

**Good for the planet
Good for people
Good for you**

LIDL DENMARK SUSTAINABILITY REPORT 2021/2022



About this report

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This edition of Lidl Denmark's sustainability report covers all of Lidl Denmark's activities, including logistics centers, stores and offices in the 2021 and 2022 fiscal years. Lidl Denmark's fiscal year runs from March 1st to February 28th.

This is the fourth sustainability report published by Lidl Denmark and is aimed at providing information about the strategic anchoring and management of Corporate Social Responsibility (CSR) in the Lidl grocery chain. The report describes strategic goals and activities that have been identified as relevant for our stakeholders and that have a material economic, social and environmental impact for Lidl Denmark.

Date of publication January 29th.

Reporting guidelines

Lidl Denmark's report for the fiscal years 2021 and 2022 has been prepared in accordance with the GRI – a set of defining global standards for sus-

tainability reporting. The GRI index on page 105 shows where in the report you can find information relating to the standard's various modules.

External assurance

KPMG has verified that there is consistency between the selected KPI's of this report and the GRI standard. KPMG's independent declaration can be found on pages 104.

Reporting cycle

Lidl Denmark publishes a sustainability report every two years. Other publicly available information on the progress of the topics covered by the report is regularly updated on our website. The last audited report was published on December 16th 2021 and covered the 2019 and 2020 fiscal years.

Restatements of information

The last report covered the 2019–2020 fiscal years and was published in 2021. Since then, Lidl Denmark's sustainability strategy has been further developed with six focus topics:

- Protecting Climate
- Respecting Biodiversity
- Conserving Resources

- Acting Fairly
- Promoting Health
- Engaging in Dialogue

These topics provide the structure of this sustainability report whereas the previous report was organized along the four steps in the value chain.

Feedback and contact person for questions concerning the content of the report

We value feedback and input on our responsibility work.

Feel free to reach out to:

Head of Communication & CSR: Claus Krogh

Email CSR: csr@lidl.dk





Jens Stratmann
CEO Lidl Denmark

Welcome to Lidl Denmark's Sustainability Report

GRI 2-22 Statement on sustainable development strategy

Sustainable business is not just about creating fiscal results. It is equally about creating a viable business that cares about and looks after the resources needed to create more than just fiscal results in the short term.

Nature is the foundation of life, raw materials and produce on which we all depend on. The processing and manufacturing of products that we can sell are often dependent on the provision of ecosystem services, such as fresh water and sources of energy.

That's why our guiding principle is that we must work for you, for the people, for the nature and for the planet. In other words, we must work to create a more sustainable business, which means that we must create a business that gives back to nature, so that nature can remain as giving as ever.

This is by no means an easy task, nor is it a task we can perform alone. Nevertheless, it is a task that it is incumbent on us to pursue and develop.

(Continued page 4)

Lidl is working for a sustainable future (continued)

This report covers our fiscal years 2021 and 2022 and is therefore, by nature, a report on how far we have come with our sustainability work during that period.

I would personally like to highlight that in 2022 Lidl Denmark was announced winner of the “Plant-based discount supermarket of the year” award by the Vegetarian Society of Denmark. We're proud to be the winner of this specific award. Plant-based products are also part of the solution when it comes to creating a more sustainable future for the people, for the planet, and for our business.

What the report obviously does not contain are the many activities that we have further developed and executed in 2023. I mention this simply because it is important to emphasise that our work with our sustainability agenda does not result in a report that we publish – it is in constant motion and an effort focused on making a difference with respect to the agendas we have for our work with sustainability.

IMPACT IS ESSENTIAL

Lidl Denmark cannot solve the world's challenges alone – but by focusing our effort and working

hard, we can make a difference to the agendas that we consider important and where we believe we can make a noticeable impact.

Our agenda is framed by six focus topics:

- We protect the climate
- We respect biodiversity
- We conserve resources
- We act fairly
- We promote health
- We engage in dialogue

We believe that we can create the greatest possible impact with precisely these topics – with our business, our employees and the things we have the opportunity to influence.

On the other hand, we cannot achieve an impact alone – we can work hard and make a visible and significant impact in our actions – but we are also dependent on others. This is a fact that we embrace and, together with a number of partners and alliances, we ensure that our work with some of these six topics also translates into results and creates a more sustainable business.

EMPLOYEES ARE ESSENTIAL

Our employees play a crucial role in our work in promoting sustainability and they are key to ensuring that plans are implemented successfully and effectively. It is our employees who ensure that, across all departments, we work with the six focus topics and develop our business giving due consideration to the objectives and expectations we have for each focus topic. It is also together with the employees that we can make a visible difference in the small things in everyday life.

For example, in the stores, employees can follow the established procedures and reduce food waste. One way they do this is by first lowering the prices of goods close to their sell-by date and by packing bags for Too Good To Go. When food has passed its sell-by date, employees ensure that it is sorted as waste so that the food can be converted into biogas.

All employees can help ensure that we work purposefully and effectively with our topics and objectives in both the short and long term – regardless of whether they work in store, the warehouse or at our headquarter.

AN INTERNATIONAL COMPANY WITH LOCAL ROOTS

The retailer Lidl is part of Schwarz Group, and is one of the leading food retailers in Germany and Europe.

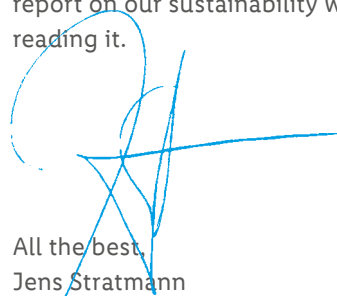
As a group of companies, Schwarz Group has an opportunity to make major improvement in the overall footprint. So when decided to do something good for the planet and the people, and all the companies pull together, the positive impact of the efforts is significant. All countries in Lidl focus their work on the same six focus topics, so it all moves in the right direction – which this report contains a number of examples of.

At the same time as being part of an international food group, we are also deeply rooted in Denmark. 36% of the goods we sell are locally produced in Denmark, and we aspire to increase this proportion, just as we aspire to help Danish suppliers to export their products to other companies of Lidl Group.

Our desire to work with a local sustainability agenda is also demonstrated in our collaboration with Slagelse Municipality and Plant Et Træ (Plant A

Tree) involving the planting of trees over five hectares outside Skælskør to create a woodland where ecosystems can thrive and develop.

On behalf of the entire team here at Lidl Denmark, it gives me great pleasure to present our latest report on our sustainability work. I hope you enjoy reading it.



All the best,
Jens Stratmann
CEO Lidl Denmark



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COMPANY PRESENTATION

LIDL DENMARK


Download Lidl Plus
og spar ekstra, næste
gang du handler

HER I
App Store

HER I
Google Play

139 stores

spread throughout Denmark at the end of the 2022 fiscal year

3,662 employees

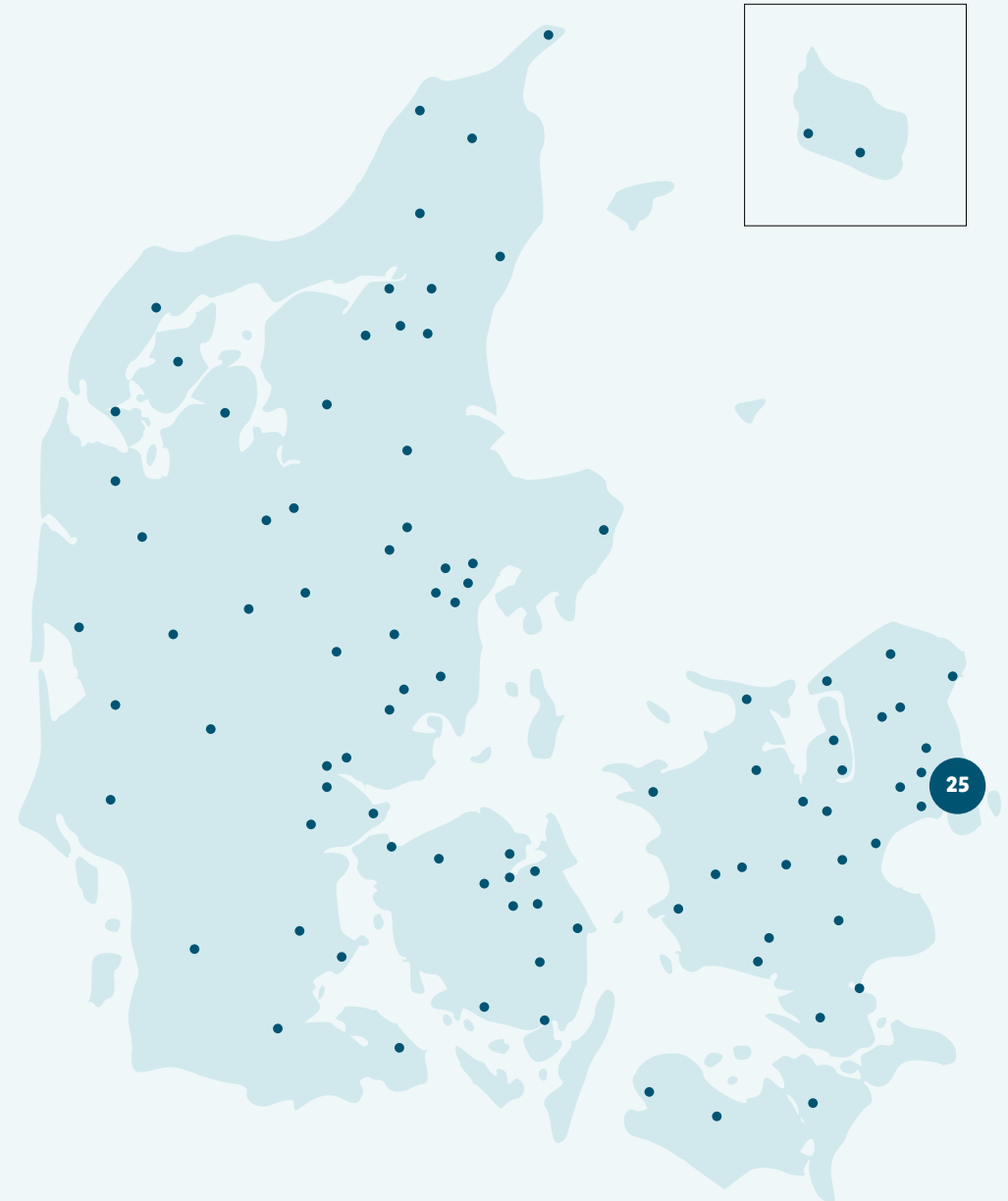
at the end of the 2022 fiscal year

3,341 grocery products

of high quality in the standard range

21%

Danish products in Lidl's standard range



Lidl Denmark

Lidl Denmark's company profile

2-1 Organisational details

2-2 Entities included in the organisation's sustainability reporting

2-6 Activities, value chain, and other business relationships

Lidl Denmark, headquartered in Kolding, is a subsidiary of Lidl Stiftung & Co. KG. Lidl Denmark is a discount company whose purpose is the wholesale and retail trade of consumables permitted for public procurement, including food, as well as the administration of the company. At the end of 2023, we expect to move into our new head office at Godsbanen in Aarhus. At the end of the 2022 year, Lidl Denmark had 139 stores and 2 regional distribution centres in Kolding and Køge, with 3,662 employees. We have also begun modernising our existing store network, with several stores currently undergoing modernisation and conversion at the end of the 2022 fiscal year.

In Lidl Denmark, customers enjoy a comprehensive and high-quality permanent assortment of 3.341 individual items for their daily needs. These figures include private labels and branded goods. In addition to food, we also offer near-food prod-

ucts such as cosmetics and non-food products such as clothing and small electrical devices. The wide range of private labels makes up approx. 65% of the offering. Brand items make up 34%.

The assortment includes more than 21% regional items from our Danish suppliers, 3.9% organic food and 1.5% Fairtrade certified products.

As a discounter, Lidl Denmark attaches importance to simplicity and a process-based approach in its stores, regional distribution centers and national companies. This means Lidl is able to offer its customers the best quality at optimal value for money each and every day.



Lidl Stiftung & Co. KG

Lidl Stiftung & Co. KG is part of Schwarz Group based in Neckarsulm, Germany and is one of the leading food retailers in Germany and the rest of Europe. Lidl currently operates over 12,200 stores and more than 220 goods distribution and logistics centres in 31 countries. Lidl currently has around 376,000 employees, as well as employees in Asia and the USA.

Lidl Stiftung & Co. KG determines the framework for the operational business and is responsible for the development and design of the systems and standardised processes that apply at Lidl Denmark.

SCHWARZ GROUP

The companies of Schwarz Group, with business activities in over 30 countries, together form one of the leading retail groups in the world. With their about 13,700 stores and more than 575,000 employees, the companies of Schwarz Group jointly generated total sales of 154.1 billion euros by the end of the 2022 fiscal year.

Divided into production, retail and environmental divisions, the companies of Schwarz Group together cover the entire value cycle. Lidl and Kaufland

are the 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 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 Dienstleistungsgesellschaften, the Group's corporate services division, provides administrative and operational services – for example with regard to controlling, finances, personnel or IT – for all other companies of the Group.

All companies of Schwarz Group share the jointly elaborated sustainability strategy and the sustainability vision "Acting globally responsible with diversity". Under the umbrella of this strategy they together pursue and implement various activities in four focus areas: People, Product quality, Circular systems and Ecosystems.

Schwarz Group

– an overview



SCHWARZ PRODUKTION

Schwarz Produktion produces high-quality private label products in the areas of beverages, chocolate, dried fruit, baked goods, ice cream and coffee products for Lidl and Kaufland. There are three plastic and recycling facilities, which are also part of a unique material cycle where thermoplastic PET* water bottles are made from 100% recycled material.

* Polyethylene terephthalate, a plastic material



RETAIL

The retail companies Lidl and Kaufland offer customers a wide range of products daily in 32 countries. Both divisions are committed to creating a wide range of initiatives within climate protection, conservation of biodiversity and preservation of resources across the entire value chain.



WASTE HANDLING/RECYCLING

PreZero is Schwarz Group's waste and environmental services division. PreZero's activities include collecting, sorting, processing and reusing recyclable materials. Innovative solutions save resources and reduce the amount of non-recyclable waste as much as possible. PreZero works to promote more closed resource cycles.

SCHWARZ DIENSTLEISTUNGSGESELLSCHAFTEN

Schwarz Dienstleistungsgesellschaften support Lidl, Kaufland, Schwarz Produktion and PreZero by offering various administrative and operational services in the areas of controlling, finance, human resources, IT and procurement (technical procurement).



Value chain of Lidl Denmark

2–6 Activities and value chain

As a retail company, Lidl Denmark operates as a link between manufacturers and consumers. We have direct and indirect relationships with our customers and suppliers in numerous supply chains. Upstream, our value-adding activities span the cultivation and harvesting of agricultural products for livestock and fishery businesses. The value chain extends from the processing of raw materials to the transport of goods to logistics centres and stores. The stores are at the heart of our value-creating activities, as this is where we offer the finished products to our customers.

The production of raw materials, the processing of agricultural products and the resulting production and transport processes all have environmental and social consequences. Here is where we want to contribute to improving environmental and social standards. Therefore, we work with our suppliers to establish closed-loop concepts. Lidl Denmark works towards improving living and working conditions for people in risk and production countries. In order to meet our efforts to ensure that all business partners associated with risk adhere to our Code of Conduct see page 16.

The sourcing of products is shared among the depart-

ments at Lidl Denmark. Lidl Denmark purchases some of its products directly from its own suppliers, while other products are purchased centrally through Lidl.

At Lidl Denmark, we have the opportunity to influence consumer behaviour and give them the opportunity to make responsible and conscious purchasing decisions. Consequently, we regularly review how we can make our range healthier and more responsible, and inform our customers about new initiatives in this area.

SUSTAINABILITY AT LIDL DENMARK

Our behaviour and actions as a company impact the environment, people and society. At Lidl Denmark, we believe that it is common sense to engage with the society we are part of. As a company, we are constantly moving and always striving to develop. With our motto "A better tomorrow", we want to show the way and support initiatives that help promote and enable responsible consumption for everyone.

This is what we have based and developed our CSR strategy on. It clearly defines our commitment to acting responsibly and reflects our desire to actively contribute to a more responsible world through our core business. Our common, company-wide

understanding of what it means to act more consciously, healthy and responsibly comprises six strategic focus topics:

PROTECTING CLIMATE

RESPECTING BIODIVERSITY

CONSERVING RESOURCES

ACTING FAIRLY

PROMOTING HEALTH

ENGAGING IN DIALOGUE

These six focus topics describe how we at Lidl Denmark understand and address our responsibility for the environment, people, society and for our customers.

GOOD FOR THE PLANET:

We know that our products leave a footprint – from the extraction of raw materials to the processing into

products for transportation, consumption and disposal. We are committed to protect the environment and climate, safeguarding and improving biodiversity and preserving the resources we have now and for the future.

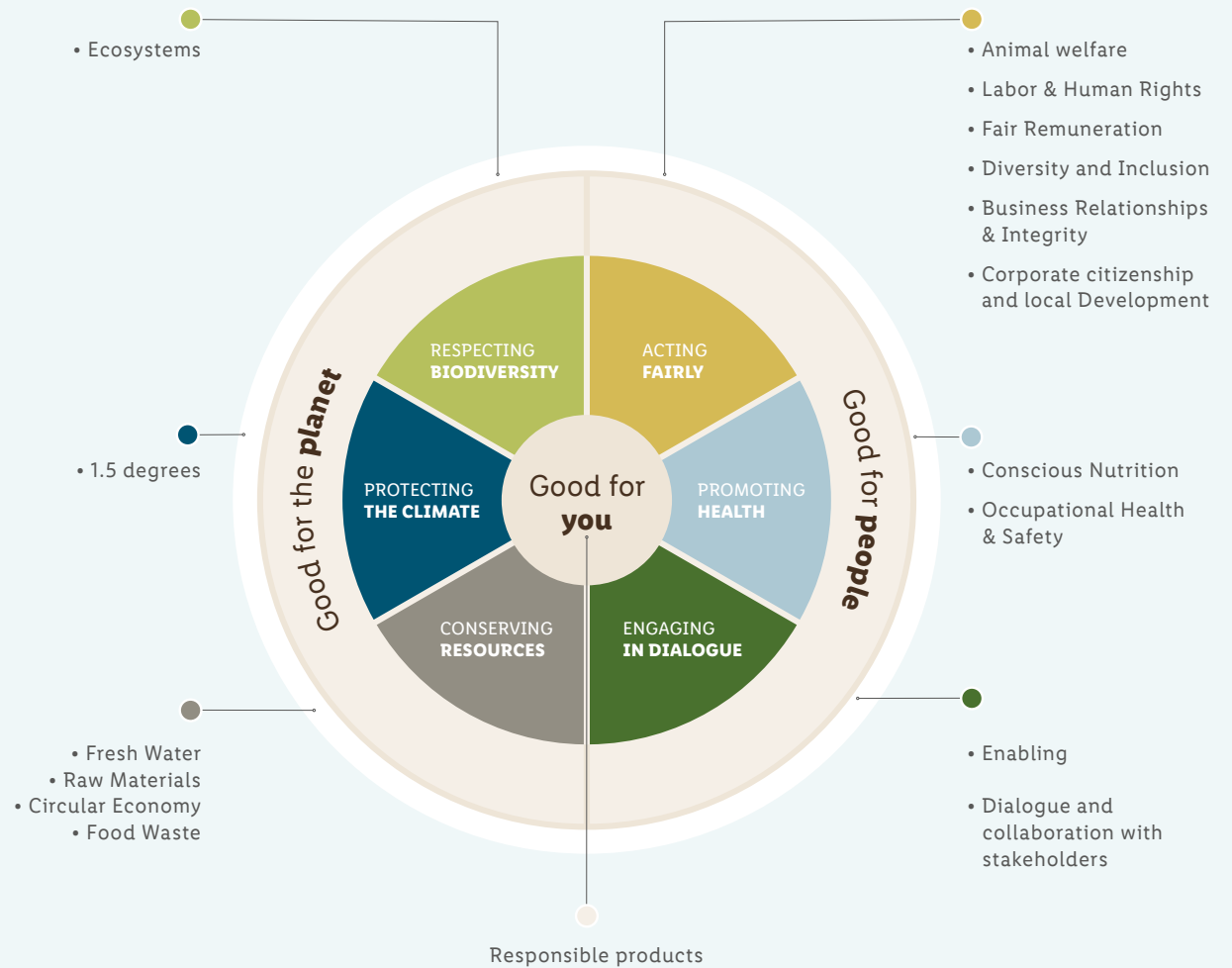
GOOD FOR PEOPLE:

As an employer and business partner, we have a responsibility to actively engage in initiatives that benefit society. We offer our employees a good and safe working environment while ensuring that human rights, labour rights and animal welfare standards are respected in our supply chains.

GOOD FOR YOU:

We create the framework for conscious consumption with a responsible range of products. Every day, we work to meet our own and our customers' quality standards. Our range is continuously developed in line with our customers' demand, new opportunities in the market and new insight into our products and value chain. We have a responsible selection of fresh fruit and vegetables, organic products, plant-based products, meat, international delicacies and tasty meals that are easy to prepare when you're having a busy day.

CSR STRATEGY WHEEL



Sustainability Management

2-12: Role of the highest governance body in overseeing the management of impacts

2-13: Delegation of responsibility for managing impacts

2-14: Role of the highest governance body in sustainability reporting

2-17 Collective knowledge of the highest governance body

Social responsibility and sustainability are a business-critical core task for Lidl Denmark. The overall responsibility for management of the CSR area in Denmark lies with the executive board and with our CEO Jens Stratmann. Lidl Denmark's overall CSR strategy is defined by Lidl Stiftung & Co. KG and the Danish strategy will be organised and developed accordingly. Lidl Denmark's management approves strategy at an overall level before they are implemented in Denmark.

