



# 2023 Corporate Social Responsibility Report





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On the cover:  
 In 2022, Lidl US opened its first store in Washington, D.C. – Lidl Skyland. This location is the first Lidl US store to achieve Leadership in Energy and Environmental Design™ (LEED) Gold Certification.

In this Corporate Social Responsibility (CSR) Report, “Lidl,” “Lidl US,” and terms such as “company,” “we,” “us,” or “our” mean Lidl US Management, Inc. and Lidl US, LLC, including its direct and indirect subsidiaries in the United States.

# A Message From Our CEO

At Lidl, we take pride in providing our customers and communities with high quality products at low prices. Our efficient operations, local sourcing strategy, and dedicated team members enable us to deliver on this mission and build a better tomorrow for our people, the planet, and our customers.

Since opening our first stores in the U.S. six years ago, Lidl has established itself as a prominent retailer in the markets we serve. Today, more than 6,000 team members support our operations across more than 170 stores and three regional



distribution centers (RDCs), from New York to Georgia. In 2022, we embedded our commitment to protect the environment and support our people and communities by launching our “Lidl for a Better Tomorrow” strategy. For us, this means we work hard and smart to bring about real change, where it matters most, through innovation, investment, and active leadership.

The “Lidl for a Better Tomorrow” strategy is the centerpiece that guides our company to set robust goals and share our successes and challenges, as we strive to drive positive impact.

### Our Commitments and Actions

In this report, we will share our progress across our “Lidl for a Better Tomorrow” strategy which is built upon six focus areas:

- Protecting Climate
- Respecting Biodiversity
- Acting Fairly
- Promoting Health
- Conserving Resources
- Engaging in Dialogue

Across our stores and RDCs, Lidl team members are focused on driving positive impact in both our operations and in the neighborhoods we serve. Our food waste reduction efforts and operational efficiencies help to support our business and communities. In the last two years alone, we have provided more than three million pounds of food to our local Feeding America partner food banks. We also set a



goal to invest in nutrition education resources and healthy food product donations, furthering our commitment to support healthy communities.

Environmental responsibility is a crucial part of our forward-looking strategy. We have made significant progress on our goal to reduce Scope 1 and 2 greenhouse gas (GHG) emissions by 70%, already achieving a 63% reduction since 2019. By the end of 2023, we also committed to using only natural refrigerants in all of our new prototypical stores and RDCs to help further decrease our impacts. As we look toward our future, we will continue to innovate and invest throughout our operations to support a more sustainable and resilient business.

On behalf of Lidl US, I am proud to share our first Corporate Social Responsibility (CSR) Report, built through the dedication of team members across our company.

**Joel Rampoldt**  
Chief Executive Officer  
Lidl US



LIDL FOR  
A BETTER  
TOMORROW

# Introduction





# About Lidl US

Lidl is grounded on a simple philosophy: that customers deserve the highest quality groceries and goods at affordable prices. Lidl US is part of Lidl Group. Lidl Stiftung & Co. KG, with its head office in Neckarsulm, Germany, together with the companies of Lidl Group jointly established common guidelines and standard processes applying to all companies of Lidl Group. For 50 years, the Lidl Group has supported communities across 31 countries, where the company has grown to operate approximately 12,200 stores and 220 distribution centers. Lidl Group forms part of the international retail group, Schwarz Group.

In 2017, Lidl opened its first stores in the U.S. (Lidl US), with its headquarters located in Arlington, Virginia. As of fiscal year-end 2022, Lidl US operated 176 stores and three regional distribution centers (RDCs) across nine East Coast states and Washington, D.C. Additionally, more than 6,000 team members support our business in the U.S.

Lidl US offers a comprehensive assortment of everyday core items, as well as promotional items. We offer health & beauty care and other non-food products, including home and gardening tools, clothing, and small electronics.

Approximately 80% of the items sold in our stores are private label – all of which undergo rigorous taste, quality, and sensory testing. We partner with local and regional farms and suppliers to

## Our Mission

We offer our customers the best value for money through simple and sustainable actions.

offer our customers high-quality, fresh products. The majority of our goods are sourced within the U.S.; however, we also provide an international selection of products.

Through our company’s process-based approaches, including eliminating waste and unnecessary costs in all aspects of our business, Lidl US delivers our customers the best value for money.

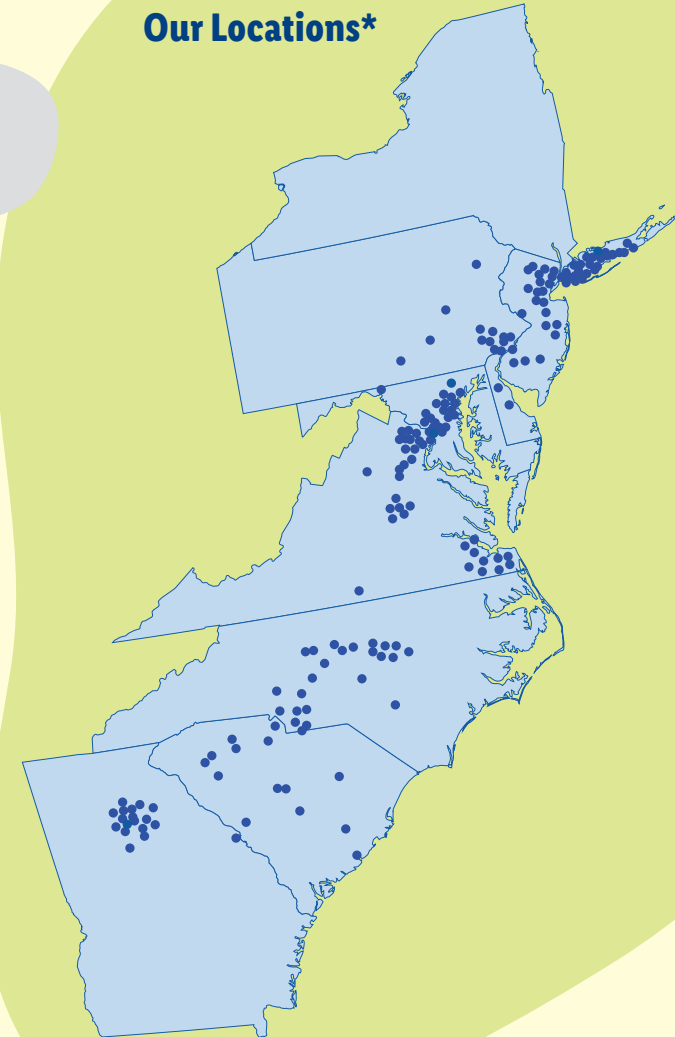
## Mission and Values

Lidl US’ values are a key component to our success. In our daily activities, we abide by the law and internal policies and aim to be an economically, socially, and environmentally responsible company.

Fairness throughout our company is imperative. We aim to establish a respectful work environment for our team members, which is built upon recognition, acknowledgment, and constructive feedback. We also aim to foster an environment for leadership growth to support our continuous success.

Throughout our operations, Lidl US remains committed to transparency, including regular reporting on our social and environmental performance.

## Our Locations\*



\*Map represents Lidl US stores as of fiscal year-end 2022.



# About the Companies of Schwarz Group

The companies of Schwarz Group form one of the leading retail groups in the world, with approximately 13,700 stores and more than 575,000 employees, globally. Divided into production, retail, and environmental divisions, the companies of Schwarz Group cover the entire value cycle. Lidl and Kaufland are the Group's pillars in food retailing. Schwarz Production produces private label products for the Group's retail division. Many private label products on Lidl's and Kaufland's shelves, ranging from ice cream to beverages, are produced by Schwarz Production. Special emphasis is also 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. Schwarz Service Companies, the Group's corporate services division, provides administrative and operational services for all other companies of the Group.



**Retail:** The Lidl and Kaufland retail divisions offer customers a wide range of products in approximately 32 countries every day. Both divisions are continuously committed to a wide range of measures across the entire value chain, such as climate protection, preserving biodiversity, and conserving resources.

**Production:** Schwarz Production 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. Three plastics and recycling plants are also part of a unique material cycle in which PET bottle bodies are made from 100% recycled material.

**Recovery/Recycling:** The PreZero environmental division is active in waste and recycling management. Its services include the collection, sorting, processing, and recycling of reusable materials. With innovative solutions, resources are conserved, and the amount of non-recyclable waste is reduced towards zero.

**Schwarz Service Companies:** Schwarz Service Companies support Lidl, Kaufland, Schwarz Production, and PreZero by offering various administrative and operational services – in fields like controlling, finance, human resources, or procurement.



# Lidl for a Better Tomorrow

“Lidl for a Better Tomorrow” is the driving principle behind the company’s efforts to provide customers with our high-quality assortment today, without compromising our ability to offer that same high-quality assortment in a responsible manner again tomorrow. Lidl US continuously works to understand and address the economic, environmental, and social impacts of our operations and entire value chain, from suppliers to customers and team members.

“Lidl for a Better Tomorrow” is structured around three main pillars – Good for Our Planet, Good for People, and Good for You – which not only frame our corporate social responsibility (CSR) commitments, but also help support continuous improvement and drive business success. Within these pillars are six strategic focus areas that contain specific environmental, social, and governance topics – also known as the Lidl Responsibility Model (LRM).



