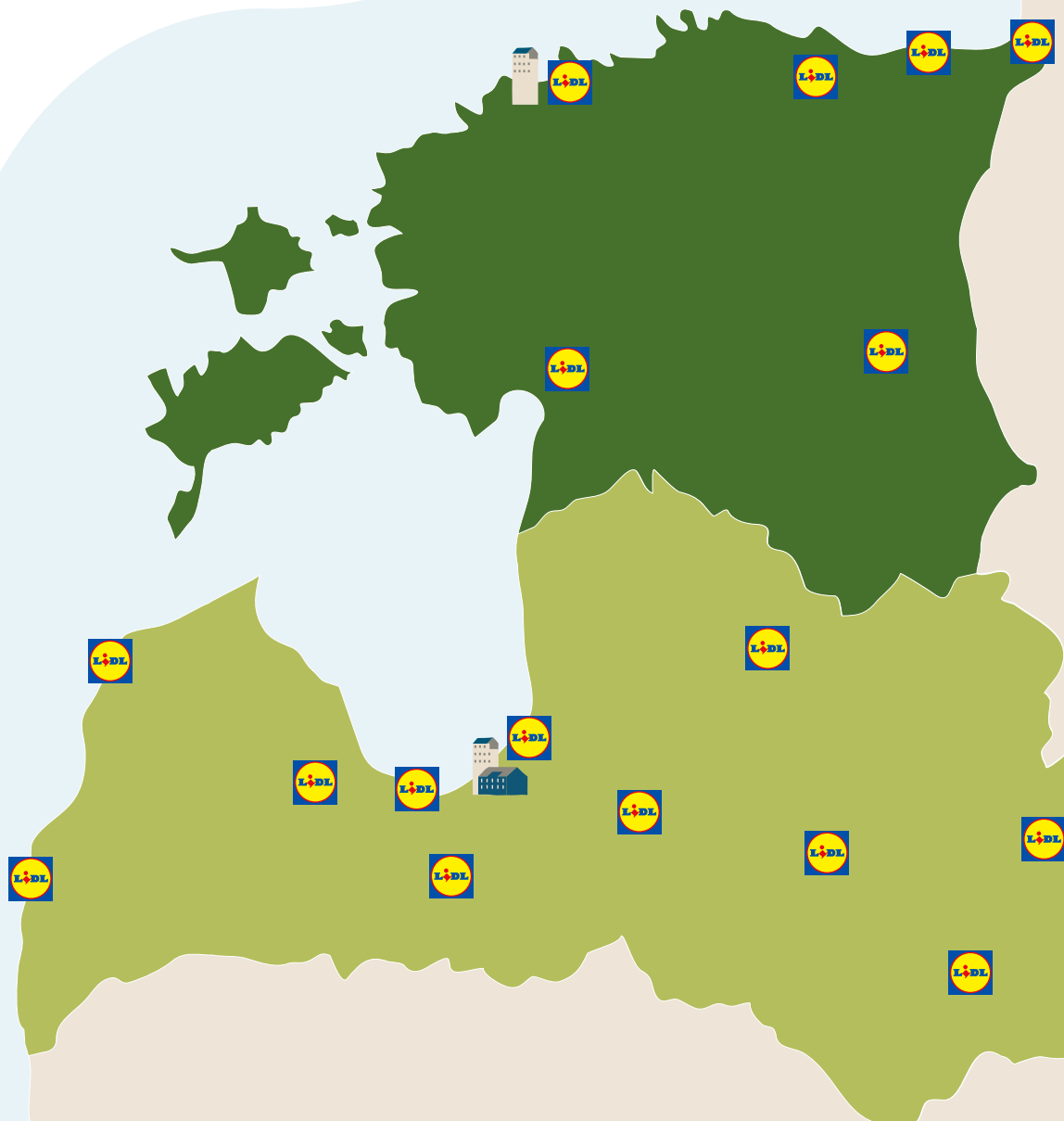
Locations of Lidl stores



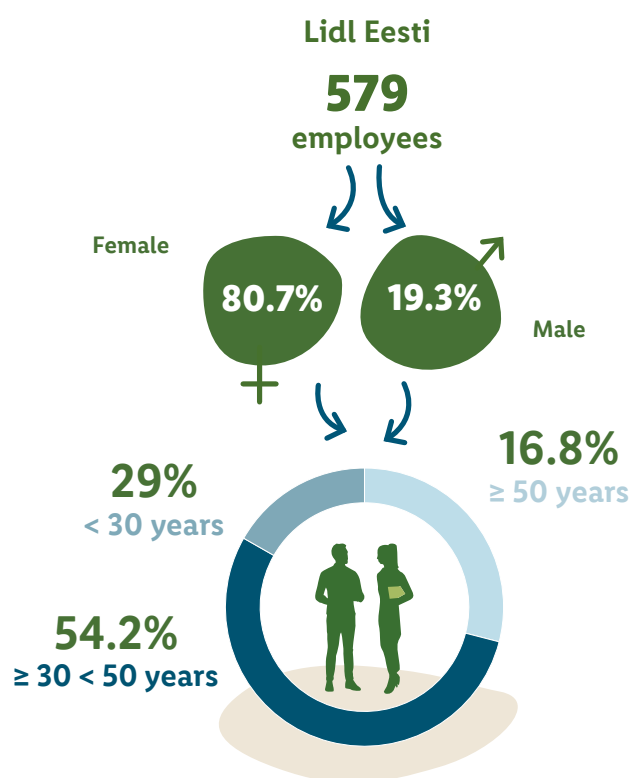
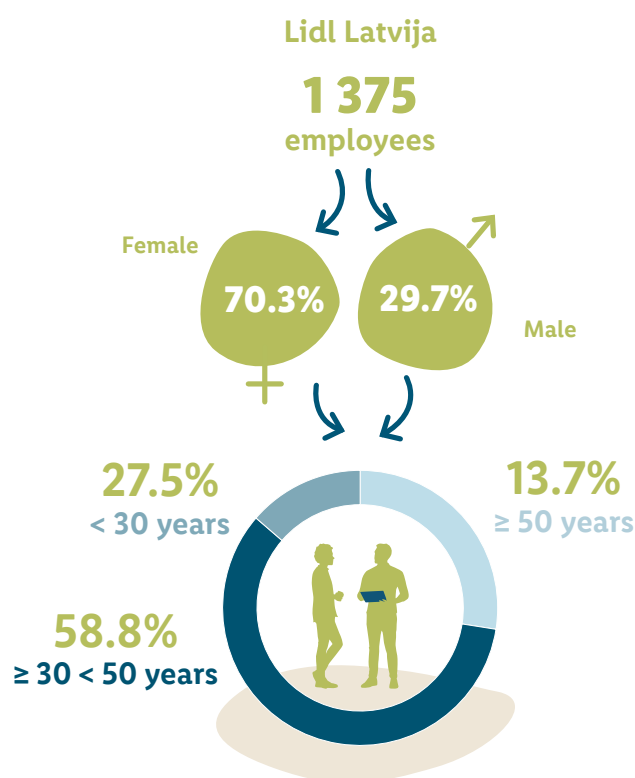
Headquarters



Logistics center



Employee structure



Activities, value chain and other business activities

As a retail company, Lidl Latvija and Lidl Eesti operates at the interface between producers and consumers. In this role, we have direct and indirect relationships with our customers and a wide range of suppliers and producers in numerous supply chains. The value chain extends from the processing of raw materials to the transportation of goods to logistics centers and to stores. This is where we offer the finished products to consumers – our key customer group, which is therefore also at the center of our downstream value creation activities.

At Lidl Latvija and Lidl Eesti, our customers have access to a comprehensive and high-quality items for their daily needs through a permanent and special offers assortment. Besides food, our range includes near-food and non-food products such as cosmetics, clothing and small electrical devices.

By the end of reporting period of 2023 private label items constituted 81.7% of the assortment in Lidl Latvija and 80.6% in Lidl Eesti. Brand items made up 18.3% in Lidl Latvija and 19.4% in Lidl Eesti.

The assortment is comprised of:

16.3% national items from Latvian suppliers

4.6% national items from Estonian suppliers

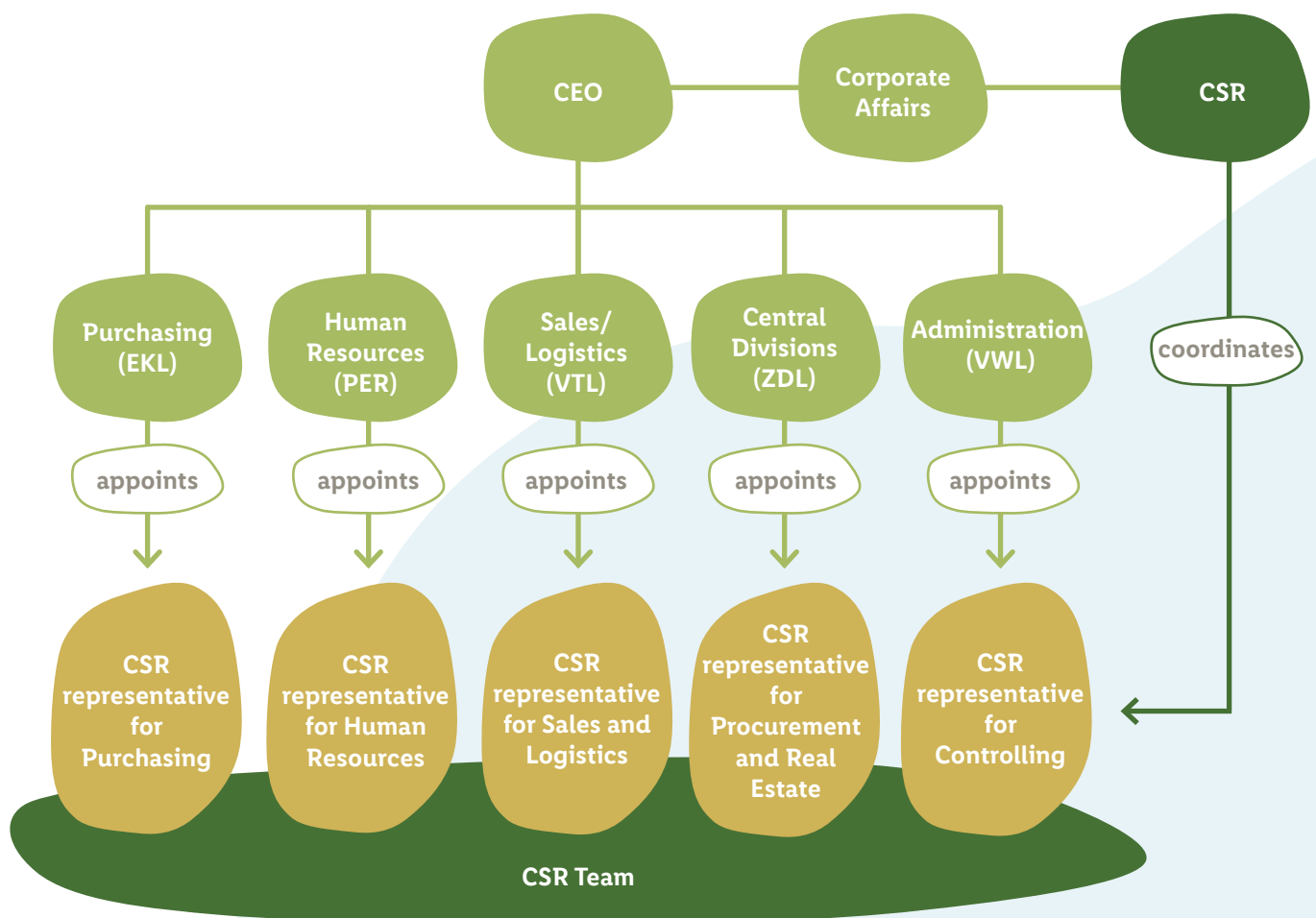
In addition, we also have more than 170 organic items and more than 199 Fairtrade-certified products in the permanent and promotional ranges in both Lidl Latvija and Lidl Eesti.

We have the opportunity to positively influence consumer behavior by empowering a wide range of people to make sustainable, informed and healthy purchasing decisions. To support this, we continuously review and update our assortment to ensure that it is both healthier and more sustainable. We are committed to being transparent with our customers about these improvements.

Sustainability in Lidl Latvija and Lidl Eesti

Sustainability as a strategic and operative core task in the company is anchored with the Executive Board for Lidl Latvija and Lidl Eesti. The overall responsibility lies with the chairperson. In Lidl Latvija and Lidl Eesti responsibility for the strategic direction is jointly assumed by the CSR Coordination department and the Executive Board. The CSR Coordination department reports to the CEO directly or through the Head of Corporate

Communications. They also handle the coordination of the cross-departmental sustainability activities and are supported by the CSR Team. This team is comprised of representatives from all departments and is the main forum for discussions and exchange on the trends and topics of sustainability that are relevant for separate departments. Goals and measures agreed on here are presented to the Executive Board which then directs the strategic direction and implementation of the sustainability initiatives. The CEO participates in the reporting process and is responsible for giving the final approval.



Policy commitments

As a company, we are responsible for avoiding or reducing any negative impacts of our business activities on the environment and society in advance where possible. At Lidl Latvija and Lidl Eesti, this precautionary principle from the Rio de Janeiro Declaration of the United Nations Conference on environment and development (UNCED)¹ is reflected in our corporate principles as well as in the jointly elaborated Business partner Code of Conduct of the companies of Schwarz Group (CoC) and is an integral part of corporate governance. For more information on the Code of Conduct see under *Business Relationships and Integrity*.

Lidl rejects any form of violations against human and labor rights, as stipulated in the Code of Conduct. The focus in this respect is on workplace-related human rights. The aim of these rights is to protect people from adverse effects during employment. Workplace-related human rights include the ban on child and forced labor as well as discrimination, adequate remuneration, the protection of freedom of association, as well as occupational safety.



Stakeholder management

The continuous exchange of information with our internal and external stakeholder groups is a material part of Lidl Latvija and Lidl Eesti sustainability management.

We have identified the following as our main stakeholder groups:

- Customers
- Employees
- Suppliers and business partners
- Political authorities
- Non-governmental organizations
- The media

This dialog takes place in both directions. Lidl regularly informs stakeholders through various channels like sustainability reports, press releases, customer brochures, intranet portals, and we facilitate direct exchanges through events and personal meetings. We gather feedback during regular surveys and inquiries, and by participating in third-party dialogues. Through their expertise, observations, and critical as well as constructive interactions with our company, our stakeholders provide valuable feedback that flows through to our work.

We reassess relevant stakeholders at least every two years, based on external inquiries and changes in responsibilities, aiming to align with the materiality analysis process. At Lidl Latvija and Lidl Eesti, we conducted intensive exchanges with a variety of internal and external stakeholder groups, especially with Lidl Latvija and Lidl Eesti employees, suppliers, media and non-governmental organizations.



¹ Principle 15 of the Rio Declaration on Environment and Development (1992) requires states to apply a precautionary approach to environmental protection.

Strategy

Lidl's commitment to sustainability is embodied in its focus on creating an environmentally friendly future centered on people and sustainable consumption. Recognizing its significant impact on the planet and society, **Lidl's CSR strategy targets three main dimensions:**

1. Good For Our Planet

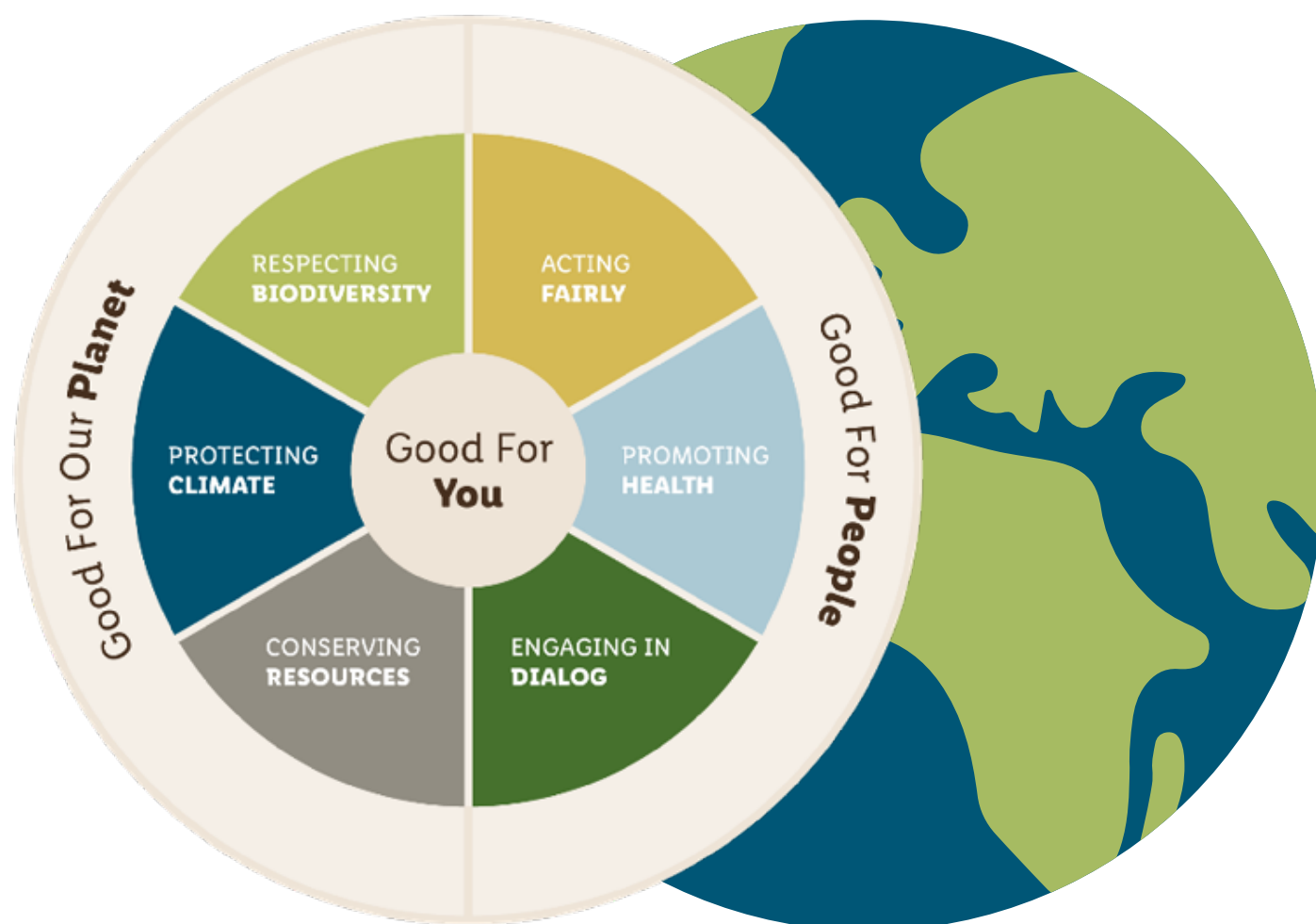
This dimension addresses environmental challenges linked to agriculture, which contributes to greenhouse gas emissions, freshwater use, and land use. By focusing on protecting the climate, respecting biodiversity, and conserving resources, Lidl aims to mitigate its environmental impact and ensure the long-term availability of its products.