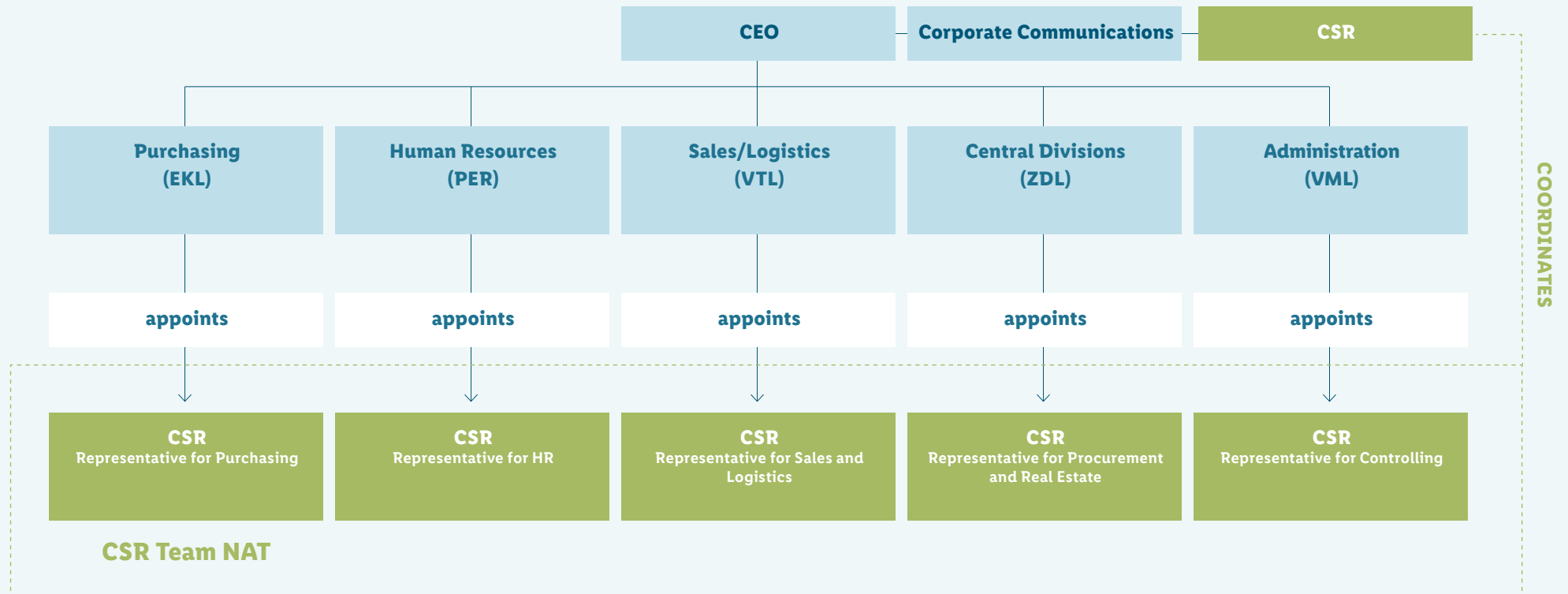
Together with Lidl Denmark's executive board, the CSR department develops and sets the strategic direction of Lidl Denmark's social responsibility and sees to the coordination of the interdisciplinary activities and initiatives. As part of the Corporate Communications department,

Lidl Denmark's CSR department reports directly to the CEO of Lidl Denmark. The executive board is involved in the revision of the CSR strategy and in the CSR-reporting process. The CEO is also responsible for the final approval of the sustainability report.

The CSR department is assisted by and cooperates with a CSR team consisting of appointed representatives from all Lidl Denmark's core areas and specialist departments. Together with the CSR team, trends, topics, challenges and opportunities for developing the work with the six focus topics are discussed in the individual departments. Goals, sub-goals and forthcoming initiatives are regularly presented to the executive board, who then lead the strategic direction and, through their decisions, ensures support for implementing Lidl Denmark's commitment to social responsibility.



Organisational chart





UN Global Compact

A major challenge in the retail industry is to ensure labour and environmental standards in global production and supply chains. In March 2020, Lidl Denmark, together with other companies of Schwarz Group, joined the UN Global Compact (UNGC), the world's largest and most important initiative in the field of sustainability. By doing this, we are committed to following the UNGC's ten fundamental principles. See the overview of the ten principles here: <https://unglobalcompact.org/what-is-gc/mission/principles>. The principles provide a common ethical and practical framework for corporate responsibility and are based on international conventions and agreements.

We acknowledge that Schwarz Unternehmenskommunikation (Schwarz Group) participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under Schwarz Unternehmenskommunikation (Schwarz Group) commitment. Therefore, we do

not participate in UN Global Compact activities nor do we participate in activities of a Global Compact Local Network.

As part of Schwarz Group, Lidl Denmark has already implemented a wide range of measures to support the principles. This report describes the measures implemented during the current reporting period.

Our policies and principles

2–23: Policy commitments

2–24: Embedding policy commitments

As a company, we must avoid or reduce any negative impact of our business activities on the environment and society. This precautionary principle derives from the Rio Declaration from the United Nations Conference on Environment and Development (UNCED) and is incorporated at Lidl Denmark into our business principles as well as the jointly elaborated Code of Conduct of the companies of Schwarz Group and is an integral part of corporate management.

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

The principles enshrined in the Code of Conduct are minimum standards for our business relationships. The Code of Conduct is based on the follow-

ing international guidelines and principles:

- International Bill of Human Rights
- 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 Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Paris Climate Agreement
- Minamata Convention
- Stockholm Convention
- Basel Convention
- The ten principles of the UN Global Compact (UNGC)

Lidl Denmark opposes all violations of human and labour rights as formulated in our CoC. The rights must protect employees against negative impacts during their employment. Workplace-related human rights include the prohibition of child labour and forced labour as well as discrimination, adequate remuneration, protection of freedom of association and occupational safety. Under the CoC, the

business partner provides assurance that they will adequately comply with the rules along the whole of the supply chain and enforce these rules with their own contractual partners through contractual rules and actions such as quality checks, audits or training sessions.

Lidl Denmark works continuously on integrating the company's due diligence principles into the internal processes so as to handle risks concerning human rights and the environment promptly and appropriately. In recent years, the focus has been on our supply chain, as this is where our business activities have the greatest impact. In the purchasing department, we have developed a strategy for safeguarding human rights. Clear principles, goals, standards and responsibilities for the protection of human rights are defined in our sourcing policy "Human rights in the supply chain".

In the purchasing department, we have also established a standardised due diligence process. This includes, among other things, a systematic analysis of potential risks of human rights violations and environmental impacts, as well as measures by which they can be reduced. A comprehensive description of this can be found in our "Position paper on cor-

porate due diligence for human rights and environmental protection when purchasing merchandise”.

We regularly provide our employees with information to increase awareness of the principles we apply at Lidl Denmark. This includes, for example, an internal sourcing guide that translates the principles of respect for human rights into concrete measures and goals. All colleagues have access to information about our approach to working with social responsibility, human rights, etc. Lidl Denmark also participates actively as a member in several working groups and alliances, where work is carried out across sectors and industries to solve challenges facing the environment, climate and human and labour rights in global trade – see more on page 95 in the section on Stakeholder dialogue and collaboration.

The due diligence process is being expanded with additional activities and the human rights strategy and due diligence elements in the areas of the environment and climate are being implemented throughout the company. In 2023, an important step will therefore be taken in upskilling all employees in the company to be able to act more

responsibly by also focusing on the climate, environmental and social aspects within their area of responsibility. The aim is to make the principles and our CSR focus areas visible and tangible to all Lidl employees. For further clarification of our work on labour and human rights, see the “Labor and human rights” section on page 81.



Compliance

2–25 Processes to remediate negative impacts

2–26 Mechanisms for seeking advice and raising concerns

2–27 Compliance with laws and regulations

Growing internationalisation means that the legal challenges are constantly increasing. Lidl Denmark therefore works constantly to adapt processes and systems to the legal rules that govern the company.

Not complying with applicable laws can lead to fiscal loss and damage to Lidl Denmark's reputation. In addition, such violations may result in personal liability and criminal consequences for employees or members of the company's management. Therefore, one of Lidl Denmark's most important business principles is: "We comply with applicable laws and internal guidelines". This business principle is binding on all employees, and Lidl Denmark and its management are obliged to comply with this business principle and ensure that it is applied in practice.

Compliance is thus a crucial part of Lidl Denmark's corporate culture, and the compliance team at Lidl Denmark supports and advises employees

regarding compliance with the business principle. For this purpose, Lidl Denmark has implemented a Compliance Management System (CMS) based on three basic principles: avoidance, identification and action. Lidl Denmark uses CMS to comply with applicable laws and internal guidelines by, for example, continuously carrying out checks and improvements, and communicating and providing information about the laws and internal guidelines to employees. All employees will receive training on compliance-relevant topics shortly after joining the company, which will then be repeated on a regular basis. An essential element of the CMS is that violations of applicable laws and internal guidelines should be avoided and that identified violations should be prosecuted/punished accordingly ("the zero tolerance principle").

2–16 Communication of critical concerns

It is important to identify potential offences and violations of applicable laws and/or internal guidelines committed by or against an employee as part of their job as soon as possible. At Lidl Denmark, information about potential violations can be reported to the compliance officer via email: compliance@lidl.dk or telephone, our ex-

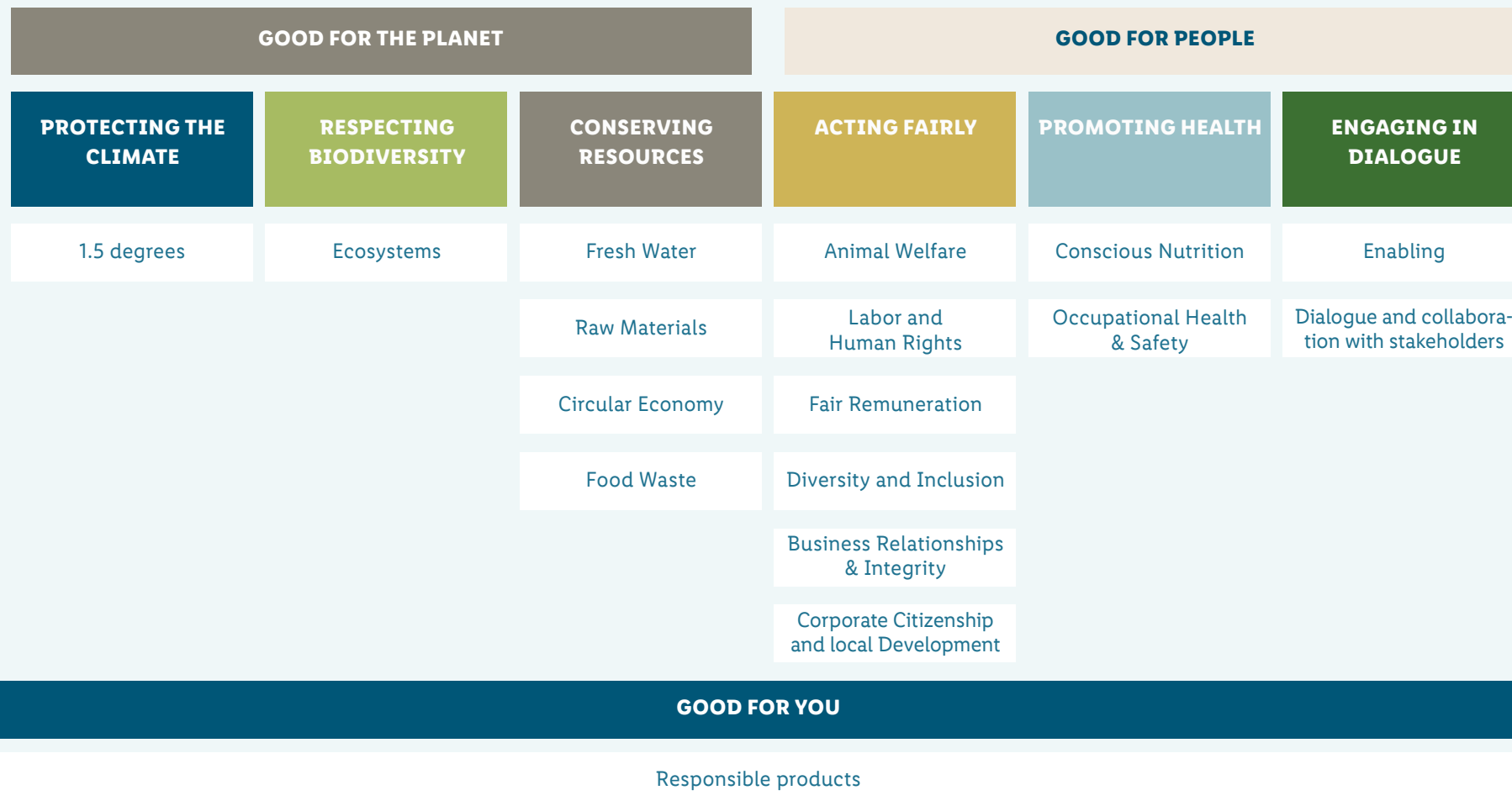
ternal lawyer or our online reporting system. Lidl Denmark's whistleblower scheme aims to increase the opportunities for employees, customers and business partners to speak up about compliance violations without fear of negative consequences and to protect persons who submit information to the whistleblower scheme.

When submitting a report to the whistleblower scheme, the whistleblower is protected from the negative consequences associated with a report made in good faith, unless the reporter themselves is involved in the violation.

Due to the global nature of supply chain structures, social, human rights and environmental violations can occur within supply chains. In accordance with the company's due diligence obligations, Lidl maintains the whistleblower channels described above.

Lidl Responsibility Model

The 17 CSR topics we work with



Materiality analysis

3–1 Process to determine material topics
2–29 Approach to stakeholder engagement

In 2022, Lidl Denmark revised the process for determining its material CSR topics. This means that we now take new and amended (regulatory) requirements into account at an early stage, including the updated definition of materiality from the GRI Standards 2021 and the adoption of the European Corporate Sustainability Reporting Directive (“CSRD”). The basis for this process is the updated Lidl Responsibility Model 2.0, which covers a total of 17 CSR topics.

See page 14 Sustainability Management and the previous page “Lidl’s Responsibility Model”.

The 17 CSR topics were identified and assessed as follows:

- Firstly, Lidl’s positive and negative impacts on people, the environment and society were considered (“inside-out perspective”).
- Secondly, the impact of CSR topics on Lidl’s business success was considered (“outside-in perspective”).

The Lidl materiality analysis is updated every two years as part of the sustainability reporting. 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:

The analysis itself is carried out in three steps:

1. A survey by Lidl across all countries on the impact relevance (consisting of exposition analysis and expert interviews),
2. country-specific assessment of business relevance (via workshops)
3. Finally, a validation and consolidation of the results in a materiality matrix specific to Lidl Denmark.

1. ASSESSMENT OF THE IMPACT OF LIDL DENMARK

We assess Lidl’s overall impact on people, the environment and society for all Lidl national companies in a two-stage process involving exposition analysis and expert interviews carried out by Lidl International.

1.1 Exposure analysis:

The exposure analysis is used as a data-based assessment of Lidl subsidiaries’ potential direct and indirect impact on people, the environment and society. It takes into account risks that could potentially arise from Lidl business 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. To do justice to Lidl’s international nature, the potential local needs for action were identified in relation to each other. This enabled a comparison to be made between the CSR topics.

To identify the countries in which Lidl potentially has significant leverage, the next stage was to model Lidl’s value chain based on sales data, industry information and economic data. This enabled country-specific direct and indirect economic activities to be determined and an economic weighting to be applied to the analysis. This weighting mainly considers those countries where, based on the data, Lidl demonstrates a high level of activity and therefore has a potentially

greater influence on the respective CSR topics. 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 exposition 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 topics involved in sustainability. The interviews were prepared, conducted and assessed by an external partner.

The combination of exposition 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 (Figure Z).

2. ASSESSMENT OF THE BUSINESS RELEVANCE OF LIDL DENMARK

Lidl Denmark held a workshop together with the CSR team. The CSR team assessed each of the 17 CSR topics from the Lidl Responsibility Model 2.0 in relation to business opportunities and risks. The results were then discussed and transferred to the materiality matrix in the form of the y-axis. The results were then validated by the management board too. This resulted in the business relevance in the materiality matrix (Figure Z).

3. UNITING BOTH DIMENSIONS OF THE ANALYSIS

In total, there are eight CSR topics that are of material importance for Lidl Denmark. This means that the business activities of Lidl Denmark have a significant impact on people, the environment and society in relation to the respective topic or that this is where the greatest business-related opportunities and risks lie for Lidl Denmark. Accordingly, they are within the company's materiality threshold and form the basis for this report (see Figure Z).

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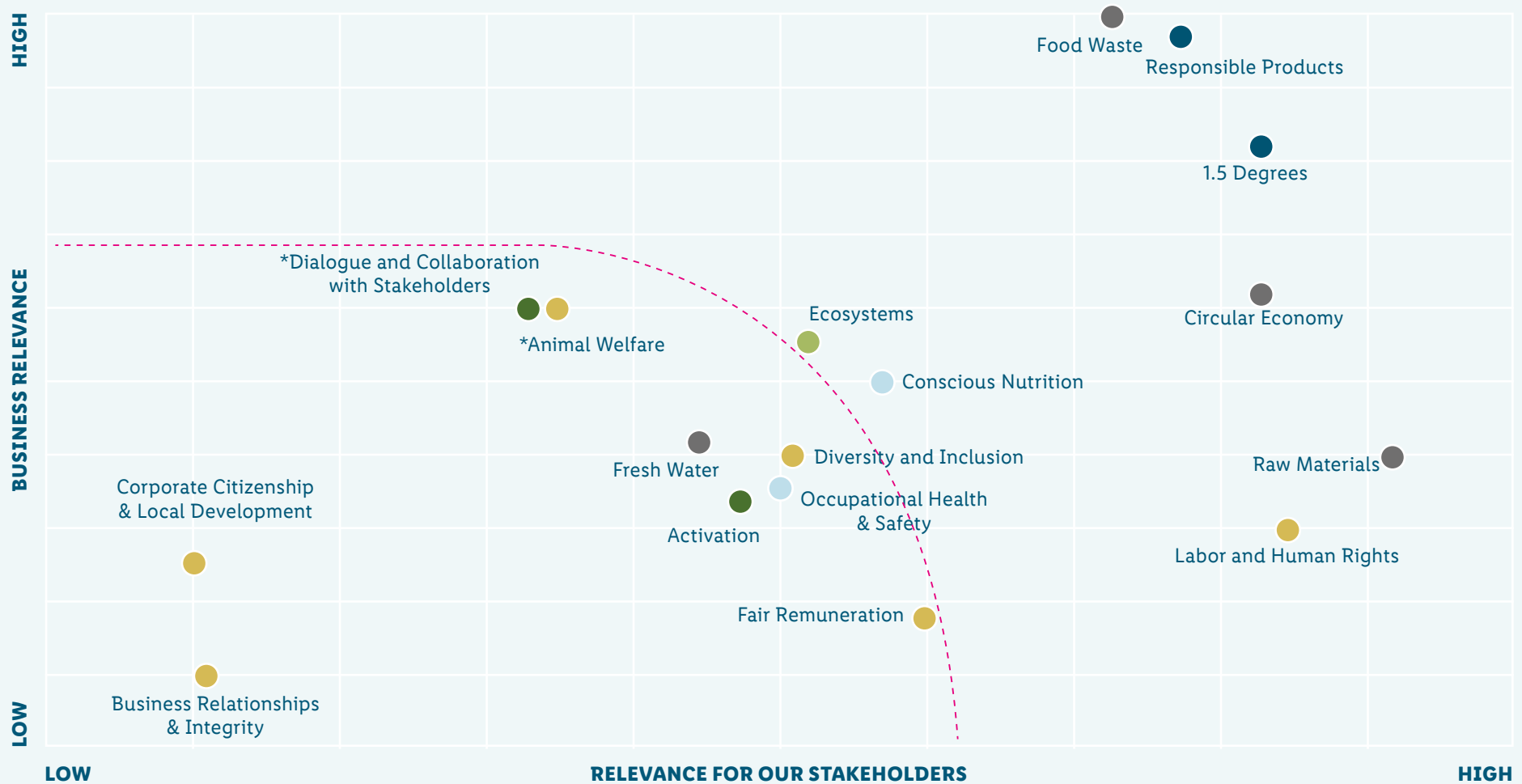
- **PROTECTING CLIMATE**
- **RESPECTING BIODIVERSITY**
- **CONSERVING RESOURCES**
- **ACTING FAIRLY**
- **PROMOTING HEALTH**
- **ENGAGING IN DIALOGUE**

*** are strategically important**

The CSR topics "1.5 degrees of climate protection", "Ecosystems", "Raw materials", "Circular economy" and "Food waste", which in the analysis are identified as being material, are reviewed in more detail in the "Good for the planet" section on page 40. The CSR topics "Animal welfare", "Labor and human rights", "Conscious nutrition" and "Dialogue and collaboration with stakeholders" can be found in the "Good for people" section from page 57 onwards and the topic "Responsible products" in the "Good for you" section can be found from page 101 onwards.

Materiality matrix 2.0 from the assessment *(Figure Z)*

GRI 3-2 List of material topics



The materiality analysis shows that the CSR topics “Food waste”, “Responsible products” and “1.5 degrees” are the top priority topics Lidl Denmark should address. In addition to the CSR topics identified as being material, we also consider other strategically relevant CSR topics in this report, such as “Dialogue and collaboration with stakeholders” and “Animal welfare”. These are marked with an * symbol in the materiality matrix and shown separately in the GRI index from page 105 onwards. These topics are strategically material for Lidl Denmark, as Denmark is a relatively small country known for its tradition of cooperation, where sectors work together towards a common goal. In Denmark, there is a strong focus on animal welfare among both producers and consumers, as well as cooperation between business and NGOs. As our supply chains are closely linked to global networks, we in Denmark are highly dependent on international trends and influences, which, in the light of the above, can have a large impact on our reputation.

Finally, educational establishments and interest organisations are calling for talks and to bring Lidl Denmark on board in various working groups, alliances, etc. Therefore, “Animal welfare” and espe-

cially “Dialogue and collaboration with stakeholders” are an important part of our future strategic work.





Oplad bilen,
imens du handler



Oplad bilen,
imens du handler

Her er vejen til en
LIDL Meny i butikken

- 1. Gå til den nærmeste LIDL Meny
- 2. Gå til den nærmeste LIDL Meny
- 3. Gå til den nærmeste LIDL Meny
- 4. Gå til den nærmeste LIDL Meny

50
km/h



OUR GOALS

PERFORMANCE AND PROGRESS 2021/2022



The goals defined on the following pages were applicable for the fiscal years 2021 and 2022 (as covered by the report). They were part of our previous CSR strategy. During the 2023 fiscal year, the CSR strategy is being updated with new goals and sub-goals within each of the six overall CSR focus areas.