We will do more things that are

## Good for Our Planet

**Protecting climate:** We are committed to implementing processes that reduce energy consumption along our entire value chain and onto our shelves.

**Respecting biodiversity:** The diversity of species helps to support a healthy ecosystem. Our commitment to biodiversity promotes cleaner air, purer water, and more fertile soil, which are essential to maintaining a thriving food supply.

**Conserving resources:** An intact planet is crucial for current and future generations. Therefore, we are committed to responsibly managing resources throughout our entire value chain.

We will be guided by what is

## Good for People

**Acting fairly:** We promote respectfulness, trust, and fair cooperation throughout all of our operations and value chain.

**Engaging in dialogue:** We engage in open dialogue with our team members, customers, and other stakeholders to provide them with information and increase their awareness of sustainability. By doing this, we also raise awareness of our own environmental and social responsibilities.

**Promoting health:** We take measures to promote a safe work environment for our team members, in addition to selling products that enable our customers to eat healthy.

We will make sure that we offer what is

## Good for You

and good for every customer

**Responsible products:** We understand the impact that products can have on the environment. Therefore, we provide customers with more transparent, certified, and regionally sourced products.

**Product quality and safety:** We are committed to providing high-quality products that not only taste good, but are good for you.



# Integrating Responsibility Throughout Lidl

## Our Value Chain and CSR

As a retail company, Lidl US operates at the interface between producers and consumers. In this role, we have direct and indirect relationships with our customers and a wide range of suppliers.

The company’s upstream value chain extends from the processing of raw materials to the transportation of goods to stores. Raw material production, the processing of agricultural primary products, and the resulting production and transport processes can all have environmental and social impacts. To mitigate these impacts, we engage with suppliers to reduce the consumption of raw materials and

incorporate circularity into our systems and processes. Lidl US also works to improve the living and working conditions of people in production countries through Lidl Group’s United Nations (UN) Global Compact membership and third-party certification organizations, including Fairtrade International.

Downstream, Lidl US also has an opportunity to support customers and empower them to make sustainable, informed, and healthy purchasing decisions. We therefore continually review ways to make our assortment healthier and more sustainable – and are transparent through our communications with our customers.

At Lidl US, “sustainability” and “sustainable” are terms that we use judiciously. Sustainability at Lidl US means minimizing our impacts on the environment and people to help meet the needs of the present without compromising the ability of future generations to meet their own needs. Lidl US also engages with trusted partners, such as local community organizations, our suppliers, and third-party certifying organizations, to support the company’s actions, programs, and policies as they relate to these terms. Where possible, Lidl US relies on science-based targets to inform our goals and policies. Lidl US’ definition of sustainability is subject to change based on updates to the [Federal Trade Commission’s Green Guides](#).

## Lidl Responsibility Model







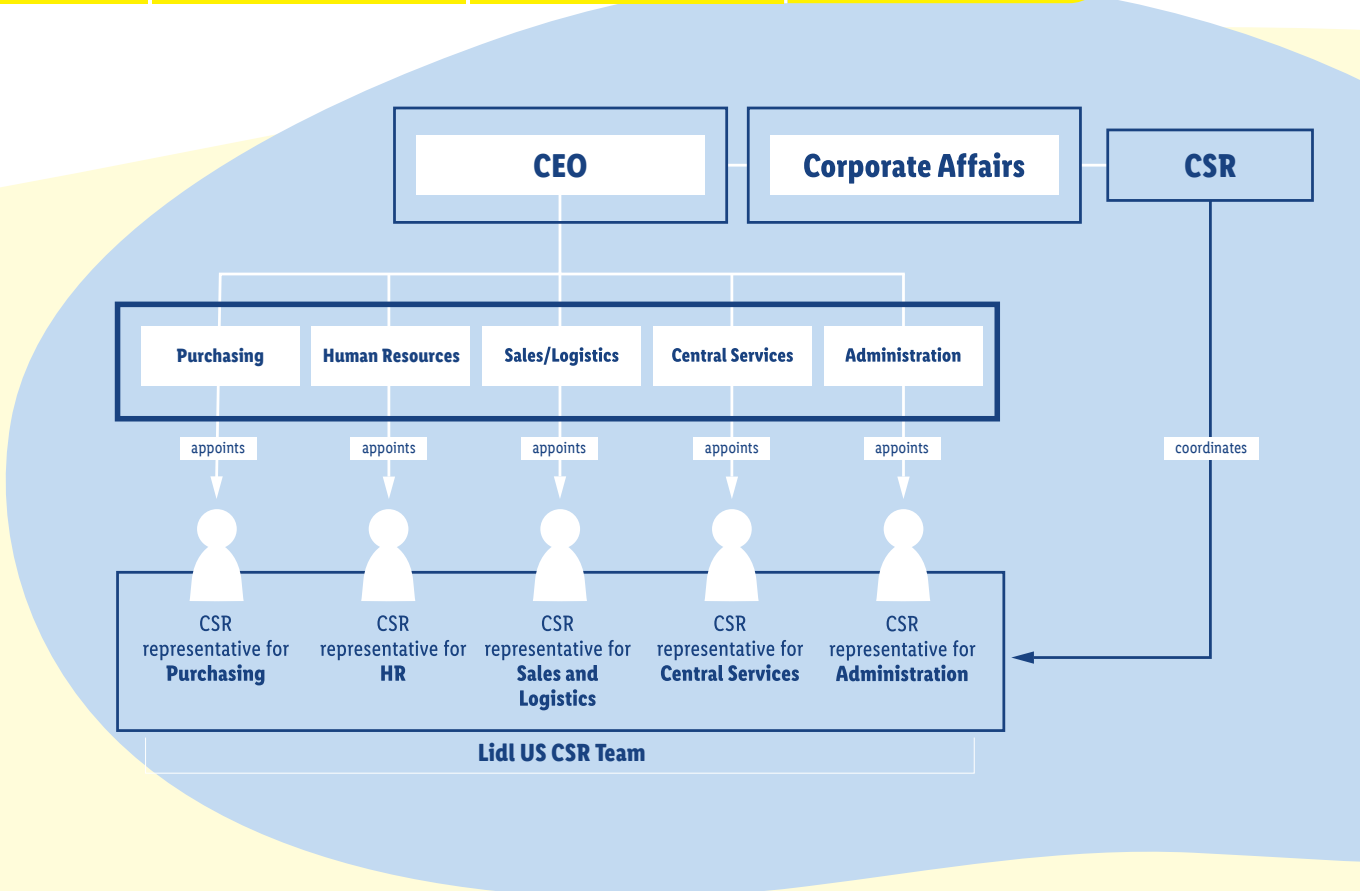
## Our Principles

As a company, we aim to avoid or reduce negative impacts related to our business activities on the environment and society, where possible. At Lidl US, this precautionary principle is reflected in our corporate principles, as well as in the Schwarz Group Code of Conduct (CoC), and is an integral part of corporate governance.

As part of the Schwarz Group CoC, Lidl US is committed to respecting human rights and enforcing applicable national and international laws, which are based on the following guidelines and frameworks:

- 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
- Organization for Economic Co-operation and Development 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

Lidl US aims to integrate its corporate due diligence principles in company-wide processes. As part of these activities, we evaluate opportunities to implement additional environmental and social due diligence elements throughout our operations and supply chain.



We are also committed to informing and raising awareness among our team members to promote an environmentally and socially responsible business.

## Our Governance Structure

At Lidl US, CSR is seen as a strategic business initiative with direct ties to the company's mission and values. Therefore, Lidl US' Chief Executive Officer (CEO) provides direct oversight of the company's CSR strategy and execution. At the Board-level, which is comprised of members from the company's executive team, each member has direct responsibility for specific aspects of the CSR strategy, including the company's goals, policies, and operational procedures.

Lidl US' Head of CSR, who sits within the Corporate Affairs department, helps to determine, set, and execute on the company's overall CSR strategy. The Head of CSR is also responsible for coordinating the cross-departmental CSR activities and reporting on progress to the CEO and Board members.

The CEO and Board members are engaged in the CSR reporting process and provide final approval of the company's CSR Report.

## CSR Goals\*

As part of our CSR strategy, Lidl US launched a set of comprehensive goals that are aligned with our company's overall business objectives and strategic priorities.