2. Good For People

This dimension emphasizes Lidl's responsibility towards its employees, partners, and customers. As an employer and business partner, Lidl provides an optimal working environment, promoting equal opportunities, and encouraging teamwork. Lidl strives to ensure its commercial partners adopt sustainable practices, thereby extending its positive influence throughout the supply chain.

3. Good For You

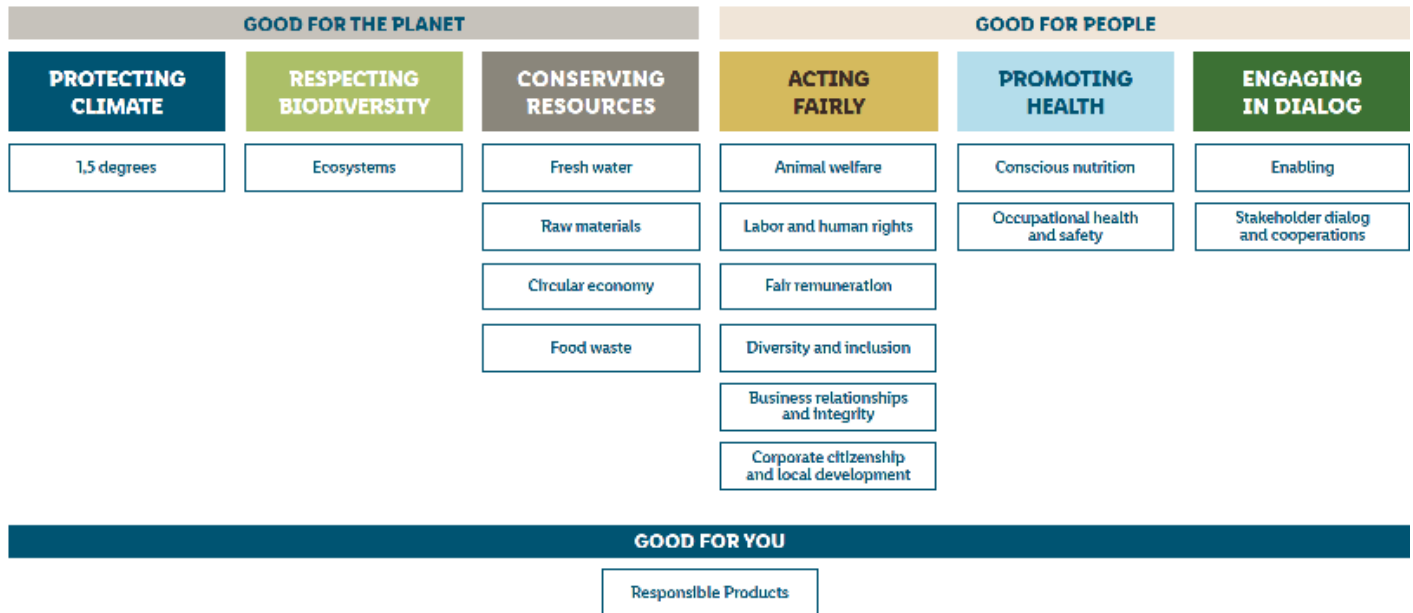
Lidl enables informed purchasing decisions by addressing the needs of people in all its operations and thus reinforces its role as a responsible social actor, contributing to a more sustainable future.



Materiality

In 2022, Lidl Latvia and Lidl Eesti engaged in a process to identify corporate social responsibility or CSR material topics, aligning with new and amended (regulatory) requirements early on, including the updated materiality definition in GRI Standards 2021

and the European Corporate Sustainability Reporting Directive double materiality concept. This basis for this process is the updated Lidl Responsibility Model 2.0, covering 17 CSR topics (see the figure) and involves assessing Lidl's impacts from an "inside-out" (positive and negative impacts) and "outside-out" (business relevance) perspectives.



The Lidl materiality analysis is updated every two years as part of sustainability reporting. This is standardized across all Lidl national companies and simultaneously enables the national perspective to be incorporated.

The analysis is carried out in three steps:

1. Impact assessment performed at group level, valid for all countries, consisting of exposure analysis and expert interviews.

2. National assessment of the business relevance of issues to Lidl Latvia and Lidl Eesti via workshops.

3. Validation and consolidation of the results in a country-specific materiality matrix.

1. Impact Assessment

We assess Lidl's overall impact on people, the environment and society for all Lidl companies in a two-stage process involving exposure analysis and interviews with experts carried out by Lidl International.

1.1 Quantitative exposure analysis

The exposure analysis as a data-driven assessment evaluates potential direct and indirect impact and considers the risks that could potentially arise from Lidl's activities for people, the environment and society. The analysis and recording of Lidl's environmental and social impact was done quantitatively based on economic, company and industry-specific data across the international value chain. Economic weighing is applied to the analysis considering countries where Lidl, due to higher activity, has a more significant impact and greater influence. In the final step, the combination of the need to take action and the economic relevance resulted in the materiality scores for the individual CSR topics and thereby the first module of the impact relevance.

1.2 Conducting qualitative expert interviews

Following the exposure analysis, the statistical results were validated by means of a qualitative survey. This mix of different methods makes the analysis more resilient, enables more in-depth conclusions to be drawn and reduces the potential weaknesses of stand-alone methods. To this end, 9 international experts from the relevant Lidl stakeholder groups were interviewed to get an even deeper understanding of Lidl's impact in relation to the 17 CSR topics.

When selecting the experts, the different markets in the countries were considered, as well as the variety of issues involved in sustainability. The interviews were prepared, conducted and assessed by an external partner.

The combination of exposure analysis and expert interviews produced the impact relevance values for the 17 CSR topics, which also represent the values on the x-axis of the materiality matrix.

When combining the result, the exposure analysis and expert survey were weighted according to rank. In other words, depending on the quality and availability of the data, the exposure analysis and expert interviews were compared with each other.

2. Assessment of the business relevance of Lidl Latvia and Lidl Eesti

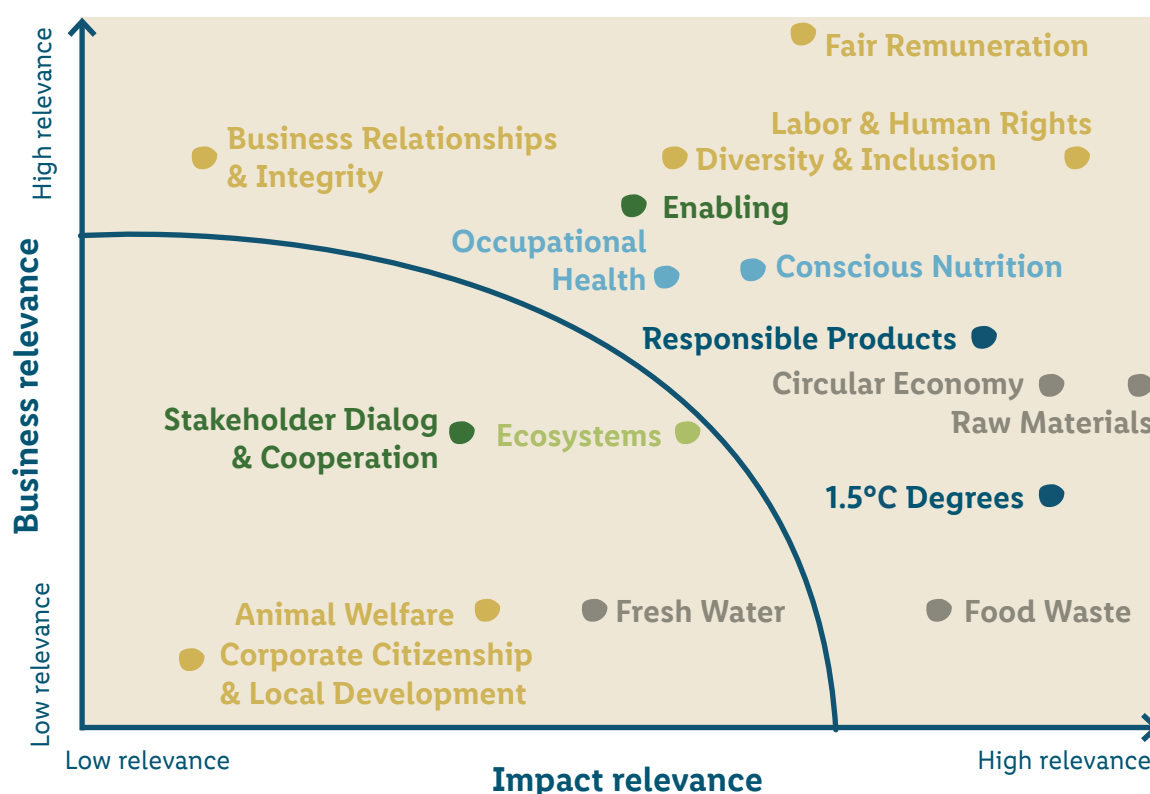
Lidl Latvia and Lidl Eesti held face to face consultations between company representatives and external stakeholders, such as the media, authority, and non-governmental sector representatives, as well as executed several online surveys. The results were validated by the Executive Board to determine the business relevance, which constitutes the y-axis of the matrix.

3. Uniting both dimensions of the analysis

CSR topics considered with high strategic importance and significance to Lidl Latvia and Lidl Eesti are Labor & Human Rights, Fair Remuneration, Diversity & Inclusion, Conscious Nutrition, Occupational Health & Safety, Enabling, Business Relationship & Integrity, Responsible Products, Circular Economy, Raw Materials, 1.5°C degrees, and Food Waste.

Material topics within company's materiality threshold form the basis of this report. In addition, we also provide information about other relevant CSR topics that fall under the threshold - Ecosystems, Animal Welfare, Fresh Water, Corporate Citizenship and Local Development, Stakeholder Dialogue and Cooperation.

Materiality matrix



Protecting the Climate

1.5°C Degrees

Climate change represents a critical challenge requiring swift global action to mitigate its effects, which are already visible through extreme weather events impacting several sectors. Agriculture, which generates roughly a quarter of all global greenhouse gases, is also significantly impacted by climate change. Through the 2015 Paris Climate Agreement and reaffirmations at COP26 in Glasgow, the international community is committed to limiting global temperature rise to below 2°C degrees, aiming for 1.5°C degrees. Lidl Latvija and Lidl Eesti, as part of the wider Lidl community, supports this target.

The European Union aims for climate neutrality by 2050 under the “European Green Deal”, necessitating a near-total reduction in greenhouse gas emissions. Both individuals and businesses play crucial roles in achieving these climate goals by minimizing their negative environmental impacts. Lidl Latvija and Lidl Eesti emphasize climate action across their entire operations, from product manufacturing and processing to logistics and sales.

We define our climate targets based on the Science Based Targets initiative (SBTi). Lidl Latvija and Lidl Eesti joined the initiative as part of the Schwarz Group. Our approach involves first recording the greenhouse gas emissions in a carbon footprint that also contains the emissions generated in our upstream and downstream supply chain. The carbon footprint is the foundation of our climate management and allows us to precisely calculate our greenhouse gas emissions, identify potential reductions, review the impact of our measures and document progress towards the achievement of our climate targets.

Lidl Latvija and Lidl Eesti focus on direct impact of carbon footprint or Scope 1 and 2 emissions from the stores, the logistics center, headquarters, and vehicle fleets, and aim to mitigate direct GHG emissions through efficiency measures and renewable electricity usage. The largest share of total carbon footprint

is caused by the wider value chain of our products and is reflected in Scope 3 emissions. Therefore, it is a part of Lidl Group’s strategic approach to climate protection and group-wide focus on reducing greenhouse gases in the supply chain.

The Procurement, Logistics, and Real Estate units in close collaboration with the CSR department are responsible for the CSR focus topic of 1.5 °C degrees.

Joint Climate Strategy of the companies of Schwarz Group

Companies of Schwarz Group aim to keep individual contribution to climate change as low as possible and to steadily minimize greenhouse gas emissions. To achieve this, they are jointly committed to the following three principles:

1. Prevent the generation of greenhouse gas emissions wherever possible

2. Reduce those greenhouse gas emissions which are unavoidable

3. Offset operational greenhouse gas emissions (Scope 1 and 2) that currently can neither be prevented, nor reduced, based on internationally recognized standards

As part of the joint climate strategy, the companies of Schwarz Group already joined the SBTi in August 2020. After preparing a complete climate impact assessment and analyzing the carbon footprint, climate protection targets were mutually defined according to the method of the initiative. These were filed together with jointly elaborated measures to reduce, prevent, or compensate CO₂ emissions in operation and along the supply chain. These science-based targets were validated and released by the SBTi in September 2021.

By 2030, the companies of Schwarz Group aim to reduce operational greenhouse gas emissions (Scope 1 and 2) by 55% compared to 2019 levels. To achieve this mutually set goal, all companies of Schwarz Group will procure 100%² of their electricity from renewable sources as of the 2022 fiscal year. Lidl has made a commitment to encourage its suppliers who are currently responsible for 75% of product segment-related emissions, to set their own climate targets by 2026 and according to the criteria of the SBTi.

Energy consumption

Lidl Latvija and Lidl Eesti utilized energy from self-generated renewable sources, purchased centralized heating and electricity from the grid, used natural gas, and fuel for vehicles. Energy consumption levels in kWh are presented in more detail in the table. The increase in energy usage was primarily due to business expansion in Latvia and Estonia, which included opening new stores and expanding operations.

Direct renewable energy sources generation and consumption by primary energy source in kWh	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
Direct renewable energy sources generation and consumption				
Own electricity generation from renewable sources photovoltaic	25 698	314 221	0	2484
Sale of renewable energy (grid feed-in)	3 021	73 258	0	0
Direct consumption of selfgenerated electricity	22 677	240 963	0	2484
Direct energy consumption from other sources				
Consumption of natural gas	1 187 217	742 169	111 439	151 784
Energy consumed by vehicle fleet (diesel and petrol)	2 234 821	2 320 275	1 049 394	1 125 820
Energy consumed by other energy carriers	14 620	11 104	0	0
Bought energy (indirect consumption)				
District heating	818 262	783 148	324 586	581 102
Electricity from mixed renewable sources	14 008 414	18 364 977	5 392 573	7 230 514
Total energy consumption (kWh)	18 286 011	22 462 636	6 877 992	9 091 704
Total energy consumption (TJ)	65.8	80.9	24.8	32.7

² Excluding supply contracts over which companies of Schwarz group have no control, such as for individual rental properties with power purchase agreements.



Energy management

Energy consumption is unavoidable, however, at Lidl we set targets for efficient energy use, increase in solutions enabling management and use of cleaner energy sources.

Lidl Latvija and Lidl Eesti from day one operations purchase renewable electricity from the grid³. This demonstrates our commitment to the environment and supports expanding generation capacities of renewable energy. Sustainability is at the forefront of our real estate development. All Lidl Latvija and Lidl Eesti stores and the logistics center are certified under the ISO 50001 energy management system, ensuring that we track and optimize energy use while providing employee training to increase awareness about energy. The management system helps to identify inefficiencies and potential optimizations at an early stage. Our ongoing efforts include the construction of buildings using environmentally friendlier materials. We are committed to innovation and are working hard to minimize our environmental footprint. Since 2023, fiber reinforced concrete is the preferred building construction material for all of our planned stores. Using fiber concrete helps us to reduce steel usage by an average of 4 times in floor construction. Its reduced carbon footprint makes it an attractive option for environmentally conscious construction projects, while its improved strength, durability, and crack resistance make it ideal for sustainable buildings and structures.

To further enhance energy efficiency, Lidl Latvija and Lidl Eesti facilities are equipped with modern technical equipment, including LED lighting, efficient chillers, and heat pumps.