Good for the planet

PROTECTING THE CLIMATE – 1.5 degrees

Goal	Deadline	Status	Degree goal has been achieved
GRI 305-5 Reduction of Scope 1 & 2 emissions by 80% across all business countries (baseline 2019).	2030	By the end of fiscal year 2022, Lidl Denmark has reached a 66,48% reduction of GHG emission compared to baseline 2019.	
In 2021, we will publish our CO ₂ quota project.	2021	The projects will be published on our website in 2023. They will run until 2024.	
Lidl compensate for unavoidable CO ₂ emissions (Scope 1 and Scope 2, as well as business-related Scope 3 categories) through investments in climate projects with ClimatePartner with gold certification.	2024	Lidl is currently investing in three Gold Standard carbon offset projects. Lidl's current offsetting investments include a renewable energy project in India and a clean drinking water project in Eritrea. Read more about the projects on our homepage.	
Across all Lidl countries, Lidl requires suppliers responsible for 78% of product-related Scope 3 emissions to set climate targets in accordance with SBTi.	2026	Ongoing work.	
By the end of 2021, we will secure EDGE certification for all our stores.	2021	See the status in the “1.5 degrees climate protection” section. 117 out of 139 stores are certified. This gives a percentage of approx. 84%.	
By the end of 2023, we will have installed charging stations for electric vehicles at all our stores.	2023	We are in the process of planning and setting up charging stations. We have implemented a general payment solution and are in the process of rolling out a payment solution through Lidl Plus.	

PROTECTING THE CLIMATE – 1.5 degrees





Goal	Deadline	Status	Degree goal has been achieved
We will review our results annually, so that we can maintain and describe the actions we have taken that are part of ISO 50001.	2021	Ongoing work.	
By the end of 2020, we will ensure that our solar panels on stores, contribute 250,000 kWh of renewable energy per year.	2020	Ongoing efforts In 2021, our solar cells produced 218,000 kWh and, in 2022, this figure was 333,000 kWh.	

RESPECTING BIODIVERSITY – Ecosystems


Goal	Deadline	Status	Degree goal has been achieved
By the end of 2021, we will establish a project to promote biodiversity in collaboration with Plant et Træ.	2021	We entered into a binding multi-year partnership with the organisation Plant et Træ (Plant a Tree).	
Every year, we will run campaigns with the Danish Beekeepers' Association to help and support them in their work.	2024	Construction of a bee forest in Skælskør started in 2021. In 2022, educational material was published for primary schools aimed at pupils aged 9–10, and bags of bee-friendly seeds distributed for planting.	

Good for the planet

CONSERVING RESOURCES – Raw Materials

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2021, the country of origin and wood species will be shown on our charcoal packaging*. <i>*Applies to private labels in the standard range and promotions.</i>	2021	Goal achieved in 2021	
By the end of 2021, we will launch a new palm oil strategy as part of the Danish Alliance for Responsible Palm Oil.	2021	We published a new palm oil strategy in 2021 in cooperation with the Danish Alliance for Responsible Palm Oil.	
By the end of 2022, the meat substitute for the vegetarian and vegan products in our Vemondo range will be 100% European origin. Soy type Danube Soy or Europe Soy is preferred. <i>*Applies to standard range.</i>	2022	Goal achieved in 2022.	
By the end of 2025, we will have 100% sustainable cotton (of which 20% organic cotton acc. GOTS/OCS, the remainder can be fulfilled through Fairtrade, CmiA or BCI).	2025	We are very close to achieve this goal already in 2022. We expect to reach the goal before 2025.	

Circular Economy (packaging)

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2021, we are phasing out black plastic from our packaging.	2021	We are very close to achieve this goal, but it is challenging to phase out the last few percent of all black plastic from our packaging. However we continue the work.	

Circular Economy (packaging)

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2021, we will devise a campaign that focuses on innovative solutions within plastics and packaging.	2021	Goal achieved in 2021.	
By the end of 2021, 100% of the cellulose in our packaging will be made from recycled material or FSC-certified virgin fibre. In exceptional cases, PEFC-certified cellulose can also be used. The goal concerns primary and secondary packaging, including labels*. <i>*Applies to private labels in the standard range and promotions.</i>	2021	We are monitoring both the national and international purchased packaging and are working close with danish packaging suppliers to achieve the goal.	
By the end of 2022, all Danish suppliers must supply fruit and vegetables in recyclable packaging and reduce plastic packaging by at least 20%.	2022	We have defined new internal goals for fruit and vegetables, effective from 2023, which replace the previous goals.	
We will replace all current fruit and vegetable bags with more environmentally friendly alternatives by the end of 2022 at the latest.	2022	We are awaiting the specific requirements of the forthcoming EU Packaging Directive, which enters into force in 2024.	
By the end of 2025*, 100% of our plastic packaging will be recyclable as far as possible. <i>*Applies to private labels in the standard range.</i>	2025	We are in ongoing dialogue with our Danish suppliers in order to achieve the goal.	

Good for the planet



Circular Economy (packaging)

Goal	Deadline	Status	Degree goal has been achieved
We will cut the consumption of plastic packaging by 20% for our private labels by 2025*. <i>*Applies to private labels in the standard range.</i>	2025	We have defined a new and more ambitious goal to cut the consumption of plastic in our private label packaging (see page 67 on circular economy).	
By 2025, there will be an average of at least 25% recycled material in our plastic packaging*. <i>*Applies to private labels in the standard range.</i>	2025	We are part of the sector cooperation established by the Ministry of the Environment. Here, we have committed to the goal of 30% recycled content in our private label packaging.	

Food Waste




Goal	Deadline	Status	Degree goal has been achieved
By 2030, we will have reduced our relative food waste by 50% (compared to 2018 levels).	2030	Offering fresh, high-quality food is one of Lidl Denmark's core tasks. We have set a goal to reduce our food waste by 50% by 2030. With several different initiatives and collaborations such as Too Good To Go, we are well underway, but we still need to identify the full picture of our food waste in and around the entire value chain. From 2023, we will be entering into a partnership with other Lidl countries to share knowledge and exchange experiences in handling and reducing food waste.	

Food Waste

Goal	Deadline	Status	Degree goal has been achieved
We will reduce food waste by cooperating with Too Good To Go and sell 150.000 surprise bags with surplus food a year.	Ongoing work.	In 2021 we sold 175.981 surprise bags with surplus food. In 2022 we sold 139.623 surprise bags.	
We want the collaboration with Blue Cross Denmark to cover as much as possible of their needs in holiday season.	Ongoing work.	We donated surplus food during Easter, Whitsun and Christmas from a number of stores around Denmark. The main challenge, to be able to cover 100% of the needs of Blue Cross, is to have enough resources of volunteers.	

Good for people

ACTING FAIRLY – Animal Welfare

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2025, we want to document an increase of 20% in products bearing the animal welfare label (baseline 2020).	2025	See status in chapter "Animal Welfare. One of the challenges in the reporting period has been the less demand of animal welfare label products due to inflation."	
We are committed to having a clear animal welfare policy and are constantly seeking new opportunities and trends.	Ongoing work.	In 2021, the new Animal Welfare Act came into force. It replaced and was an improvement on the more than 100-year-old Animal Welfare Act.	
We support the government-backed animal welfare label, which allows customers to see the level of animal welfare attached to the products.	Ongoing work.	See the status in the "Animal welfare" section.	

Good for people



Labor and Human Rights

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2019, we will have published a manifesto on our views on human rights. In 2021, we will issue an updated sourcing policy for human rights in the supply chain.	2021	Goal achieved. The updated sourcing policy was issued on 15.10.21.	
Every six months, we will publish a new, updated list of our textile and shoe suppliers on our website.	Ongoing work.	The list is published once a year.	
Every six months, we will publish supplier lists from among our hardware suppliers who produce products such as tools, toys and sports equipment.	Ongoing work.	The list is published once a year.	
For national suppliers, we will look into the possibilities of an independent platform where we can evaluate and collaborate in the development of sustainable initiatives.	2023	We've implemented a Climate Supplier Platform at the end of fiscal year 2022. The format will be evaluated after year 1 and continue to be further developed in 2023.	
We integrate the sustainability criteria set out in our responsible sourcing policies into the processes of our procurement department.	Ongoing work.	It is an integral part of our procurement process.	
We train all purchasers as well as managers and directors on compliance-relevant topics. Training is repeated at least every 24 months for each employee.	Ongoing work.	Training is an integral part of our operations and is repeated at least every 24 months. Some situations are different and in these cases training takes place every 12 months.	


Labor and Human Rights

Goal	Deadline	Status	Degree goal has been achieved
We ensure that all employees are given a leaflet containing our gift guidelines at the start of their employment.	2023	On 1 August 2022, the brochure was replaced by online onboarding, where gift guidelines are an integral part of our "Compliance Basic".	

PROMOTING HEALTH – Conscious Nutrition


Goal	Deadline	Status	Degree goal has been achieved
We strive to have as few product recalls as possible. We have in 2021 and 2022 been very close to zero. Read more under the product safety section in chapter "Conscious Nutrition".	Ongoing work.	See page 92 "Product Safety".	
We will publish a manifesto on reducing salt and sugar in our products by the end of 2021.	2021	Achieved in 2022.	

Working environment & Safety



Goal	Deadline	Status	Degree goal has been achieved
All employees will be offered a stop smoking course by the end of the 2024 fiscal year.	2024	The roll-out had not yet started at the end of the 2022 fiscal year.	

Good for people

ENGAGING IN DIALOGUE – Activation






Goal	Deadline	Status	Degree goal has been achieved
In collaboration with Hjernesagen, we will launch a minimum of three projects that help focus on the consumption of salt and sugar by the end of 2023.	2023	Hjernesagen has primarily been our advisor. We achieved to have a joint project in the reporting year.	

Dialogue and collaboration with stakeholders

Goal	Deadline	Status	Degree goal has been achieved
We want a good dialogue with our stakeholders and have undertaken to invite them at least once a year to a stakeholder dialogue, where we will try to develop activities and collaborations that create value for us and our stakeholders.	2024	We are on the right track. See more details in the “Dialogue and collaboration with stakeholders” section on page 95.	
We have committed to ensuring transparency of products and services and responding to 100% of enquiries and questions received from organisations and journalists regarding quality and ethics.	2023	This goal still applies and we are on the right track. See more details in the “Dialogue and collaboration with stakeholders” section on page 95.	

Good for you

Responsible products






Goal	Deadline	Status	Degree goal has been achieved
There will be a product in the orange juice range that is segregated as Fairtrade certified by 2021.	2021	Goal achieved at the end of 2021.	
By the end of 2021, chilled overseas exports of orange juice will be 100% Fairtrade, organic or Rainforest Alliance certified (applies to the Solevita and Naturis brands).	2021	Goal achieved at the end of 2021.	
By the end of 2021, 100% of our fruit and vegetable suppliers will be certified according to GlobalG.A.P. with GRASP add-on or equivalent.	2021	Goal achieved at the end of 2021.	
By the end of 2021, 100% of our flower and plant suppliers will be certified according to GlobalG.A.P. with GRASP add-on or equivalent.	2021	Goal achieved at the end of 2021.	
In 2021, we will use 100% certified leather, gold or silver level as standard, according to Leather Working Group (LWG)*.	2021	We haven't achieved the goal by 2021. It's been harder to purchase the standards than expected. We continue the work to reach the goal.	
<i>*Applies to private labels in promotion range.</i>			
During 2021, we will run a pilot project with certified premium basmati rice in accordance with the Sustainable Rice Platform (SRP) standard.	2021	The pilot project was carried out, but it didn't meet the satisfactory sales numbers as expected.	

Good for you

Responsible products








Goal	Deadline	Status	Degree goal has been achieved
By the end of 2022, 100% of our charcoal items will be FSC certified (preferred), PEFC, Nordic Swan (preferred if the supply chain is FSC certified), SFI or procured as part of the Earthworm project*. <i>*Applies to own products in the standard range and promotions.</i>	2022	Goal achieved.	
By the end of 2022, the amount of peat in our plant compost will be reduced so that when compacted it contains maximum 50%* peat. Wherever possible, we avoid peat. <i>*Applies to private labels in promotions.</i>	2022	We haven't reached the goal due to challenges with one of our suppliers.	
By the end of 2022, 100% of our cotton (in textiles, hardware) will be certified according to GOTS, OCS, Fairtrade, CmiA or BCI*. <i>*Applies to private labels in promotions.</i>	2022	We were very close to reach the goal by 2022. We continued to reach the goal by 2023.	
By the end of 2022, 100% of the cocoa in our chocolate bars will be certified with Fairtrade or according to the Fairtrade cocoa standard*. <i>*Applies to own labels in the standard range.</i>	2022	We still need to convert one product from Rainforrest Alliance to Fairtrade Certification."	

Responsible products

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2022, at least 50% of the wild-caught fish and shellfish in our promotion range will be MSC certified, provided that the products are available and MSC certification exists. Tuna is excluded.	2022	Goal achieved. We continue with this goal onwards. Read more about our work with fish and aquaculture in the "Animal Welfare"-chapter.	
By the end of 2022, at least 50% of the fish and shellfish from aquaculture in our promotion range will be ASC (preferred), organic (preferred), GLOBALG.A.P. or BAP certified, provided the products are available and certification exists. Tuna is excluded.	2022	Goal achieved. We continue with this goal onwards. Read more about our work with fish and aquaculture in the "Animal Welfare"-chapter.	
By the end of 2022, fish and shellfish will be wild-caught and from frozen aquaculture 100% MSC (tuna excluded); ASC (preferred), organic (preferred), GLOBALG.A.P., BAP; provided the products are available and certification exists; also applies to promotional items if possible.	2022	Goal achieved. We continue with this goal onwards. Read more about our work with fish and aquaculture in the "Animal Welfare"-chapter.	
By the end of 2022, 100% of our "fish" variant cat food will be ASC or MSC certified.	2022	We haven't reached the goal nationally, but we work together with our international procurement department to reach it as soon as possible.	
By the end of 2022, canned tuna will be 100% certified with MSC, Fishery Improvement Project (FIP), FAD free or Pole&line.	2022	Goal achieved. We continue with this goal onwards. Read more about our work with fish and aquaculture in the "Animal Welfare"-chapter.	

Good for you

Responsible products

Goal	Deadline	Status	Degree goal has been achieved
By the end of 2022, all pineapples, mangoes and avocados will be 100% Fairtrade (preferred), Rainforest Alliance (preferred) or certified organic.	2022	We have had organic avocados for many years and are continuously working on getting organic pineapples and mangos.	
We are always striving to expand the range of grapes with Fairtrade (if available), Rainforest Alliance or organic certifications.	2025	Ongoing work – We are continuously working on expanding our range.	
By 2025, 20% of our cotton (in textiles, hardware) will be certified organic according to GOTS or OCS. <i>*Applies to private labels in promotions.</i>	2025	It is an ongoing effort and our selection has varied due to the supply of the raw material on the market.	
By the end of 2025, we will offer certified rice according to the Sustainable Rice Platform, Fairtrade or organic.	2025	It is an ongoing effort and our selection has varied due to a larger demand on the raw material market. The certified rice will soon be found in our range again.	
By the end of 2025, we will offer a range of certified nuts: Fairtrade, Rainforest Alliance or organic*. <i>*Applies to private labels in the standard range and promotions.</i>	2025	We expanded our Fairtrade range with our Way To Go cashew nuts in 2023.	
By the end of 2025, we want to use 20% certified polyester (for textiles and hardware) according to rPET, GRS, RCS. By 2030, there is to be an increase in the certified volume compared to 2025.	2025	We are close to reach the 20% goal.	
By the end of 2022, we will increase the range of vegetarian and vegan equivalents for meat and dairy products (compared to 2020).	2022	Ongoing work. In 2022 we expanded the selection of vegetarian and vegan products. We will continue to increase the range in 2023.	

"Climate protection goes beyond our own operation. Construction is just a small part in the overall carbon accounting. Nonetheless we set high standards even in the details for the construction and operation of our buildings: In July 2023 CO2-neutral carpet was used at our new headquarter in Aarhus:

"Sustainability is a focal point in everything we do and so this naturally also applied when it came to the building of our new headquarter in Denmark. The headquarter will be DGNB-certified at the minimum of a GOLD standard and we are already pre-approved for PLATINUM."

NICHOLAS OLEJAS
Senior Project Manager

1.5 DEGREES

1.5 degrees

MANAGEMENT APPROACH (GRI 3–3)

Climate change is one of the greatest environmental challenges of our time. The Climate Agreement, signed in Paris in 2015 and affirmed at COP26 in Glasgow in 2021, is a legally binding agreement signed by the 196 member states of the UN Convention on Climate Change. The aim of the agreement is to limit global warming temperature to below 2 degrees Celsius, ideally to 1.5 degrees Celsius, compared to pre-industrial levels. Lidl Denmark supports this goal.

This is also the goal of the European Green Deal, the European Commission's plan for a circular economy, which aims to change the way goods are produced and consumed. The policy initiatives aim to pave the way for the EU's green transition and make the EU climate neutral by 2050 at the latest.

201–2 Fiscal consequences of climate change for the organisation and other risks

According to WWF, Denmark has the 15th highest consumption in the world measured per capita. If we do not act to reduce our impact on the climate, rising temperatures with the resulting increased

frequency of extreme weather conditions, loss of habitats and biodiversity can have a direct effect on food production both nationally and globally. This will have unpredictable fiscal consequences for our business, in our value chain, for our stakeholders.

Together with other companies of Schwarz Group, at Lidl Denmark we have committed ourselves to the following three principles:

1. We prevent CO₂ emissions wherever possible.
2. We reduce the CO₂ emissions that are unavoidable.
3. We compensate for operational CO₂ emissions (Scope 1 and 2) that we cannot currently prevent or reduce.

THE SCIENCE BASED TARGETS INITIATIVE

The foundation for our climate strategy at Lidl Denmark is the Science Based Targets initiative (SBTi), which we joined in August 2020 as part of Schwarz Group. The initiative consists of an alliance of NGOs and companies, and aims to achieve the climate

goals of the Paris Agreement on a corporate level. Using the SBT initiative's method, an overall impact assessment for the climate, environment and nature has been jointly prepared by the companies of Schwarz Group, the CO₂ footprint has been analysed and the goals for protection of the climate and environment have been defined and set. These climate goals were submitted to the SBTi, together with a description of initiatives and measures to reduce, prevent or compensate for the CO₂ emissions from overall operations and along the supply chain. Our climate goals and strategy were validated and approved by SBTi in September 2021.

COMMON CLIMATE GOALS

Overall, the companies of Schwarz Group will jointly reduce operational CO₂ emissions (Scope 1 and 2) by 55% by 2030 compared to baseline 2019*. For its part, Lidl has set itself the goal of reducing its operational greenhouse gas emissions in Scope 1 and 2 by 80% by 2030 compared to 2019.

To achieve this set goal, all companies of Schwarz Group, including Lidl Denmark, will purchase 100 percent** green electricity from the 2022 fiscal year onwards. Since 2020, Lidl Denmark has been climate

* <https://wwf.dk/forstaa-naturkrisen/overshoot-day/>

neutral in Scope 1 and 2 with climate compensation^{***}. Our expectation is that climate compensation can eventually be phased.

Lidl Denmark has committed itself to ensuring that suppliers who are responsible for product-related emissions set their own climate goals by 2026 in line with the criteria in SBTi. This process is expected to start during 2023.

* This goal for Scope 1 and 2 also includes biogenic emissions and removal of biogenic raw materials (applies to PreZero only)

** Exclusive purchase agreements that Lidl Denmark cannot influence, e.g. for individual leased properties with a binding power purchase agreement

*** Remaining operational greenhouse gas emissions (Scope 1 and 2) are offset by certified climate protection projects through our external partner ClimatePartner. Information about the projects can be found here: [ClimateMap](#) | [ClimatePartner](#)



ABOUT THE SCIENCE BASED TARGETS INITIATIVE

The Science Based Targets initiative (SBTi) is an alliance between recognised environmental and climate protection organisations and initiatives such as CDP (formerly Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute) and WWF (World Wildlife Fund). The aim of the SBTi is to promote evidence-based climate targets in companies, in order to achieve net zero CO₂ emissions and temperature increases based on the Paris Agreement goals. The initiative aims to establish a framework that enables companies to reduce their greenhouse gas emissions on a scientific basis. More than 2,000 companies worldwide have already signed up to the initiative.

The SBTi is an internationally recognised standard for companies that focus on reducing emissions. When assessing companies' climate targets, the SBTi takes into account the particular sector as well as the size of the company. This allows companies to align their emission reductions to a specific target and help combat climate change effectively and reach the global goals set out in the Paris Agreement.

The implementation of the joint climate strategy in Lidl Denmark

302: Management approach to energy

305: Management approach to emissions

Lidl Denmark is therefore committed and motivated to achieve the goals set out in the Paris Agreement and has defined a clear process for this.

Since 2019, all indirect greenhouse gas emissions from the upstream and downstream value chain in all Scopes have been reported. After the annual report, the potentials for reductions in both energy consumption and for our other CO₂ emissions are analysed. This is our climate control. The impact of our measures is monitored regularly and we document our progress in achieving our climate goals.

We collect the necessary consumption data for emissions from operations (e.g. the amount of petrol used in the company cars). An external service provider provides the necessary emission factors and calculates the CO₂ footprint for us.

We use a location-based and market-based approach respectively, to report our Scope 2 emissions. The latter is based on converting the factors we receive directly from our external partners.

These calculations are expected to come from Norsk Elkraft in future. The location-based approach, on the other hand, uses the emission factors for a geographically delimited region for the conversion, in our case for Denmark. We have used the market-based approach to calculate the total emissions for Scope 1, 2 and 3.

For Scope 3, the complexity is actually in the data collection. We request the necessary consumption data from external service providers (e.g. truck mileage for store logistics), collect it ourselves from the individual categories (e.g. the amount of paper used for advertising material) or prepare estimates together with our external consultants (e.g. in relation to employee commuting).

To be able to make the right decisions on an informed basis, we make improvements to the database each year by increasing the volume of primary data.

In addition to the direct emissions of the greenhouse gas carbon dioxide (CO₂), other climate-relevant gases such as methane (CH₄) and nitrous oxide (N₂O) are also included in the climate accounts.

These are converted into CO₂ equivalents.

The largest proportion of Lidl Denmark's total CO₂ footprint comes from the manufacture of our products (Scope 3). Emissions are also generated from our own stores, logistics centres, head office and from our vehicle fleet. We can significantly impact direct greenhouse gas emissions and take measures to avoid or reduce them.

Where our emissions in Scope 1 and 2 cannot be reduced, we compensate for the remaining unavoidable emissions via Lidl Stiftung & Co. KG with certified climate protection projects. In the reporting year, the CO₂ compensation projects are still a necessary supplement and are helping us become CO₂-neutral in Scope 1 and 2. We expect that these can be phased out in the long term.