Focus Area	Topic	CSR Goal
Protecting Climate	1.5 Degrees	<ul style="list-style-type: none"> <li>Reduce Scope 1 &amp; 2 greenhouse gas (GHG) emissions by 70% by 2030 (compared to 2019 baseline)</li> <li>Utilize only natural product cooling refrigerants at all new prototypical Lidl US stores and RDCs starting in 2023; and by 2026, Lidl US will evaluate its existing portfolio to define a natural product cooling refrigerants transition strategy</li> <li>Implement electric vehicle (EV) charging infrastructure capabilities at 100% of Lidl US new, owned stores and RDCs beginning in 2025; and by 2027, Lidl US will further define an electrification strategy</li> <li>Transition 30% of Lidl US' fleet to new "clean vehicles" by 2035</li> </ul>
Conserving Resources	Raw Materials	<ul style="list-style-type: none"> <li>Achieve 100% certified critical raw materials in Lidl US' private label products by 2025</li> </ul>
	Circular Economy	<ul style="list-style-type: none"> <li>Achieve zero waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero waste pilot by 2024</li> </ul>
	Food Waste	<ul style="list-style-type: none"> <li>Achieve zero food waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero food waste pilot by 2024</li> <li>Achieve 100% Lidl US store and RDC participation in our food donation program by 2025</li> </ul>
Acting Fairly	Animal Welfare	<ul style="list-style-type: none"> <li>Adhere to the European Chicken Commitment (ECC) standard in 20% of Lidl US' private label fresh chicken assortment by 2026</li> </ul>
	Fair Remuneration	<ul style="list-style-type: none"> <li>Narrow the Lidl US mean gender pay gap to under 5% by 2030</li> </ul>
	Corporate Citizenship and Local Development	<ul style="list-style-type: none"> <li>Implement charitable (customer) round up at the register campaigns at 100% of Lidl US stores by 2023</li> </ul>
Promoting Health	Conscious Nutrition	<ul style="list-style-type: none"> <li>Invest \$500,000 in nutrition education resources and healthy food product donations that support the youth of tomorrow by 2030</li> </ul>
Engaging in Dialogue	Enabling	<ul style="list-style-type: none"> <li>Provide four million training hours to further develop skills and prepare team members for career growth opportunities by 2030</li> </ul>

\*The baseline for all of Lidl US' CSR goals is 2021, unless otherwise stated.



# Materiality

To support the management and prioritization of our CSR strategy, Lidl US conducted a materiality assessment\*. This process is designed to determine the relevance and impacts of specific CSR topics along our entire value chain.

This materiality process is standardized across all countries where the companies of Lidl Group operate. The process includes an assessment of the LRM topics based on the company's positive and negative impacts on people, the environment, and society; and the impact of CSR topics on Lidl's business success. This materiality analysis is updated every two years as part of the CSR reporting process.

## Impact of Lidl US

To assess the company's impact, a two-stage process was conducted together with Lidl Stiftung. This included desktop research and expert interviews. The analysis leveraged a data-based assessment and included potential risks from Lidl's business activities for people, the environment, and society\*\*.

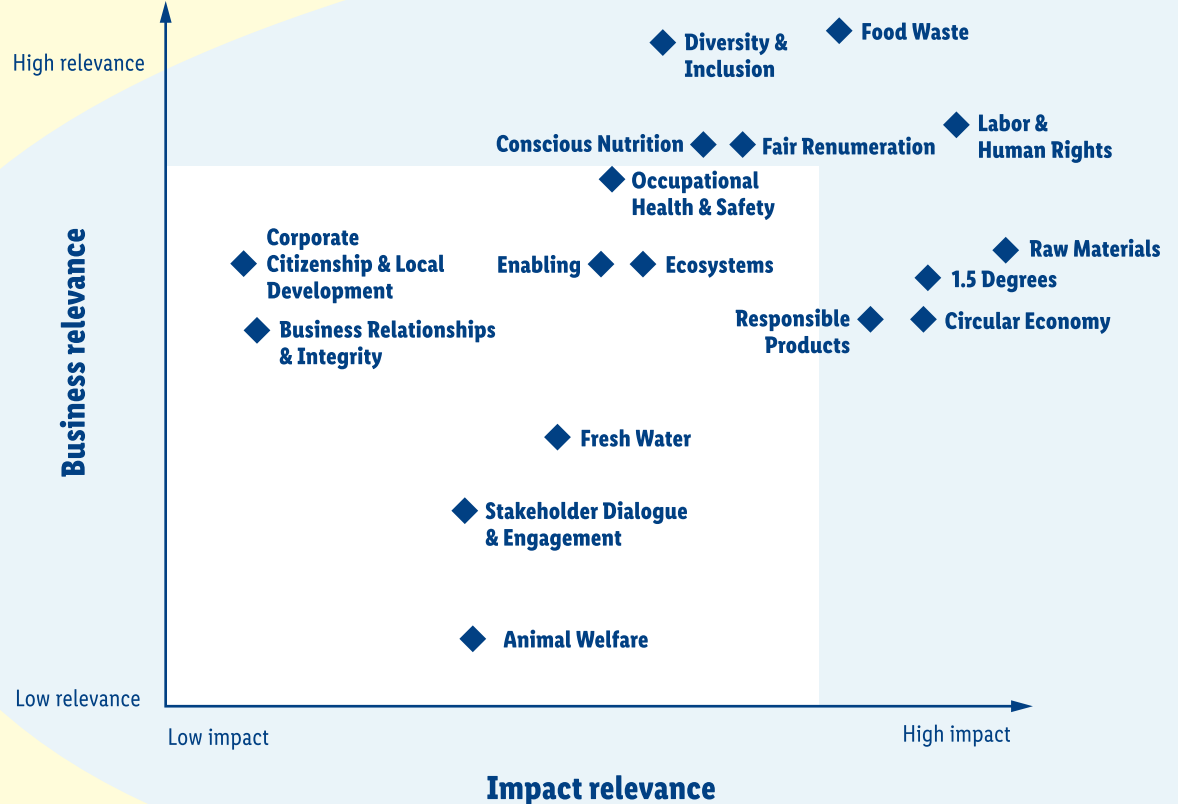
Following the exposition analysis, the statistical results were validated through a qualitative survey. Additionally, nine international experts from the relevant Lidl stakeholder groups were interviewed to gain an even deeper understanding of Lidl's impact in relation to the CSR topics. The results from this process were combined to represent the values on the x-axis of the materiality matrix.

## Business Relevance of Lidl US

To assess the business relevance of each CSR topic, Lidl US conducted an internal workshop and survey. The results from this process were then combined and validated by the Board to represent the y-axis of the matrix.

\*The 2022 materiality process included the updated definition of materiality from the GRI Standards 2021.

\*\*To identify the countries in which Lidl may have significant leverage, Lidl's value chain, based on sales data, industry information, and economic data, was also modeled.



“Throughout Lidl’s value chain, we aim to mitigate environmental impacts and promote the responsible use of our planet’s resources. This approach begins with the responsible cultivation of raw materials used in our products and extends to our stores, where we work to reduce operational impacts, including energy and water consumption and waste generation. All of these actions are key to supporting our company’s mission.”

**Marco Landolt**  
Executive Vice President  
Central Services and Real Estate



# Good for Our Planet

LIDL FOR  
A BETTER  
TOMORROW



# Protecting Climate

Climate change is one of the largest environmental issues of our time. With impacts continuing to intensify, Lidl US supports efforts to mitigate risks for future generations. This begins with our own operations and extends through our engagement with suppliers to support the reduction of product-related emissions.

## GHG Emissions and Energy

As part of Schwarz Group, Lidl US aims to reduce the effects of climate change and minimize GHG emissions. To achieve this, we are committed to the following three principles:

1. Preventing the generation of GHG emissions wherever possible.
2. Reducing GHG emissions that are unavoidable.
3. Offsetting the operational GHG emissions (Scope 1 and 2) that we have so far been unable to avoid or reduce based on internationally recognized standards.

Lidl US is committed to the targets set forth in the Paris Climate Agreement and has developed a process to measure and reduce GHG emissions associated with our own operations. The Lidl US Real Estate, Facilities Management, Procurement, Purchasing, and Sales & Logistics departments are responsible for our company's climate strategy in relation to our operations.

## Measuring Climate Impacts

As part of Lidl US' commitment to reduce its operational footprint, we regularly quantify the company's GHG emissions. This includes emissions generated from activities in our stores, RDCs, office and headquarters buildings, and owned vehicle fleet. Measuring these impacts provides Lidl US with the basis for our climate-management plan and enables us to identify opportunities to further reduce our impacts.

To calculate the company's GHG emissions, Lidl US utilized the guidelines provided in the GHG Protocol. Our operational GHG emissions include direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) from the purchasing of energy (electricity, heating, and cooling). All Lidl US energy data is directly collected by the company's Facilities Management team. The company's Energy Manager is then responsible for applying the necessary emissions factors and calculating the final carbon footprint. To calculate the company's carbon footprint, Lidl US uses both a market- and location-based approach.



### GHG Emissions (MT CO2e)

	FY2019	FY2021	FY2022
Scope 1 GHG Emissions	7,354	18,981	19,521
Scope 2 (Market-Based) GHG Emissions	45,705	74,471	0
Scope 2 (Location-Based) GHG Emissions	40,619	71,439	78,851

Image Caption: The smaller-footprint rooftop coolers used at Lidl US stores and RDCs consume less energy compared to traditional equipment.

## Reducing Climate Impacts

Lidl US defines our company’s climate target based on the Science Based Targets initiative (SBTi) and joined this initiative as part of Schwarz Group.

To prepare its climate targets in accordance with the SBTi, the companies of Schwarz Group conducted a complete climate impact assessment and analyzed their carbon footprint. These results were submitted together, along with measures to reduce, prevent, or compensate carbon emissions in operations. These science-based targets were validated and released by the SBTi in September 2021. For additional information on the climate strategy and targets of the companies of Schwarz Group, please see the [Schwarz Group Sustainability Report](#).