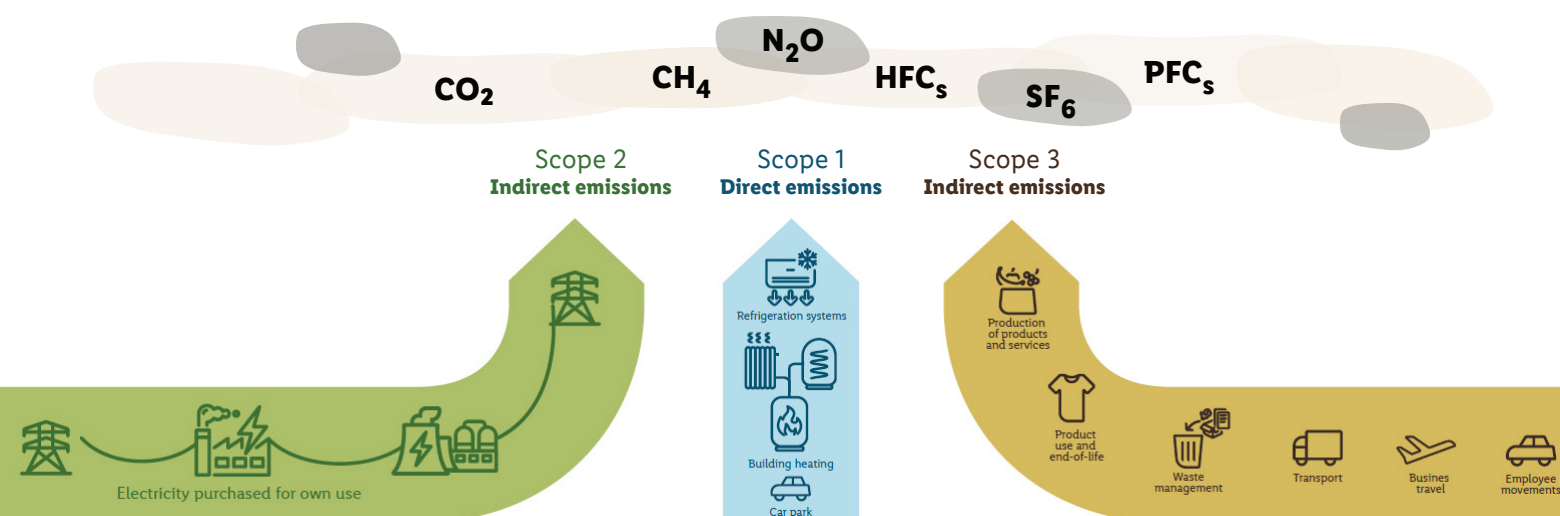
High-efficiency heat pumps draw a large proportion of their energy from the environment – for example, in the form of environmental heat from the air or ground – and therefore represent an energy-saving way of heating buildings. By the end of 2023, 43% of Lidl Latvija and 23% Lidl Eesti stores deployed high-efficiency heat pumps, which draw energy from the environment.

Building automation systems reduce energy requirements as their control and regulation are needs-based. Timer switches help to optimize energy use by adjusting lighting and ventilation based on occupancy and natural light, but an interlocking circuit prevents simultaneous heating and cooling.

Such measures highlight our dedication to protecting the climate and conserving resources throughout the lifecycle of our real estate assets. Our constant monitoring and ongoing analysis of energy consumption enables us to respond quickly to any deviations.

GHG emissions

We calculate our carbon footprint based on the requirements of the Greenhouse Gas Protocol (GHG Protocol). We calculate our GHG emission footprint based on operational control method. Our operational GHG emissions include direct emissions (Scope 1), indirect emissions from energy purchases including electricity, heating (Scope 2), as well as indirect upstream and downstream emissions throughout our value chain (Scope 3). The required input data for operational emissions is collected internally (e.g. quantity of diesel for refueling company cars) and the necessary emission factors⁴ and calculation of the carbon footprint are performed by an external service provider.



³ Excluding supply contracts over which Lidl Latvija and Lidl Eesti have no control, such as for individual rental properties with power purchase agreements.

⁴ Emission factors are sourced from industry associations and organizations (e.g. Plastics Europe, FEFCO), public LCA databases (e.g. Ecoinvent), international and intergovernmental organizations (e.g. IPCC, IEA).

For Scope 2 emissions, we use both location- based and market-based approach to report emissions. The latter showcases our electricity purchasing choices from renewable energy sources. The location-based approach, in contrast, uses the emission factors for a geographic region for the conversion, and reflects consumption patterns.

Scope 3 represents the value chain emissions and is the biggest contributor to our emissions. On a wider scale, we work to gather required consumption data from external service providers (for example, kilometers traveled 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). We continuously work on improving the data and obtaining knowledge of primary data to better understand the impact of different activities on our carbon footprint.

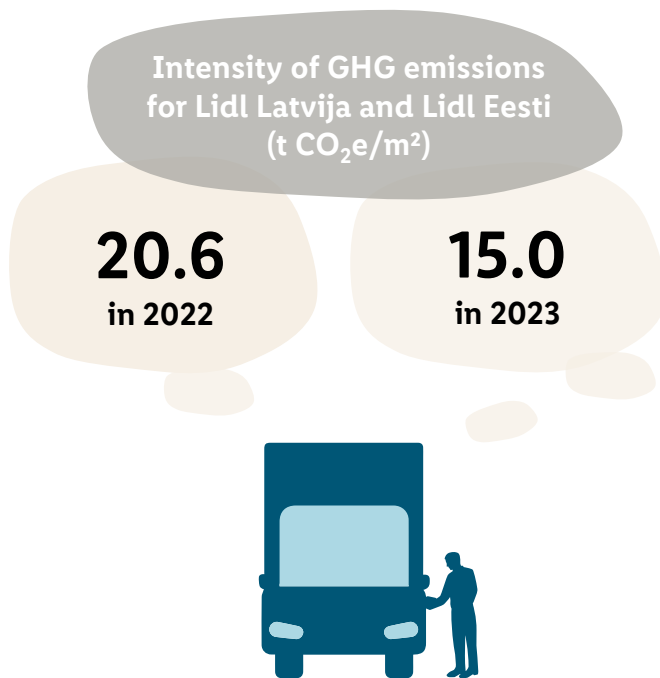
The following table summarizes the Lidl Latvija and Lidl Eesti GHG emissions in metric tons of CO₂ equivalents (information is presented without distinction for country, as the stores in both countries are served from one warehouse and many business operations are interlinked).

GHG emissions Lidl Latvija and Lidl Eesti tCO₂e

	2022	2023
Scope 1	1 113.1	1 216.9
Fugitive emissions	41.2	177.7
Mobile combustion	831.5	873.3
Stationary combustion	240.5	165.8
Scope 2: Market-based approach	280.9	335.3
Scope 2: Location-based approach	4 523.9	6 492.3
District heating	280.9	335.3
Electricity: Market-based approach	0	0
Electricity: Location-based approach	4 243.0	6 156.9
Scope 3	788 975.0	796 718.7
3.1. Purchased goods and services	664 118.7	650 965.5
3.3. Fuel and energy-related emissions	2 917.2	3 583.7
3.4. Upstream transport	31 817.5	38 502.8
3.5. Operating waste	540.8	578.7
3.6. Business trips	870.9	818.5
3.7. Employee commute	2 686.8	2 344.8
3.11. Use-phase of sold products	57 354.9	63 167.6
3.12. Recovery of sold products	28 668.3	36 757.1
Total emissions Market-based	790 369.1	798 270.8
Total emissions Location-based	794 612.1	804 427.7

Intensity of GHG emissions

Lidl Latvija and Lidl Eesti have been significantly expanding since the start of operations both in number of stores and in turnover volume. This has had an impact on the GHG emission amount and in turn on the intensity of our GHG emissions related to square meters of sales area. Intensity is presented for Scope 1 and 2 (market-based approach) in t CO₂e/m².



Our measures to protect the climate

Lidl set itself the target of switching 100% to renewable energy by 2022⁵ and using carbon offset projects to become climate neutral. By 2030, the goal is to reduce GHG emissions by 80% in comparison to 2019. This would include suppliers that are responsible for 75% of product-related Scope 3 emissions setting science-based targets by 2026 at the latest. To support these goals Lidl Latvija and Lidl Eesti implement a variety of measures to reduce or avoid CO₂ emissions in operations and along the supply chain. We continuously seek and implement new opportunities to further reduce our carbon footprint. Main investments are focused on:

⁵ Excluding supply contracts over which Lidl Latvija and Lidl Eesti have no control, such as for individual rental properties with power purchase agreements.

⁶ Excluding supply contracts over which Lidl Latvija and Lidl Eesti have no control, such as for individual rental properties with power purchase agreements.

⁷ In financial year 2022 the percentage of all stores that use in-store product refrigeration from natural refrigerants in Latvia was 96% and in Estonia 100%.

Green electricity

The switch from electricity from fossil fuels to electricity from renewable sources plays a key role in avoiding GHG emissions. Lidl Latvija and Lidl Eesti, from the start of operations, exclusively purchase and use 100% of grid electricity from renewable energy sources⁶. Additionally, since 2022, several stores in Latvia and Estonia produce their own electricity from photovoltaic PV panels.

Photovoltaic systems for generating electricity

Both Lidl Latvija and Lidl Eesti are enhancing the use of PV systems to generate electricity in order to drive forward the expansion of renewable energy. This means that we purchase less electricity from the public grid. The number of properties using photovoltaic systems is 8 locations in Latvia and 2 locations in Estonia by the end of 2023 financial year. If the photovoltaic systems generate more electricity than is needed for our own use, we feed the excess into the public grid. We will continue to increase the number of photovoltaic systems for Lidl stores across Latvia and Estonia.

Natural refrigerants

Lidl Latvija and Lidl Eesti follow internal building standards and use natural refrigerants – such as propane (C₃H₈), carbon dioxide (CO₂), or ammonia (NH₃). They are used as operating materials for product cooling. Therefore, almost no GHG emissions are released in the event of damage or leakage. As a network, Lidl has set the target of using natural refrigerants for product cooling at 90% of its (own) logistics centers and in 40% of all stores by 2023. Lidl Latvija and Lidl Eesti have already achieved this target. The logistics center in Latvia fully utilizes product refrigeration from natural refrigerants and 100% of all stores in Latvia⁷ and Estonia use natural refrigerants for product cooling.

Electric charging stations

In Lidl Latvija and Lidl Eesti, we want to promote electromobility by providing EV charging stations for our customers, employees and business partners. We provide an in-kind charging infrastructure for e-mobility and expand existing charging options through our store network. By the end of the reporting period, 3.3% or 1 store in Lidl Latvia was equipped with electric charging stations for e-cars. Our store network already provides 2 e-charging points with AC & DC technology. The electricity for this is obtained exclusively from renewable sources and is 100% Green Electricity certified⁸. We are constantly expanding our charging infrastructure and are including e-charging at the logistics center from 2024.



Sustainability certification of real estate

At Lidl, we want our buildings to be sustainable and are therefore preparing corresponding concepts for increasing climate protection and the

conservation of resources. Our aim is to keep the proportion of EDGE certification for our sustainable buildings in our real estate portfolios at 80% or above. During the reporting period 21 properties (including stores, logistics center and headquarters) in Latvia and 2 properties in Estonia have received EDGE building sustainability certification. Lidl Latvija offices held Green Office certificate issued by World Wildlife Foundation in Latvia for outstanding performance in energy and resource management, waste reduction sustainable office practices, including employee enabling and more.

Climate friendly assortment

Since 2019, Lidl regularly assesses the carbon footprint of product groups as part of a risk analysis to better understand their climate impact. Within our product groups we identified that animal products (meat and dairy) and non-food items, such as electronic appliances, are particularly emission intensive. Emissions in food products are primarily influenced by agricultural processes and livestock farming, while the use phase of electronic appliances, depending on grid mix and energy efficiency, is a significant driver of emissions. We are expanding our selection of lower-emission alternatives, such as plant-based meat and dairy alternatives under our “Vemondo” private label. For two years in a row, in [2022](#) and [2023](#), a consumer survey organized by an independent organization “Augi&Draugi” in Latvia recognized “Vemondo” products as the TOP 3 choices in the plant-based product range.

Collaborating within the wider Lidl network and with our business partners, we use these insights to develop reduction measures, especially during production. We require our key suppliers to establish climate targets aligned with the SBTi by 2026, providing them with digital support and training on how to reduce their greenhouse gas emissions.

Additionally, we avoid emission-intensive air freight and prioritize seasonal produce to reduce carbon footprint in our fruit and vegetable assortments. Our goals for using recycled plastics and other raw materials further contribute to emissions reduction.

⁸ Excluding supply contracts over which Lidl Latvija and Lidl Eesti have no control, such as for individual rental properties with power purchase agreements.

Respecting Biodiversity

Ensuring social and environmental awareness in our raw material supply chains is a key part of the sustainability strategy for Lidl's Purchasing department. We are therefore committed to reducing the negative ecological and social impact of our primary products as much as possible – from the farming to the harvesting and the subsequent processing, and right through to the transportation to our stores. Specifically, we are committed to making the procurement of raw materials, defined as critical, more sustainable by 2025.

We are pursuing this goal with our strategy, which is based on four pillars:

- Understanding the effects
- Establishing standards
- Promoting alternatives
- Driving change

Raw materials

Raw materials form the basis of our products. By using and selling these raw materials, we also have an influence on biodiversity. In particular, the loss of forests due to the use of land for growing agricultural products, such as soy, palm oil, coffee, and cocoa, has a negative impact on natural ecosystems and therefore biodiversity. In response, we have introduced strict certification and traceability targets for the major high-risk raw materials in relation to deforestation. These are part of our due diligence activities regarding preparation for the EU Deforestation Regulation and go beyond legal requirements for deforestation-free supply chains in many areas. Detailed information regarding products with relevant sustainability certification is presented under *Conserving resources*.

Initiatives to support biodiversity

Lidl has prioritized the preservation of biological diversity, alongside addressing climate change and resource consumption. To highlight the importance and benefits of natural diversity, several hands-on educational initiatives have been implemented.

Lidl Latvija has a partnership with the World Wildlife Fund (WWF). In Latvia, the initiatives are aimed at enhancing protected areas, especially meadows and native species. Lidl Latvija employees actively

Ecosystems

The last century has seen a considerable change in natural habitats that is threatening our ecosystems⁹. The effects are vast:

- 85% of wetlands have been lost
- Around half of all coral reefs have disappeared since the late 19th Century
- 9% of all livestock breeds have become extinct
- Farm animals account for 90% of the biomass compared to wild animals (mammals and birds)
- 23% of the land area of our planet is considered environmentally degraded and can no longer be used
- The loss of pollinating insects is threatening food production valued at 235 to 577 billion US dollars per year
- In 2018, the cultivation of soy in Brazil took up an area almost the size of Germany – and it is further increasing as biodiverse areas of rainforest are often converted for this purpose¹⁰.

The climate crisis and loss of biodiversity are among the greatest global risks of our time (WEF 2022 The Global Risks Report¹¹). As a food retailer, Lidl bears responsibility because a large part of our assortment stems from agricultural production and our business is highly dependent on functioning ecosystems. Nevertheless, our business activities do contribute to the transformation of natural habitats into agricultural land and therefore to climate change and the loss of biodiversity. Lidl not only has a considerable influence on these developments, it is also threatened by associated business risks.

⁹ IPBES 2019; Leopoldina Discussion No. 24.

¹⁰ "Our World in Data: Forests and Deforestation, 2021."

¹¹ <https://www.weforum.org/publications/global-risks-report-2022/>

participate in cleanup efforts in locations such as Kemer National Park and Pape Nature Park, where they fight invasive species in the wild (*Rosa rugosa* Thunb ex Murray) and manage natural meadows. These activities are part of the broader “Doing Good for Nature” initiative, which aims to restore biodiversity and engage the public in conservation efforts.



Lidl Latvija and Lidl Eesti have joined the European RiverCleanUp Initiative by the companies of Schwarz Group where in Latvia, Lidl employees cleaned out historic waste from the Vējupīte river in Gaujas National Park. This should help river inhabitants return to their natural environment. In Estonia, Lidl volunteers took part in the project aimed at restoring the natural habitat of the Jānijõgi River where they created wicker structures to transform the previously straightened river, altered for agricultural purposes, into a more winding course. Reconstruction of riverbanks with natural materials should improve the habitat for small river species – mollusks and the like.

In 2022, Lidl Latvia became a godparent to a pair of black storks at the Riga Zoo, a species whose population has declined by a third over the past 30 years due to extensive use of old forests. In Estonia, Lidl Eesti partnered with Tallinn Zoo to sponsor snow leopards to highlight the impact of climate change on snow leopard habitats.

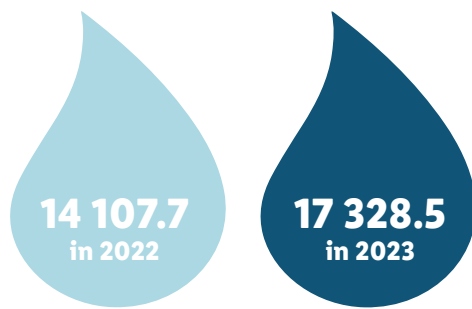
In 2023, Lidl Latvija together with WWF Latvija provided “Let the Nature in School” grants to 7 schools to support projects focusing on biodiversity and/or healthy nutrition.

Conserving Resources

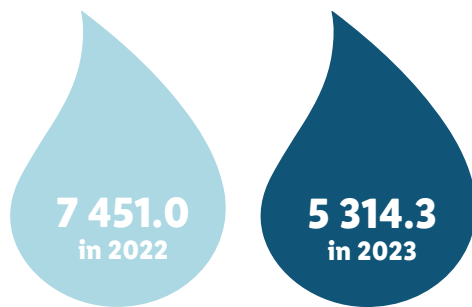
Fresh Water

Water is vital for survival and essential for various sectors, including drinking water, for hygiene, in farming, and industrial production. The UN declared access to clean water a human right in 2010. However, growing pollution, climate change, rising consumption, and poor management threaten water availability, posing a significant challenge in the 21st century. Increased production of food, textiles, and other goods heightens water consumption and contributes to pollution, scarcity, and unfair distribution, impacting product manufacturing.