REDUCTION IN GREENHOUSE GAS EMISSIONS (GHG)

305-1 Direct GHG emissions (Scope 1)

305-2 Indirect energy-related GHG emissions (Scope 2)

305-3 Other indirect GHG emissions (Scope 3)

305-4 Intensity of GHG emissions

305-5 Reduction of GHG emissions

The following CO₂ footprint shows the GHG emissions for Lidl Denmark in metric tonnes of CO₂ equivalents and relates to our stores, logistics centres, headquarters and satellite office. * The calculation conforms to the requirements of the Greenhouse Gas Protocol (GHG).

Our operational greenhouse gas emissions include the following:

- Direct greenhouse gas emissions (Scope 1)
- Indirect greenhouse gas emissions from the procurement of energy (electricity, heating, steam and cooling) (Scope 2)
- Indirect greenhouse gas emissions from our upstream and downstream value chain (Scope 3).

The intensity of our Scope 1 and 2 greenhouse gas emissions in 2021 was set against a sales area of

136,937.7 m² in 2021:

Greenhouse gas emissions per m² sales area (market-based approach) in 2021: 6.93 t CO₂e/m²

The intensity of our Scope 1 and 2 greenhouse gas emissions is set against a sales area of 141,431.83 m² in 2022:

Greenhouse gas emissions per m² sales area (market-based approach) in 2022: 6.29 t CO₂e/m²

REFRIGERANTS

Lidl Denmark follows internal building standards and uses the refrigerants propane (C₃H₈), carbon dioxide (CO₂) or ammonia (NH₃) as media to generate heat or cooling for the air conditioning systems in buildings and for product cooling. The gases released due to damage or leaks are far less harmful to the climate than the use of synthetic refrigerants.

Lidl Denmark had set a goal to use natural refrigerants for product cooling at 100% of its (own) logistics centres and 40% of stores by the end of 2026. We achieved this target by the end of 2022, with 100% of all logistics centres and 41% of all stores using natural refrigerants for product cooling.



* Differences in the climate balance compared to the 2019/20 Sustainability Report are due to changes in methodology and improvement of the database.

CATEGORIES ACCORDING TO THE GHG PROTOCOL	GREENHOUSE GAS EMISSIONS (CO ₂ EQUIVALENTS) TCO ₂ E 2019 (BASELINE)	GREENHOUSE GAS EMISSIONS (CO ₂ EQUIVALENTS) TCO ₂ E 2020	GREENHOUSE GAS EMISSIONS (CO ₂ EQUIVALENTS) TCO ₂ E 2021	GREENHOUSE GAS EMISSIONS (CO ₂ EQUIVALENTS) TCO ₂ E 2022
SCOPE 1	3,094	3,382	3,056	2,872
Fugitive emissions	643	937	643	442
Mobile combustion	1,695	1,785	1,692	1,767
Stationary combustion	756	660	721	663
SCOPE 2	10,207	2,381	1,914	1,586
District heating	2,059	2,381	1,914	1,586
Electricity: Market-based	8,148			
SCOPE 3	823,573	879,914	944,358	885,260
Purchase of goods and services	764,443	808,346	832,259	773,276
Fuel and energy-related emissions (not covered by Scope 1 and 2)	3,968	4,614	3,716	3,777
Transportation and distribution	6,109	6,334	6,767	6,378
Operational waste	2,539	1,024	1,153	1,025
Business travel	1,100	320	450	703
Employee Commuting	3,602	3,815	4,186	4,394
Use of sold products	40,791	54,425	94,705	94,619
Handling/disposal of sold products	1,021	1,036	1,122	1,088
TOTAL EMISSIONS	836,875	885,677	949,328	889,718

ENERGY CONSUMPTION

302-1 Energy consumption in the organisation

302-3 Energy intensity

302-4 Reduction in energy consumption

During the reporting period, Lidl Denmark's total energy consumption increased from 81,352,174.56 kWh in the 2021 fiscal year to 82,049,058.64 kWh in 2022. During the same period, we increased the number of stores and the number of m²-sales areas.

On the other hand, energy intensity fell in the same period from 594.08 kWh per square metre of sales area to 580.13 kWh per square metre of sales area. This is primarily due to the fact that we increased energy efficiency at many of our locations by modernising the technical equipment on our properties. Read more in the section on EDGE and DGNB certification.

ENERGY CONSUMPTION BY PRIMARY SOURCE OF ENERGY (KWH)	2021	2022
DIRECT ENERGY CONSUMPTION		
Self-generated electricity from renewable sources (photovoltaic system)	230,306	347,506
Natural gas	3,955,271.25	3,634,703
Energy consumption by the total vehicle fleet*	6,798,530.62	7,247,683.63
INDIRECT ENERGY CONSUMPTION		
District heating	7,785,495	6,452,953
Electricity	0	0
Proportion of electricity from renewable energy	100%	100%
Of which electricity from renewable energy	62,582,571.69	64,366,213
TOTAL ENERGY CONSUMPTION	81,352,174.56	82,049,058.64

* Includes own logistics and non-logistics vehicle fleet and consumption of both diesel and petrol.

The transition from fossil fuel electricity to renewable electricity plays a key role in averting greenhouse gas emissions. Lidl Denmark purchases electricity from renewable sources and generates its own electricity from photovoltaic cells. In 2022, 100% of Lidl Denmark's total energy consumption was sourced from renewable sources and compensated with guarantees of origin*.

SOLAR CELLS

Since 2013, Lidl Denmark has been using a photovoltaic system to generate electricity. This means that we buy less electricity from the national grid. If the PV systems produce more electricity than is needed for our own use, we feed the surplus electricity into the public grid. At Lidl Denmark, we have 24 PV systems hooked up to our stores and a PV system at our logistics centre in Køge. We will continue to increase the number of PV systems over the next few years.

ENERGY MANAGEMENT

In addition to using renewable energy sources, making our energy consumption ever more efficient is also a way to reduce greenhouse gas emissions. Energy consumption is recorded and evaluated continuously. If areas of energy waste and inefficiency are

identified, recommendations are put forward for ways of identifying potential areas to be optimised and where energy efficiency can be improved. The goal of energy optimisation is to reduce energy consumption and thus also CO₂ emissions.

All Lidl Denmark's stores, logistics centres and head office are certified in accordance with the ISO 50001 energy management system.

As part of our ISO 50001 certification, we have developed an action plan that includes energy efficiency measures for stores, head office and logistics centres. In addition, employees in stores, logistics centres and at our head office are trained to increase their awareness of energy consumption.

EDGE AND DGNB CERTIFICATION

Lidl Denmark has increased energy efficiency at many of our locations by modernising the technical equipment on our premises. We have installed LED lights for artificial lighting and we are well underway with converting to a more efficient cooling system and modernising by replacing our gas boilers with heat pumps.

EDGE CERTIFICATION consists of three main parameters: water, energy and materials. A number of specific readings are taken of, for example the store's energy and water consumption, with the store's area divided into points such as cooling and freezing areas,

DGNB is a certification scheme designed for buildings and urban areas. The system is based on a holistic approach to sustainability with three main pillars: environmental, social and economic sustainability.



 • * Guarantees of origin document and guarantee that the electricity comes from renewable energy sources.

At Lidl Denmark, we factor sustainability into the entire construction process. We use materials developed to reduce energy consumption and think long term. Stores and the new headquarters at Godsbanen are being built with glass fronts to maximise natural daylight, the stores have sensor-controlled sunblinds to reduce unwanted heat from the sun, and we have light sensors in all welfare areas such as staff rooms, toilets and changing rooms. Read more about waste generation from construction in the circular economy section on page 66.

BUILDING TECHNOLOGY

Using automation and technology in our buildings helps to reduce energy demand and thus energy consumption. Energy consumption is optimised by being automatically controlled and regulated. Lidl Denmark uses timer switches for lighting and ventilation systems as well as a daylighting system controlled by the amount of daylight. Similarly, rising and falling temperatures are prevented at the same time by interconnected systems.

In November 2021, we officially opened our new high-tech warehouse in Køge. Lidl Denmark has invested in the new logistics centre, which uses the latest technology. In the warehouse, the pallets are handled by eight autonomous cranes and there is also a semi-au-

tomated picking system and a fully automated pallet stacker. Here we have used the latest technology for energy-efficient solutions in the new high-bay warehouse. Daylight control and LED lighting reduce energy consumption compared to traditional lighting, and the warehouse's cooling system uses "free cooling" for the cooler periods, which reduces CO₂ emissions compared to conventional cooling systems. There is heat recovery in all ventilation systems and heat recovery in the large cooling system, which is used for underfloor heating, among other things. PV cells partly cover our energy requirements in the administration building next to the high-bay warehouse, and we also use district heating instead of natural gas, which also helps lower CO₂ emissions.

Our constant monitoring and analysis of energy consumption enables us to react quickly and follow up on any deviations.

ORGANISATION

During the reporting years, representatives from the CSR department held regular status meetings with Facility Management, the property offices, the Construction and Procurement, respectively. To achieve a more integrated view and management of the area, from a

multidisciplinary climate perspective, there is potential to improve the organisation going forward. Therefore, we will establish a Climate Team, where representatives from the departments will meet to coordinate and implement the necessary actions and readings to ensure we achieve the ambitious climate goals we have set.

CONSTRUCTION

The construction sector accounts for a large proportion of the greenhouse gas emissions that affect the climate. Building materials, production, transport and disposal pollute the environment and can cause health risks. The construction industry and property management therefore have considerable responsibility in reducing their emissions.

Lidl Denmark has had high standards for the construction and operation of its buildings for many years and in time has created the basis for a property portfolio that has become more sustainable. We want to help protect the climate and conserve resources throughout all phases of our buildings' lifecycles. Consequently, we will increase our use of building materials and processing methods that are safer for people and the environment, and make more use of environmentally friendly and

recyclable building materials. Our goal is to gradually increase the proportion of more sustainable buildings in our property portfolio.

At Lidl Denmark, we use certification systems as a tool for assessing construction activities and the running of our buildings within various parameters. Lidl Denmark wants to achieve better transparency by systematically achieving sustainability certification for both new and existing properties.

Consequently, we have set ourselves the goal of achieving EDGE certification for 100% of our properties by the end of the 2023 fiscal year. Our new headquarter, which is expected to be up and running in 2023, is also certified in accordance with the DGNB standard, which evaluates the building in relation to environmental, economic and social sustainability.

In 2022, 117 stores and 2 logistics centres were certified by the end of the 2022 fiscal year.

Highly efficient heat pumps are helping to increase the energy efficiency of our properties. They take much of their energy from the environment, for example in the form of ambient heat from the air

or ground, and represent an energy-saving way of heating buildings. 30 of our stores had heat pumps in 2021, and in 2022, this was the case for 55 of our stores. At the end of 2022, we had no heat pumps in our logistics centres.

Lidl Denmark ensures that EV charging stations are set up for use by our customers, employees and business partners. We provide a charging infrastructure and are expanding our existing charging facilities.

ORGANISATION

At Lidl Denmark, Byg og Ejendom is responsible for our construction. Our building technologies department (BTA) consists of three sub-departments: Facility Management, Property Administration and Construction. The three areas all work with the quality assurance of our buildings in close cooperation with our property offices, as well as the operation and maintenance of our stores, logistics centres and head office.

TRANSPORT

305–3 Other indirect GHG emissions (Scope 3)

Before our products reach the shelves in store, they

will have already been transported a long way by plane, cargo ship or truck. This produces greenhouse gas emissions (GHG emissions in Scope 3), polluting the climate and environment. At Lidl Denmark, we have a direct influence on these emissions on the route between the logistics centres and stores.

By optimising our logistics and transport processes, we can save energy and reduce our greenhouse gas emissions. The goal is to reduce CO₂ emissions in this area by 28% by 2030 compared to baseline 2022. We can also influence the selection in our range: Whenever possible, and depending on the season, we increase the proportion of locally produced products in our range. With locally produced products, transport routes are shortened, reducing greenhouse gas emissions accordingly.

We are working to make more efficient use of our transport capacity and avoid journeys without goods. When goods are delivered to our stores, our trucks spend a lot of time queuing in morning traffic, emitting additional CO₂. Delivery restrictions in stores mean that we cannot deliver when we want at night. We are therefore investigating where else

we can act to reduce CO₂ emissions from logistics. We regularly check how we can optimise route planning to meet the daily changes in order volumes by stores in Denmark. We adjust the return route from the stores and pick up goods from suppliers.

One way of reducing our transport-related greenhouse gas emissions effectively is to develop our fleet of environmentally friendly trucks. Since 2021, we have been testing the use and efficiency of biogas trucks to deliver goods to stores. We have invested in two biogas trucks, which were put into operation in 2021, and we are always looking into what alternative technologies are available for our trucks that can meet our needs. We have representatives in network groups and working groups focusing on green transport, and attend conferences to gain further professional knowledge and sparring regarding the innovation of green transport.

To reduce CO₂ emissions from our logistics activities still further, we will set new goals in the 2023 fiscal year and define additional measures to operate our logistics processes in a more efficient and environmentally friendly way. This will help us achieve our goal of reducing our indirect GHG emissions in Scope 3.

ORGANISATION

At Lidl Denmark, the logistics department and the logistics centres are responsible for transport. They coordinate the implementation of all measures in our operations to comply with country-specific laws and internal guidelines.





ECOSYSTEMS



At Lidl, we sell organic honey and collaborate with the Danish Beekeepers' Association to ensure that our product range is both bee and insect-friendly for the Danish environment.

The honey in the picture is organic, produced in the EU.



Ecosystems

MANAGEMENT APPROACH (GRI 3-3)

The food system as a whole is a major driver of climate change and biodiversity loss. As humans, we depend on well-functioning and stable ecosystems to live and get the nutrition we need.

One of the main challenges in conserving biodiversity is the loss and fragmentation of various species' habitats. As human activity increases, natural habitats are transformed into urban, agricultural and industrial areas. This process not only destroys ecosystems, it also splits remaining habitats into smaller, isolated areas. This fragmentation can lead to:

- Loss of species
- Loss of genetic diversity
- Spread of invasive species
- Increased GHG emissions

If we continue as before, ultimately we risk no longer being able to offer food products to our customers. The Earth's resources are not unlimited, and this puts pressure on our food supply, among other things. "Respecting biodiversity" is one of our six strategic focus topics in our CSR strategy. Stopping the loss of habitats requires coordinated action in land use

planning, conservation policies and development practices. Collaboration between conservation organisations, decision-makers, the food industry and local communities is essential to finding solutions that balance human development with the conservation and promotion of biodiversity.



304–2 Material impacts on biodiversity in connection with the company’s activities, products and services

We contribute to the conservation and restoration of our biodiversity by focusing on our procurement practices and product offering. We select certifications that are relevant for us to be able to influence consumption in a more responsible direction and set certification goals for the critical raw materials in the production of our private labels. At the same time, we implement measures to reduce our waste and enter into partnerships which promote biodiversity, including knowledge and information about biodiversity. Read more about our product range and certifications in the “Responsible products” section on page 100.

Our biodiversity strategy includes efforts at national and international level. Risk analyses are carried out at an international level, and internationally recognised standards and certifications are established in our supply chain to conserve biodiversity and prevent deforestation. Our goal is for deforestation-free supply chains by the end

of the 2025 fiscal year, focusing especially on the raw materials soy, palm oil, cocoa, cellulose and wood. Read more about our commitment to forests and ecosystems on our website.

Our procurement practices and sourcing policies are regularly reviewed and updated. The sourcing policies can be found on our website. Based on our due diligence principles and Code of Conduct, we work closely with our suppliers and partners to reduce the risks associated with biodiversity in our supply chains. Through regular contact and monitoring, we ensure and investigate the effect of our actions.

308–2 Negative environmental impacts in the supply chain.

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, Rainforest Alliance or Fairtrade.

Our business partners have signed and are to comply with our Code of Conduct when entering into a contract. In terms of ecosystems, this means that they are obliged to comply with all environmental protection laws and regulations in the areas of water protection, pollution, hazardous substances and waste management, etc. Violation of the obligations set out in this Code of Conduct gives us the right to set a reasonable deadline for remedying the violation, which the business partner must comply with. If this deadline is not met, we are entitled to withdraw from or terminate the contract.

INITIATIVES

We developed the BioDiversity Add-On in cooperation with GLOBALG.A.P within a multi-stakeholder approach. The result was the first biodiversity add-on for conventional fruit and vegetable cultivation to supplement the GLOBALG.A.P. Integrated Farm Assurance Standard (IFA). The add-on is available to anyone and has the potential to elevate the transformation of the sector. So far it has been piloted by >900 fruit and vegetable producers.

Alongside initiatives in our business activities, at Lidl Denmark we create awareness of the importance of biodiversity. We partner with organisations, local communities and educational institutions on a local, national and international level. We regularly look into how we can best document the way in which our work to promote biodiversity has maximum impact and make the difference needed. This is regardless of whether it is with specific projects that we are involved in together with the organisation Plant et Træ, the Danish Beekeepers' Association, or the work being done by the Danish Alliance for Responsible Palm Oil and Danish Alliance for Responsible Soy. Read more about the alliances in the "Responsible products" section on page 100.

We work actively with our own value chain to intensify and promote the development of responsible soy. In addition, we work with the soy industry to develop the market and create new supply chains for responsible soy imported into Denmark. We require all our suppliers to use responsible soy in the production of products to be sold in our stores. The goal is to stop deforestation by 2025 and for soy production not to cause the deforestation of other valuable environments and forests.

tion of other valuable environments and forests.

DANISH BEEKEEPERS' ASSOCIATION AND PLANT ET TRÆ (PLANT A TREE)

304–3 Habitats protected or restored

Insect habitats are under pressure, and this has an impact on our wild plants and cultivated crops, which depend on insect pollination. The crucial role played by bees and other insects in biodiversity and food production is the reason why we can have fruit and vegetables in our supermarkets.

We therefore want to create more habitats for bees and other pollinating insects in Denmark. Our work has taken place locally at our stores, our two warehouses and at our head office in Kolding. We have entered into binding partnerships with the organisations Plant et Træ and the Danish Beekeepers' Association, in which in 2021 we joined forces to create five hectares of woodland in Skælskør in collaboration with Slagelse Municipality. Approx. 21,000 trees and 15 different native species of trees and bushes were planted and in future will develop into bee and insect-friendly habitats with hedges, embankments, clearings and

water. The project's vision is to create a greener Denmark, increase children's awareness of biodiversity and engage them in taking good care of nature.

From 2023, we will be entering into closer collaboration with Plant et Træ. The aim is to achieve a common, data-driven approach to helping protect and promote biodiversity and to increase children's awareness of Danish nature.

To increase children's awareness of biodiversity, we entered into a multi-year collaboration with the Danish Beekeepers' Association in 2021 to develop teaching material for school children aged 8–10. Each year, schools can sign up and receive educational kits, which in addition to learning material with exercise books and teacher guidelines also contain bags of seeds. In 2022, we handed out a total of 9,000 bags of seeds to primary schools that had signed up.

A bee universe was created on our website (Lidl's Contribution – Lidl Denmark). The website explains why at Lidl Denmark we focus on bees and other insects in our work with biodiversity and the nature of our responsibility as a grocery chain. The

website also describes the collaboration with the Danish Beekeepers' Association and why we are working with them.

For the UN's International Bee Day in 2022, Lidl Denmark, in collaboration with the Danish Beekeepers' Association, produced a film aimed at informing customers about how Lidl's range would be affected if there were no longer any insects to pollinate plants.



TOGETHER WITH THE DANISH BEEKEEPERS' ASSOCIATION, Lidl Denmark has focused on the following focus areas where we can make a difference together:

1. Lidl Denmark's range must be even more bee and insect-friendly. This means an even larger selection of organic products and bee and insect-friendly plants for the garden.
2. Lidl Denmark will focus on learning and increasing awareness of biodiversity by spreading the message about how crucial bees and other pollinating insects are for the conservation of our ecosystems, biodiversity and, not least, food supply in Denmark and the rest of the world.



"In 2021, we launched our own Way To Go chocolate, which is Fairtrade certified. We also contribute to Fairtrade Premium with an extra sum of money paid on top of the selling price that farmers or workers invest in projects of their choice. With this the farmers can decide whether they want to improve agricultural practices, purchasing equipment or strengthening their own organization."



RAW MATERIALS

Raw materials

MANAGEMENT APPROACH (GRI 3-3)

Raw materials such as coffee, cocoa, palm oil, soy, fish and many more are a fundamental part of our food consumption. The increasing demand for these resources, combined with climate change, deforestation, overfishing and the social circumstances in the extraction of these raw materials, among other things, not only affects nature and the environment, it also challenges production itself and access to raw materials. Furthermore, the extraction of raw materials has a major impact on the local community.

As a retailer, we are facing major challenges in maintaining access to raw materials. At Lidl Denmark, we must ensure that the raw materials we buy are produced in an environmentally and socially responsible manner and that this has not led to deforestation and the destruction of habitats. Responsible working practices in production must also be ensured.