In total, the companies of Schwarz Group aim to reduce their operational GHG emissions (Scope 1 and 2) by 55% by 2030, compared to 2019. As part of Schwarz Group, by 2030, Lidl US aims to reduce GHG emissions (Scope 1 and 2) by 70%, compared to a 2019 baseline. Since 2019, Lidl US has reduced Scope 1 and 2 GHG emissions by 63%. To support progress against this target, our strategy is focused on the procurement of renewable energy, more efficient operations, and the use of natural refrigerants.

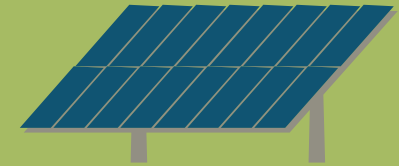
Since 2022, Lidl US and all other companies of Schwarz Group have procured 100% renewable energy\* for the company’s electricity use through the purchase of renewable energy certificates (RECs). This procurement of renewable electricity plays a key role in reducing our GHG emissions.

Lidl US also utilizes carbon offset projects to achieve climate neutrality and support the company’s climate commitments. Beginning in fiscal year 2022, all operational emissions in Scope 1 and 2 will be offset by Lidl Stiftung. To further reduce climate impacts, Lidl US follows the company’s internal building standards, which requires the usage of natural product cooling refrigerants for all new prototypical stores and RDCs, beginning in 2023. These operating materials are considered more “climate-friendly” compared to artificial refrigerants, and release almost no GHG emissions in the event of damage or leakage. As of fiscal year-end 2022, Lidl US installed all-natural refrigeration systems at two stores.

## Reducing Supply Chain Emissions

As part of the collective commitment of all companies of Schwarz Group to the SBTi, the company is focused on engaging with suppliers to reduce product-related emissions. To support this commitment, the companies of Lidl Group have collectively required suppliers, representing 75% of product-related Scope 3 emissions, to commit to their own climate protection targets according to the methodology of the SBTi by 2026.

*\*Excludes supply agreements over which we have no control (e.g., in the case of individual leased premises with power purchase commitments).*



### What are RECs?

A REC is a market-based instrument that is issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource.



### GHG Emissions Reduction Goal

By 2030, Lidl US aims to reduce Scope 1 & 2 GHG emissions by 70% (compared to 2019 baseline).

### Natural Refrigerants Goal

Beginning in 2023, Lidl US aims to utilize only natural product cooling refrigerants at all new prototypical Lidl US stores and RDCs; and by 2026, Lidl US will evaluate its existing portfolio to define a natural product cooling refrigerants transition strategy.

## Improving Operational Energy Efficiencies

Across Lidl US stores, RDCs, and offices, the company aims to implement processes and technologies to effectively manage energy use, while also reducing operational-related expenses. This includes installing energy efficient equipment, such as LED lighting.

All Lidl US stores utilize building management systems to monitor energy consumption and identify opportunities for energy savings. If a site is flagged for high energy use, a Lidl

US Facility Manager will conduct an onsite energy audit to identify the root cause of the anomaly, including ensuring all equipment is well-maintained. This constant monitoring and ongoing analysis of energy consumption allows Lidl US to respond to deviations quickly and efficiently across our sites. Beginning in 2024, Lidl US will also deploy sub-metering at all new stores to further support the management of energy consumption across our portfolio.

### Total Energy Consumption (kWh)

	FY2019	FY2021	FY2022
<b>Purchased Electricity</b>	127,506,604	215,433,089	235,408,740
<b>Mobile Combustion</b>	11,326,293	9,821,129	10,497,868
<b>Stationary Combustion (Natural Gas)</b>	9,271,304	35,806,838	39,107,697
<b>Total Energy Consumption</b>	<b>148,104,201</b>	<b>261,061,056</b>	<b>285,014,305</b>



Image Caption: Building Management Systems at Lidl US stores help track and reduce energy consumption.

## Improving Transportation Efficiencies

By optimizing Lidl US' logistics and transportation processes, the company can save energy, reduce GHG emissions, and decrease operational costs. Depending on the season, and wherever possible, Lidl US aims to include local products in the company's assortment. This shortens transportation routes, ultimately reducing GHG emissions.

Lidl US also aims to improve the company's transport capacity by avoiding empty trips. To achieve this objective, we regularly check and optimize route planning to accommodate for daily changes in order volumes.



### "Clean Vehicle" Fleet Goal

By 2035, Lidl US aims to transition 30% of the company's fleet to new "clean vehicles".

### EV Charging Infrastructure Goal

Beginning in 2025, Lidl US aims to implement EV charging infrastructure capabilities at 100% of new, owned stores and RDCs; and by 2027, Lidl US will further define an electrification strategy.







## Sustainable Design and Construction

Since opening the company’s first stores in the U.S., we have created a basis for a real estate portfolio that aims to continuously integrate more sustainable operational measures. Through this approach, we strive to protect and conserve resources through all phases of our buildings’ life cycle. We also increasingly use low-emitting building materials and aim to make greater use of recyclable construction materials.



### LEED Certification at our Skyland Washington D.C. Store

In 2023, the Lidl Skyland store located in Washington, D.C. achieved LEED™ Gold certification, recognizing our commitment to reduce our environmental footprint throughout our operations. The location features EV car charging stations, chillers that use non-ozone depleting natural refrigerants, abundant natural light, and 100% LED lighting, both inside and outside of the store.

### Sustainable Design and Construction Elements for the Future\*

#### EV Chargers

Electrical infrastructure for future EV car charging stations installed at all new, owned stores

#### Use of Natural Refrigerants

Reduces emissions associated with our operations

#### Energy Efficient Lighting

Indoor and outdoor LED lighting

#### Energy Submetering

Enables more accurate tracking of energy consumption data

#### Water Efficient Equipment

Low-flow kitchen and lavatory faucets

#### Joist Girders

Replaces the need for steel beams used in construction, resulting in 20-30% lighter beams

#### Wall Bumpers

Made from 95% recycled material



\*While some of our Lidl US stores include these elements currently, all new, owned stores will include these elements beginning in fiscal year 2024.

# Respecting Biodiversity

Over the past century, the world has faced rapid changes, including the loss of key species needed to sustain healthy ecosystems. As direct threats to biodiversity, including habitat losses and pollution continue to increase, Lidl US understands the urgency to engage with stakeholders across our value chain to mitigate these impacts.

## Protecting Ecosystems

To support the protection of ecosystems, our strategy is focused on targeting the company's largest impacts and implementing measures to reduce biodiversity-related risks. This approach is centered around engaging suppliers to promote and raise awareness around biodiversity.

## Reducing Pesticides Usage

As part of our biodiversity strategy, Lidl US aims to remove strategic substances (pesticides) from produce suppliers. To support this commitment, we test all produce items to confirm removed pesticides were not used on the products. We also engage with the company's imported herb suppliers to raise awareness about pesticides and improve the quality of their products. Lidl US plans to continue to engage with suppliers to collect information on existing pest management processes and alternatives to further promote the protection of ecosystems.

## Multiple Organic Options

To support biodiversity, Lidl US aims to offer our customers certified organic articles in the company's produce assortment. As of fiscal year-end 2022, nearly 15% of Lidl US' produce assortment was comprised of organic products.



## The Grocery Industry and Biodiversity

According to the association "Food for Biodiversity," the food sector, including agriculture, is one of the three economic sectors that is most dependent on biodiversity.

## Peak Harvest

In 2023, Lidl US officially introduced the company's first private label produce brand in the U.S. – Peak Harvest. Nearly 20% of the brand includes United States Department of Agriculture (USDA) certified organic produce. Peak Harvest also supports healthy eating by making fresh produce affordable for Lidl US customers.



## Integrated Pest Management

Lidl US actively engages with suppliers to reduce the use of pesticides in the company's products. For example, one of the company's suppliers, Red Sun Farms, uses integrated pest management (IPM). IPM utilizes high-tech greenhouse structures and strict protocols to virtually eliminate the use of pesticides. If a harmful insect is found in the greenhouse, the supplier introduces "good insects" to protect the plants. Red Sun Farms also uses "bait plants" to attract harmful insects away from fruit plants.

For additional information on how Lidl US is addressing biodiversity-related impacts, please refer to Raw Materials information on pages 24-25.

# Conserving Resources

Globally, companies are facing increased challenges related to the availability of resources. At the same time, increasing amounts of waste are being produced as a result of overconsumption and packaging materials. To mitigate risks to both our business and the environment, Lidl US is committed to responsibly utilizing resources and supporting circularity.

## Circular Economy

Throughout our operations, Lidl US aims to implement processes that follow the principles of a circular economy in our resource and waste management procedures.

### PreZero



Since 2015, PreZero (the waste disposal experts of the companies of Schwarz Group) has supported the company's overall waste reduction strategy. As part of this approach, disposal areas at all Lidl US stores

and RDCs enable the efficient collection and separation of materials generated and include systematic signage. This strategy supports the continuous improvement of waste management throughout our operations.