For Lidl Latvia and Lidl Eesti, sustainable water use is a current priority, affecting both business operations and supply chains. To ensure that agricultural partner companies in areas with high-water risks handle water in a sustainable way in production we require all our fresh fruits and vegetable producers in Spain, Portugal, Italy, Greece, Egypt, South-Africa, Morocco, Israel and Chile to adopt good water practices based on acknowledged water certification such as GLOBAL G.A.P.Spring, or equivalent standards. The total amount of water withdrawal of owned, self-operated and leased properties is linked to our business operations, consisting of water used for cleaning, watering the outdoor areas, social and sanitary rooms, treatment processes of recyclable materials and manufacturing of products. We aim to continuously reduce the water demand and consumption by improving processes and educating employees on responsible water use through water-saving sanitary facilities and taps at our business premises. The water consumption has increased year on year in total at our premises due to increase in business operations and expansion of stores across Latvia and Estonia.



Lidl Latvija
Water withdrawal (m³)



Lidl Eesti
Water withdrawal (m³)

Our facilities are linked to centralized water management systems and provide tap water. Household and rainwater sewage from all buildings is discharged into the city's sewage management systems. The topic of water withdrawal is handled by Facility Management.

Raw Materials

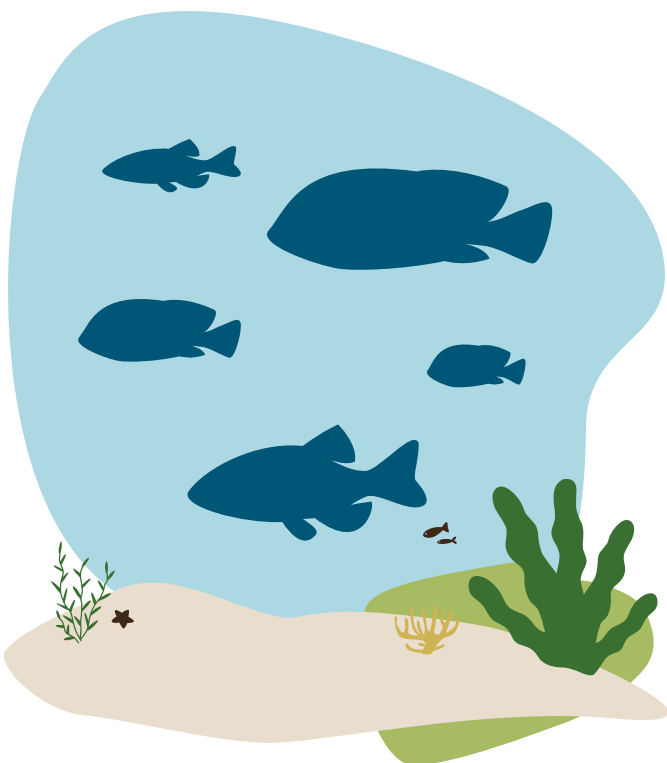
Lidl offers a diverse range of products derived from various raw materials, including agricultural resources, animal products, metals, and energy sources. These materials can have differing negative environmental impacts based on their origin, production, and processing methods.

Lidl is committed to preserving natural resources and mitigating the adverse effects of raw material cultivation, production, and mining on people, the environment, and the society, with a focus on ecosystem preservation and human rights compliance.

Lidl prioritizes “critical raw materials” that significantly impact people, the environment, and the society, aiming to make our procurement more sustainable by 2025. We conduct analyses to identify potential risks and to implement specific measures to reduce and eventually eliminate these impacts. Lidl has set strategic goals in purchasing to improve the management of critical raw materials as part of our sustainability strategy.

In pursuing these activities, we make use of internationally recognized sustainability labels. Every year we calculate how many products with specific sustainability certificates we have in both the permanent and promotional product range:

- Bio/EU organic certification
- Fairtrade
- Forest Stewardship Council (FSC)
- Marine Stewardship Council (MSC)
- Aquaculture Stewardship Council (ASC)
- FAD-free Tuna fishing
- Rainforest Alliance
- Roundtable on Sustainable Soy (RTRS), and Donau Soja
- Roundtable on Sustainable Palm Oil (RSPO)
- Global organic textile Standard



Share of products that have relevant sustainable certifications in standard and action assortment presented in percentage in product category

Category		Lidl Latvija		Lidl Eesti	
		2022	2023	2022	2023
 Items with sustainable cocoa ¹² (%)		41.0	65.5	54.5	65.4
		80.9	65.3	90.0	73.8
 Sustainable coffee ¹³ (%)		0	70.0	0	63.2
		0	75.0	0	50.0
 Sustainable roasted coffee ¹⁴ (%)		20.0	50.0	16.7	37.5
		100	80.8	100	81.8
 Sustainable tea (black, green, rooibos) ¹⁵ (%)		3.7	55.1	0	55.1
		20.0	66.7	0	66.7
 Sustainable tea (herbal, fruit) ¹⁶ (%)		5.7	21.6	5.0	21.6
		0	22.2	37.5	22.2
 Food items with sustainable palm oil (%)		22.4	17.8	100	27.0
		27.5	14.2	100	23.2
 Sustainable fish products ¹⁷ (%)		30.2	39.3	31.7	38.9
		50.8	59.0	43.4	59.5



Permanent assortment



Promotional assortment

¹² Certified by Rainforest Alliance/UTZ; Fairtrade; Fairtrade Sourcing Program /Fairtrade Sourced Ingredient; Organic.

¹³ Sustainably certified coffee items comprise coffee capsules (without pads), soluble coffee/cappuccino. The items are at least certified with one of the following certified labels: Rainforest Alliance/UTZ; Fairtrade (Fairtrade product label); Bio.

¹⁴ Sustainable roasted coffee items comprise coffee beans and ground coffee of all items. The items are at least certified with one of the following certified labels: Rainforest Alliance/UTZ; Fairtrade (Fairtrade product label); Bio.

¹⁵ The items are at least certified with one of the following certified labels: Rainforest Alliance/UTZ; Fairtrade (Fairtrade product label); Bio.

¹⁶ The items are at least certified with one of the following certified labels: Rainforest Alliance/UTZ; Fairtrade (Fairtrade product label); Bio.

¹⁷ All items which have been certified by at least one of the following certified labels are considered sustainably certified fish items according to the current definition: MSC; ASC; BAP; Organic; FAD free; Pole and line Global Gap/GGN- FIP (Lidl only).

Own brand products with Sustainability certificates in standard and action assortment presented in numbers

Certificate		Lidl Latvija		Lidl Eesti	
		2022	2023	2022	2023
Fairtrade certificate (food items)	Items	120	199	118	213
	Percentage	2.1	2.5	2.2	2.6
Rainforest Alliance/UTZ	Items	288	369	275	425
	Percentage	5.0	4.6	5.0	5.3
Marine Stewardship Council (MSC)	Items	45	69	39	69
	Percentage	0.8	0.9	0.7	0.9
Aquaculture Stewardship Council (ASC)	Items	16	41	16	42
	Percentage	0.3	0.5	0.3	0.5
Forest Stewardship Council in Near-Food (FSC)	Items	30	24	29	44
	Percentage	0.5	0.3	0.5	0.5
EU Eco label	Items	121	175	103	174
	Percentage	2.1	2.2	1.9	2.2

By 2025, Lidl aims to establish deforestation- and exploitation-free supply chains with certified palm oil, cocoa, coffee, and cellulose. We implement target programs and partnerships, and this is documented in our “Raw Materials” purchasing policy.

Lidl Stiftung & Co. KG is responsible for the topic of raw materials in the area of quality and sustainability, which is handled in the Programs and Standards unit by the Raw Materials, Biodiversity, and Animal Welfare team.

Circular Economy

For decades, humankind has used resources faster than the planet can renew them naturally, increasing amounts of waste are driven by rising consumption and use from packaging material. This harms the environment by worsening climate change, reducing clean water availability, and endangering biodiversity. Lidl Latvija and Lidl Eesti business activities are directly linked to the use of resources like water, plastic, and paper.

PreZero, a division of Schwarz Group, closes loops through comprehensive waste and recycling management. Lidl Latvija and Lidl Eesti collaborate with the environmental service providers at distinct sites and through projects to close our loops, such as through recycling. We use an efficient water, resource, and waste management system, recording resource flows to promote a circular economy. The focus is on efficient separation and disposal to maximize recycling and minimize non-recyclable waste, viewing waste as recyclable material in the wrong place.

At Lidl Latvija and Lidl Eesti, the Logistics unit is responsible for streams of recyclables.

REset Plastic: the holistic jointly elaborated plastic strategy of the companies of Schwarz Group

Plastic is an integral part of our everyday life. The material is robust, light and flexible to use, often indispensable as a transport and packaging material for our core business, trading in food and non-food

products. However, due to the long life of the material, it can become a problem if released into the environment. Anyone putting plastic into the cycle is, therefore, also responsible for its further use.

This prompted us to create a groupwide strategy REset Plastic that aims not only to reduce the use of plastic and promote recycling, but also to create new awareness and fundamentally change the way we deal with plastic.

REset Plastic is a holistic and cross-divisional strategy of and jointly developed by the companies of Schwarz Group. The organizational structure thus involves all relevant divisions of Schwarz Group and defines clear responsibilities for implementation and target fulfillment.

At Lidl Latvija and Lidl Eesti, the responsibility for implementing REset Plastic lies with the purchasing department.

As part of REset Plastic strategy, Lidl collaborates with its suppliers to optimize products and packaging, exemplified by the consistent reduction of microplastics in its private label cosmetics and body care products, aiming to replace them with more environmentally friendly alternatives.

As part of Schwarz Group, Lidl follows the group-wide REset Plastic strategy and have committed to reduce plastic consumption for private label packaging and plastic transport aids by 30% by 2025 compared with 2017, reducing the proportion of virgin plastic by 10% to make 100% of the private label packaging maximum recyclable and to use an average of 25% recycle in private label packaging. Therefore, in 2018, the companies of Schwarz Group signed the Global Commitment of the New Plastics Economy of the Ellen MacArthur Foundation.

There is no simple solution to the issue of plastics. To do justice to the complexity, the companies of Schwarz Group have jointly defined five action areas that highlight the subject holistically:

REduce – reduce plastic wherever sustainably possible.

REdesign - design recyclable packaging and close loops.

REcycle - collect, sort, and recycle plastic to close the loop.

REmove –support the removal of plastic waste from the environment.

REsearch – invest in research and the development of innovative solutions and educate on recycling.



Our vision is
“Less Plastic - Closed Loops”.

Paper and plastic consumption

Lidl Latvija and Lidl Eesti primarily use paper and plastic as source materials. Paper is mainly used for leaflets, in-store flyers, and checkout receipts. We save paper resources by using electronic price tags. Plastic is mainly used for plastic bags, produce bags, garbage sacks, and stretch film. Additionally, stores generate materials from deliveries, such as outer packaging from suppliers, which is sorted and later used for recyclables.

Customers are encouraged to use reusable packaging and fruits and vegetable nets from recycled plastic as a resource saving alternative. By choosing reusable bags, customers can contribute to reducing plastic consumption.



Volume of material consumed in tonnes

Material (volume in tonnes)	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
Paper				
Advertising material leaflets/customer newsletter/other	660.0	835.5	806.4	388.9
Paper consumption printer paper	3.1	4.2	0.4	0.8
Paper consumption bread bags	39.1	50.2	33.9	19.4
of which recycled material				
Advertising material leaflets/customer newsletter/other	660.0	835.5	806.4	388.9
Plastic				
Consumption of garbage bags	48.8	30.3	1.8	6.8
Consumption of stretch film (packaging material)	47.7	46.3	0	1.4

At Lidl Latvija and Lidl Eesti, we are also increasingly using recycled materials as starting materials. Leaflets and in-store flyers are already partly produced from recycled paper, as are the bags for baked goods and printer paper. We are constantly working to increase the proportion of recycled materials that we use. Over the course of reporting period, distribution intensity and network for printed advertising leaflets and printed weekly customer newsletters per store has decreased considerably. The home distribution remains for new stores opening and festive seasons only.

Rising consumption and packaging use are increasing environmental litter, especially disposable packaging. Plastic waste, including microplastics, in landscapes and water bodies is a global issue. Waste disposal in landfills can also lead to environmental pollution and methane generation. Lidl Latvija and Lidl Eesti work to minimize waste resulting from internal operations and strictly follow national regulations for waste disposal to avoid negative effects and collaborate with suppliers to reduce disposable and general packaging waste. We also work with customers to educate them about responsible waste management and recycling. Despite our best efforts, it is inevitable that some waste will be generated. Recyclable waste, for example cardboard boxes, stretch film, wood, etc., is transferred to various reutilization channels. Waste that is non-reusable or non-recyclable is either thermally treated or disposed of in landfill. In Lidl Latvija and Lidl Eesti this type of waste amounted 1364.2 t in 2022 and 1609.1 t in 2023. In 2022 we were able to recycle, re-use or direct to anaerobic digestion (fermentation in biogas plant) more than 9 500 t and in 2023 nearly 10 000 t of waste.

Deposit system

Since February 2022, when deposit system was introduced in Latvia Lidl Latvija and, since its opening in 2022, Lidl Eesti have actively participated in their respective national deposit systems for container packaging. These systems empower consumers to return aluminum cans, PET and glass bottles, thus contributing significantly to resource conservation and recyclability. By participating in these national deposit schemes, Lidl aims to boost recycling rates and substantially reduce plastic waste. This involvement is crucial in fostering a sustainable environment and promoting responsible consumption practices among our customers and contributing greatly to the REset Plastic strategy. During the reporting period, there were nearly 60 million units returned at Lidl Latvija stores and almost 10 million PET and glass bottles and aluminum cans were returned in reverse vending machines at Lidl Eesti.



Waste generated in tonnes

Material (volume in tonnes)	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
Recyclables				
PCC (paper, cardboard, cartons)	4 521.0	3 483.5	1 494.9	1 778.7
Organic waste	1 884.8	2 012.2	1 261.2	1 178.0
Plastics	224.0	168.2	37.5	67.8
Wood	77.1	894.4	2.7	8.0
Textiles	0	21.6	0	0
Metal scrap	12.0	13.1	0	0
Hazardous recyclables	0	0.7	7.9	5.1
Other non-hazardous recyclables	0	26.7	0	0
Residual waste	1 055.5	1 227.1	308.7	382.0
Total	7 774.4	7 847.5	3 112.9	3 419.6

Food Waste

Billions of tons of edible food are lost and wasted annually. This results in the abuse of valuable resources such as water and soil, leads to unnecessary emissions that harm the climate and cause unnecessary costs for companies and consumers. Food waste occurs at every stage of the value chain, from manufacturing to consumer disposal. In retail, waste happens due to expired best-before dates. Annual food waste for Latvia amounted to around 82 kg per person and for Estonia – around 61 kg per capita (UNEP – UN Environment Programme, 2024¹⁸).

The companies of Schwarz group have committed to reduce food waste by 50% by 2030 compared to 2018. A variety of measures are implemented with a predominant reliance on planning and demand-based scheduling, efficient supply chains and stock monitoring, and price reductions through discounting with bright, recognizable stickers. Individual stores will also have special boxes that contain discounted products at the bakery stand in Latvia and Estonia as well.

We strive to educate customers to value food and reduce waste at home by providing ideas for recipes and general information on Lidl websites.

Working together to eliminate food waste

Lidl Latvija and Lidl Eesti have robust partnerships with respective National Food Banks (in Latvia - Latvijas Samariešu apvienība, biedrība “Tavi draugi”, in Estonia - Toidupank) to collect and redistribute food items that are not ideal or not fit for sale but remain perfectly safe for consumption. This not only helps those in need but also aims to minimize food waste, cuts down waste disposal expenses, and promotes environmental sustainability. Items nearing their “best before” dates or products with damaged packaging are redirected to the food banks. Examples include dry goods, canned foods, and beverage cartons with external packaging issues, which can no longer be sold individually.

Within the reporting period, Lidl Eesti has redirected 4 279 kg of food to the charity organization Toidupank and Lidl Latvija around 34 tons of food to three charity organizations “Latvijas Samariešu apvienība” project “Food for Latvia”, “SOS Children villages” and “Tavi draugi” both from the stores and warehouse.

¹⁸ [Food Waste Index Report 2024. Think Eat Save: Tracking Progress to Halve Global Food Waste \(unep.org\)](https://www.unep.org/foodwasteindex)

From the opening of the first stores in Latvia and Estonia, Lidl has cooperated with food banks on multiple occasions - to collect products for those in need either locally or in Ukraine.

At Lidl Latvija and Lidl Eesti the topic of food waste is the responsibility of the Supply Chain and Sales department, in collaboration with the Purchasing department.

Acting Fairly

Labor & Human rights

Companies have an obligation to protect the fundamental rights of their employees. For any responsible employer it is increasingly important to establish working conditions that promote a respectful and a responsible environment. Through appropriate initiatives, companies can contribute to promoting the physical and mental wellbeing of their employees while aligning work more closely with individual needs at different life stages.

Many products sold by Lidl are produced in complex global supply chains. This has an impact, for example, on social risks in connection with health and safety at the workplace, freedom of association, discrimination, remuneration, as well as child and forced labor. Business partners are important stakeholders that can make a significant contribution to the continued development, implementation, and safeguarding of social standards in direct and indirect business activities.