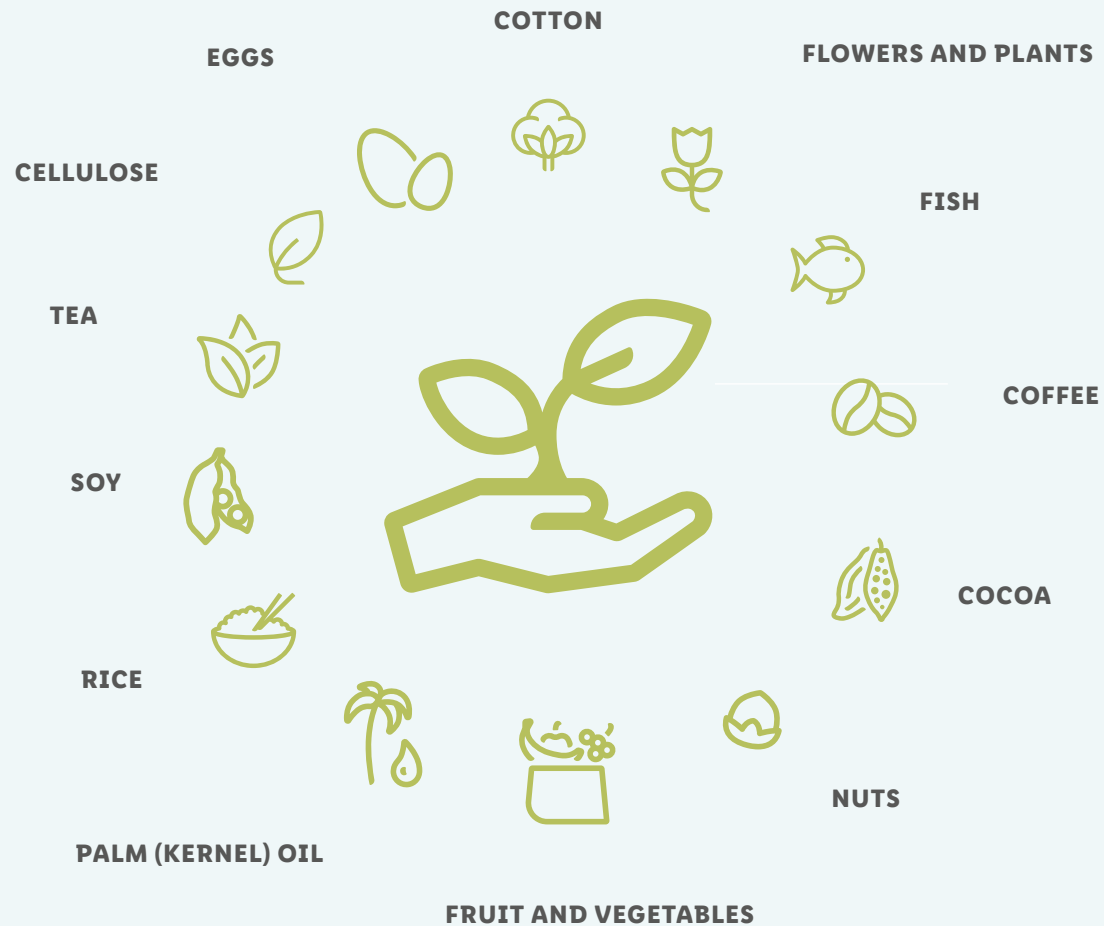
Transparency must be created in the supply chain: Retailers must be able to trace the origin of raw materials to be able to claim responsible production. In addition to the risks to the local community where raw materials are extracted, a lack of transparency can lead to mistrust among consumers and other stakeholders.

At Lidl Denmark, we focus in particular on the critical raw materials such as coffee, cocoa, palm oil, soy and fish, as well as the impact they have on the environment, people and business. These raw materials are of particular importance, as customer demand for products containing these raw materials is high. We tackle this challenge by engaging with our suppliers, complying with the standards and legal requirements that apply in the area, and by being aware of potential changes in consumer preferences and other stakeholders' recommendations. We have developed a raw material strategy and set goals relating to the raw materials used in the products within our range. We are committed to making the sourcing of critical raw materials more sustainable by 2025. One way we will ensure this is using certifications to make the sourcing of raw materials more socially and environmentally responsible. The certifications appear on the packaging and help our customers make a more informed purchase decision. Read more about our work with certifications in the "Responsible products" section on page 100.





The traceability of raw materials back to their origin must also be improved. We support certified palm (kernel) oil according to the RSPO's* Segregated trading model.

***RSPO stands for Roundtable on Sustainable Palm Oil. This is shown by the fact that the certified palm (kernel) oil we buy can be traced back to certified oil mills and is ultimately physically contained in the end product. Read more about RSPO here: www.rspo.org**



Overview of our critical raw materials








Overview of our goals for critical raw materials






RAW MATERIAL	PRODUCT	CERTIFICATION AND REDUCTION GOALS	TARGET DATE
COTTON 	Textiles, hardware, more sustainable cotton	GOTS, OCS, Fairtrade, CmiA, BCI	100% (promotional item) 2022
		----- Organic cotton	----- 20% ----- 2025
FLOWERS AND PLANTS 	Flowers, plants	GLOBALG.A.P. with GRASP add-on, Fairtrade	100% 2021
	Sphagnum	Peat reduction, content max. 50% peat (where possible we avoid peat altogether and use substitutes)	100% 2022
EGGS 	Fresh egg products, products containing eggs	Barn eggs as a minimum	100% 2016
FISH AND SHELLFISH 	Wild-caught, except tuna	MSC; provided the product is available and certification standard is assured	100% (standard listing) 2016
			----- 50% (promotional item) ----- -----2022





Overview of our goals for critical raw materials (continued)

RAW MATERIAL	PRODUCT	CERTIFICATION AND REDUCTION GOALS	TARGET DATE	
FISH AND SHELLFISH 	Aquaculture	ASC (priority), organic (priority), GLOBALG.A.P., BAP; provided the product is available and certification standard is assured	100% (standard listing) ----- 50% (promotional item)	2017 ----- 2022
	Frozen, convenience, except tuna	MSC (except tuna), ASC (priority), organic (priority), GLOBALG.A.P., BAP; provided the product is available and certification standard is assured	100% (promotional item)	2022
	Canned tuna	Canned (tuna only): MSC, Fishery Improvement Project (FIP), FAD free, pole&line	100% (standard listing)	2022
	Cat food	MSC, ASC for cat food in the "Fish" category	100%	2022
COFFEE 	Capsules, instant coffee/cappuccino	Fairtrade, Rainforest Alliance, UTZ, organic	100%	2020

RAW MATERIAL	PRODUCT	CERTIFICATION AND REDUCTION GOALS	TARGET DATE
COFFEE 	Roasted coffee (only in selected Western countries)	Fairtrade, Rainforest Alliance, UTZ, organic	100% 2020
COCOA 	Products with cocoa ingredients	Fairtrade product label, Fairtrade raw material label, Rainforest Alliance, UTZ, organic	100% (standard listing) 2016
	Bars of chocolate	Fairtrade product label, Fairtrade raw material label	100% (standard listing) 2022
NUTS 		GLOBALG.A.P. with GRASP add-on or equivalent, e.g. "Bioland", "Biopark", "Naturland", "Fairtrade" and others	100% 2021
PALM (KERNEL) OIL 	Products containing palm (kernel) oil (incl. derivatives and fractions) – All food and non-food articles	RSPO, supply chain model: Mass Balance. Segregation for palm(kernel) oils and at least Mass Balance for derivatives/fractions	100% 2017

Overview of our goals for critical raw materials (continued)

RAW MATERIAL	PRODUCT	CERTIFICATION AND REDUCTION GOALS	TARGET DATE
RICE 		Pilot project for including certified rice products in the range; Sustainable Rice Platform, Fairtrade, organic	(standard listing) 2021
SOY 	Vegetarian/vegan meat substitutes	Soy from Europe, priority: Danube soy/Europe soy	100% (standard listing) 2022
	Animal feed for animal products, excl. convenience	Procurement certificates: Danube soy/Europe soy, RTRS, ProTerra, ISCCPlus, BFA, CRS, SFAP Non Conversion	100% 2022
TEA 	Green tea, black tea and rooibos tea	Fairtrade, Rainforest Alliance, UTZ, organic	100% 2018
TEA 	Herbal and fruit tea	Fairtrade, Rainforest Alliance, UTZ, organic, provided the product is available and certification standard is assured	100% 2020

RAW MATERIAL	PRODUCT	CERTIFICATION AND REDUCTION GOALS		TARGET DATE
CELLULOSE 	Packaging and products containing cellulose components	Recycled material, if fresh fibre FSC, except PEFC	100%	2021
	Kitchen and hygiene paper products	Recycled proportion to be increased (hybrid paper also possible)	15% (standard listing)	2025
	Charcoal	Declaration: Country of origin and wood species on packaging	100%	2021
	Charcoal	FSC (priority), PEFC, Nordic Swan Ecolabel (priority if the supply chain is FSC-certified), sourced as part of the Earthworm project	100%	2022

Initiatives

To achieve our goals, we have implemented a number of sourcing policies, defining our rules for sourcing products of vegetable and animal origin. We pay particular attention in these documents to the environmental impact of cultivation and breeding. They are key guidelines for us and for our suppliers. Our goal is to increase the proportion of plant-based protein sources while reducing the negative ecological and social impacts in the raw material supply chains.

Vemondo is Lidl own range of vegan and vegetarian products. Since 2022, all soy in our Vemondo products has been of certified European origin, making us independent of soy from critical areas in all our Vemondo range.

The global food trade needs to share knowledge, partnerships and action across the entire value chain. That's why at Lidl Denmark we engage with several players from the Danish alliances for responsible, deforestation-free imports with a focus on products that contain critical raw materials. Discussions concerning developments and solutions are held in the individual alliances. The purpose of the alliances is to generate joint action for a re-

sponsible, resilient and fair value chain. At Lidl Denmark, we ensure that the goals we work with in the alliances are also compatible with our CSR strategy. See more about this in the "Responsible products" section on page 100.

As part of our Code of Conduct, we require our suppliers to, among other things, comply with human rights and environmental protection laws in the supply chain and to avoid or reduce pollution of resources and the environment where possible. Read more about our Code of Conduct in the "Our policies and principles" page 17.

To find out more about our work on safeguarding human rights, see the "Labor and human rights" section on page 81.

In 2022, we worked on setting new, adapted goals and requirements for raw materials in food, near-food and non-food. These are expected to be implemented in our sourcing policy over the course of 2023.

• See an overview of the members of the alliances here [Alliances – Ethical Trading](#)



When you hand in your empty bottles and cans at Lidl Denmark, we also accept those without the deposit mark on them. We chose to do so to ensure that the bottles and cans does not wind up in nature.



CIRCULAR ECONOMY



Circular economy

MANAGEMENT APPROACH (GRI 3–3)

For some time now, we have primarily had a linear economy in Denmark, following a straight line from the extraction of resources to the disposal of waste. The design in a linear economy is “Produce-Use-Throw away”. This is not sustainable when there is also rising global demand and greater consumption of resources. We do not have an infinite amount of resources. We therefore need to ensure the Earth’s resources are better managed, by seeing all resources as part of a complete cycle instead – a circular economy.

Waste and pollution must be stopped as much as possible or prevented through products that can be repaired or upgraded. Products and materials can be reused in production for as long as possible and the natural systems must be regenerated. The circular economy is one of the most important tools for meeting the current generation’s resource requirements without jeopardising the chances of future generations to meet their own resource requirements.

For decades, we have been using more resources than the Earth is able to naturally renew. At the

same time, the amount of waste is increasing due to increases in production, consumption and use of packaging materials. The consequences of this trend have a direct impact on both the climate and environment. While the production and processing of raw materials is exacerbating climate change and the availability of clean water continues to decline, the rising volume of waste is also putting biodiversity and water quality at risk. We are therefore faced with the challenge of saving all resources.

Lidl Denmark’s business activities are directly linked to the use of resources. The resources we use at Lidl Denmark include various materials such as plastic, paper, textiles and wood. To ensure that we use the resource responsibly, we operate efficient systems for handling waste, plastic and paper.

To promote the circularity of our waste management, we record the flow of each resource material category in our operating processes. With efficient separation and proper disposal of materials, we ensure the resources used are recycled and minimise the proportion of non-recyclable waste.

We link our waste flow to our supply chain to optimise the lifecycles of the materials.

The circular economy is strongly linked to our resource consumption – including our approach to waste and material consumption. We can see a potential to support the circular economy even further by also looking at product design and product range. Read more about this in the “Responsible products” section on page 100.

As part of Schwarz Group, Lidl Denmark is working on reducing plastic consumption and implementing the plastic strategy “REset Plastic”.

RESET PLASTIC – A JOINTLY ELABORATED STRATEGY OF THE COMPANIES OF SCHWARZ GROUP

Plastic has become a major part of our everyday lives – both in the form of the objects we use and interact with. It’s easy to understand why: The material is robust, lightweight, flexible to use and ensures food safety and shelf life of the products we sell. The recyclable material is also indispensable as transport and packaging material for our core business. However, due to the



material's long lifespan, it can become a problem if it ends up as waste in the environment. Anyone who brings plastic into the loop is therefore also responsible for preventing plastic waste.

Since 2018, Lidl Denmark has been part of the jointly elaborated international REset Plastic strategy of the companies of Schwarz Group, in which we collect, sort and reuse plastic.

In addition to reducing the use of plastic and promoting recycling, we want to raise awareness and eventually change the way we handle plastic.

THE RESET PLASTIC STRATEGY:

As part of Schwarz Group, Lidl Denmark is committed to:

- reducing plastic consumption by 20% by 2025
- achieving our goal of 100% recyclability of the packaging for our private label products in the standard range by 2025
- our plastic packaging in our own brand packaging containing at least 30% recycled material on average by 2025

Through the companies of Schwarz Group, we signed the Ellen MacArthur Foundation's Global Commitment of the New Plastics Economy in 2018. The vision is: "Less plastic – closed loops".



The REset Plastic strategy supports our efforts to optimise packaging. Optimising measures are carried out in close cooperation with our suppliers both nationally and internationally. Monitoring and documenting our efforts at reducing our packaging consumption at Lidl Denmark is subject to both national and group-wide inspections. We observe the Danish rules for handling and sorting waste.

In the 2022 fiscal year, it was decided to adjust the existing packaging goals for all Lidl countries so that they are now even more ambitious than before.

Internal goals have been set for reducing the use of materials, packaging and waste. These are reviewed annually. The internal management of recycled materials plays a key role in ensuring waste prevention and recycling is regularly followed up. The amount of materials and waste are monitored and assessed regularly across the whole of Lidl Denmark. We ensure recycled and recyclable materials are separated and handled correctly and waste is also handled correctly through regular internal professional upskilling of employees and ongoing training.

MATERIALS:

306 Waste

306-1 Waste generation and material waste-related impacts

306-2 Management of material waste-related impacts

ORGANISATION

At Lidl Denmark, Sales & Logistics is responsible for handling waste and recyclable materials. The organisation and design of our waste management processes are coordinated on a strategic level with our specialist international department. We observe the Danish rules for sorting and handling waste.

Lidl Denmark has a contract with external waste collectors for handling our waste, in which they undertake to dispose of waste in accordance with the applicable legal requirements and regulations. We collect data and obtain documentation from our suppliers on all the types of waste they have handled for Lidl Denmark. We get route maps as supporting documentation. All information and data is entered into our internal database.

Although at Lidl Denmark we use recycled materials to a large extent, there is a high consumption of paper and plastic in particular. Paper is used in the stores for in-store flyers and signs and is an integrated part of our customer communication. Plastic is mainly used for our plastic bags, food bags, waste sacks and stretch film. In addition to the materials that Lidl Denmark uses itself, the stores also generate waste from the outer packaging on products delivered to the store from our suppliers.

The forthcoming EU regulation on packaging and packaging waste will have a major impact on our operations and processes. We are preparing for these changes by joining various internal and external working groups and establishing an internal, interdisciplinary working group to ensure knowledge is shared and the work in this area is organised and coordinated in the best possible way.

CONSUMPTION OF PLASTIC AND PAPER IN TONNES

301 Materials

301-1 Materials and raw materials used, by weight or volume

301-2 Recycled material used

We have reduced the use of paper by producing a smaller number of flyers for the stores than before, converting paper price signs to electronic ones and reducing other paper elements in the store as part of an ongoing process.

On the other hand, use of plastic has gone up, as both the amount of waste sacks and consumption of stretch film and plastic for pallets has increased due to what is required by our Automated Colli Picking facility at our logistics centre in Køge.

In 2019, we introduced “Green bags”, which are reusable bags in our fruit and vegetable departments. In 2021 and 2022, we sold a total of 46,492 sets of bags.

CONSUMPTION OF PLASTIC AND PAPER IN TONNES	2021	2022
MATERIAL	VOLUME IN TONNES	
PAPER	4,195	4,047.32
Of which recycled material	4,195	3,238.32
PLASTIC	168,54	203,59
Of which waste sacks	100,04	139,859
Of which stretch film	68,5	63,9
TOTAL	4,363.54	4,251.079



MATERIAL VOLUME BY TYPE IN METRIC TONNES

301-1 Materials and raw materials used, by weight or volume

306-3 Waste generated

Of the total 43,337.243 tonnes of recyclable materials, including residual waste, generated in the reporting year, we were able to recycle and reuse around 27,402.711 tonnes. Despite our efforts, it is difficult to completely avoid material waste. In 2021, we had to dispose of 2,013.35 tonnes as residual waste, while, in 2022, the amount of residual waste had fallen to 1,678.973 tonnes.

Overall, we have managed to reduce the total amount of waste in the reporting years. This is primarily due to the fact that we had a lower number of refurbishments in the reporting years, which generated less residual waste. The amount of waste made up of cardboard was lower due to fewer non-food sales.

Since autumn 2021, all our shop uniforms have been made from certified organic Fairtrade cotton. When the shop uniforms are worn out, they are sent to a partner in Germany, who organises for the textile material to be recycled.

MATERIAL VOLUME BY TYPE IN METRIC TONNES	2021	2022
MATERIAL	VOLUME IN TONNES	
PCC (CARDBOARD WASTE) RECYCLED	10,402.0	9,874.4
ORGANIC WASTE, RECYCLED	6,222.69	5,989.285
WOOD WASTE, RECYCLED	2,201.46	2,241.675
PLASTIC WASTE, RECYCLED	141.2	154.39
TEXTILE WASTE, RECYCLED	26.24	25.5
METAL WASTE, RECYCLED	576.32	216.22
RESIDUAL WASTE	2,013.35	1,678.973
NON-HAZARDOUS WASTE, RECYCLED	1,103.245	383.883
HAZARDOUS WASTE, RECYCLED	25.97	32.293
TOTAL	22,725.875	20,611.368
RECYCLED	50,021	46,98
GENBRUG	14,423.98	12,881.73

● NON-HAZARDOUS WASTE

● HAZARDOUS WASTE

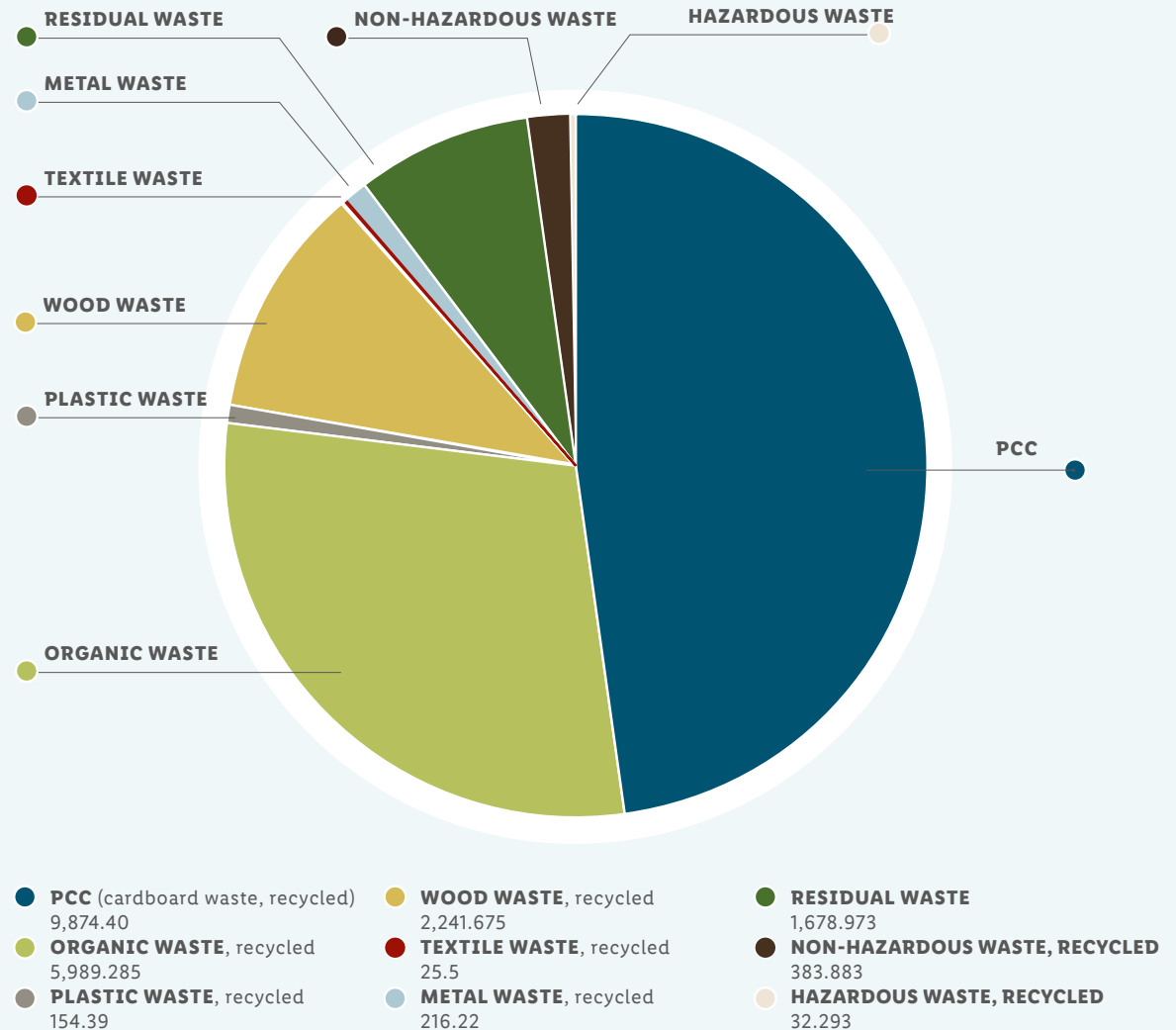
DIALOGUE WITH OUR SUPPLIERS

Sharing knowledge and working together with suppliers means we can work jointly to find a better way of optimising packaging to reduce both plastic and waste. This creates value for both us and our suppliers. When changing the design of packaging, when reducing plastic in packaging or when recycling plastic, we have to be aware that the overall consumption of water and / or chemicals may increase in the production. Example given is to clean the plastic so that it is ready to be recycled for food packaging products or skin care packaging products.

To reduce the amount of plastic and waste by optimising the packaging design, we issued an updated version of Lidl Denmark's plastic guide to our suppliers during the reporting period. Just like the previous version of the guide, there are also guides for packaging made of paper, cardboard, glass and metal, in addition to instructions on how to improve the design, the need for recyclability and the need for recycled materials in plastic packaging.

During 2023, the sub-goals set for reducing plastic and waste will be adjusted and new sub-goals added.

PROPORTION OF MATERIALS OF TOTAL VOLUME IN 2022



PACKAGING

- **Lupilu Sensitive Shampoo & Bodyshampoo**, Danish-produced packaging made of 50% recycled plastic.
- **Smoked tenderloin** (Pålægsslagteren Delikatesse), Danish-produced packaging made of 55% recycled material.
- **Our private label meat trays** from Danish suppliers have been converted from black plastic to transparent plastic (Evolve by Faerch trays). These Evolve by Faerch trays are made from approximately 90% recycled plastic. In comparison, the old black trays were made of 80–90% recycled plastic.