### REset Plastic



Plastic is an integral part of our everyday life. The recyclable material is also indispensable as a transport and packaging material for our core business, trading in food and non-food products. However, due to the long life of the material, it can become a problem if released into the environment.

In response, the companies of Schwarz Group are collectively committed to collecting, sorting, and reusing plastic materials through REset Plastic. This is the international, holistic plastics strategy adopted by all Schwarz Group companies. With the group-wide REset Plastic strategy, we not only aim to reduce the use of virgin plastic and promote recycling, but also to create new awareness and fundamentally change the way we deal with plastic.

As part of Schwarz Group, the companies of Lidl Group have committed to the group-wide REset Plastic strategy to reduce plastic consumption by 20% by 2025, make 100% of our private label packaging maximum recyclable, and use an average of 25% recycle in our private label packaging. This is why, in 2018, companies of Lidl Group signed the Global Commitment of the New Plastics Economy of the Ellen MacArthur Foundation.

### Reducing Landfilled Waste

Across the company, Lidl US engages internally and externally to reduce waste sent to landfill. Lidl US actively implements circularity measures in the company's own operations and within our value chain.

- **Cardboard:** All Lidl US stores and RDCs have balers onsite to process cardboard materials for recycling. The cardboard bales generated at stores are sent back to the RDCs, combined with the RDC bales, and then sent directly to the cardboard recycler.
- **Plastic Film:** Plastic film is collected from all Lidl US stores and sent back to the RDCs where it is combined with the plastic film generated at the RDCs, baled, and sent to a recycler for processing.
- **Metal:** Scrap metal is collected from all Lidl US stores and RDCs and sent to a recycler, where uncontaminated loads are processed and recycled.
- **Hazardous Waste:** Lidl US works closely with an environmental and regulated waste management service to ensure hazardous waste materials are picked up directly from all Lidl US stores and RDCs in a timely manner. The removal and disposal of the hazardous materials from each facility is completed safely and in compliance with federal laws and regulations.
- **Single-Stream Recycling:** Single-stream recycling is collected from all Lidl US stores and RDCs and sent to a recycling facility, where uncontaminated loads are sorted and processed.



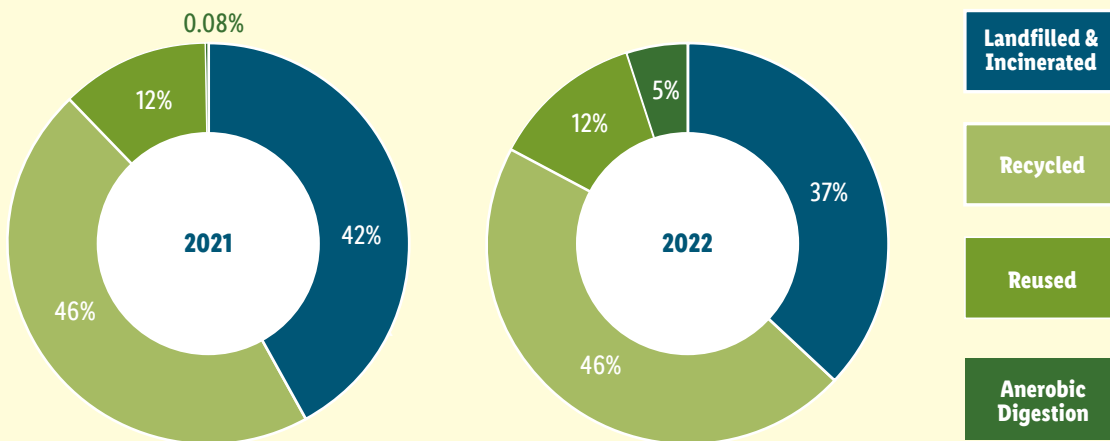
### Waste Reduction Goal

By 2024, Lidl US aims to achieve zero waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero waste pilot.

To execute on our waste reduction goal, Lidl US will implement additional waste reduction and management procedures and policies at our stores and RDCs in the regions. This includes:

- Conducting store and RDC waste/recycling audits
- Aligning with the U.S Environmental Protection Agency (EPA) Waste Hierarchy

### Waste Performance



Total Waste Landfilled & Incinerated (MT): 2021: 19,782; 2022: 18,428  
 Total Waste Generated (MT): 2021: 47,198; 2022: 48,990  
 Total Waste Diverted (MT): 2021: 27,416; 2022: 30,562  
 (diversion includes recycled, reused, and anaerobic digestion)

Total Hazardous Waste Recycled (MT): 2021: 6.67; 2022: 25.51  
 Total Non-Hazardous Recycled (MT): 2021: 21,642; 2022: 22,532  
 Total Non-Hazardous Reused (MT): 2021: 5,728; 2022: 5,739  
 Total Non-Hazardous Waste Sent to Anaerobic Digestion (MT): 2021: 40; 2022: 2,266

The above waste performance metrics include approximately 90% of all Lidl US locations, including operational facilities and administrative locations.



### What is Zero Waste?

The vision of “zero waste” is centered around the goal of reducing total waste sent to landfill and/or incineration by a minimum of 90%, while putting unavoidable waste to a sustainable use.



# Food Waste

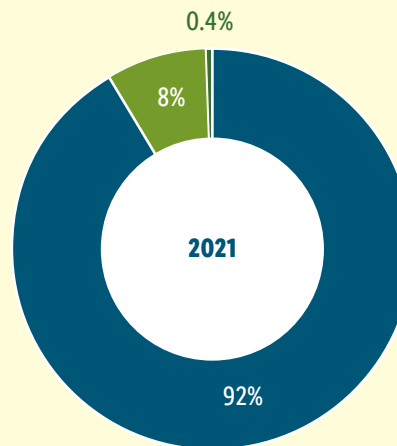
Each year, billions of tons of edible food is discarded before it can be sold. These high levels of food loss mean that scarce and valuable resources are used unnecessarily, and production and transportation are causing avoidable GHG emissions. To reduce environmental risks and costs related to food waste and losses, Lidl US aims to implement processes and programs across the company's value chain.



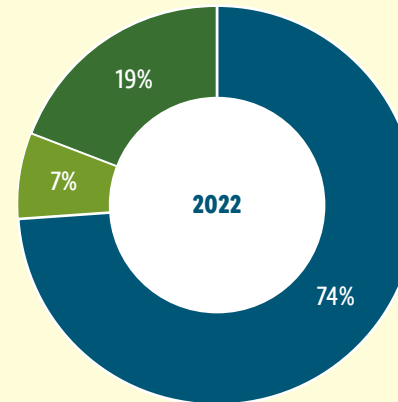
## The Grocery Industry and Food Waste

According to ReFED, a national nonprofit dedicated to ending food waste across the food system, more than 30% of food waste in grocery stores goes to landfill.

## Food Waste Performance



Total Food Waste Generated (MT): 2021: 10,060; 2022: 11,786  
 Total Food Waste Directed to Disposal (MT): 2021: 9,226; 2022: 8,745



Total Food Waste Donated (MT): 2021: 795; 2022: 776  
 Total Food Waste Directed to Anerobic Digestion (MT): 2021: 40; 2022: 2,266

- Disposed
- Donated
- Anerobic Digestion

The above waste performance metrics include approximately 90% of all Lidl US locations, including operational facilities and administrative locations.



Image Caption: To support our food waste reduction strategy, Lidl US engages with local community organizations to donate products.



### Food Waste Reduction Goal

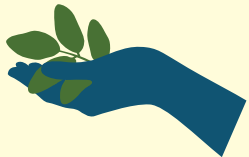
By 2024, Lidl US aims to achieve zero food waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero food waste pilot.

In support of our food waste reduction goal, Lidl US will implement additional food waste/organics practices, procedures, and policies at the company's stores and RDCs in the regions. This includes:

- Conducting store and RDC food waste/organics recycling audits
- Expanding local food bank partnerships
- Updating training manuals and procedures to include process adjustments
- Aligning with the U.S. EPA Waste Hierarchy
- Determining opportunities for potential partnerships with external organizations

### Operational Food Waste Reduction Strategy

To support Lidl US' food waste reduction strategy, the company actively tracks food waste-related metrics. Our current food waste strategy is focused on the following elements across our locations in the U.S.:



#### Process Optimization and Demand Planning

We use demand planning and stock monitoring to forecast product demand and reduce potential food waste.



#### Discounting Program

We discount food that is approaching its best-before date.



#### Donations Program

We engage with organizations, including Feeding America, to distribute food to those in need rather than discarding food items that can no longer be sold and are still edible.



#### Food Waste/Organics Recycling

Where possible, we implement food anaerobic digestion programs to reduce food waste sent to landfill.



Lidl US also complies with all U.S. national and local food waste-related laws and regulations.

Image Caption: All Lidl US stores have a fresh specialist that is responsible for inspecting our produce daily to help ensure the best quality for our customers.

## Engaging with Communities to Reduce Food Waste

According to Feeding America, in the U.S. each year nearly 120 billion pounds of food is wasted. To support our food waste reduction goals and give back to our local communities, Lidl US established a partnership with Feeding America to provide food donations directly from our stores and RDCs. As of fiscal year-end 2022, nearly 70% of our stores and all three RDCs participated in our donation program by partnering with local food banks.