We take our responsibility to comply with human rights and environmental due diligence requirements seriously and aim to drive improvements through our own business and in our supply chains through targeted involvement. As a leading retailer, we believe it is our duty to respect human rights, protect the environment, and avert potential risks.

Lidl as an employer

As an employer in the food retail sector, we want to provide our employees with a safe and attractive work environment. At Lidl Latvija and Lidl Eesti, observance and protection of employee rights form the basis of a relationship of trust. They underpin all our activities and are therefore also firmly entrenched in our corporate principles, policies and procedures. This is also ensured by the establishment of the "HR" CMS program, a focal point of the Compliance Management System (CMS) at Lidl, by the HR unit. The goal here is to ensure compliance with applicable law and internal policies across all our business processes. In addition, Lidl Latvija and Lidl Eesti helps its employees achieve a better balance between their work and private lives. We have introduced various options to facilitate this, which we are continually developing.

In Lidl Latvija and Lidl Eesti, the majority of employees are on a full-time permanent contract, representing Lidl's commitment to a stable and secure workforce. Female employees comprise a significant portion of the workforce.

Lidl Latvija and Lidl Eesti on average employ around 1% of its total workforce under temporary employment arrangements as replacements in job rotation, those on maternity or paternity leaves and similar. Workers on fixed-term contracts are treated equally to our permanent employees.

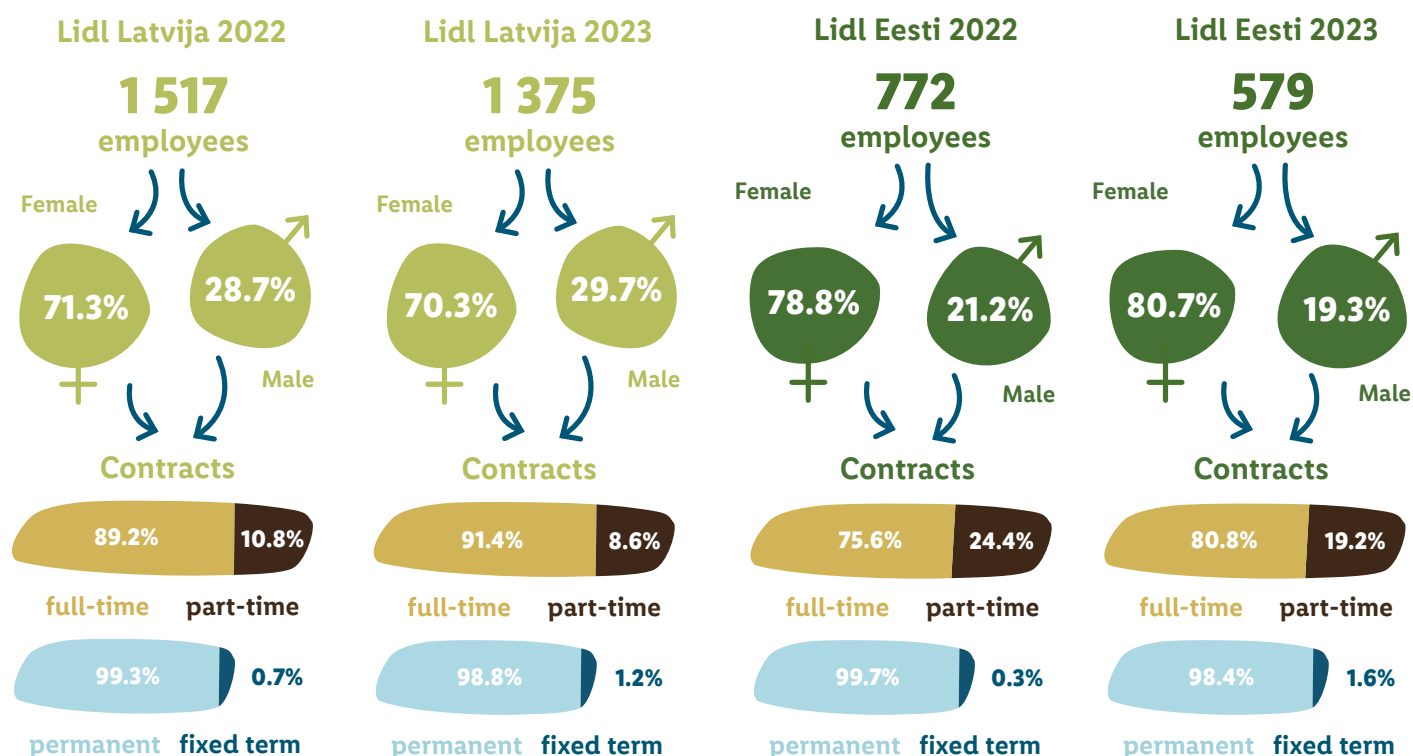
To cope with peak workload demands and respond to short-term needs, both Lidl Latvija and Lidl Eesti use the services of temporary employment agencies. The agencies comply with our Code of Conduct (Business Partner Code of Conduct of the Companies of Schwarz Group).

Our stores, administration offices and warehouses based in Latvia and Estonia mandate us to follow European Union and national legal requirements to ensure the right of freedom of association and collective bargaining, and to protect human rights in our places of work. To ensure that across all our business processes we follow applicable law and internal policies, we have developed a rigorous Human resources Compliance Management System.

Lidl remuneration system is presented in more detail under *Fair remuneration*.



Employee structure¹⁹



Employee distribution according to employment type and gender

Employee structure ²⁰	Gender	Lidl Latvija		Lidl Eesti	
		2022	2023	2022	2023
Permanent employees	Male	432	403	153	109
	Female	1 074	955	567	461
Temporary employees	Male	3	5	0	3
	Female	8	12	2	6
Full-time employees	Male	418	391	119	88
	Female	935	866	427	380
Part-time employees	Male	21	17	35	24
	Female	143	101	141	87

The interests of employees are represented during essential processes affecting company operations by board members appointed to act as employee representatives. They are generally consulted early in relation to changes to work agreements. Lidl Latvija and Lidl Eesti closely follow respective national regulations regarding notice periods and the provisions on consultation and negotiation as

prescribed by law. The specified notice period of 4 weeks is followed.

The Netherlands-based “Top Employers Institute” recognized Lidl Latvija and Lidl Eesti as the best employers in the respective countries in 2023. Lidl Latvija and Lidl Eesti are one of only two companies in each of their respective countries that received this high recognition.

^{19, 20} All employee numbers are reported in head count at the end of the Lidl financial year. There are no significant fluctuations in employee numbers during or between the reporting periods.



Additionally, based on the research data of the internet recruitment company “Alma Career Latvia”, Lidl Latvija has been recognized as the TOP Employer in Latvia, as well as the TOP Employer in the trade sector. Lidl Eesti, on the other hand, was chosen as a finalist at the Dream Employer contest in 2023.

At Lidl Latvija and Lidl Eesti, the HR business unit is internally responsible for the topic of labor and human rights, life balance, and the implementation of all associated measures while taking country-specific requirements and laws into consideration.

Lidl as an actor in the supply chain

Lidl rejects any form of violation of human and labor rights. We attach great importance to ensuring that our business partners also respect human rights as well as social and environmental standards, address them in their supply chains and ensure compliance with them. This is why our Code of Conduct for Business Partners (CoC) forms the basis for all

business relationships. Through the CoC, we oblige our partners to comply with and address the social standards for workplace safety, freedom of association, remuneration and equal treatment based on international guidelines and principles. We also require them to contribute to the elimination of child labor, forced labor and modern slavery in particular.

With a view towards labor and human rights along our global supply chains, we also systematically analyze the potential risks of human rights violations and environmental impacts that exist or could arise in our business processes and in the manufacturing of products. Based on the findings, we derive specific measures to effectively counter, prevent, and mitigate the negative impact of our business activity. We make every effort to ensure that we comply with our human rights' due diligence requirements along our entire value chain. After all, we understand we are jointly responsible for respecting human rights, protecting the environment, and averting potential risks.

Being aware that risks concerning rights violations primarily occur in the lower supply chain, Lidl works not only with direct business partners, but also with their upstream suppliers on a variety of projects to improve labor conditions at the lower supply chain levels. Potential and actual risks are continuously reviewed in goods manufacturing by conducting regular and ad-hoc risk analyses and Human Rights Impact Assessments for high-risk retail supply chains three times a year. Transparency is continuously increased in our supply chains by expanding internal systems for the collection of supplier data and collaborate with external stakeholders, e. g. annual palm oil supplier survey.

Back in 2020, Lidl was the first German retailer to conduct Human Rights Impact Assessments and publish these on the relevant Lidl homepages. Today, a total of six HRIAs are conducted. The HRIAs are used to systematically identify potential and actual human rights risks in our supply chains. HRIAs are an important step for determining specific negative impacts on human rights in the supply chain. The recommendations generated from the HRIA process form the basis for an action plan with associated measures and goals. Our HRIAs are based on a systematic approach for identifying and prioritizing risks. They allow us to examine the impacts of our business activities on human rights issues within high risk supply chains. This also includes the direct integration of stakeholders and rights holders. For example, HRIAs have already been conducted in the high risk supply chains for tea, berries, bananas, tinned tomatoes, wine, and shrimp.

Lidl also implements measures to comply with and strengthen the ILO core labor standards. In Purchasing, we support cross-sector complaint mechanisms for merchandise, as offered by Fairtrade, Cotton made in Africa (CmiA), Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), and the Partnership for Sustainable Textiles. Focal points:

- **Implementation of a concept for social audits**
- **Access to effective complaint mechanisms**
- **Sustainability requirements for suppliers**

Effective complaint mechanisms are an important element for identifying human rights violations in our supply chain. It is part of the Lidl human rights strategy. Lidl Latvija and Lidl Eesti meet this responsibility and ensure access to effective complaint mechanisms. In Purchasing, we are not only involved in multi-stakeholder initiatives for merchandise in order to set up an industry-wide complaint mechanism, we have also introduced an online reporting system "BKMS" at Lidl that is accessible in all supply chains. Most of the complaints that we receive relate to late payments and overtime in our supply chains. These are carefully examined. If we identify violations, we take appropriate remedial and preventive actions. In relevant cases, we first arrange a pilot for the identified measures in the supply chains to review their effectiveness. If these measures prove successful, they are included in our Sustainable Purchasing Policy that describes all CSR requirements concerning our merchandise suppliers.

For more detailed information on how supply chains are managed, risks relating to human rights, child and forced labor please refer to Sustainability information and reports of the companies of Schwarz Group.

In Lidl Latvija and Lidl Eesti, the Purchasing department manages supply chain-related matters.

Fair Remuneration

Living wages establish the basis for a dignified life. This is why companies are responsible for guaranteeing an adequate level of fairly and equitably structured remuneration. Lidl Latvija and Lidl Eesti remuneration system is based on its human resources strategy and also takes into account relevant regulatory requirements. The system's compliance with the law is regularly reviewed and, where necessary, it is adjusted in line with the latest regulatory requirements.

Our remuneration system provides attractive and fair market conditions and is structured without reference to gender, age, ethnic origin, sexual orientation, ideology, religion or mental or physical abilities. Employee remuneration and employee benefits are determined by role or working areas and generally include fixed components.

All employees' remuneration is based on the Lidl remuneration system. The provisions relating to remuneration apply without limitation and guarantee transparency and a binding commitment regarding pay.

As an employer, we see ourselves as responsible for paying our employees a living wage. Our policy is to define a Lidl minimum wage, which must be at or higher than the applicable statutory minimum wage in the relevant country. This improves the income situation of our employees in lower wage brackets. The Lidl minimum wage is reviewed at regular intervals and adjusted if necessary.



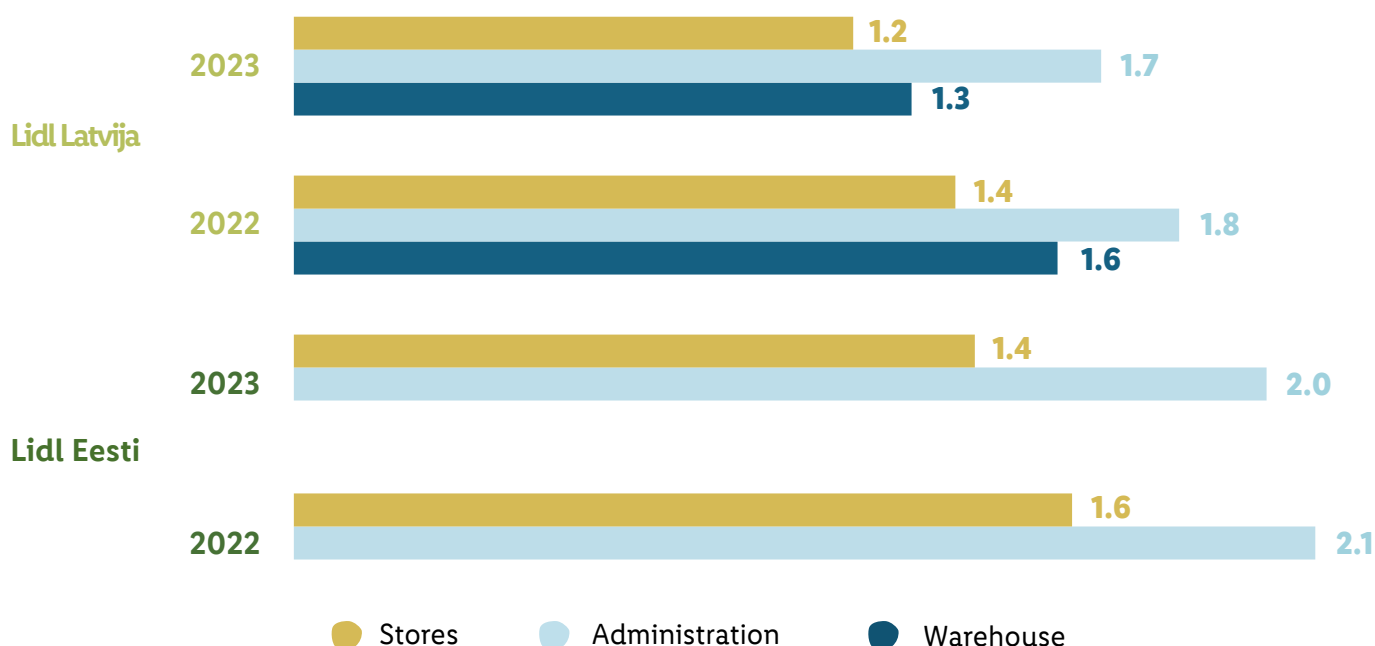
Remuneration and additional benefits

In Latvia, the legal minimum wage was 500 euros in 2022 and 620 euros in 2023²¹, whereas in Estonia it was 654 euros in 2022 and 725 euros in 2023²². The ratio of average entry level wage per hour compared to the statutory minimum wage by working area, country in fiscal year is presented in the table in the next page.

²¹ <https://www.eurofound.europa.eu/en/topic/minimum-wage/latvia>

²² <https://www.eurofound.europa.eu/en/topic/minimum-wage/estonia>

The ratio of average entry level wage per hour compared to the statutory minimum wage



Lidl employees in Latvia and Estonia can enjoy the following benefits²³:

Health

- Additional health insurance including outpatient and hospitalization services
- Psychological support activities (more information available in *Promoting health*)
- Vitamin packs
- Participation in sports activities
- Fresh fruit available in the office and a meal allowance²⁴
- Group accident and Business travel accident insurance

Remuneration and working arrangements

- Remote working arrangements up to 5 days a week
- Referral program
- Picking bonus
- Attendance bonus
- Transport allowance

Team development activities

- E-learning platform
- Trainings, courses and other development measures
- Allowance for team building activities

Additional holidays and celebratory occasions

- A free day for employees' birthday
- A 3-month Sabbatical
- Additional days off for personal occasions and national holidays. In Lidl Latvija and Lidl Eesti January 1st is a holiday for all employees

Gifts

- Gifts on Christmas, company birthday and other significant occasions
- Service and Jubilee awards
- Family gift pack for employees with newborn children
- School year starter pack for employee's kids
- Financial support after losing a close family member

²³ Majority of additional benefits are available to all employees. Some benefits are eligible only for certain categories, such as warehouse workers or store employees.

²⁴ The meal allowance is for employees working in warehouse.

Additional benefits to employees are offered regardless of whether they have full-time or part-time contracts, however some benefits are subject to period worked threshold and might differ based on the role and working area. Lidl Latvija and Lidl Eesti do not set provisions for pension obligations and there is no occupational pension scheme available to employees.

The Compensation & Benefits department within HR unit is responsible for structuring the remuneration system and benefits taking into consideration country-specific requirements and laws.

Gender equality

In 2022, according to European Commission, women in EU continue to earn 13% less on average per hour than men²⁵. Through our HR strategy and remuneration system, we promote equal opportunity and equal treatment. Additionally, membership of the LEAD network supports Lidl Latvija and Lidl Eesti in keeping the primary focus in promoting gender equality and inclusion and striving for the advancement of women of every race, ethnicity, gender identity or expression, sexual orientation, age, educational background, national origin, religion, physical ability and lifestyle.

The Gender pay gap figures for both 2022 and 2023 show that a pay gap exists at Lidl Latvija and Lidl Eesti. For assessment purposes, the employees

of Lidl Latvija and Lidl Eesti are divided into four wage groups of equal size. Each quartile represents a pay range and the figure for the first quartile reflects the gender pay gap among employees who earn the lowest salary at the company, while the fourth quartile shows the gender pay gap for employees with the highest salary level. The pay gap cannot be completely avoided due to structural and organizational aspects in the workforce, for example, a larger percentage of women work in stores, assistant and junior consultant roles. With our established non-discriminatory remuneration system, we are endeavoring to ensure gender equity in our remuneration system and are taking appropriate measures to reduce the pay gap across all levels of the hierarchy. We also plan to be more transparent in the disclosure of our processes relating to progression, pay and rewards.