NEW SOLUTIONS – NEW LEARNING

One thing is to be curious and innovative in the development of new packaging solutions. Another important aspect is to develop a packaging design, that meet the expectations and likings of the customers, and that will work in everyday life. At Lidl Denmark, we are aware that for our solutions to be optimal and as user-friendly as possible, the

customer must be included in the development process. We have previously been unsuccessful with new food packaging solutions that, in their design, reduced both the amount of plastic and waste, but were not satisfactory in terms of user-friendliness and aesthetics. Achieving our goal of reducing the amount of both plastic and waste can be difficult, as the success of innovative packaging designs is dependent on the acceptance among our customers.

COLLABORATIONS

Lidl Denmark contributes to prevent plastic waste ending up in the nature. We have been doing this since 2015 by accepting deposit-free cans and bottles in our reverse vending machines. From August 2021 to July 2022, Lidl Denmark experienced a huge increase in returned, deposit-free cans and bottles – waste that risked ending up in the nature. In 2022, Lidl Denmark accepted 1,285,428 cans and bottles without deposit.

There is too much waste littering the countryside, which is harmful to both animals and the environment. World Cleanup Day is therefore both an op-

portunity to clean up the environment and a good opportunity to reflect about the types of waste that are most commonly found littering the outdoors and what we can do about it.

World Cleanup Day is the world's largest clean-up, taking place in 191 countries, with 60 million volunteers participating. Lidl Denmark supports the worldwide cleanup event, which takes action to tackle the global waste crisis and create a cleaner world.

The collaboration with Too Good To Go has resulted in many good things – not least the highlight of 2022, when sales of the bags in our stores reached 500.000 since we started the joint cooperation in 2019.



FOOD WASTE

Food waste

MANAGEMENT APPROACH (GRI 3–3)

Every year, billions of tonnes of edible food is thrown away. This high level of food waste means that finite and valuable resources, such as water and soil, are wasted, and emissions from production and transport could have been avoided. Food waste also leads to unnecessary costs for businesses and consumers. Food waste is thus harmful to the climate, the environment and the business. In 2021, the Danish Environmental Protection Agency mapped the amount of food waste across sectors. The survey shows that the total food waste in Denmark amounts to approx. 814,000 tonnes each year. The report from the Danish Environmental Protection Agency states, that the processing and manufacturing sector accounts for the majority of Danish food waste, with an estimated 429,000 tonnes. Households account for the second largest share of food waste with around 247,000 tonnes of food ending up in private homes' rubbish bins. It is estimated 96.000 tonnes of the food waste each year comes from retail, while the hospitality industry and services account for an estimated 42.000 tonnes of the total food waste. At the same time, more families are struggling to manage their household budgets, but are unaware of how to reduce food waste.

Food waste is the topic given the highest weighting in our materiality analysis. This means that we will prioritise and expand our work in this area to an even greater extent than before. We stay abreast of the latest research on food waste and reinforce the dialogue with our stakeholders to find and develop new methods and measures that can reduce and prevent food waste as much as possible.

A core task for Lidl Denmark is to offer fresh, high-quality food. We have set a goal to reduce our food waste by 50% by 2030 (baseline 2018). We are well underway, but we still need to identify the full picture of our food waste in and around the entire value chain.

Food waste occurs during production, transport and processing, as well as in retail stores and at consumers. In stores, food waste occurs when perishable food is sorted and removed after the store has closed or when the product's "best before" date is reached and the food becomes waste. Not all consumers are aware of the difference between "use by" and "best before" dates, which means that food that is still edible ends up in the bin.

If we do not tackle food waste, it will have direct

and indirect fiscal consequences in addition to the environmental and social consequences. Food that is not sold in time is thrown away, which is a waste of resources for the environment, people and business.

Addressing the challenges of food waste requires close collaboration between producers, suppliers, policy makers and consumers. There are different measures that can reduce overall food waste, which require the stock in our stores and distribution centres to be managed and monitored efficiently. We work with better stock management practices, get fruit & vegetables delivered daily, have an efficient supply chain with short transport routes, educate consumers about food labelling, work strategically with price reductions, donate food to help the work of social non-profit organisations with vulnerable families and increase awareness of the environmental and social consequences of food waste internally within the organisation and in collaboration with our project partnerships.

We increase customers' awareness of handling food with our food waste leaflet and explain our "Best before, often good after" initiative on selected products. We also collaborate with the food waste company Too Good To Go.

• <https://fvm.dk/nyheder/nyhed/nyhed/foerste-samlede-kortlaegning-af-madspild-i-danmark-offentliggøres> Første samlede kortlægning af madspild i Danmark offentliggøres (fvm.dk)

Initiatives

In future, Lidl Denmark will intensify the dialogue with external stakeholders who have access to and professional knowledge of the areas that affect food waste. From 2023, we will be collaborating with other Lidl countries to exchange knowledge and experiences in our work of reducing food waste both internally in the organisation and that takes place out along the links in the food value chain, which we have no direct influence over. The goal is to reach a common, data-driven approach to reducing food waste so that, by 2030, we will have reduced our food waste by 50% compared to the 2018 baseline.

ORGANISATION

At Lidl Denmark, the sales department, in cooperation with the purchasing department, is responsible for reducing food waste in the stores.

In addition, the CSR department is responsible for maintaining contact with our stakeholders, developing other initiatives and projects that contribute to reducing food waste, and ensuring an ongoing exchange of experiences on the subject with Lidl in other countries.

If you have any questions about handling food waste and our initiatives to reduce food waste,

please contact our customer service or CSR department.

INITIATIVES TO REDUCE FOOD WASTE

As part of our international food waste initiative “Too Good to Waste”, we are always identifying new measures that can be implemented to reduce food waste.

Lidl Denmark continuously checks the freshness and shelf life of food products, especially the perishable product groups such as fruit and vegetables or refrigerated products such as fresh meat, fish or poultry. By using price reductions, we try to promote the sale of food approaching its “best before” or “use by” date. Our bake-off products are reduced in price 30 minutes before closing.



FOOD WASTE

Yr	Total food waste in tonnes
2017	4,148
2018	4,657
2019	4,276
2020	4,232
2021	Data not available*
2022	Data not available*

* Until now, we have calculated our food waste using an external model, but we are in the process of working out how we can calculate a more data-accurate overview of our food waste internally in the future. Therefore, there are no figures for the reporting fiscal years.

Food waste (continued)



BLUE CROSS

Provided that the applicable food safety regulations are complied with, at Lidl Denmark we donate surplus food and goods from our stores that can still be used but are no longer suitable for sale. Lidl Denmark has worked nationally with the social non-profit organisation Blue Cross since 2017 and lots of vulnerable families have benefited from the collaboration with donations from our stores, especially in the time around Easter, Whitsun and Christmas for example. During the reporting period, Lidl Denmark contributed surplus goods five times from between 17 and 27 stores.

“We are delighted with the partnership with Lidl Denmark, where together we can reach out and make a difference for vulnerable children, young people and adults in Denmark. Local food distributions to families in fiscal need are very important and help ease the worries in their day-to-day lives,” says Thomas Røddik Korneliussen, Head of Communications at Blue Cross Denmark

Since 2019 we've sold over 500.000 surprise bags



TOO GOOD TO GO

Lidl Denmark cooperates with Too Good To Go on a number of food waste initiatives. In addition to the sale of food bags, which are sold via the Too Good To Go app and collected locally in the stores, in 2022 we expanded the partnership in DM in Overskudsretter (Danish championships in surplus food dishes.) to also include a children's event. For the children's event, two primary school classes from Funen were invited to a 3-hour food waste lesson in the company of a national team chef.

“We really need to focus on food waste from an early age. It should be a natural part of children's eating habits. It means we have to help children gain the knowledge, skills and inspiration for new creations in the kitchen with leftover food. I am therefore very proud that this year we have expanded DM in Overskudsretter to also focus on and include children,”

says Heidi Boye, Country Manager at Too Good To Go.

In 2022, we reached a milestone with 500,000 surprise bags sold since we partnered with Too Good To Go in 2019. From 2023, the range of surprise bags will also be expanded to include our bake-offs.

175,981 surprise bags were sold in 2021
139,623 surprise bags were sold in 2022



In 2020, we were the first grocery chain in Denmark to phase out conventional, fast-growing chickens from our fresh chicken range, and we are continuing to focus our work on improving animal welfare with our products.



ANIMAL WELFARE

Management approach

MANAGEMENT APPROACH (GRI 3–3)

In 2021, the new Animal Welfare Act came into force. It replaced and was an improvement on the more than 100-year-old Animal Welfare Act.

Animal welfare is a complex and controversial area that is of great importance to many Danes. Lidl Denmark's materiality analysis shows that, although animal welfare continues to be of material importance to our stakeholders, the topic has gone from 1st place in 2019/2020 to its current 14th place. This may be due to rising prices as a result of inflation, a general decline in meat sales, but also an increased awareness among our stakeholders of other sustainability topics that are now seen as more socially critical such as climate, biodiversity and food waste.

Nevertheless, animal welfare remains an important focus area, which we are trying to influence and steer in a better direction through our sourcing policies, purchasing practices and offering.

Animal welfare is an integral part of our business practices when it comes to the sale of food products such as chicken, eggs, milk, pork and

beef. Animal welfare is a far-reaching topic. The requirements for animal welfare are defined both by political regulation, by husbandry itself and by consumers.

If we expand our focus, we find that ethical responsibility also includes animals that do not live behind a fence. Animal welfare also applies to fish and shellfish. As a result, we can see several challenging factors that have a negative impact on animal welfare:

- Overfishing
- Acidification of the ocean
- Invasive species
- Destruction of habitats

Work is ongoing to improve animal welfare in the primary food groups – milk, eggs, pork, beef and chicken.

In 2015, Lidl Denmark was the first discount chain in Denmark to remove cage eggs from the range in all stores and, at the end of 2016, hidden cage eggs were phased out from all our labels.

In March 2020, Lidl Denmark was the first grocery chain in Denmark to decide to phase out conventional, fast-growing chickens from our range. Since then, only fresh chicken with the government-backed animal welfare label has been sold in our stores in Denmark. Removing certain items from our range has been an important step in the right direction to ensure better animal welfare. Since our phase-out of turbo chicken, others from the retail industry have followed suit and have also removed or communicated about the pending phase-out of turbo chicken from their range.

We are continuously working towards offering a broader range of products with the animal welfare label. Therefore, our goal is that, by the end of 2025, we will also be able to document a 20% increase in sales of products with the animal welfare label (baseline 2020).

Initiatives

THE ANIMAL WELFARE LABEL:

FP10: Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic

Lidl Denmark has been a proud user of the Governmental animal welfare label for many years and has been active in a working group set up by the Danish Veterinary and Food Administration for the further development of the label together with many other players. The animal welfare label divides products into three levels and can be given to meat and dairy products.

The animal welfare label allows customers to see which products meet the requirements for better animal welfare. By choosing products with better animal welfare, consumers are helping more pigs, broilers and cattle to be produced under improved conditions.

In 2021, we took another step towards better animal welfare when we became the first grocery chain to certify our private label basic organic milk to the welfare label's highest level, that of three hearts. It covers our four Engvang vari-

eties of organic skimmed, mini, semi-skimmed and whole milk, which are produced by our long-standing milk supplier, Naturmælk. The animal welfare label consists of three levels, and Lidl's Engvang range already had two hearts. The difference between two and three hearts is the area requirement, cow and calf time together after calving, milk feeding of the calves and access to grassland. The basic requirements of the animal welfare label go beyond current Danish and European legislation on animal welfare.

"This is another step in our overall efforts and constant focus on better animal welfare. At the same time, it supports our general goal of expanding our organic range. With what they buy, our customers are showing that they care about both animal welfare and ecology and it's an exciting development that we are constantly working to support," says Rasmus Pape, purchasing director at the time at Lidl, 2021.

According to a survey conducted by the analysis institute YouGov for the Danish Veterinary and The National Food Administration and published in December 2022, consumers continue to have

an interest in animal welfare. The survey was conducted in November 2022 and showed that 7 out of 10 consumers are at least to some extent concerned about animal welfare when shopping for food. The survey also showed that the majority of those familiar with the animal welfare label also trust it.

The willingness to pay extra for better animal welfare is fairly steady across the food groups of pork, veal and beef, chicken, dairy products and meat spreads. However, there is a decline among women over 30 in terms of their willingness to pay a little extra for veal, beef and chicken compared to 2021.

Following the publication of the "Dyrevelfærdsmærket kendskabsmåling" (animal welfare label awareness survey) from YouGov, we started to draw up a new animal welfare strategy at Lidl Denmark. The work is expected to be completed by the end of the 2023 fiscal year.

FOCUS ON ANIMAL WELFARE BELOW THE OCEAN SURFACE:

Animal welfare applies to all animals, not just

• https://fvm.dk/fileadmin/user_upload/FVM.dk/Dokumenter/Fokus_paa/DK2022-115962_Ministeriet_for_Foedevarer_Landbrug_og_Fiskeri_Dyrevelfaerdsmaerket.pdf

• The survey was carried out by the analysis institute YouGov. A total of 1,010 CAWI interviews with Danes (aged 18+), 521 CAWI interviews with women over 30 and 508 CAWI interviews with families with children have been conducted in the period 22 - 26 November 2022.

pigs, chickens and cows. The new animal welfare legislation is confirmation. This in itself may be an indication of an increasing awareness of animal welfare and a greater understanding of animals as sentient creatures. Marine biodiversity is also under pressure and ocean wildlife is threatened.

Since 2017, Lidl Denmark has offered 100% certified fish and shellfish, both wild-caught and aquaculture, in a standard range. Our attitudes and work towards animal welfare below the ocean surface are documented in our own manifesto for more responsible sourcing of fish and shellfish products, which is available on our website.

At the end of the 2022 fiscal year, Lidl Denmark became a member of the Danish Alliance for Sustainable Fisheries and Aquaculture at Ethical Trade Denmark. The purpose of the alliance is to work to ensure more sustainable stocks of marine animals and flora, with a special focus on marine biodiversity.

The alliance is a binding collaboration between players with a common vision, in which members

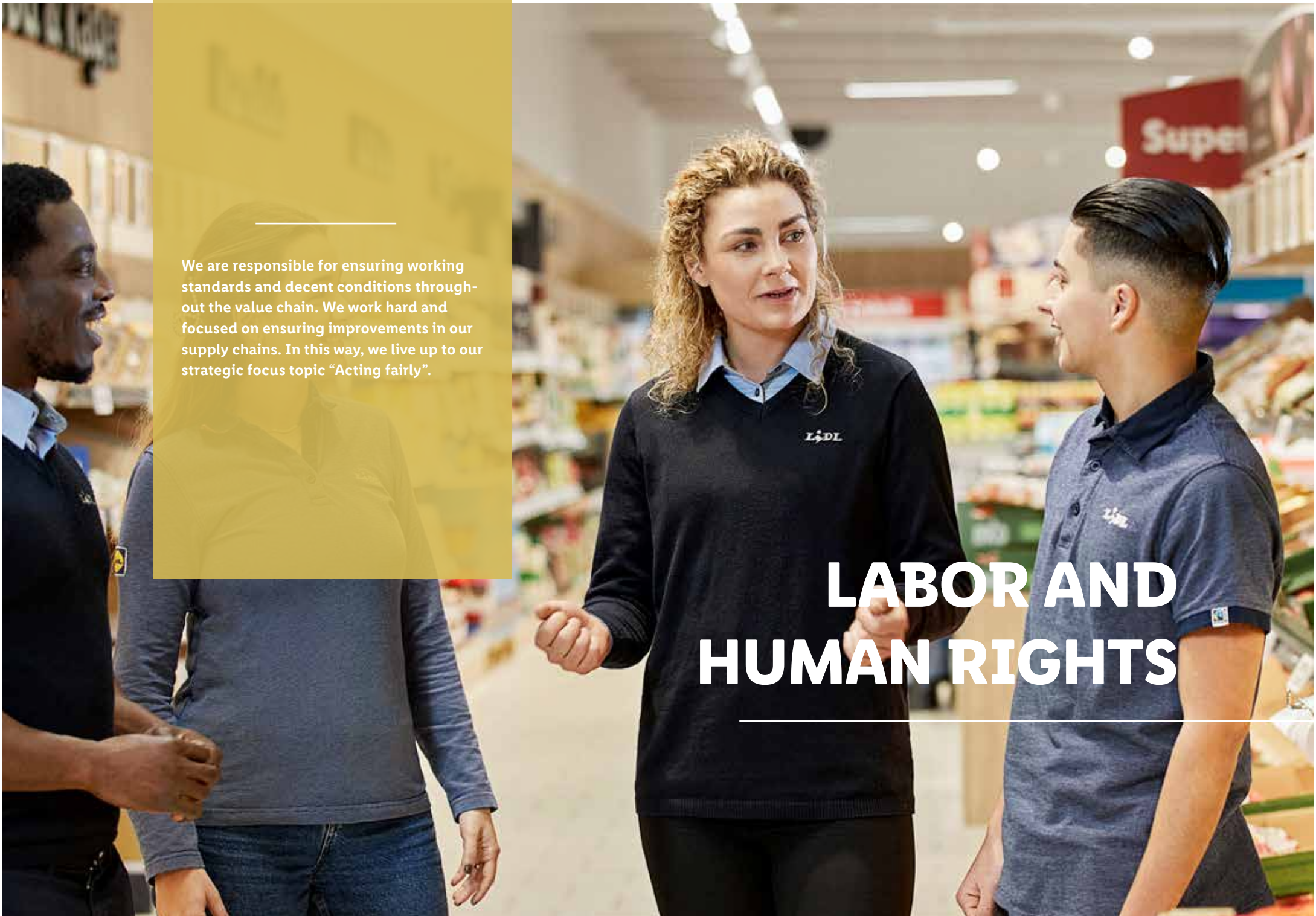
work to ensure sustainable production, biodiversity and better animal welfare. Over the course of the 2023 fiscal year, overall goals for the alliance will be prepared within seven themes, and action plans will be drawn up for the area.

Read more about the alliance here:
www.etiskhandel.dk/aktiviteter/alliancer/dansk-alliance-for-baeredygtig-fiskeri/



We are responsible for ensuring working standards and decent conditions throughout the value chain. We work hard and focused on ensuring improvements in our supply chains. In this way, we live up to our strategic focus topic "Acting fairly".

LABOR AND HUMAN RIGHTS



Labor and human rights

MANAGEMENT APPROACH (GRI 3–3)

Labour and human rights are an essential part of sustainability work, as they concern the social dimension of sustainability. Ensuring fair working practices and respecting human rights are essential to creating a business model that is also sustainable and ethical.

The World Economic Forum has made combating social inequality and injustice a core issue, because, for example, social unrest can have a negative impact on both society and business. Similarly, the European Commission has launched proposed directive, called “Corporate Sustainability Due Diligence”, on mandatory due diligence for human rights.

If we neglect labour and human rights, it has negative consequences such as poor working conditions, exploitation of labour and/or human rights violations. Incorporating employees and human rights into a sustainability strategy reflects an approach that not only takes environmental considerations into account, but also works with the social aspects that can contribute to social well-being, reduce inequality and create a more just and sustainable world.

As a company, we must ensure that employees both at our workplace and in our supply chains can perform

their work safely. This includes protecting employees’ fundamental rights.

In addition to the statutory schemes such as the Working Environment Act, the Working Hours Directive and the Convention on Human Rights, we are responsible for creating working conditions that promote a respectful and responsible environment.

Working with labour and human rights can be challenging. The reasons for this include:

- Complex, global supply chains that make it difficult to monitor and ensure fair labour practices and compliance with human rights at all levels
- Cultural and legal differences in labour rights, where standards may vary from country to country
- Other focus areas within sustainability can overshadow the challenges of human rights

As a retailer, Lidl Denmark sells food, near-food and non-food products from throughout the global supply chain. We are responsible for promoting decent working conditions and working

standards for people in our value and supply chain.

Our goal is to create improvements through targeted efforts and address the strategic focus of ‘Good for People’.

At Lidl Denmark, we therefore enter into binding partnerships and establish ongoing dialogue with our stakeholders – including employees, suppliers, customers and NGOs. By implementing policies, principles and procedures, we can create and secure working conditions both in our own company and in our supply chains that prioritise labour and human rights, promote decent conditions and contribute positively to both people and society.

OUR EMPLOYEES

As an employer, we want to provide our employees with a safe and attractive working environment. At Lidl Denmark, compliance with and the protection of employees' rights forms the basis for a relationship of trust. All our activities are firmly anchored in our corporate principles, policies and procedures. To ensure compliance with all our business processes where our employees are concerned, the HR department uses the "HR" CMS program, which is a key area of Lidl's Compliance Management System (CMS). Read more about our CMS in the section on compliance on page 18. Compliance with the applicable law and internal guidelines forms the basis for and influences our actions.

As mentioned in the section to do with our policies and principles on page 16, we have a Code of Conduct. We continuously assess our labour and human rights practices and procedures and evaluate them to ensure they comply with international standards and national regulations.

LIDL'S EMPLOYEES IN NUMBERS:

2-7 Employees

At the end of the 2022 fiscal year, Lidl Denmark had more than 3,662 employees, 1,284 of whom were full-time employees.

	2020	2021	2022
NEW EMPLOYEES	1,504	1,930	2,122
FULL-TIME EMPLOYEES	1,220	1,204	1,284
PART-TIME EMPLOYEES	2,056	2,284	2,378
PERMANENT EMPLOYEES	The figures from 2020 were not calculated in the last report	2,757	2,662
OF WHOM WOMEN		1,242	1,182
TEMPORARY EMPLOYEES	The figures from 2020 were not calculated in the last report	1,092	1,484
OF WHOM WOMEN		361	484
MANAGEMENT		271	314
OF WHOM WOMEN		73	80
PROPORTION OF FEMALE MANAGERS	31.5%	26.94%	25.48%
PROPORTION OF MALE MANAGERS	68.5%	73.06%	74.52%

We took on a total of 4,052 new employees in the reporting years 2021 and 2022.

407 Freedom of association and collective agreements
Our stores, administration offices and warehouses are located in Denmark. Statutory requirements in Denmark and in the other EU member states are the basis for guaranteeing the right to freedom of association and collective bargaining and for ensuring human rights are protected at our sites.

2–30 Collective bargaining agreements"

We have entered into collective agreements for store employees (the collective agreement for shops), office assistants (the collective agreement for salaried employees) and warehouse employees (the joint collective agreement) respectively.

The rights of our employees are protected by collective agreements and/or labour agreements.