## Food Loss and Produce Suppliers

Food loss occurs before food reaches the customer, and can happen during harvesting, processing, and packaging. As we aim to better understand our suppliers' food loss measurements, Lidl US conducted a food loss analysis of nearly 50 suppliers. From this analysis, approximately 80% of suppliers had programs in place to reduce food loss, with nearly 40% implementing more than one food loss initiative.



### Food Donation Program Goal

By 2025, Lidl US aims to achieve 100% store and RDC participation in our food donation program.



## Raw Materials

The Lidl US raw materials strategy is focused on offering the most sustainable product range for our customers. As such, we are committed to understanding our impacts, enforcing certification standards, promoting alternatives, and driving change through engagement with stakeholders.

### Raw Material Certifications

Across our supply chain, Lidl US aims to provide our customers with certified products.

**USDA Organic:** USDA Organic certified products are grown and processed according to federal guidelines and encompass factors including soil quality, animal raising practices, pest and weed control, and the use of additives. Certain manufacturing processes are also restricted, including genetic engineering, the use of “sewage sludge” (the solid residue in wastewater), and ionized radiation. All products that are USDA Organic certified are considered non-genetically modified organisms (GMOs).

**Non-GMO Project:** GMOs are living organisms whose genetic material has been artificially manipulated in a laboratory through genetic engineering. The Non-GMO Project Product Verification Program is North America’s only third-party verification for non-GMO food products.

**Rainforest Alliance:** The Rainforest Alliance (RFA) Certified™ seal indicates that a farm or forest has been audited to meet rigorous social, economic, and environmental criteria that conserve biodiversity and protect soils, waterways, and wildlife habitat while supporting the wellbeing of workers, their families, and communities.

**Fair Trade USA™:** Fair Trade USA™ is a nonprofit organization and the leading certifier of fair trade products in North America. The trusted Fair Trade Certified™ label on a product signifies that it was made according to rigorous fair trade standards that promote sustainable livelihoods and safe working conditions, protection of the environment, and strong, transparent supply chains.



### What are critical raw materials?

For the grocery industry, critical raw materials are the planet’s natural resources that serve as a basis for many of the products sold in our stores. However, the production and processing of critical raw materials are worsening climate-related impacts and creating resource conservation challenges.







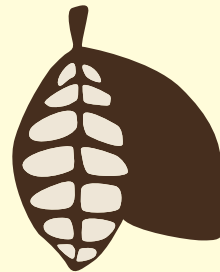
The Lidl US reusable tote bag is made with 100% Fairtrade certified cotton.

**Fairtrade International:** Fairtrade International works to shape fairer farming and food production economies. With standards for labor (from small-scale producers to traders), climate, and textiles, the organization aims to reduce poverty and rebalance power in favor of farmers and workers who are often disadvantaged by global trade. We believe, with Fairtrade, that partnerships among producers, traders, businesses, and consumers lead to ethical and mutually beneficial trade.

**True Source Certified®:** True Source Certified® honey has been audited by a third-party and has undergone its voluntary system of traceability, which tracks the honey from the consumer through the supply chain, to the country of origin, all the way to the beekeeper.

**Marine Stewardship Council:** The Marine Stewardship Council (MSC) is the world's leading certification for sustainable, wild-caught fisheries.

**Best Aquaculture Practices:** Best Aquaculture Practices (BAP) is one of the most trusted, respected, and comprehensive third-party aquaculture certification programs in the world that certifies safe, responsible, and ethically sourced seafood.



For additional information on raw materials, please refer to Responsible Products information on pages 44-45.

**Aquaculture Stewardship Council:** The Aquaculture Stewardship Council (ASC) manages the world's leading certification and labeling program for responsible aquaculture. ASC promotes best practices, develops standards to address environmental impacts of farming, sets requirements for worker's rights, and protects communities around certified farms.

**GLOBALG.A.P.:** GLOBALG.A.P. (Good Agriculture Practices) represents responsible farming practices that cover food safety, environmental protection, animal welfare, social responsibility, and supply chain transparency.



### Promoting Sustainable Livelihoods

In 2022, Lidl US was responsible for generating over \$160,000 in premiums from Fairtrade sales.

## Fresh Water

Access to clean water is an essential resource for all, and in 2010 was defined by the UN as a fundamental human right. As fresh water availability continues to face increasing challenges from pollution, climate change, and inadequate management, Lidl US aims to implement measures to protect resources along our entire value chain.



### The Grocery Industry and Fresh Water

Water is an essential resource for the grocery industry. The commodity is not only used in stores, but is imperative for farming, food processing, and industrial production.

### Improving Operational Efficiencies

Across Lidl US stores and RDCs, the company aims to reduce fresh water consumption through the implementation of technologies, including efficiency measures.

In 2021, the company began to leverage a web-based platform to track and manage water usage at the site-level. In 2023, Lidl US plans to pilot technology that utilizes artificial intelligence to monitor water consumption on an hourly-basis, and alerts the company's facility management team if there is a potential leak. This not only supports our commitment to reduce water consumption, but also reduces operational costs.

To further increase water efficiencies, all Lidl US sites use low-flow fixtures; and beginning in 2023, all new Lidl US stores will utilize drought-tolerant landscaping.

### Reducing Water Use Across the Value Chain

Lidl US aims to promote the protection and responsible management of fresh water in our supply chain. To execute on this commitment, we engage with key stakeholders including water-related organizations and the company's own suppliers.

As a Lidl Group company, Lidl US is a member of the Alliance for Water Stewardship (AWS), a multi-stakeholder partnership platform which provides members a framework to manage water more sustainably. We also participate in GLOBALG.A.P. through Lidl Stiftung, which provides standards for safe, socially, and environmentally responsible farming practices. As part of GLOBALG.A.P., GLOBALG.A.P. Sustainable Program for Irrigation and Groundwater Use supports producers and retailers in demonstrating their commitment to sustainable water management practices.

### Textiles

To address water scarcity and pollution in textile production, we ensure all our cotton is certified according to the Cotton Made in Africa Standard, where production is predominantly rain fed. Furthermore, all of our private label textiles must have STeP by OEKO-TEX® certification, to reduce water pollution at the processing stages.



Image Caption: Greenhouse farming consumes less water compared to traditional farming methods through processes such as the collection of rainwater for redistribution.

## Assessing Water Impacts of Suppliers

Lidl US actively engages with our suppliers to evaluate water-related impacts of the company's products. Through the company's CSR Purchasing department, Lidl US has engaged with nearly 50 produce suppliers to gather information on water reduction strategies and practices.



### Water Reduction Strategies and Practices Across Produce Suppliers

Rainwater collection systems
Greenhouse farming
Water and wastewater recycling systems
Drip irrigation
SmartWash irrigation systems

Image Caption: In greenhouse farming, small tubes may be used to efficiently distribute nutrients and water to support optimal levels for plants.

“Lidl is focused on what is good for people. As an employer, business partner, and neighbor, we have a responsibility to create an environment centered around fairness, transparency, and integrity. As we engage with stakeholders throughout our value chain, Lidl remains committed to executing on our company’s values aimed at continuous improvement.”

**Karen Procell**  
**Executive Vice President,**  
**Chief Human Resources Officer & General Counsel**



# Good for People

LIDL FOR  
A BETTER  
TOMORROW





# Acting Fairly

Lidl US' commitment to fair treatment throughout our business operations is imperative to our success. From our team members to our customers, business partners, and throughout our supply chain, we aim to create an environment built on respect, integrity, and transparency.

## Our Workforce

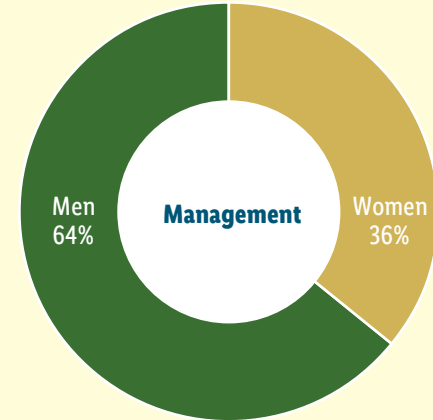
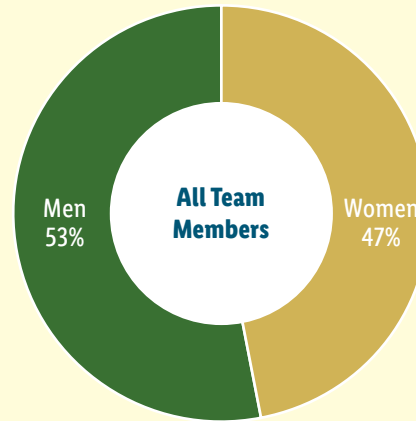
At fiscal year-end 2022, Lidl US employed over 6,000 team members, of which approximately 79% were full-time. These team members support our operations across the company's stores, RDCs, and offices.

Throughout Lidl US, we aim to attract and recruit team members that are the best capable at delivering great service to our customers, supporting our strategic direction, upholding our principles and values, and reinforcing our company culture.