The adjusted gender pay gap compares the remuneration of male and female employees, taking into account certain structural characteristics such as the specialist or management level, the salary level, the employment relationship (full-time or part-time) or other factors. At Lidl Latvija and Lidl Eesti, we look at employees at a specialist/management level as well as a salary level. The adjusted gender pay gap compares the characteristics of a specific group of employees. In the case of Lidl, it is adjusted according to salary levels the four quartiles and four management and professional clusters.

Gender pay gap 2023 (adjusted) – by pay level (in quartiles) in Latvia

	Q1 lowest pay level	Q2 low to middle pay level	Q3 middle to high pay level	Q4 highest pay level
Mean	3.2%	17.8%	34.5%	0%
Median	4.0%	10.5%	34.5%	0%

Gender pay gap 2023 (adjusted) – by pay level (in quartiles) in Estonia

	Q1 lowest pay level	Q2 low to middle pay level	Q3 middle to high pay level	Q4 highest pay level
Mean	-0.5%	6.4%	67.4%	0%
Median	3.4%	3.3%	67.4%	0%

²⁵ [The gender pay gap situation in the EU](#)

Diversity & Inclusion

With continuing globalization and societal change, more and more people from the most varied of backgrounds are successfully working together. It is therefore particularly important for international companies to create a work environment that fosters respect and acceptance as an integral part of day-to-day interaction and sees staff diversity as an opportunity.

Lidl Latvija and Lidl Eesti offer a respectful working environment to all employees, irrespective of age, origin, religion, gender identity, sexual orientation, belief, or disability, etc. At our company, everyone has the same personal and professional development opportunities. We are also strongly opposed to any form of discrimination. We follow "Together at Lidl" guidelines and Guidelines against harassment, bullying and discrimination. The HR compliance management system program is useful for ensuring the timely identification and management of potential risks to diversity and inclusion.

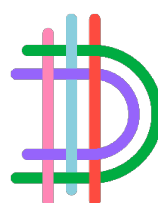
Lidl Latvija and Lidl Eesti thoroughly and confidentially investigate any reports of discrimination and respond to identified misconduct consistently and appropriately. We did not become aware of any incidents of discrimination during the reporting period. All reports would be investigated, and appropriate measures introduced to remedy the incident or prevent the occurrence of similar incidents in the future.

We have put inclusion principles to practice by employing those fleeing the war in Ukraine. At Lidl Latvia and Lidl Eesti, we have taken steps to ensure

that they can integrate into the working environment as comfortably as possible – overcoming language barriers, skill gaps and other issues.

Diversity charter

Lidl Stiftung is a signatory of the German Diversity Charter (Deutsche Charta der Vielfalt) since 2008, thereby adopting a clear stance on diversity and equal opportunity. Since 2023, Lidl Latvija and Lidl Eesti are signatories of the Latvian and Estonian Diversity Charters. The Employee Engagement department within HR is responsible for diversity and inclusion.



SUDRABA STATUSS I 2023
DAŽĀDĪBAI ATVĒRTS
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Diversity among employees

Lidl launched operations in Latvia in 2021 and in Estonia in 2022, therefore in the 2022-2023 reporting period we have seen expansion through hiring new staff in new locations and operations.

Newly hired employees

	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
New employee hires	519	421	359	102
Gender split (percentage)				
Male	32.9	42.8	24.2	28.4
Female	67.1	57.2	75.8	71.6
Age split (percentage)				
< 30 years	42.0	44.4	49.9	38.2
≥ 30 < 50 years	44.7	44.7	40.9	44.1
≥ 50 years	13.3	10.9	9.2	17.6

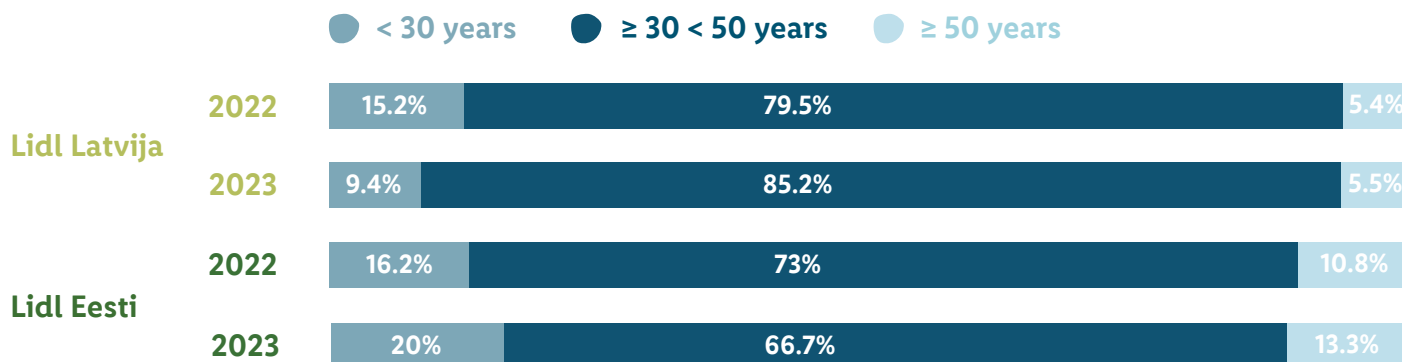
Diversity of governance bodies and employees

We firmly believe that it is necessary to promote diversity in management positions to overcome current business challenges. For this reason, we intend to continually increase the percentage of women in management positions. A more detailed breakdown of the gender split of employees in different management levels can be found in the tables.

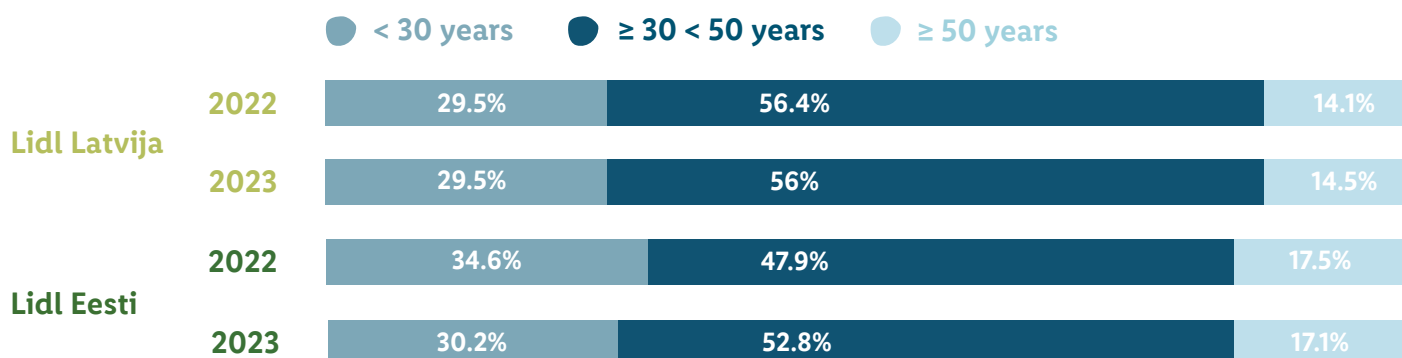
We actively promote diversity, inclusion, openness, and acceptance at Lidl Latvija and Lidl Eesti. With the help of our Group level “Guideline on the use of inclusive communication”, we aim for our communication to be accessible, non-discriminatory and gender-sensitive to the greatest possible extent. It relates to ensuring the accessibility of our websites, where possible, and non-discriminatory communication in images, language and sound.

	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
Number of employees	1 517	1 375	722	579
Employees in management (percentage)	7.7	9.7	5.8	9.0
Male	59.0	57.5	35.7	34.6
Female	41.0	42.5	64.3	65.4
Employees without management positions (percentage)	92.3	90.3	94.2	91.0
Male	73.9	73.3	79.7	82.2
Female	26.1	26.7	20.3	17.8

Age split of employees in management



Age split of employees without management positions



Business Relationships & Integrity

At Lidl, our reputation and integrity are of utmost importance. We aim to cooperate with partners that share our values and who, like us, adhere to strict business ethics principles and the highest product quality and safety standards. In this way, we can fulfill our customers' needs, avoid financial losses and unnecessary risks.

Code of Conduct

The Code of Conduct for business partners of Schwarz Group companies describes our fundamental principles for cooperation with suppliers. It sets out the basic principles governing the cooperation with business partners and describes what the divisions of Schwarz Group expect of their business partners in terms of human rights and environmental issues. We have been introducing our Code of Conduct into negotiations with our suppliers for many years with the aim of obliging them to comply with these principles and standards. The Code of Conduct contains clear regulations on topics such as child and forced labor, wages and working hours, fair treatment and anti-discrimination. The Code of Conduct is based on the following international standards:

- Universal Declaration of Human Rights
- Principles of the United Nations Global Compact
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- OECD Guidelines for Multinational Enterprises
- International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work
- International Bill of Human Rights
- UN Women's Empowerment Principles
- OECD Guidelines for Multinational Enterprises
- International Labour core labor standards
- Organization (ILO) General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs

- Paris Climate Agreement
- Minamata Convention on Mercury
- Stockholm Convention persistent organic pollutants
- Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal

Violations of applicable law can lead to financial loss and damage to reputation for Lidl Latvija and Lidl Eesti. In addition, such violations can result in personal liability for damages and criminal law consequences for individual employees or members of the company's governing bodies. The actions of Lidl Latvija and Lidl Eesti and its employees are therefore subject to the following principle: "We comply with applicable laws and internal guidelines". This represents a central corporate principle that is binding for all employees. Lidl Latvija and Lidl Eesti and its management expressly commit to complying with this corporate principle and ensuring its application in practice.

In view of the central corporate principle, Lidl Latvija and Lidl Eesti have implemented a Compliance-Management-System (CMS) that includes binding requirements. These specify certain standards and elements to ensure an appropriate level of compliance. The key aim of CMS is to avoid and identify any violations against current legislation and internal policies, and to resolutely pursue and prosecute, if violations are identified (zero-tolerance principle). **The main focus areas of the CMS are anti-corruption/anti-fraud, data privacy, antitrust law, and business partners, as well as HR, product, and supply chain compliance.** To fulfill our financial responsibility as well, we determined the additional focus areas of tax and accounting compliance. This helps Lidl Latvija and Lidl Eesti meet its tax and other financial obligations.

The compliance measures include, in particular, the adoption and communication of regulations (for example, on handling benefits and data privacy regulations), the implementation of training sessions, and the investigation and follow-up material internal and external information regarding potential compliance-related legal violations. As well as the support of all employees and managers, the implementation of the CMS requires an appropriate compliance organization. The company units responsible for compliance regularly review the adequacy, effectiveness, and potential improvement of the CMS.

Lidl Latvija and Lidl Eesti are always open to reports by employees, customers or business partners about potential compliance violations, in other words, incidents whereby our employees violate applicable law or internal policies in the course of their work or are impacted by such violations. If a compliance breach is suspected or occurs, including breaches of our Code of Conduct, our employees can report it directly to their compliance officers or lawyers within the company. Both employees and external whistleblowers can also anonymously report matters through our online reporting system. All reported information is treated as strictly confidential. Whistleblowers are not disadvantaged in any way by reporting an incident. All incidents are investigated. For privacy reasons and to protect the identity of whistleblowers, we do not make any disclosures in this report regarding the content or quality of the information reported.

However, key findings from complaints are used to identify risks and to further develop the compliance measures. If real, adverse impacts are identified, which may be directly or indirectly associated with Lidl's business activities, we endeavor to take appropriate measures to rectify these and use our powers of influence to ensure that affected parties receive appropriate redress.

Compliance with our compliance requirements is founded on making sure our employees are fully informed about them. Awareness-raising and training are therefore undertaken soon after employees join the company and are repeated regularly thereafter.

Due to the global nature of supply chain structures, social, human rights and environmental abuses may arise within supply chains. In complying with its corporate due diligence obligations, Lidl maintains the whistleblower channels described above, which are also available to affected parties in our Lidl supply chains via the Lidl website.

Approach to tax

The companies of Schwarz Group comply with all applicable tax laws, rules and regulations in the countries and communities in which they operate. The jointly elaborated tax policies of the companies of Schwarz Group stipulate not only full compliance with all applicable tax laws, but also timely compliance with all tax obligations and the filing of correct tax returns.

The companies of Schwarz Group are aware that the taxes they pay are a significant source of revenue for the countries and communities that they operate in and are therefore a prerequisite for any society to function. In the spirit of corporate citizenship, the companies of Schwarz Group all conduct their tax planning legally and based on economic considerations. Aggressive tax planning based on artificial structures for the sole purpose of minimizing taxes is rejected. The same applies to transactions that lack economic substance and have the sole purpose of obtaining illicit tax benefits.

The companies of Schwarz Group seek to foster a cooperative and open working relationship based on mutual trust with all tax authorities and seek to avoid ambiguities or even disputes. The companies of Schwarz Group engage in dialog with the tax authorities to safeguard their interests.

The companies of Schwarz Group have multiple tax departments that are responsible for ensuring compliance with tax obligations. The tax department at Schwarz Dienstleistung KG is the primary service provider and point of contact for the companies of Schwarz Group in tax matters. The foreign entities of the individual companies, among them Lidl Latvija and Lidl Eesti, generally have independent tax departments, which liaise on key issues with the tax department at Schwarz Dienstleistung KG.

Where necessary, the tax departments set out policies and target processes that define the responsibilities and the early involvement of the tax departments in operating processes. The tax department at Schwarz Dienstleistung KG informs the employees concerned about any relevant tax changes and provides training as needed. In order to ensure legally-compliant tax processes, the companies of Schwarz Group have made tax compliance a focal point within our compliance management systems.



Corporate Citizenship & Local development

At Lidl, corporate citizenship (CC) includes all charitable projects, measures and campaigns that Lidl undertakes at its locations voluntarily as a "corporate citizen" outside of its direct core business. We want to use these activities to make a positive difference to society.

A strategically positioned CC management approach, i.e., the specific choice and management of expenditures for social projects, combines effective social value with reputational gains for our company and a stronger link to the communities in which we operate.

In Lidl Latvija and Lidl Eesti, we cooperate and support a variety of organizations and initiatives. Our key collaboration initiatives include:

- Long-term collaboration with the World Wildlife Fund (WWF) Latvija, to conserve and promote biological diversity, responsible water resource management and climate protection in Latvia. More information is provided under *Respecting Biodiversity*.

- Cooperation with the Riga Zoo and the Tallinn Zoo to support endangered species with special attention to black storks and snow leopards.



- An established partnership with food banks both in Latvia and Estonia to help reduce food waste and to get more nutritious meals to those in need. More information is provided under *Food Waste*.

- Partnership with Latvia's Family of Honour and the Estonian Association of Large Families respectively and participation in the Family Card programs to provide additional discounts on daily purchases for eligible families. Additionally, Lidl Eesti is providing hundreds of Christmas gifts for families in the Estonian Family Card program.



- Participation in various initiatives to support children:
- Donated gift boxes with Lupilu essentials to the maternity wards in Jēkabpils, Daugavpils, Rēzekne, Liepāja, Narva hospitals and to the Ida-Viru Central Hospital, welcoming every newborn there.



- Gave out 4 500 euros scholarships to support the education of students from SOS Children Villages in Estonia and 15 300 euros in Latvia for two consecutive years.
- Solidarity product sales in Latvia raised more than 10 000 euros in December 2023 to support Children Clinical University Hospital in Riga and their project "Bravery boxes". In Estonia, the charity fund "My Dream Day" was supported with 5 000 euros helping seriously ill children to have a day of their dreams.



- Lidl Latvija employees engage in Christmas charity activities organizing gifts for residents of several social care centers – young and elderly all around Latvia.

Donations through the deposit system

Lidl is part of the deposit systems in Latvia and Estonia to support recycling and ensure responsible treatment of resources such as used plastic packaging. Both in Latvia and Estonia, deposit amounts can be contributed toward charity initiatives. In Estonia, all donations are administered and distributed in national level by Tomra (the deposit machines operator) and in 2022 and 2023 Lidl Eesti customers donated over 9 500 euros for the support of children, refugees from Ukraine. In Latvia, Lidl was the first to implement donation options at RVWs in September 2022. Customers can donate to charitable causes managed by Association of Samaritans of Latvia with project "Old age is not loneliness" and within the reporting period,

Lidl Latvija customers donated 35 800 euros. Funds donated by our customers are allocated in the respective district or municipality to support local communities.

Donations Ukraine

The companies of Schwarz Group together have donated 10 million euros worth of non-perishable food, textiles, hygiene products and other needed products in 2022 among all Lidl countries, including Latvija and Estonia. The effort has been directed towards the refugees near the borders and inside Ukraine. Lidl Latvija and Lidl Eesti joined the nationwide initiatives by donating products that included a large amount of baby food, canned tuna, juice, water, hygiene items (shower gels, toothbrushes, hand creams) and other items.

Corporate social responsibility in Lidl Latvija and Lidl Eesti are responsible for donations.

Animal welfare

Animal welfare is an integral part of Lidl's ethical and sustainability commitments. As a major retailer, we recognize the significance of our role in influencing the treatment of animals within our supply chain. The importance of this topic to Lidl stems from the reality that the largest protein consumption in many diets comes from meat and dairy products. Offering such animal products means that we jointly bear the ethical responsibility for the treatment of animals in the supply chain. Ensuring high standards of animal welfare is not only an ethical imperative but also a fundamental component in our sustainability strategy.