In 2021, 3,102 employees (88.93%) were covered by a collective agreement, while in 2022 this figure was 3,155 (85.06%).

WORKING ENVIRONMENT AND WELL-BEING:

It is important to us that all employees feel safe at

work and that their working environment is safe and healthy. This applies both physically and mentally. We comply with legislation and investigate and prevent accidents and injuries on a day-to-day basis. For example, this means that we provide technical aids to prevent wear and tear and we are constantly looking for new solutions to make work safer for employees. When the new high-tech high-bay warehouse was opened in Køge in 2021, we introduced six ergonomically optimised workstations to relieve employees of almost all manual lifting and prevent wear and tear. Technical aids on their own are not enough, so we also regularly distribute information about preventive and protective measures, which we put into place so employees can perform their work safely. For us, it is important that employees can stay healthy for many years and that they also have the energy to be active in their free time.

We have established a health and safety organisation and all information about our working environment is available on our intranet and in our employee app. If an accident occurs at work, it must be reported immediately to the health and safety department at Lidl's head office, who will deal with the accident and ensure that it is reported to the authorities.

EMPLOYEE ADVISER:

All Lidl Denmark employees, regardless of the work they perform, are assigned to an employee adviser. The employee adviser is a confidential, neutral and independent interlocutor to whom employees can turn and ask for support if they experience concerns or are in a difficult situation that affects the work situation and/or well-being at the workplace. The employee adviser can also act as a conflict mediator or attend talks as an assessor if an employee needs this.

ORGANISATION

Lidl Denmark's HR organisation consists of a central HR function and two regional HR functions.

ENSURING HUMAN RIGHTS IN THE SUPPLY CHAIN

408–1 Child labour

409–1 Forced labour

Our Code of Conduct is an integral part of Corporate Governance and our business principle. We comply with the applicable laws and internal guidelines. Compliance with Lidl Denmark's social responsibility requirements is regularly

confirmed by independent auditing firms.

In October 2021, we issued our sourcing policy “Human rights in the supply chain”. Here we published a risk analysis that identifies where there is a significant risk of child labour and forced labour in our supply chains. See the overview with the risk analysis on page 87 The sourcing policy “Human rights in the supply chain” can be found here on our website.

We conduct ongoing due diligence in the supply chain: We evaluate suppliers and subcontractors to ensure that they comply with labour and human rights. We have established a set of rules laid down in our Code of Conduct, as well as processes to ensure compliance. Cooperating with suppliers is vital for safeguarding and promoting labour and human rights.

By training and educating our employees, we increase awareness of safeguarding rights in the supply chain, of possible social challenges and of the potential violations of our guidelines that may occur.

Once a year, our policies are evaluated and updated with a view to the risks that could potentially impact our non-food supply chain in terms of compliance with human rights.

Read more in the “compliance” section on page 18.

412 Human rights assessment

In close cooperation with Lidl Stiftung & Co. KG, we work to improve the living and working conditions of the people who work for us. Our strategy for safeguarding human rights in the supply chains is:



OVERVIEW OF LIDL'S HUMAN RIGHTS STRATEGY

1. REGULAR REPORTING

We regularly investigate the risks and opportunities for improvement on site.

2. SAFEGUARDING OF STANDARDS

We promote compliance with the ILO's fundamental rights at work.

3. EXPANSION OF FAIR TRADE

We promote a living income and living wage.

4. INCENTIVE FOR CHANGE

We are involved in development programmes, initiatives and projects.

In 2021, we issued our sourcing policy based on human rights and followed up with an update in 2022. We work continuously with our stakeholders to reinforce our approach and work in safeguarding human rights.

We issue a sourcing policy based on human rights, in which we share our milestones, progress on our performance and outline the actions taken to increase value in our supply chains. The sourcing policy can be found here on our website.

The next report will be published in 2023 and will look at the raw material areas of cocoa, coffee and cashew nuts.

If a compliance violation is suspected or occurs either internally in our organisation or out in our supply chain, including violations of our Code of Conduct or internal guidelines, it can be reported through several different reporting channels:

- By contacting the compliance officer at head office
- By making a report in the whistleblower system,

which can be used to report compliance violations worldwide, 24 hours a day. Both employees and external whistleblowers can choose to report compliance violations anonymously in our reporting system

- By contacting our independent lawyer whose contact details are available on our intranet and website.

All reported information will be treated strictly confidentially. Read more about this in the compliance section on page 18



OVERVIEW OF RISK ANALYSIS

BANANAS

**Social risks**

- Child labour: Brazil, Ecuador, Philippines
- Forced labour: India, Indonesia
- Employees' rights: Brazil, China, Philippines
- Discrimination: India, Indonesia

Environmental hazards

- Biodiversity: Ecuador, India
- Climate vulnerability: India, Philippines
- Land use and deforestation: Brazil, Ecuador, Indonesia
- Water hazards: Brazil, India

FISH

**Social risks**

- Child labour: Philippines, Thailand, Vietnam
- Forced labour: China, Thailand, Vietnam
- Employees' rights: Indonesia, Thailand, Vietnam
- Discrimination: Morocco, Mexico, Indonesia

Environmental hazards

- Biodiversity: China, India, USA
- Climate vulnerability: India, USA
- Land use and deforestation: Brazil, Malaysia, Vietnam
- Water hazards: Chile, China, India

COTTON

**Social risks**

- Child labour: India, Turkmenistan, Uzbekistan
- Forced labour: India, Pakistan, Uzbekistan
- Employees' rights: India, Pakistan, Uzbekistan
- Discrimination: India, Pakistan

Environmental hazards

- Biodiversity: India, Turkey, USA
- Climate vulnerability: India, Pakistan, USA
- Land use and deforestation: Brazil, China, India
- Water hazards: China, India, USA

HAZELNUTS

**Social risks**

- Child labour: Azerbaijan, Georgia, Turkey
- Forced labour: China, Georgia
- Employees' rights: China, Iran, Turkey
- Discrimination: Azerbaijan, Iran

Environmental hazards

- Biodiversity: Georgia, Turkey, USA
- Climate vulnerability: USA
- Land use and deforestation: Azerbaijan, China, Georgia
- Water hazards: Azerbaijan, China, Iran

FLOWERS
AND PLANTS**Social risks**

- Child labour: Ethiopia, Kenya
- Forced labour: Ethiopia, Kenya, Thailand
- Employees' rights: Ethiopia, China, Malaysia
- Discrimination: Ethiopia, Kenya

Environmental hazards

- Biodiversity: Ethiopia, Ecuador, Kenya
- Climate vulnerability: Kenya, Thailand
- Land use and deforestation: Ecuador, Colombia, Malaysia
- Water hazards: Ethiopia, China, Kenya

COFFEE

**Social risks**

- Child labour: Ethiopia, Colombia
- Forced labour: Ethiopia, Indonesia, Colombia
- Employees' rights: Brazil, Guatemala, Indonesia
- Discrimination: Ethiopia, Honduras, India

Environmental hazards

- Biodiversity: Indonesia, Honduras, Vietnam
- Climate vulnerability: Brazil, India, Vietnam
- Land use and deforestation: Brazil, Indonesia, Colombia
- Water hazards: Brazil, Indonesia, Vietnam

OVERVIEW OF RISK ANALYSIS

COCOA

**Social risks**

- Child labour: Ivory Coast, Ghana, Nigeria
- Forced labour: Ivory Coast, Ghana, Indonesia
- Employees' rights: Brazil, Ivory Coast, Indonesia
- Discrimination: Ivory Coast, Ghana, Indonesia

Environmental hazards

- Biodiversity: Ivory Coast, Ghana, Indonesia
- Climate vulnerability: Dom. Republic, Nigeria
- Land use and deforestation: Brazil, Ecuador, Ivory Coast, Ghana
- Water hazards: Brazil, Ghana, Nigeria

SOY

**Social risks**

- Child labour: India, Nigeria, Paraguay
- Forced labour: China, India, Ukraine
- Employees' rights: Brazil, India, Ukraine
- Discrimination: Bolivia, India

Environmental hazards

- Biodiversity: Argentina, China, India
- Climate vulnerability: India, Canada, USA
- Land use and deforestation: Bolivia, Brazil, Paraguay
- Water hazards: Brazil, China, India

PALM OIL

**Social risks**

- Child labour: Ivory Coast, Nigeria
- Forced labour: Indonesia, Malaysia, Thailand
- Employees' rights: Indonesia, Colombia, Malaysia
- Discrimination: Guatemala, Indonesia, Papua New Guinea

Environmental hazards

- Biodiversity: Ecuador, Indonesia, Papua New Guinea
- Climate vulnerability: Indonesia, Malaysia, Thailand
- Land use and deforestation: Indonesia, Malaysia, Thailand
- Water hazards: Indonesia, Nigeria, Thailand

TEA

**Social risks**

- Child labour: India, Kenya, Sri Lanka
- Forced labour: China, India, Sri Lanka
- Employees' rights: China, India, Kenya
- Discrimination: India, Kenya, Turkey

Environmental hazards

- Biodiversity: China, India, Kenya
- Climate vulnerability: India, Kenya, Vietnam
- Land use and deforestation: China, India, Indonesia
- Water hazards: China, India, Vietnam

RICE

**Social risks**

- Child labour: Bangladesh, India, Vietnam
- Forced labour: India, Thailand, Vietnam
- Employees' rights: China, Thailand, Vietnam
- Discrimination: India, Indonesia, Myanmar

Environmental hazards

- Biodiversity: China, India, Vietnam
- Climate vulnerability: India, Myanmar, Vietnam
- Land use and deforestation: China, India, Vietnam
- Water hazards: China, India, Vietnam

CELLULOSE

**Social risks**

- Child labour: China, Indonesia, Russia
- Forced labour: China, Indonesia, Russia
- Employees' rights: Brazil, China, Indonesia
- Discrimination: Brazil, Indonesia

Environmental hazards

- Biodiversity: Indonesia, Canada, Russia
- Climate vulnerability: Japan, Canada, USA
- Land use and deforestation: Brazil, China, Indonesia
- Water hazards: Brazil, China, USA



Our Vemondo range aims to make it easier for consumers to make an active choice concerning the plant-based alternative.



CONSCIOUS NUTRITION

Conscious Nutrition

MANAGEMENT APPROACH (GRI 3–3)

On January 7th 2021, the Danish Veterinary and Food Administration updated the previous ten official dietary guidelines to seven new, broad dietary guidelines. The new official dietary guidelines show that the focus is no longer just on health, but also on climate. Conscious nutrition no longer only covers what is good for us humans, but also what is good for the environment. This prioritisation and focus is seen not only at the Danish Veterinary and Food Administration. Our materiality analysis also shows that our internal and external stakeholders give this high priority, where consumer interest in especially vegetarian and vegan products is growing. At Lidl Denmark, we have taken this on board and made the new, official national dietary guidelines an integral part of our focus on conscious nutrition. On the right you can see Lidl's diagram with the new dietary guidelines.

As Europe's largest grocery chain, Lidl supplies a large number of products for the Danish diet, so Lidl Denmark has an important role as intermediary between the food producer and customer. We therefore see it as our social responsibility to promote healthier and more responsibly produced products to an

even greater extent to our customers and make sure that it is neither too complicated nor too expensive to choose such products in everyday life.

According to the study "Health effects of dietary risks in 195 countries, 1990–2017", published in The Lancet⁸, poor eating habits are one of the leading causes of poor health, which in turn leads to premature death. This not only puts pressure on public health, but also on the healthcare system. Unhealthy eating habits differ at national level and also vary from country to country. The EAT-Lancet Commission provides a scientific basis to make a global nutritional turnaround possible, called "The Planetary Health Diet" (PHD). The aim is to ensure people's health and preserve our natural resources.

Several elements come into play in the food available to consumers: availability, price, nutritional quality and the way we market foods. As a grocery chain, Lidl Denmark can therefore influence purchasing decisions and secure access to responsible products. Food retailers, together with food producers, can shape the food supply and influence the types of products available to society and thus our customers, as well as the way products are marketed.

THE NEW DIETARY GUIDELINES

Below you can see Lidl's diagram with the new dietary guidelines.



⁸ Health effects of dietary risks in 195 countries, 1990–2017: a systematic analysis for the Global Burden of Disease Study 2017 - The Lancet

The various aspects of marketing, including price, promotions and placement of products, have an impact on what people choose to buy and eat. Healthy food and products with a lower CO₂ footprint also come into consideration.

Lidl has therefore established an overall initiative called "Conscious Nutrition", which ties together the topics of "Food Safety", "Healthy Nutrition", "Environmentally Conscious Nutrition" and "Transparency and Knowledge". Food safety is the foundation of our strategy for conscious nutrition and is thus an essential component for the implementation of the other pillars. Lidl is committed to conscious nutrition as part of the CSR strategy and the focus topic of promoting health – with an impact on other focus topics, such as biodiversity. Our "Conscious Nutrition" purchasing policy defines binding targets and packages of measures. We are guided by the Planetary Health Diet, which has been developed by an independent, expert scientific body.

Based on the pillars on the left, we are further developing our private labels at Lidl Denmark to ensure healthier products and eco-conscious nutrition at a good price.

When Lidl Denmark further develops its assortment, it will be based on the latest scientific knowledge, the official dietary guidelines from the Danish Veterinary and Food Administration and recommendations from the World Health Organisation (WHO). Healthy food can be achieved by continuing to improve the nutritional aspects of the range customers find in our stores. The amount of sugar, salt, saturated fatty acids, energy density, flavouring, preservatives and colourants in the products has been reduced. At the same time, the proportion of wholegrain and the wholegrain range under Lidl's private labels as well as the proportion of protein sources is being increased. Eco-conscious nutrition means increasing the proportion of plant-based protein sources and reducing the negative ecological and social impacts in the raw material supply chains. To make it easier to choose foods that form part of a more eco-conscious diet, vegan and vegetarian foods are offered, as are more seasonal and regional foods.

By being open about our tests on our products and publishing our work on promoting conscious nutrition, we want to increase awareness and create transparency about Lidl Denmark's handling of food safety.

STRATEGY CONSCIOUS NUTRITION

By 2025, we want to give our customers the best offering for a more environmentally conscious way of living.



FOOD SAFETY

PRODUCT SAFETY

416-1 Assessment of the impacts of different product categories on health and safety

416-2 Incidents of non-compliance concerning the impacts of products and services on health and safety

The products in our private labels are regularly checked and, in cooperation with our suppliers, the compositions are improved in accordance with Lidl or Lidl Denmark's specifications, which take into account all nutritional aspects. Nutritional value profiles have been developed based on WHO guidelines and, in some cases, more restrictive national regulations. It is our goal to continuously improve the nutritional value of a product.

In the 2021 and 2022 fiscal years, we conducted a total of 2,313 tests on our products. This is a slight increase on the number of tests in 2019-2020, when 2,141 were conducted.*

Despite tests and analyses, we sometimes have to withdraw products from the market. This was the case nine times in 2021 and eight times in 2022. These figures include both food and non-food products.

The reasons for the recalls were primarily due to analysis deviations from internal tests, suppliers, external public institutions, and a recall of a non-food product with a risk of loose parts.*

We are continuing with the high level of quality controls and spot checks of our products as a way of ensuring quality and detecting any defects and omissions before products are sent out to the stores.

By the end of 2021, 100% of our suppliers of fruit and vegetables, flowers and plants were certified according to GlobalG.A.P. with GRASP* add-on or equivalent. Through random checks, we check for the presence of pesticides, for which we generally set stricter requirements than provided for in EU law. Our internal guidelines set out that the level of pesticide residue cannot exceed one third of the legal limit. Our non-food products come from approved factories and suppliers that have committed to our requirements. Lidl is responsible for ensuring that suppliers comply with the requirements in this document, and we also fulfil the obligations deriving from our membership of the BSCI**, where, together with a large group of other companies, we have joined forces to test suppliers

* **GLOBALG.A.P.** is the international standard for Good Agricultural Practices (G.A.P.). GRASP is an add-on to GlobalG.A.P., demonstrating that the manufacturer ensures good safety and social conditions for employees.

** **THE BUSINESS SOCIAL COMPLIANCE INITIATIVE (BSCI)** is an alliance of companies working to uphold human rights and fundamental labour rights.

of non-food products against a number of mutual requirements and criteria.

Conscious nutrition requires greater transparency. In the 2022 fiscal year, we therefore issued and published our first sourcing policy focusing on conscious nutrition⁹. By 2025, we will focus actively on conscious nutrition and give customers better opportunities to eat more healthily and more environmentally consciously at good prices. For this reason, Lidl Denmark has defined the following goals by 2025:

- We will continuously increase our broad range of plant-based protein sources, including the private-label range Vemondo, which today consists of more than 70 products and which we have noted is attracting more interest.
- We will continue to work on reducing the amount of saturated fatty acids, sugar, salt, preservatives and colourants in our own products.
- We will increase the proportion of wholegrain and the wholegrain range in our private labels.

MARKETING FOR CHILDREN:

As part of Lidl Denmark's strategy to increase the focus

on conscious nutrition, we stopped children aimed marketing of unhealthy food products with high proportions of saturated fat, sugar or salt, in the winter of 2022.

In addition, children's graphics on around 55 unhealthy food products will be removed from our own range, such as biscuits, juice and breakfast food, by the end of 2025. However, the graphics on healthier foods, such as apples with an animal graphic, will be retained. We worked here in close cooperation with Hjernesagen and followed WHO guidelines. As a grocery chain, it is our social responsibility not to advertise unhealthy foods containing an excessive proportion of saturated fatty acids, sugar or salt to children.

However, an exception has been made for certain seasons such as Christmas, Easter and Halloween. These seasons are often special celebrations in children's lives and are not an expression of everyday behaviour. During these seasons, there will still be chocolate Santas and Easter bunnies on the shelves, for example.

HJERNESAGEN

Hjernesagen is a national association for people affected by coronary thrombosis or a cerebral haemorrhage, other people with brain damage, their relatives and other

⁹ <https://www.lidl.dk/l/da/tilbudsavis/bevidst-ernaering/view/flyer/page/14>

PACKAGING FOR ICE LOLLIES BEFORE



PACKAGING FOR ICE LOLLIES AFTER



persons interested. To get the best possible knowledge and sparring in terms of healthier food and conscious nutrition,

Lidl Denmark has been working with Hjernesagen since 2019. Hjernesagen provides us with professional knowledge about lifestyle and prevention – including what food and exercise habits are important for health and the brain. Together, we have prepared joint awareness campaigns on stroke prevention, prepared initiatives and entered into an agreement on product sales of blood pressure monitors and sportswear, in which a percentage of the sales went towards Hjernesagen's value-adding work. Our collaboration with Hjernesagen was extended in 2022 and runs until 2024.

“It makes sense to change the marketing strategy, as studies show that good eating habits begin in childhood. Food marketing to children and young people is often associated with high contents of fat, sugar and salt, and this can affect their food preferences, which is why Lidl's efforts are very welcome,” says Birgitte Hysse Forchhammer, Director of Hjernesagen.

“Lidl's goal of removing its marketing of unhealthy food to children is a really important initiative that we

strongly support. Studies have shown that we are heavily influenced by unconscious mechanisms and that our brains receive and process much more information, for example in relation to advertising and marketing, than we ourselves are aware of,” and Birgitte Hysse continues: *“Younger children in the 0–15 age group are definitely more susceptible because their frontal lobes are less developed than in older children and adults. Therefore they are generally more open to advertising influences, which is why we support Lidl's initiative.”*

PLANT-BASED PRODUCTS

Eating more plant products is good for your health – as well as the climate. According to a survey by the Danish Vegetarian Association, 59% of Danes would like to eat less meat, and 40% of Danes have a meat-free day every week. These factors make it essential for grocery stores to have a wide range of plant-based products.

Lidl Denmark has been focusing especially on expanding the range further with its own vegetarian and vegan products under the name “Vemondo”. In 2021, the range of vegan and vegetarian products in our range increased compared to the previous fiscal year. To give our customers greater opportunity to make

an active choice between conventional animal-based products and plant-based alternatives, we will continue to increase the proportion of vegan and vegetarian products in our range. This is in line with the Danish Veterinary and Food Administration's official dietary guidelines, which recommend eating more plant products and less meat.

In 2022, the Danish Vegetarian Association named Lidl Denmark “Plant-based discount supermarket of the year”. Lidl Denmark won after the Danish Vegetarian Association had conducted its large-scale annual plant-based supermarket survey, in which 15 grocery stores were examined and assessed on the basis of 122 parameters – including the selection of plant-based products, price and ecology.

“Lidl sets itself apart especially with its wide assortment, including the chain's own private label vegan range, Vemondo, comprising a wide selection of products. The prices in Lidl are very competitive, and Lidl's stores are also good at placing the vegan products in the store together with similar animal products, so it's easy to find and choose the plant-based products,” says Mie Nordly, Business Manager for the Danish Vegetarian Association.

• <https://foedevarestyrelsen.dk/kost-og-foedevarer/alt-om-mad/de-officielle-kostraad/kostraad-til-dig/de-officielle-kostraad/spis-planterigt-varieret-og-ikke-for-meget>

• <https://vegetarisk.dk/statistik-om-danmark/>

• <https://foedevarestyrelsen.dk/kost-og-foedevarer/alt-om-mad/de-officielle-kostraad/kostraad-til-dig>

Lidl is the first grocery chain in Denmark to phase out tobacco products. Sales will end by the end of 2028.

DIALOGUE AND COLLABORATION WITH STAKEHOLDERS



Dialogue and collaborations with stakeholders

MANAGEMENT APPROACH (GRI 3-3)

2-29: Approach to stakeholder engagement

Is the retail industry “just an intermediary” or can it become a driving force in inspiring and helping consumers make sustainable choices in their everyday lives? What role can we play at Lidl Denmark and what role should we play when it comes to promoting responsible choices? It starts with the dialogue. Learning and new understanding provide new perspectives and make us more innovative – because innovation and development often take place where different perspectives meet. New learning is what helps prepare us for the future. Dialogue with stakeholders and collaboration with them is therefore of material strategic importance for Lidl Denmark’s business and for our work with the environment, climate and social responsibility.

The world today is extremely complex, and as a company we are faced with a multitude of demands and expectations. Companies are experiencing conflicting pressures, which challenges the entire value chain, and we are facing a raft of international and national legislation in the near

future, which will have an impact on operations, corporate management and work culture.

Extensive new regulations are on the way, customers, employees and business partners are demanding sustainability and fiscal players are setting new requirements. We need to work strategically and proactively with sustainability and all the areas covered by sustainability.