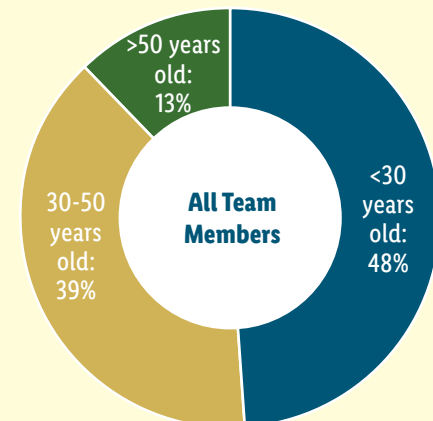
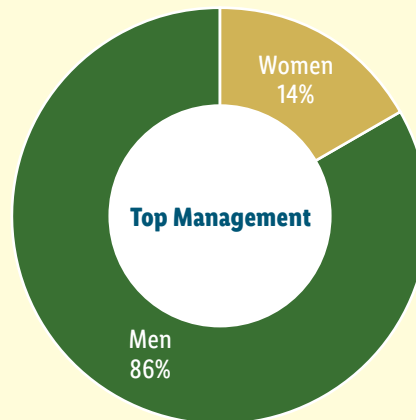


### Team Member Diversity Metrics

#### 2022 Gender Diversity



#### 2022 Age Diversity



# Diversity and Equal Opportunity

Fostering a work environment focused on respect and acceptance is an integral part of Lidl US. This includes establishing equal and equitable conditions and continuing to promote diversity throughout our company.

## Anti-Discrimination

Lidl US regards diversity and equal opportunity as essential components of our company to ensure team members are treated with respect regardless of age, ethnic origin, gender identity, sexual orientation, religion, ideology, disability, or any other legally protected category. Our company is strongly opposed to any form of discrimination. To support our commitments, we maintain a compliance management system to identify and respond to potential diversity and equal opportunity risks. Throughout our operations, Lidl US thoroughly investigates and responds to any reports of discrimination.



## Promoting Diversity and Equal Opportunity

At all levels throughout Lidl US, the company aims to implement programs and trainings to promote diversity and equal opportunity.

### Inclusive Leadership Training

One-on-one diversity and inclusion training for Board members (inclusive of executive coaching).

### Manager Development Program

Manager-level diversity and inclusion training on unconscious bias and crucial conversations.

### Mentorship Pilot Program

Six-month program designed to foster the development of women and minority team members throughout Lidl US.

### Consultant Development Program

Diversity and inclusion training on unconscious bias and crucial conversations for team members without direct reports.

### Diverse Recruiting

All recruiters are certified as diverse recruiters, and we maintain partnerships with Historically Black Colleges and Universities.

### Diversity, Equity, and Inclusion Training

We aim to launch diversity, equity, and inclusion training for Lidl US team members by 2024.

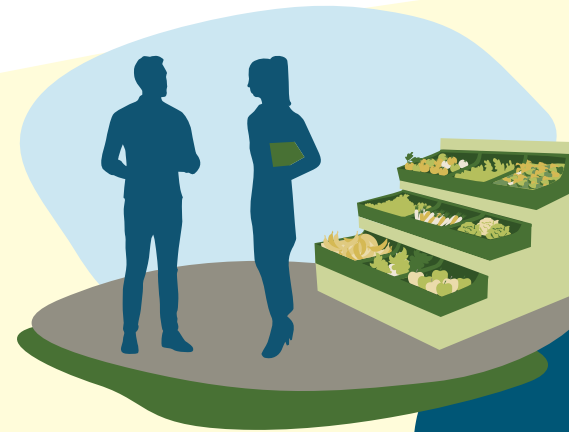
## Fair Remuneration

Lidl believes companies are responsible for providing an adequate level of fairly and equitably structured remuneration. Lidl US strives to be a market leader in total rewards, including compensation for our team members. We aim to support our team members to achieve a better work-life balance and implement programs to facilitate these objectives.

### Remuneration

The Lidl US remuneration system is based on our company's strategy and incorporates all relevant regulatory requirements. This system is designed to promote fairness and equal opportunity, and serve as the basis for equitable pay standards which are structured without reference to age, ethnic origin, gender identity, sexual orientation, religion, ideology, disability, or any other legally protected category.

At Lidl US, employee remuneration is based on regular market comparisons, and is determined by role. This ensures that the remuneration is attractive and in line with the market.



### Gender Pay Gap Goal

By 2030, Lidl US aims to narrow the company's mean gender pay gap to under 5%.

### Analyzing Our Gender Pay Gap

In order to promote gender equity within the remuneration system, the following principle is firmly entrenched in our company's corporate culture: as part of our strategy, Lidl US seeks to embody equal opportunity and ensure that equal treatment is reflected in our remuneration system.

Since 2017, Lidl US has collected data on our gender pay gap (GPG). The GPG metrics show that a pay gap exists at Lidl US. Although the principle of pay equality is entrenched at our company, the GPG cannot be completely avoided due to structural aspects in the workforce. Structural aspects include, for example, a higher percentage of women in entry level positions or working part-time, and therefore earning a lower wage. With our established non-discriminatory remuneration system, we are endeavoring to ensure gender equity in our remuneration system and are taking appropriate measures to reduce the pay gap across all levels of the hierarchy. We also plan to be more transparent in the disclosure of our processes relating to progression, pay, and rewards. As of fiscal year-end 2022, the Lidl US mean GPG was 11.5% and median GPG was 2.5%.





## Other Benefits

Lidl US Total Rewards are aimed at attracting and retaining team members in the markets where we operate. We provide our full and part-time team members with access to voluntary health coverage and life insurance. Full-time team members are provided basic life insurance and disability coverage at no cost to the team member. Lidl US has also implemented an enhanced retirement program to improve team member financial planning and security. This includes access to a 401(K) plan and an employer match program of up to 5%.

Parental leave entitlements are also a part of improving work-life balance. All Lidl US team members are eligible for up to six consecutive months of protected leave following the birth or adoption of a team member's child. Eligible full-time birth parents may receive 12 weeks of paid parental leave, while eligible full-time non-birth parents may receive four weeks of paid parental leave.

Where possible, the company also provides office and headquarters team members the opportunity for remote work.

**We provide 100% of our full and part-time team members with access to voluntary health coverage and life insurance, including access to Flexible Spending Accounts and Health Savings Accounts.**



### Financial Wellness

All Lidl US team members have access to WellCents, a comprehensive financial wellness program.

### Medical Plans

All Lidl US team members enrolled in a Lidl US medical plan have access to family planning and fertility benefits.

### Physical Wellness

All Lidl US team members enrolled in a Lidl US medical plan have access to wellness activities and can earn redeemable gift cards.

### Employee Assistance Programs

All Lidl US team members and their family members have access to the Employee Assistance Program, which offers services including child and elder care, mental health counseling, and legal guidance.



## Local Communities and Corporate Citizenship

Across Lidl US, we aim to engage with our local communities to support the needs and priorities of our stakeholders. Since our first U.S. stores opened in 2017, we have joined together with local organizations to provide resources and funds with a focus on serving underprivileged youth and contributing to food access and nutrition.



### Peak Harvest and Children's Miracle Network Hospitals®

In early 2023, Lidl US partnered with Children's Miracle Network Hospitals® to launch "Peak Harvest", our first private label produce line that raised money in January to support health and nutrition initiatives for children.

Nearly \$70,000 was raised to benefit local member hospitals across our markets.



### Feeding America

Our support for Feeding America extends across Lidl's U.S. operations. Through a variety of initiatives, Lidl US provides both food donations and funds to support the organization. Nearly 70% of Lidl US stores and all three RDCs participated in our Feeding America donation program as of fiscal year-end 2022. During 2021 and 2022, our stores donated more than three million pounds of food, equivalent to more than 2.5 million meals.

During grand store openings in 2021 and 2022, we also provided more than \$20,000 in cash donations to local Feeding America partners, where \$1 was donated by the company for each customer that downloaded the myLidl app.

Nearly 130 Lidl US stores participated in the 2022 Feeding America holiday food drive. Customers at each store were also provided the opportunity to give back by rounding up their final sale at the register to the nearest dollar. This campaign raised nearly \$45,000 for Feeding America food banks.



### For Kids, By Kids Charity Bag Initiative

Beginning in 2022, Lidl US launched the company's Charity Bag initiative as part of our grand store openings in select key markets.

Through this initiative, Lidl US engaged with local community organizations and young art students to create designs that could be featured on limited-edition reusable grocery bags sold exclusively at our stores.

In 2022, Lidl US raised nearly \$20,000 for local organizations, including food banks and youth programs through For Kids, By Kids Charity Bag initiatives across three grand store openings.

## Supporting Youth and Food Access For a Better Tomorrow

From engaging with local community organizations during store openings, to establishing programs and partnerships, Lidl US and our team members are passionate about providing support to those in need.

Lidl US engages with local organizations that are focused on supporting children and youth, providing access to food, and enabling conscious nutrition. For example, ahead of opening our first stores on Long Island, we held an Oktoberfest event from which proceeds were donated to the John Theissen Children's Foundation, providing support for sick and underprivileged children across Long Island.