To address these challenges, we work continuously on strategies to improve animal welfare and sustainability in animal products, for instance, by addressing farming conditions, feed, transportation and slaughter practices. Moreover, we utilize animal welfare guidelines and certifications to ensure compliance and transparency. Lidl also drafts comprehensive purchasing policies for fish and animal products and sets goals along with monitoring mechanisms to track our progress. The responsibility for these initiatives lies with the Purchasing department, ensuring continuous improvement and adherence to our animal welfare commitments.

Lidl is proud to be the first retailer in Latvia and Estonia to announce a strong commitment to end the sale of caged eggs and their use in the composition of private brand products by the end of 2025 financial year.

Cage free eggs, i.e. eggs of the 0th Organic, 1st Free Range and 2nd Barn categories, in Lidl private label production in percentage:



Conscious Nutrition

We reach millions of customers every day and contribute to their nutrition through our products. We are aware that this has a considerable impact on the climate, biodiversity and the health of our customers. In 2019, the EAT Lancet Commission issued the scientific basis for global dietary change. A collaboration between 37 scientists from various fields from 16 countries led to the creation of the Planetary Health Diet (PHD), a plan for protecting the health of people and the planet.

As a retailer, we share responsibility for the impact of nutrition on people, the climate, and biodiversity. We take a scientific approach to this commitment to operate without overburdening the planet, while still expanding our assortment of healthy food.

Lidl's strategy follows the PHD, a scientifically backed plan for sustainable global dietary change. The strategy is based on **"healthy nutrition"**, **"sustainable nutrition"** and **"transparency and empowerment"** and promotes sustainable consumption and a healthier lifestyle. By 2025, we aim to offer the best value for conscious, sustainable living, already reflected in our current product range both in permanent and promotional assortment.

We are convinced that we can use our assortment and the customary low prices to create more sustainable consumption and a conscious as well as healthier lifestyle at the center of society. We have therefore, set ourselves the goals of giving our customers the best offer for a conscious and more sustainable lifestyle at optimal value for money by 2025 and already offer a range of products that support these goals.

For example, Lidl Latvija and Lidl Eesti recognize the health and climate benefits of a plant-based diet and therefore offer products from Lidl's own private label Vemondo to boost plant-based protein intake among consumers. This includes pulses, nuts and seeds as well as vegan alternatives to meat, egg, fish products and plant-based dairy alternatives.

At Lidl, we understand price parity as the alignment of the basic price of our Vemondo products with the price of the respective animal comparison product (e.g. the product pair mixed minced meat and vegan minced meat). The comparative products are determined on the basis of various criteria such as sorting, weight and quality.

We are convinced that conscious and sustainable consumption can only become widespread if the food that contributes to it is affordable and more easily accessible for everyone. By adjusting the price of our Vemondo products, we want to invite more customers to try plant-based alternatives - without price being the decisive criterion.

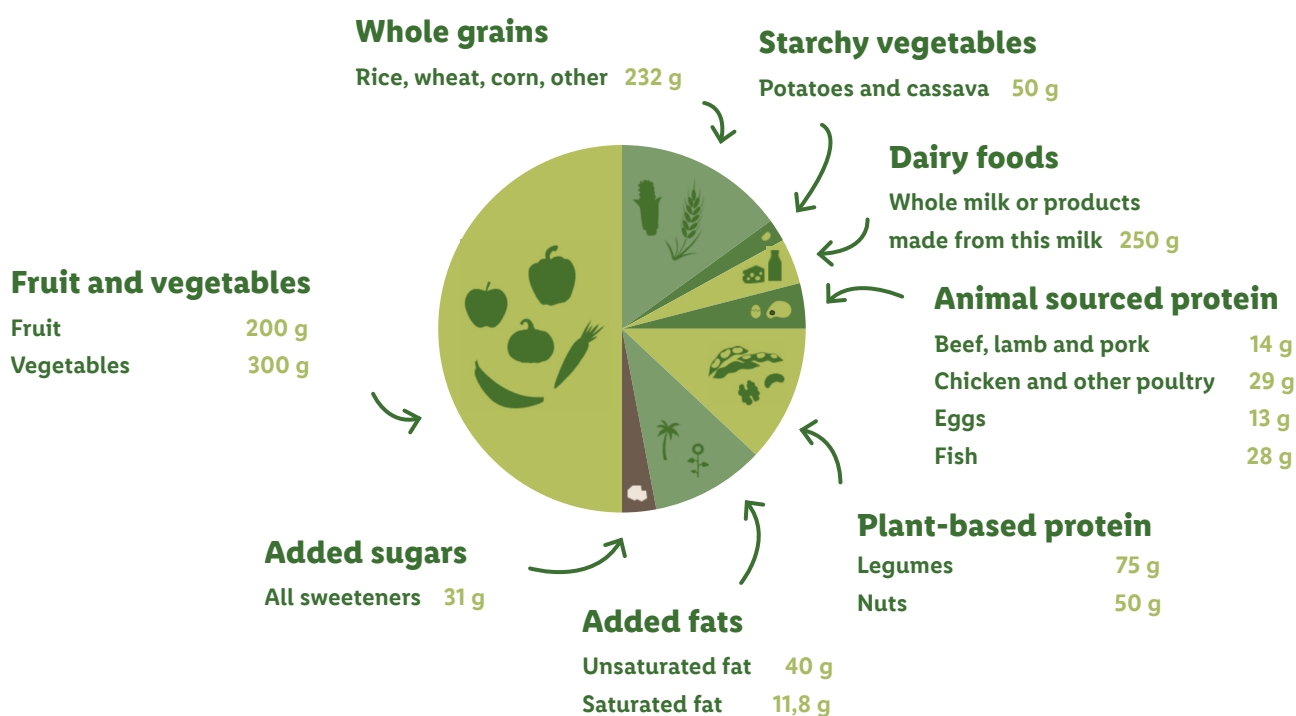
Our measure also contributes to our goal of increasing the proportion of plant-based protein sources while reducing negative environmental and social impacts in the supply chains of raw materials.

We consistently focus on the needs of our customers and offer them a fair and transparent choice in terms of their diet. We therefore do not want to dictate personal diets, but rather invite interested customers to try out the plant-based alternatives by adjusting the price of vegan Vemondo products - without price being the decisive criterion.

Protein split

The assumption that plant-based foods are often more sustainable than animal-based foods is taken from the PHD and a study by ifeu²⁶, among others. According to scientific surveys, plant-based protein sources are generally less land- and water-intensive and cause lower greenhouse gas emissions, which leads to a reduced environmental impact compared to animal farming. For example, the production of 100 grams of animal protein requires six to seven times more agricultural land than the production of 100 grams of soy protein. Plant-based meat substitutes as well as natural plant-based protein sources (including pulses and nuts) also pollute groundwater and soil with fewer nutrients and emit lower quantities of greenhouse gases²⁷.

Planetary Health Diet



²⁶ <https://www.ifeu.de/en/>

²⁷ Source: <https://www.wwf.de/fileadmin/fm-wwf/Publikationen-PDF/Landwirtschaft/so-schmeckt-zukunft-die-proteinfrage.pdf>

The calculation of the protein ratio in our range is based on the WWF (World Wide Fund For Nature) methodology²⁸, which involves categorizing the entire range, i.e. the incoming goods quantity in kilograms of all private label and branded articles from the permanent and promotional range (excluding drinks). Only plant and animal protein sources, as defined by the WWF method, are used for the protein split. Key animal products include eggs, fish, poultry, red and processed meat. Plant-based protein sources include pulses, nuts and seeds, as well as vegan substitutes and algae. To ensure maximum transparency, we report dairy products and alternative dairy products in a separate split. Further details can be found in WWF website²⁹.

In discussions with relevant stakeholders, the WWF methodology emerged as the currently most accepted method. By applying the WWF methodology in all Lidl countries, Lidl is setting the methodological trend in the EU.

Our objectives for more plant-based protein sources are:

1. From the 2023 fiscal year, we are transparent about the proportion of animal-based sources of protein in comparison to plant-based sources. To achieve this, we are disclosing the proportion of animal-based sources of protein in comparison to plant-based sources in our Sustainability Report.
2. By 2025, we will increase the proportion of plant-based sources of protein in our assortment by adding new products that support a plant-based diet. This includes pulses, nuts and vegan substitutes for meat and dairy products.

Percentage of plant-based protein in assortment



Lidl has committed to increasing the proportion of alternative meat and dairy products by 2025 and to improving the quality of fats and oils by 2025, putting more focus on unsaturated fats and sustainable sources.

The quality of the fats and oils in Lidl's own-brand products is also to be steadily improved by 2025 by using more unsaturated fatty acids and reducing saturated fatty acids. The focus here is on sustainable sources of fats and oils. In addition, we are continuing to work consistently on making our range healthier and more sustainable by successively indicating the fibre content in the nutritional value table on the products, expanding our range to include whole grain alternatives and continuing to pursue the approach of using as few additives as possible.

We have also committed not to advertise unhealthy foods to children in our own brands from 2023 and, by the end of 2025, only to sell foods with a children's look on the packaging of our own brands if the WHO criteria for healthy foods are met (except for promotional items for Christmas, Easter and Halloween). From 2024, we want to do more to promote marketing for healthier and more sustainable nutrition for children.

Nutri-score

Lidl has prioritized greater transparency in product content for several years. We utilize Nutri-Score labeling to assist customers in making informed dietary choices. Nutri-Score calculation compares energy value and unfavorable nutrients (saturated fats, sugar, salt) with beneficial nutrients (fiber, protein, and certain fats). Nutri-Score is a voluntary system for supplementary nutrient labelling on food.

The Nutri-Score is a five-color scale from A to E that indicates the nutritional value of products.

Products labeled with green (A) have higher nutritional values, while those with dark orange or red (E) contain more ingredients that should be limited in a daily diet, such as saturated fats, sugar, and salt. The rating system is not meant to label foods as "good" or "bad", nor does it indicate whether a product is inherently healthy or unhealthy. Instead, it aims to help consumers maintain a balanced diet.



²⁸ Based on the WWF method, the animal and plant protein sources were compared at item level according to the PHD classification. In the case of convenience products that contain both plant and animal protein sources, a clear allocation is only possible with an evaluation at ingredient level. The evaluation at ingredient level is implemented in the next step of strategy development.

²⁹ https://www.wwf.ch/sites/default/files/doc-2023-09/2023_Rebalancing_of_plant-based_and_animal-based_key_products.pdf

The score was developed by the French public health authority (Santé Publique France). The calculation methodology is continuously being developed at EU level.

Lidl's Quality department is constantly improving the food assortment, aiming to reduce the sales-weighted quantities of added salt and sugar by 20% in our private label products by 2025, and to highlight Nutri-Score on our products.

Product health and safety

Product safety is the highest priority at Lidl. All related processes at Lidl are governed with defined quality objectives, principles, process specification and clear responsibilities. These processes are regularly reviewed by a law firm specializing in food law and are subject to annual internal audits. Lidl employees receive regular training on these processes. Additionally, a CR manual with internal guidelines for selected raw materials provides buyers and quality managers with essential guidance to meet sustainability requirements for specific product groups.

Lidl has defined and anchored central steps for compliance with food safety:

- Certification according to the International Featured Standard (IFS) or the British Retail Consortium (BRC) of the production sites that supply Lidl with food and drugstore products in the private label assortment.
- Regular, risk-oriented, unannounced production site audits by selected external certification bodies.
- Risk-oriented inspection of all private label items in the food and drugstore area by accredited institutes to test their marketability.
- Audit of compliance with specification values that go beyond the legal requirements.

All potentially critical results, which are determined by the aforementioned processes, among others, are evaluated by the Product Safety department, which then initiates appropriate measures where necessary.

We work closely together with our suppliers to guarantee product safety. Through regular tests in independent accredited laboratories, we check compliance with internal quality standards as well as the legal requirements. In Lidl Latvia, the items tested for Health and Safety impacts grew by 13% and in Lidl Eesti by 53% in 2023.

Number of food items (own brand) analyzed for health and safety impacts

Lidl Latvija

278
in 2022

316
in 2023



Lidl Eesti

84
in 2022

129
in 2023

Despite extensive testing, potentially harmful products can still enter the assortment. Where such products are identified, we immediately remove them from sale and initiate a product recall. In the fiscal year 2022 there was 1 public product recall of our own brand food product in Lidl Latvija and Lidl Eesti. In the fiscal year 2023, we registered 4 own brand food product and 1 own brand nonfood product recall incidents. Citizens were informed through various communication channels, as is prudent in such situations.

At Lidl Latvija and Lidl Eesti, CSR Purchasing bears organizational responsibility for the area of Conscious Nutrition and Quality department for product health and safety.

Responsible products

Lidl Latvija and Lidl Eesti help meet the daily needs of our customers by offering responsible products. In our key role between producers and consumers, we believe it is our responsibility to consistently monitor the quality of our products. Beyond the traditional aspects of product quality and safety, we also consider sustainability and origin to be essential criteria.

Our sustainability strategy includes strict raw materials targets and comprehensive guidelines for purchasers, who since 2023 must complete mandatory sustainability training. In 2022, an online course was prepared for all purchasers, which enables them to identify various sustainability aspects and apply them in their day-to-day operations.

Our quality assurance system also requires the close monitoring of product quality and safety. To continuously ensure the quality promise, our Lidl private label products pass through stringent internal and external controls. In collaboration with our suppliers, measures are immediately taken if deviations from the guidelines are identified. Products as well as production sites are regularly audited by external institutes in accordance with the applicable legislation and other globally valid criteria. In addition, we

continuously refine our products to optimize their packaging and quality to support the conscious nutrition of our customers.

The requirements that Lidl places on suppliers in relation to food safety and quality control are very high. They need to be certified based on the most exacting standards, such as the International Featured Standard Food (IFS Food) or the British Retail Consortium.

Eliminating Microplastics

Plastic is omnipresent in our daily lives, polluting waters and seas through various paths. Since the end of 2021, we are constantly working to eliminate microplastics from our products. As there is currently no common definition of microplastics, a group wide definition, as understood by Lidl, is used: microplastics are visually identifiable plastic particles smaller than five millimeters with an abrasion effect and which are insoluble in water. Recognizing their environmental impact, Lidl is replacing microplastics with alternatives like pumice and bamboo particles.

Eliminating microplastics is also part of a jointly elaborated plastic strategy of the companies of Schwarz Group - REset Plastic. This initiative underscores the group's responsibility and commitment to environmental protection. More information about the strategy is presented under *Circular economy*.

Cooperating with local suppliers

Lidl Latvija and Lidl Eesti actively collaborate with local suppliers to source a significant portion of its food products nationally. By the end of the reporting period, Lidl Latvija engaged 85 local producers and farmers and Lidl Eesti nearly 20 local producers and farmers. This includes a variety of products such as fresh fruits and vegetables, dairy products, and meats. Lidl is known for its focus on quality and affordability, offering products from local suppliers alongside international goods. This initiative is part of Lidl's broader strategy to support local agriculture and ensure fresh, high-quality products for our customers.

Lidl actively promotes locally sourced products through its advertising and promotional materials. Regular weekly booklets and online promotions highlight special offers on local products. These effort help raise awareness about the benefits of buying local products and encourage customers to support local producers.

By sourcing a significant portion of its products locally, Lidl contributes to the national economies by supporting small and middle-sized enterprises and

reduces transportation distances, thereby minimizing the environmental impact.

The organizational responsibility for the topic of Responsible products lies with Lidl Stiftung & Co. KG in the Quality and Sustainability units as well as with Lidl Latvija and Lidl Eesti in the Quality Assurance and CSR departments.



Occupational Health & Safety

In our modern world, navigating daily challenges requires prioritizing health. Lidl is committed to protecting and supporting employee health in their daily tasks. As a leading retailer, we ensure our employees' basic needs are met, working in various demanding roles, such as in stores and logistics. To ensure that this physical activity does not impact on their health, we initiate preventive measures to prevent workplace accidents and work-related illnesses. The concept of prevention is also used in other areas of activity, because we at Lidl Latvija and Lidl Eesti believe that a safe work environment creates the foundation for productive work.

Lidl Latvija and Lidl Eesti have implemented an occupational health management system designed to comprehensively address occupational health and safety. This system includes occupational health services and considers holistic aspects of physical, mental, and social well-being. Its primary objective is to continuously enhance the overall health status within the company. The management system covers all Lidl employees and complies with relevant legal requirements, aligns with international guidelines, and is further enhanced by Lidl's internally developed standards.

We have developed a defined risk assessment process that allows us to identify possible harmful influences on employees early on and derive appropriate protective measures. We pursue the hierarchy of measures of the occupational health and safety management system and decide on the measure with the highest level of protection. A key goal is to reliably prevent behavior-related accidents. **Lidl does more than simply enable employees to comply with safe work processes through training and briefings.** Our training programs aim to raise health awareness and encourage active participation in safety practices. We also train our employees to identify hazardous situations, protect themselves in such scenarios, and, when necessary, safely remove themselves from these environments. We make sure that managers are aware and committed to supporting safe behavior amongst employees. All accidents are analyzed based on checklists, and the effectiveness of existing measures are subsequently reviewed. The goal is to constantly improve employee safety and continue to improve working conditions.

To minimize ergonomic injuries, Lidl Latvija initiated a project in 2023 aimed at making product placement in stores more convenient for employees. The project focuses on optimizing the assortment layout during reviews to lessen the risks related to heavy lifting. For example, several frequently circulated products have already been transferred to pallets, eliminating the need for manual shelf stocking. In 2022/2023, employee surveys and thorough accident analyses were conducted in Latvian warehouses. Based on the findings, Exoskeleton equipment will be tested in financial year 2024 to help reduce ergonomic injuries from lifting tasks.