It is therefore our duty and task to influence the framework conditions under which we operate as an industry in Denmark. A large part of the work done during the reporting period was with the partnerships and networks we have been active members of.



Initiatives

2–29: Stakeholder engagement

We regularly inform and communicate with all our stakeholders about our activities. We communicate in different formats and use various channels, such as press releases for external stakeholders and customers, intranet portals and our employee app for our employees, and take part in physical meetings and conferences across sectors and industries. Customer enquiries are assessed and handled by our customer service on an ongoing basis.

Internally at Lidl, we regularly communicate with our employees about our sustainable initiatives, efforts and collaborations to keep them up to date with our work and ambitions regarding sustainability in their day-to-day work and when contacting external stakeholders. We also involve employees in the dialogue about and development of strategic initiatives and focus areas for CSR, as we believe that we reach the best solutions by involving their experiences and varied professional expertise. All employees across the organisation have the opportunity to share their experiences, input and feedback, as well as ask

questions about our sustainability work, via internal communication platforms.

We will further strengthen the dialogue with and involvement of employees in the form of inter-departmental working groups and communities. Here, the employees' experiences, wishes, ideas and sparring will be integrated even more in our work to create the most sustainable framework for Lidl Denmark, for both internal and external stakeholders. Some employees will also be selected and equipped to be ambassadors for the area.

Our stakeholders are important to Lidl Denmark. They give us insight and sparring, and share their expertise and observations, both critical and constructive. Such involvement is valuable and helps to develop and improve our work.

ORGANISATION

Dialogue and collaboration with our stakeholders, such as customers, NGOs, political authorities and organisations, business partners, employees and the media, is an essential part of how Lidl Denmark manages social responsibility. It is

anchored in the CSR and Corporate Communications department and in CSR Purchasing.

In addition, Lidl Denmark is involved in a number of collaborations and alliances, and participates in dialogue-based networks organised by third parties.

We regularly scrutinise which topics are high on the agenda in the social debate. At the same time, we also pay attention to any changes in responsibility and announcements from, for example, politicians, decision-makers and NGOs that may affect our business.

Lidl's ambition is to become even better at engaging in dialogue with our stakeholders and strengthening collaborations that create value for all parties. We want to be further integrated in the social debate across sectors, especially regarding our ambitions and initiatives aimed at the green transition and sustainability agenda. Because we have something to say. We call it Lidl in Dialogue.

MEMBERSHIPS

2–28 Membership associations

Lidl Denmark is actively involved in various organisations, initiatives and alliances. We follow the development of new legislation in the area of ESG and sustainability, work to establish a dialogue with political stakeholders and collaborate with associations and organisations in setting a direction and formulating common goals. By actively establishing a dialogue and cooperation, we believe that we can be at the forefront and be as prepared as possible for tomorrow's challenges.

One of the stakeholders we are in close dialogue with is Ethical Trade Denmark. Since its inception, Ethical Trade Denmark has formed several alliances, whose purpose it is to bring together Danish players to challenge each other on "best practice" and, together, identify and face up to the global challenges that only combined efforts can solve. Since 2019, Ethical Trade Denmark has been working with its initiative to form four alliances that each deal with their own raw material: soy, palm oil, fish and coffee. Lidl Denmark is an active member of all four alliances.

During the reporting period, Lidl Denmark was a member of the following initiatives, organisations and alliances:

- Danish Chamber of Commerce
- Ethical Trade Denmark (formerly Danish Initiative for Ethical Trade)
- Green Network Denmark
- Danish Alliance for Responsible Soy
- Danish Alliance for Responsible Palm Oil
- Danish Alliance for Sustainable Fisheries and Aquaculture
- Danish Alliance for Responsible Coffee
- Smoke-Free Future
- Organic Denmark
- UN Women's Empowerment Principles

Through Lidl Stiftung & Co KG, Lidl Denmark is also represented in the following international organisations and initiatives:

- ACT – Action, Collaboration, Transformation
- Alliance for Water Stewardship
- amfori Business Social Compliance Initiative (BSCI)
- Partnership for Sustainable Textiles
- Danube soy
- Diversity Charter

- Econsense
- Ethical Tea Partnership
- Ethical Trade Initiative
- EUROPEN
- Food for Biodiversity
- Forest Stewardship Council (FSC)
- German Initiative on Sustainable Cocoa
- Fur Free Retailer
- GlobalG.A.P., GlobalG.A.P. GRASP Technical Committee
- ILO Better Work
- Initiative for Sustainable Agricultural Supply Chains (INA)
- 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 Denmark is a member of the following institutions:

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

Through Lidl Stiftung & Co KG, Lidl Denmark collaborates with the following organisations:

- Aquaculture Stewardship Council
- Compassion in World Farming
- Cotton made in Africa (CmiA)
- Downpass
- Rainforest Alliance
- Marine Stewardship council
- Oxfam
- Save the Children



In 2019, Lidl Denmark shifted from selling conventionally farmed bananas to selling bananas with the acknowledged Fairtrade-certification. It ensures proper salaries, proper work environments and a transition to sustainable farming in producing countries.

RESPONSIBLE PRODUCTS



Responsible products

MANAGEMENT APPROACH (GRI 3-3)

According to CONCITO's calculation of Denmark's global consumption-based emissions¹³, Danes' consumption of food is one of the domains with the highest emissions. According to an analysis¹⁴ by McKinsey and Dorte Wimmer, Director of Retail Institute Scandinavia, there is also increasing interest in the climate impact of the individual products we add to our shopping baskets.

As consumers, we all add food to our shopping baskets. We can affect how much we emit in terms of consumption through the food we eat. That is why grocery chains play an important role in communicating and offering responsible products. And it is through this that joint efforts can be made to reduce consumption-based emissions between manufacturers, the grocery chain and customers.

In light of climate change, the increasing loss of biodiversity and the associated consequences for people, as a trading company we must take responsibility for trading and developing in a more environmentally friendly way. The forthcoming

EU regulation on deforestation will also tighten the requirements for how we approach value chains, nature conservation and human rights.

Lidl Denmark is an important link between manufacturers and consumers. As part of our sustainability strategy, we set goals for promoting responsible products. We have drawn up a sourcing policy in which guidelines and quality standards are defined for sourcing products containing critical raw materials. We also focus on product design, packaging design, certifications and labels for our products. By means of press releases, our social media and our circulars, we inform customers and consumers about our products and the environmental, social and health impact these products have, while we also participate in interdisciplinary forums. We work with recognised certification providers and with organisations such as Ethical Trade Denmark and the Danish Chamber of Commerce.

To read more about our work on ensuring product quality and safety, see the "Conscious Nutrition" section on page 89.



Below is a selection of the goals achieved in our work with responsible products:

THE FAIRTRADE LABEL

- At the end of 2022, we were the first grocery chain in Denmark to replace all our shop uniforms with new uniforms made from organic Fairtrade cotton.
- In 2021, we launched our own Way To Go chocolate, which is Fairtrade certified and also contributes to Fairtrade Premium – an extra sum of money for farmers who join together to decide the direction in which they want to develop their production and local communities.
- In 2022, we achieved our goal of 100% Fairtrade-certified chocolate bars in the standard range of our private labels on the shelves

Read more about the Fairtrade label here:
www.fairtrade-maerket.dk

¹³ Denmark's global consumption-based emissions | CONCITO

¹⁴ Consumers want green and responsible products – and are ready to pay for it (sustainreport.dk)

Initiatives

All our non-food products come from approved factories and suppliers that have committed to the requirements of our international Code of Conduct.”

Lidl is responsible for ensuring that suppliers comply with the requirements in this document, and we also fulfill the obligations deriving from our membership of the BSCI**, where, together with a large group of other companies, we have joined forces to test suppliers of non-food products against a number of mutual requirements and criteria.”

RAW MATERIAL GOALS

Since 2020, we have established and regularly adapted a number of new goals relating to the raw materials that go into the products we offer. We have done this as part of our CSR procurement strategy aimed at constantly developing and optimising our work in this area. By becoming better and setting higher ambitions, we help raise the standard for responsible use of raw materials within the industry. See the overview of raw material goals in the “Raw materials” section on page 57. See our sourcing policy for raw materials on our website.

CERTIFIED PRODUCTS

FP 2

Percentage of purchased volume, which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard

When we buy raw materials at Lidl Denmark, we have an opportunity to promote recognised certifications. Collaborating with certified suppliers and labelling organisations, using certified production sites and expanding our range of labelled products are key tools for addressing social and ecological risks in the supply chain and ensuring better traceability. The certificates are shown on the product’s packaging.

Lidl Denmark cooperates with various certification schemes such as the Keyhole label, Fairtrade, Rainforest Alliance and the Danish organic label 'Ø-mærket'.

Altogether, our range includes 3.9% organic food, 1.5% Fairtrade certified products and 2.3% Rainforest Alliance/UTZ certified products. For an overview of the other certifications we have in our range, please refer to our website.

WAY TO GO

Lidl takes responsibility for the people in its supply

chains. Our Way To Go private label range reflects this – and also supports better incomes, training opportunities, greater gender equity, and more transparency. Lidl's own concepts offers fully traceable products. While the conventional farming of many critical raw materials barely provides a living income, Lidl and its Way To Go products in collaboration with Fairtrade are contributing to establishing a living income for producers in the long run. So it's only logical that we continue to develop and expand this commitment. This will allow even more people in our supply chains to benefit from fair trade with an even greater impact. We continuously work on expanding our Way To Go own brand range to new products.

ALLIANCES AND ETHICAL TRADE DENMARK

Lidl Denmark works with industry partners and interest organisations to drive change throughout the industry, further develop standards and, together, engage in initiatives aimed at creating improvements in the development of responsible products. We do this by setting goals for our work with specific product groups and raw materials.

Lidl Denmark has been a member of Ethical Trade Denmark (formerly the Danish Initiative for Ethical Trade)

since 2016, the body behind the Danish Alliance for Responsible Soy and the Danish Alliance for Responsible Palm Oil. At the end of 2022, the Danish Alliance for Responsible Soy had 12 members and 13 support partners, while the Danish Alliance for Responsible Palm Oil had 16 members and 17 support partners. In both alliances, our work focuses on stopping deforestation. You can follow the work and progress of the alliances at www.etiskhandel.dk.

At the end of the 2022 fiscal year, Lidl Denmark had also become a member of the two latest alliances under Ethical Trade Denmark: The Danish Alliance for Sustainable Fisheries and Aquaculture with a total of 16 members and the Danish Alliance for Responsible Coffee, which has 36 members.

In all four alliances, members undertake to draw up and put forward objectives and action plans, as well as prepare reports on their progress.

LOCAL SUPPLIERS:

At Lidl Denmark, we work according to the principle “The best quality at the best price”. This means that we carefully select which products we want in our range. In 2021, we had 20.4% national suppliers, while in 2022

this had increased to 21.6%.

At Lidl Denmark, we want our customers to have a wide range of Danish products from Danish suppliers. In 2022, we relaunched our own product range under the name “En Bid af Danmark” (A Taste of Denmark), where we collaborate with Danish suppliers in developing even more high-quality Danish products at the best price.

In 2022, in collaboration with a local company from Lolland “Fra Fejø”, we launched an organic apple vinegar made from apples left over from other production processes and the cores of the apples. Since then, industry magazine European Supermarket Magazine has named the product the winner in the special category “Sustainable product of the year”. The apple vinegar won the award because, in addition to its flavour, it also helps reduce food waste and promotes a circular economy. Vinegar is an example of how Fra Fejø utilizes its raw materials 100%, thus reducing food waste.

In addition to apple vinegar, the En Bid af Danmark range also contains ice cream, flour, juice, crispbread, mussels, etc. from local Danish producers. Lidl Denmark works constantly on developing new products in cooperation with local suppliers.



Independent auditor's limited assurance report on selected ESG data for Lidl Danmark K/S

TO THE MANAGEMENT AND OTHER STAKEHOLDERS OF LIDL DANMARK K/S

The Management of Lidl Danmark K/S has engaged us to issue a limited assurance report on selected ESG data disclosed in the CSR report for the financial years 2021 and 2022 marked with a [”symbol”].

When preparing the selected ESG data, Lidl Danmark K/S has applied the reporting principles described in the CSR report, pp. 105-117. The selected ESG data must be read and understood in conjunction with the applied reporting principles. Management is responsible for the selection and the application of the ESG data.

Apart from the described procedures in the following section, which defines the scope of our work, we have not performed any procedures on the additional information which is included in the report covering the periods 2021 and 2022, and consequently we do not express any form of assurance conclusion thereon.

MANAGEMENT'S RESPONSIBILITY

The Management of Lidl Danmark K/S is responsible

for selecting the reporting principles applied and for presenting the selected ESG data in accordance with the reporting principles applied. This responsibility comprises establishing and maintaining internal controls, maintaining appropriate registers and preparing estimates relevant for recognition and measurement of the selected ESG data in the report free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express a conclusion on the selected ESG data based on our examinations and evidence obtained.

We have performed our examinations in accordance with the ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation in order to obtain limited assurance for our conclusion.

KPMG Statsautoriseret Revisionspartnerselskab applies International Standard on Quality Management, ISQM 1, which requires the firm to design,

implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

DESCRIPTION OF WORK PERFORMED

The nature, timing and scope of the selected procedures depend on our assessment, including assessment of the risk for material misstatement whether due to fraud or error. As part of our examinations we have performed the following procedures:

- Interviews with relevant key personnel in order to understand key processes and controls for collec-

tion and consolidation as well as measurement and reporting of ESG data.

- Performed analyses to identify areas with increased risk of misstatement or significant errors in the selected ESG data and obtained understanding of significant differences.
- Performed limited substantive procedures to control underlying source information to control the completeness and adequacy of the selected ESG data, including controlled consistency with the methods described in the reporting principles applied.
- Based on our collection of data we have assessed the fairness of the reporting principles applied and as to whether these have been applied consistently and in accordance with the GHG protocol.
- In addition to the procedures performed, we have read the additional information contained in Lidl Danmark K/S' CSR report for the financial years 2021 and 2022 for the purpose of identifying whether there is any major inconsistency between

the presented additional information and the selected ESG data or our obtained understanding.

- We have assessed the reliability and validity of the evidence obtained.

The procedures performed during our examinations are substantially less in extent than for a reasonable assurance engagement. Consequently, the level of assurance for our conclusion is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

CONCLUSION

Based on the work performed and evidence obtained nothing has come to our attention that causes us to believe that the ESG data selected by Lidl Danmark K/S marked with a * have not been prepared in accordance with the reporting principles applied.

Copenhagen, 1. February 2024



KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Christian Møllegaard Larsen
State Authorised
Public Accountant
mne46614



GRI INDEX

LIDL DENMARK SUSTAINABILITY REPORT 2021/2022

Lidl Denmark

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 2: General Disclosures 2021	2-1	Organisational details	Page 9 Lidl Denmark's company profile		
GRI 2: General Disclosures 2021	2-2	Entities included in the organisation's sustainability reporting	Page 9 Lidl Denmark's company profile		
GRI 2: General Disclosures 2021	2-3	Reporting period, frequency and contact point	Page 2 About this report		
GRI 2: General Disclosures 2021	2-4	Restatements of information	Page 2 About this report		
GRI 2: General Disclosures 2021	2-5	External assurance	Page 2 About this report		*
GRI 2: General Disclosures 2021	2-6	Activities, value chain, and other business relationships	Page 9 Lidl Denmark's company profile		*
GRI 2: General Disclosures 2021	2-7	Employees	Page 83 Lidls employees in numbers Data is collected at the end of the reporting period per 28.02.23 Confidential information	2.7. a + b: Data on the employees' locations/ regions is not disclosed, as Lidl DK K/S only has employees in Denmark. 2.7. b.c.d.e. Requirements regarding confidentiality. We report the total number of employees	*

Lidl Denmark

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 2: General Disclosures 2021	2-8	Workers who are not employees	We comply with the applicable legislation regarding the use of temporary workers. To ensure compliance, we have established our HR Compliance Management System (CMS).		
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	Lidl Danmark consists of two companies: Lidl Danmark K/S and Lidl Management Danmark ApS. The day-to-day management is carried out by the executive board, which consists of the CEO, CFO, Chief Property Manager, COO and CCO, who are appointed by the company's general meeting, each of which constitutes the respective company's highest authority.		
GRI 2: General Disclosures 2021	2-10	Nomination and selection of the highest governance body	Lidl Danmark K/S is represented by the executive board, whose members are appointed and dismissed in accordance with the general meeting's decision with an absolute majority vote. No board of directors has been appointed in these companies.	2-10-b og 2-10-c Confidential information. Information is not shared outside the organization	
GRI 2: General Disclosures 2021	2-11	Chair of the highest governance body	Page 14 The highest decision-making power rests with the executive board, led by CEO Jens Stratmann. Day-to-day management is carried out by the executive board, which consists of the CEO, CFO, Chief Property Manager, COO and CCO.	Not applicable	

Lidl Denmark

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	Page 14 Sustainability Management		
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	Page 14 Sustainability Management		
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	Page 14 Sustainability Management		
GRI 2: General Disclosures 2021	2-15	Conflicts of interest	Positions of trust must be disclosed internally in advance if Lidl Denmark's management representatives are on supervisory bodies for external companies, industry associations etc. Cross-investment with suppliers and other stakeholders is against our compliance guidelines and is monitored by the internal Legal & Compliance department. If conflicts of interest arise in individual cases, the disclaimer rule applies.		
GRI 2: General Disclosures 2021	2-16	Communication of critical concerns	Page 18 Compliance		
GRI 2: General Disclosures 2021	2-17	Collective knowledge of the highest governance body	Page 14 Sustainability Management	No new initiatives during the reporting period.	

Lidl Denmark

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governance body	Confidential information	A report on the evaluation of the performance of the highest governance body is not provided for reasons of confidentiality	
GRI 2: General Disclosures 2021	2-19	Remuneration policies	Lidl Danmarks remuneration policies for employees across all hierarchical levels, including management and the board, are based on a fair, market-based basic salary without a variable component. Pensions are paid on the basis of a collective agreement. In areas not covered by collective agreements, we rely on the applicable collective agreements.		
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	Office salaries are set according to Willis Towers data. The salary is set in the 50/20 quartile to 75/20 quartile range. This corresponds to remuneration at the level of the market standard. For collective bargaining employees, we follow the applicable collective agreements with supplements that mean our remuneration is above the market.		
GRI 2: General Disclosures 2021	2-21	Annual total compensation ratio		No details can be provided on the annual total compensation ratio for reasons of confidentiality.	

Lidl Denmark

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Page 3 CEO Foreword		
GRI 2: General Disclosures 2021	2-23	Policy commitments	Page 16 Our policies and principles		
GRI 2: General Disclosures 2021	2-24	Embedding policy commitments	Page 16 Our policies and principles		
GRI 2: General Disclosures 2021	2-25	Processes to remediate negative impacts	Page 18 Compliance		
GRI 2: General Disclosures 2021	2-26	Mechanisms for seeking advice and raising concerns	Page 18 Compliance		
GRI 2: General Disclosures 2021	2-27	Compliance with laws and regulations	Page 18 Compliance		
GRI 2: General Disclosures 2021	2-28	Membership associations	Page 98 Materiality analysis and Stakeholder dialog and cooperations		
GRI 2: General Disclosures 2021	2-29	Approach to stakeholder engagement	Page 21 and Page 96 Materiality analysis and Stakeholder dialog and cooperations		
GRI 2: General Disclosures 2021	2-30	Collective bargaining agreements	Page 83 Employees and Human Rights We have made agreements for store employees, office assistants, and warehouse employees. Our employees' rights are protected by collective agreements and/or employment agreements.		*

Material Topics

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Materials Topics 2021	3-1	Process to determine material topics	Page 21 Materiality analysis		
	3-2	List of material topics	Page 23 Materiality Matrix		

Good for the planet

PROTECTING CLIMATE – 1.5 degrees

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Materials Topics 2021	3-3	Management approach	Page 40		
GRI 305: Emissions 2016	305-1	Direct GHG-emissions (Scope 1)	Page 43		*
	305-2	Energy indirect GHG-emissions (Scope 2)	Page 43		*
	305-3	Other indirect GHG-emissions (Scope 3)	Page 43		
	305-4	GHG-emissions - intensity	Page 43		
	305-5	Reduction af emissioner	Page 26		*

Good for the planet

PROTECTING CLIMATE – 1.5 degrees

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Page 45	The overview of our total power consumption includes stores, logistics centers and head office. Properties that are not in use are not included in the calculation	*
	302-3	Energy intensity	Page 45		*
	302-4	Reduction of the energy consumption	Page 45		*

RESPECTING BIODIVERSITY – Ecosystems

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 52		
GRI 304: Biodiversity 2016	304-2	Significant impacts of activities, products and services on biodiversity	Page 53		
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Page 54		
GRI 308: Biodiversity 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Page 53		

Good for the planet

CONSERVING RESSOURCES – Raw materials

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 57		
FP2		Percentage of purchased volume, which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Page 102 Responsible products		
GRI 301: Materials 2016	301-1	Materials and raw materials used, by weight or volume	Page 69 + Page 70 Cirkular Economy		

Cirkular Economy

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 66		
GRI 301: Materials 2016	301-1	Materials and raw materials used, by weight or volume	Page 70		*
	301-2	Recycled input materials used	Page 69-70		*
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 68		
	306-2	Management of waste-related impacts	Page 68		
	306-3	Waste generated	Page 70		*
	306-4	Waste diverted from disposal	Page 70		*

Good for the planet

Food Waste

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 74		
Own KPI		Sold Too Good to Go bags	Page 76		
Own KPI		Food Waste Management	Page 75		

Good for the people

ACTING FAIRLY – Labor and Human Rights

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 82		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Page 84		
GRI 408: Child Labor2016	408-1	Operations and suppliers at significant risk for child labor	Page 84		
GRI 409: Forced or Compulsory Labor2016	409-1	Operations and suppliers at signi- ficant risk for incidents of forced or compulsory labour	Page 84		

Good for the people

PROMOTING HEALTH – Conscious Nutrition

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 90		
GRI 416: Customer Health & Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Page 92		*
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Page 92		*

Good for the you

Responsible products

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 101		
FP2		Percentage of purchased volume, which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Page 102		
204: Procurement practices	204-1	Proportion of spending on local suppliers	Page 9		

Important Topics

ACTING FAIRLY – Animal Welfare

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 78		
FP10		Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic	Page 79		

ENGAGING IN DIALOGUE – Stakeholder dialog and cooperations

GRI Standard Title	GRI §	Disclosure	Page	Omissions	Assurance
GRI 3: Material Topics 2021	3-3	Management approach	Page 96		



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