Occupational health services are provided in compliance with national legal requirements, with all relevant information shared during employee onboarding. Employees are encouraged to report defects and to engage in the risk assessment process to help establish safe working conditions. They can submit improvement suggestions through our ideas management system or directly to their managers, with every suggestion carefully reviewed and discussed.

At Lidl Latvija and Lidl Eesti, the Occupational Safety department manages the topics of occupational safety and health promotion and is supported by the HR unit. The units coordinate the implementation of all measures in consideration of the country-specific requirements and laws.

Taking care of employee health

At Lidl Latvija and Lidl Eesti, we prioritize the health and well-being of our employees to support their satisfaction and motivation.

We have established comprehensive health programs that include access to health services and mental health support. Employees who have finished a probationary period have access to additional health insurance that covers outpatient and hospitalization services, including additional coverage depending on yearly policy. To support the physical work environment, our facilities are equipped with ergonomic workstations to minimize physical strain and to promote comfort. All employees who travel for work purposes are also covered by Business travel accident coverage. We support employees who are unable to work for an extended period due to health problems with individual approaches within the scope of our occupational reintegration management.

As part of this concept, we openly discuss what the employees need to return to their daily activities and how we can protect their health in the long term.

We also offer various wellness initiatives and workshops, and occupational health services give employees access to consultation hours on various topics. In both countries, employees have access to free psychological, financial and legal advice through our Employee Assistance Programme, including access to a crisis center hotline number. All employees of Lidl Latvija and Lidl Eesti, regardless of the work they do, have access to an employee relations consultant or in other words a Person of trust. This representative is a neutral and trustworthy contact who can mediate conflict situations and assist in resolving matters of tension.

Our canteens are committed to providing healthy balanced and varied eating options for different diets. Additionally, fresh fruits are available for free for all employees. Seasonally, employees receive Vitamin packs to support their health during the colder part of the year.

Our employees can participate in various sports events free of charge and receive discounts from our sports partners. In Latvia, we support employee participation in marathons and biking competitions. In Estonia, employees are encouraged to join Maijooks – a women's running event taking place in the month of May, to use Stebby and to participate in various steps challenges. All employees receive a quarterly sports allowance and also get discounts at the Santini website (cycling clothing).



At Lidl Latvija and Lidl Eesti, we trust the potential of our employees, from entry level employees to those with many years of experience. We therefore believe that our responsibility to our employees also includes providing them with targeted training opportunities. We therefore create an environment in which they can continue to develop.

At Lidl Latvija and Lidl Eesti, the Personal Development department within HR is responsible for internal enabling.

Average hours of training and development per employee

	Lidl Latvija		Lidl Eesti	
	2022	2023	2022	2023
Managers	4 156.0	5 232.0	2 466.0	3 182.0
Specialists	14 079.0	19 019.0	9 201.0	7 013.0
Total hours	18 236.3	24 251.7	11 667.9	10 196.6

At Lidl we ensure that our employees are well-prepared and integrated early with detailed, customized onboarding plans and close support from managers and colleagues (for example through a buddy system), enhancing retention. Lidl Latvija and Lidl Eesti employees can choose from an extensive range of presentations, training courses and sessions, seminars, workshops and online courses for their professional and personal development. Store and logistics center employees have access to a terminal with various online courses. During the reporting years, employees at Lidl Latvija participated in 42488 hours and Lidl Eesti participated in 21864 hours of further education and training in total.

Beyond employee induction, Lidl Latvija and Lidl Eesti are intent on utilizing employee potential to the best possible extent and on showing employees their individual development prospects. We follow an international Lidl standard and conduct our talent management process annually. This involves the assessment of the respective employee's performance and development by the line manager. In 2023, 45% of employees at Lidl Latvija and 36% of employees in Lidl Eesti were eligible for talent reviews, with a 100% participation rate.

As part of our occupational health management system, we have developed and implemented a range of occupational safety measures as well as programs that promote the health of employees. The internally audited occupational health management system extends across all regions, stores, logistics centers, and other facilities and therefore includes all Lidl Latvija and Lidl Eesti employees, activities, and workplaces. We do not distinguish between internal employees, external partners, visitors, and customers. All Lidl locations enable safe work and shopping without accidents and health hazards.

Engaging in Dialog

Enabling

In addition to offering secure prospects, companies must actively support their employees' development and enable them to access lifelong learning opportunities. In this way, companies actively contribute to the personal and professional training and development of their employees.

Percentage of employees eligible for performance review



Lidl Latvija

37%
in 2022

45%
in 2023

Lidl Eesti

26%
in 2022

36%
in 2023

Percentage of employees who completed reviews

Lidl Latvija

100%
in 2022

100%
in 2023

Lidl Eesti

100%
in 2022

100%
in 2023



Stakeholder dialogue & cooperation

Lidl Latvia and Lidl Eesti participate in socio-political discussions. We maintain ongoing communication with various stakeholders, including customers, non-government organizations (NGOs), political authorities, business partners, employees, and the media as a material part of Lidl Latvija and Lidl Eesti sustainability management. We prioritize monitoring legislation, interacting with political stakeholders, and collaborating with associations to influence public opinion.

Our goal is to quickly put legal requirements into practice and to anticipate future issues. At regular intervals, though not less than every two years, we evaluate which stakeholders are relevant for the company. This is based on external inquiries and wide-ranging monitoring of topics that feature in social debate. At the same time, we also consider any changes in responsibilities in relation to politics or NGOs, for example. A comparison is also made with the results of the materiality analysis and associated topics. More detailed information about stakeholder engagement is described under *Sustainability in Lidl Latvija and Lidl Eesti*.

Lidl Latvija and Lidl Eesti have joined various associations, organizations, and initiatives (selection):

- **Latvian Diversity Charter**
- **Estonian Diversity Charter**
- **LTRK – Latvian Chamber of Commerce and Industry**
- **Eesti Kaupmeeste Liit (The Estonian Traders' Association)**
- **LTA – Latvijas Tīrģotāju asociācija (Latvian Traders' Association)**
- **CSR Latvia**
- **NĪAA - Nekustamā īpašuma attīstītāju asociācija**
- **AHK - German-Baltic Chamber of Commerce**

Internal sustainability initiative „Lidl YOU – empowered by #teamlidl

Our #teamlidl sustainability initiative „Lidl YOU“ is aimed at all Lidl employees worldwide. With a wide range of communication and learning opportunities and by establishing a community, we are making our commitment to sustainability visible, tangible, and practicable internally. After all, any CSR strategy is only as good as how it is being lived internally.



Change starts with people. Always. Sustainable action is reflected in the decisions that each of us makes every day. To anchor sustainability even more

deeply in our corporate culture, we launched our “Lidl YOU” initiative in summer 2023. All national Lidl companies are joining forces with the common goal of enabling and motivating our Lidl employees to act sustainably. Our experience so far: #teamlidl loves YOU.

Lidl Latvija and Lidl Eesti is also represented in the following international associations, organizations, and initiatives through the Lidl Stiftung (selection):

- **ACT – Action, Collaboration, Transformation**
- **Alliance for Water Stewardship**
- **Amfori Business Social Compliance Initiative (BSCI)**
- **Partnership for Sustainable Textiles**
- **Danube soya**
- **Econsense**
- **Ethical Tea Partnership**
- **Ethical Trade Initiative**
- **Food for Biodiversity**
- **Forest Stewardship Council (FSC)**
- **Fur Free Retailer**
- **GlobalG.A.P., GlobalG.A.P. GRASP Technical Committee**
- **Global Round Table on Sustainable Beef (GRSB)**
- **ILO Better Work**
- **International ACCORD**
- **International Network of Leading Executives Advancing Diversity (LEAD)**
- **Leather Working Group**
- **Round Table on Responsible Soy (RTRS)**
- **Roundtable on Sustainable Palm Oil (RSPO)**
- **RMG Sustainability Council (RSC) Bangladesh**
- **Sustainable Nut Initiative**
- **Sustainable Rice Platform (SRP)**
- **World Banana Forum**

Through the companies of Schwarz Group, Lidl Latvija and Lidl Eesti is a member of the following institutions:

- **Ellen MacArthur Foundation**
- **UN Global Compact**
- **Science Based Target Initiative**

Lidl in Latvia and Estonia recognizes its special responsibility on sustainable development and acts in a manner that social, health and environmental awareness is promoted in its day-to-day business. It is the intention of Lidl that this clear commitment to sustainability is also made transparent to the public.

For this reason, at the beginning of 2020, the companies of Schwarz Group joined the United Nations Global Compact (UNGC), the world's largest and most important initiative for responsible corporate governance. They thereby commit themselves to the ten universal principles of the UNGC in the areas of human rights, labor, environment, and anti-corruption. In this way, a global framework is provided for the companies' extensive commitment to sustainability, which has grown over the years.

Lidl Latvija and Lidl Eesti, as part of the companies of Schwarz Group, provide their contribution, and have implemented a variety of measures to support the principles for a sustainable global economy.



Auditors' report



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Conclusion on third-party review

For stakeholder of Lidl Estonia, Lidl Latvia,

We performed a review of the Sustainability report of Lidl Estonia, Lidl Latvia (further – Lidl) prepared for the financial years 2022 and 2023.

Lidl management is responsible for the preparation and publication of the Sustainability report in accordance with the *GRI Sustainability Reporting Standards 2021*. We were not involved in the preparation of this report. It was our responsibility to verify the completeness and accuracy of the information contained in the Sustainability Report in accordance with the scope described below.

Scope of our review

Our task was to verify that the Sustainability Report complies with the reporting requirements of the GRI Standards. A full list of the information reviewed is available in the Sustainability Report in the GRI Index.

Methodology

During our third-party review the following was carried out:

- We assessed the overall format and content of the report, and checked that the information provided complies with the principles and requirements of the GRI Standards.
- We checked that the report sufficiently describes the management approach for all material sustainability topics
- We have communicated with responsible Lidl employees to understand the disclosures, primary sources of information for topics Fair Remuneration, Energy, Waste Management, Occupational Health and Safety.
- The Sustainability report has been reviewed, and the conclusion has been finalised in English.

The review was conducted from May 19, 2025, to July 15, 2025.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, we confirm that the Sustainability report has been prepared in accordance with the GRI Standards.

What has not been reviewed

We have not reviewed information relating to future projections or information that expresses Lidl position, commitments, views or opinions. We did not verify the accuracy of the compilation of data (both quantitative and qualitative) and the principles of calculation of the information, including reconciliation with any other company documents (excl. checks made for the topics Fair Remuneration, Energy, Waste Management, Occupational Health



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and Safety). Nor have we audited the information audited by other third parties, nor have we audited any other documents referred to in the report.

Expertise

Sustain Advisory is an independent specialist sustainability consultancy entity. Our team of certified sustainability specialists advises on sustainability reporting, policy and strategy development, GHG emissions calculations and related topics. We have trained and consulted more than 150 companies in Lithuania and internationally.

We conduct all our work, including this review, in accordance with ethical business practices and the principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

Ieva Kazakevičiūtė
Director
Sustain Advisory
July 15, 2025

GRI Index

GRI 1 used

GRI 1: Foundation 2021

Applicable GRI Sector Standards

Not applicable

GRI 2: General Disclosures 2021

GRI Standard	Disclosure	Page
1. The organization and its reporting practices		
GRI 2: General Disclosures 2021	2-1 Organizational details	4
	2-2 Entities included in the organization's sustainability reporting	4
	2-3 Reporting period, frequency and contact point	4
	2-4 Restatement of information	Reporting is done for the first time; therefore, no restatements are made.
	2-5 External assurance	47
2. Activities and workers		
	2-6 Activities, value chain and other business relationships	4 - 6
	2-7 Employees	26
	2-8 Workers who are not employees	Information on number of workers who are not employees is not available during the reporting period. The data was tracked in number of hours worked not number of workers.
3. Governance		
	2-9 Governance structure and composition	7
	2-10 Nomination and selection of the highest governance bodies	Reason for omission: sensitive internal data.
	2-11 Chair of the highest governing body	According to the company's general policy, the CEO is also the chairman of the Board providing strategic leadership; this arrangement ensures alignment between governance and operations, with potential conflicts of interest mitigated through clear role separation and oversight by the full Management Board.
	2-12 Role of highest governance body in overseeing the management of impacts	7. Main principles presented Sustainability of Lidl Latvija and Lidl Eesti.
	2-13 Delegation on responsibility for managing impacts	Main principles presented Sustainability of Lidl Latvija and Lidl Eesti.
	2-14 Role of highest governance body in sustainability reporting	7
	2-15 Conflicts of interest	Lidl Latvija and Lidl Eesti follow Lidl policies and information regarding cases of conflict of interest, would be disclosed in the publically available report.
	2-16 Communication of critical concerns	Reason for omission: The data basis for this information is only partly available to Lidl Latvija and Lidl Eesti. A consolidated collection and quality assurance for future reporting will be reviewed.
	2-17 Collective knowledge of the highest governance body	Reason for omission: Information not available.
	2-18 Evaluation of the performance of the highest governance body	Reason for omission: due to confidentiality constraints.
	2-19 Remuneration policies	Reason for omission: due to confidentiality constraints.
	2-20 Process to determine remuneration	Lidl Latvija and Lidl Eesti follow Lidl policy.
	2-21 Annual total compensation ratio	Reason for omission: due to confidentiality constraints.
4. Strategy, policies and practices		
	2-22 Statement on sustainable development strategy	3
	2-23 Policy commitments	8, 34. Policy commitments are made on Schwarz Group or Lidl level and cascaded for implementation on local level.
	2-24 Embedding policy commitments	7, 34
	2-25 Process to remediate negative impacts	34, 35. Principles described under "Code of conduct."
	2-26 Mechanisms for seeking advice and raising concerns	35
	2-27 Compliance with laws and regulations	Reason for omission: due to confidentiality constraints.
	2-28 Membership associations	44
5. Stakeholder engagement		
	2-29 Approach to stakeholder engagement	8, 44
	2-30 Collective bargaining agreements	No collective bargaining agreements exist within Lidl Latvija and Lidl Eesti.

	3-1 Process to determine material topics		10
	3-2 List of material topics		11
Material topics			
Protecting climate			
1.5 degrees			
	3-3 Management approach		12
GRI 201: Economic Performance 2016	201-3 Defined benefit plan obligations and other retirement plans	Explanation on Lidl Latvija and Lidl Eesti retirement plan measures provided in the text.	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported		17
	302-1 Energy consumption within the organization		13
GRI 302: Energy 2016	302-4 Reduction of energy consumption	No direct energy consumption reduction is achieved, since Lidl is developing its presence in Latvia and Estonia. A list of measures and reduction initiatives is presented.	
GRI 303: Water and Effluents 2018	303-3 Water withdrawal		19, 20
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity		18
	305-1 Direct (Scope 1) GHG emissions		14
	305-2 Energy indirect (Scope 2) GHG emissions		14
GRI 305: Emissions 2016	305-3 Other indirect (Scope 3) GHG emissions		14
	305-4 GHG emissions intensity		16
	305-5 Reduction of GHG emissions	16. No direct GHG emission reduction is achieved, since Lidl is developing its presence in Latvia and Estonia. A list of GHG emission reduction measures is presented.	
Conserving resources			
Raw materials			
	3-3 Management approach		20
Circular economy			
	3-3 Management approach		23
GRI 301: Materials 2016	301-1 Materials used by weight or volume		24
	301-2 Recycled input materials used		24
	306-1 Waste generation and significant waste-related impacts		23, 25
	306-3 Waste generated		25
GRI 306: Waste 2020	306-4 Waste diverted from disposal		25
	306-5 Waste directed to disposal	No direct GHG emission reduction is achieved, since Lidl is developing its presence in Latvia and Estonia. A list of GHG emission reduction measures is presented.	
Food waste			
	3-3 Management approach		25
Acting Fairly			
Labor and Human Rights			
	3-3 Management approach		26
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	No incidents have been identified.	
GRI 207: Tax 2019	207-1 Approach to tax		35

GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	27
Fair Remuneration		
	3-3 Management approach	29
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	30
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	29, 30. Reason for omission: Information not available during the reporting period on entry level wage by gender.
GRI 405: Diversity and Equal Opportunity 2016	405-2 Ratio of basic salary and remuneration of women to men	31, 32
Engaging in Dialog		
Enabling		
	3-3 Management approach	43
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	43. Reason for omission: information not available. Data was not tracked by gender.
	404-2 Programs for upgrading employee skills and transition assistance programs	43. Reason for omission: information not available. Data was not tracked by gender.
	404-3 Percentage of employees receiving regular performance and career development reviews	44. Reason for omission: information not available. Data was not tracked by gender.
Good for you		
Responsible products		
	3-3 Management approach	40
GRI 204: Procurement Practices 2016	204-1 Spending on local suppliers	41. Reason for omission: Percentage of procurement budget used on local supplier not provided as information incomplete due to nature of procuring in retail business.
Acting Fairly		
Diversity and Inclusion		
	3-3 Management approach	32
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Reason for omission: due to confidentiality constraints.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33
GRI 406: Non- discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	32
Promoting Health		
Conscious Nutrition		
	3-3 Management approach	37
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of products and services categories	40. Reason for omission: information unavailable. Due to nature of business no percentage is available for health and safety checks of products.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	40. The incidents regarding products was found internally and has not moved to warnings, fines/penalties, therefore not disclosed.
Occupational Health and Safety		
	3-3 Management approach	41
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	41
	403-2 Hazard identification, risk assessment, and incident investigation	41
	403-3 Occupational Health Services	41, 42
	403-6 Promotion of worker health	42
	403-8 Workers covered by an occupational health and safety management system	41, 42





Report published July, 2025.

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