We also donate non-food items to local organizations to support community needs. For example, the Lidl US headquarters IT team donated more than \$15,000 in new computer equipment in January 2023 to Project Create, a youth arts organization near our Lidl Skyland store in Washington, D.C. In April, the same team returned to the nonprofit to help install operative systems, user accounts, and management for the computers.

## Providing Support on a Global Scale

In times of immense need, Lidl, along with other companies of Schwarz Group, actively aims to provide support to those impacted by disaster.

In 2022, companies of Schwarz Group provided €10 million in financial and in-kind donations of non-perishable food, home textiles, hygiene items, and other urgently needed products to support refugees near the Ukraine border. In 2023, companies of Schwarz Group also provided €1 million in emergency relief for the victims of the earthquakes in Turkey and Syria.



### Community Engagement Goal

By 2023, Lidl US aims to implement charitable (customer) round up at the register campaigns at 100% of Lidl US stores.

## Labor and Human Rights

As part of Lidl Group and Schwarz Group, Lidl US recognizes its responsibility regarding human rights. At stages along our supply and value-added chains, we strive to respect, promote, and protect human rights. Together with our team members, customers, business partners, and other stakeholders, we work to advance human and labor rights through our commitment to fair business practices, safe working conditions, and transparent communications.



### Fair Remuneration and Lidl US' Supply Chain

Through our raw material sourcing strategy and focus on procuring third-party certified products, Lidl US supports living wages in our supply chain. Our Fairtrade certified Way To Go chocolate bar is one example of how Lidl US contributes to establish a living income.

### Engaging to Protect Human Rights

Companies have an obligation to protect the fundamental rights of their employees, which includes establishing working conditions that promote a respectful and responsible environment. As an employer in the food retail sector, we aim to provide our team members with a safe and welcoming work environment. At Lidl US, observance and protection of employee rights form the basis of a relationship of trust. They underpin all our activities and are also firmly entrenched in our corporate principles, policies, and procedures.

Throughout our operations and supply chain, Lidl US aims to engage with stakeholders, including industry associations, to protect human rights. Lidl US aims to identify human rights risks in our own operations, while also complying with local, national, and international labor and human rights laws and regulations. In 2022, Lidl US was not aware of any of our own operations that may be under significant risk for incidents of child labor, forced, or compulsory labor, or where the right to freedom of association could be threatened.

### Human Rights Due Diligence Across our Supply Chain

Through our procurement process, Lidl US aims to integrate programs and policies to reduce and eradicate human rights-related risks in our supply chain.

This approach begins with raising awareness among our suppliers and business partners, by including the Schwarz Group Business Partners' Code of Conduct (Code) in all contracts with our suppliers and business partners. The Code represents minimum standards for any business relationship. Through the Code, Lidl US reserves the right to audit suppliers to confirm compliance with the policy.

Lidl US currently works with US suppliers who deliver products to Lidl Germany. As a result of the German Supply Chain Due Diligence Act, Germany now requires all suppliers that deliver products to Germany to undergo an EcoVadis, or similar audit. EcoVadis examines four areas, including environment, labor & human rights, ethics, and sustainable procurement. Following this audit, suppliers receive a scorecard indicating their performance, and if a pre-defined threshold is not achieved, the supplier is required to implement a corrective action plan.

## Animal Welfare

Lidl US' commitment to acting fairly extends into the company's animal welfare practices. Through engagement with our suppliers, we aim to provide customers with quality product options that maintain U.S. standards of animal welfare.

### Our Product Offerings

**Cage-Free Eggs:** 100% of Lidl US private label shelled eggs are cage-free or better (organic and pasture raised). In our northern stores, Lidl US offers customers additional options, including pasture raised eggs, which are also certified humane. Lidl US is also actively working to increase the number of cage-free or better products offered to our customers.



**Private Label Non-Food Items:** Non-food private label items are sourced through other companies of Lidl Group and adhere to the following commitments and certifications:

- All products must responsibly source feathers and down, per the DOWNPASS Standard
- Angora wool is not used in any products
- Lambskin is only used if the product is confirmed to be a by-product of the food industry
- As a company of Lidl Group, we are a member of the Fur Free Retailer Program, and do not use or sell real fur
- Components from exotic and protected animals are not used or sold

In addition to the above commitments and certifications, we also offer customers branded products that promote responsible business practices and the humane treatment of animals. This includes organic and grass-fed meat and poultry options.



### European Chicken Commitment Goal

By 2026, Lidl US aims to have 20% of the company's private label chicken assortment adhere to the ECC Standard.

The ECC is the leading set of standards for broiler welfare that addresses issues related to breeding for fast-growth and high-yield, housing, stocking density, and slaughter. To execute on this goal, we are currently engaging with suppliers to source chicken under ECC requirements.

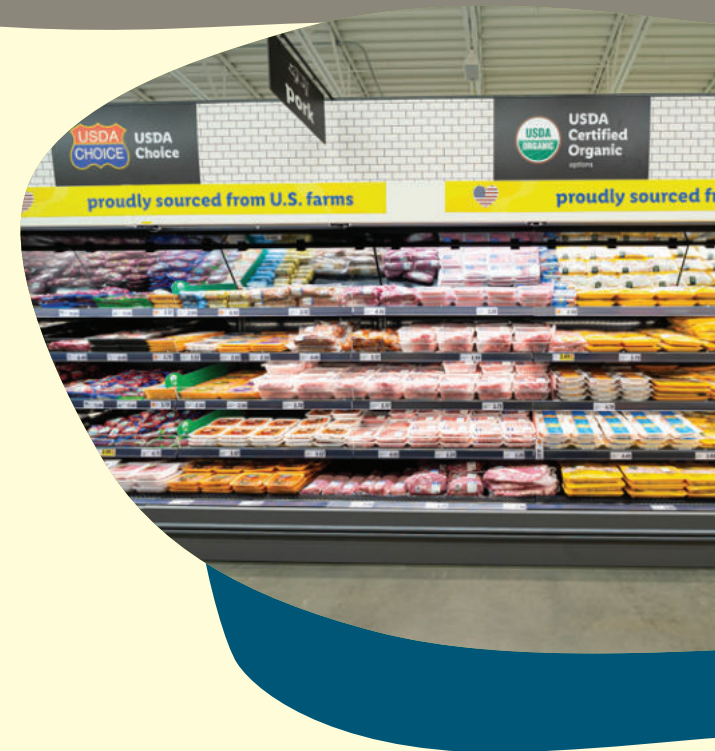


Image Caption: Lidl US offers products that are USDA certified organic, which indicate that the livestock are raised in a way that accommodates their health and natural behavior.

# Promoting Health

At Lidl US, promoting health extends from our commitment to provide team members with a safe working environment to ensuring the highest safety and quality standards of the products we sell. Through our practices, policies, and engagement with stakeholders we aim to provide safe, affordable, and nutritious food, while also prioritizing the safety of our team members and communities.

## Conscious Nutrition

Our approach to conscious nutrition begins with the commitment to provide our customers with products that meet high quality and safety standards. The company's ISO 9001 Quality Management System includes comprehensive processes to ensure that the products on our shelves meet our stringent standards beginning with production.

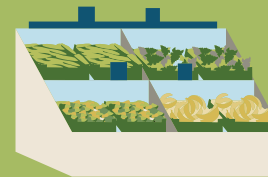


### Quality Assurance Process

Lidl US adheres to all recommendations and guidelines required by the U.S. FDA (Food and Drug Administration) Food Safety Modernization Act. Our quality assurance process includes the following:

#### Prior to Selling Products

- Review product labels and ingredients
- Audit production sites
- Conduct in-house sensory evaluation
- Conduct legal and regulatory compliance checks



#### When Products are on Shelves

- Engage with operations teams to ensure safety is at the forefront until the product reaches the customer



#### After Products are Sold

- Support customer-related inquiries, including product and regulatory recalls

To further support our commitments, in-store Fresh Specialists conduct frequent store walk-throughs to check the products on our shelves and ensure we are providing customers with the highest quality items. Lidl US also adheres to end-to-end cold chains to ensure products remain fresh and safe for our customers.

## Supporting Communities with Nutritious Food

In addition to providing our customers with healthy food assortments, Lidl US aims to promote nutrition in the communities where our stores are located. To support our commitment, Lidl US aims to engage with key stakeholders including nutritionists to develop in-store educational opportunities. We also plan to develop a training to further empower our regions to support conscious nutrition in local communities.



### Conscious Nutrition Goal

By 2030, Lidl US aims to invest \$500,000 in nutrition education resources and healthy food product donations that support the youth of tomorrow.



### Lidl Skyland (Washington, D.C.)

In 2022, Lidl US opened the company's first store in Washington, D.C. The new location serves residents in areas that are considered to be food deserts in the city by providing fresh, high-quality groceries.

For additional information on our healthy product assortments, please refer to Responsible Products information on pages 44-47.



Image Caption: Bottom: Washington, D.C. art students (Zoe, Akilah; Nyzeal; Gabriel) collaborated with Project Create and Lidl US (as part of the "For Kids, By Kids" Lidl US initiative) to create grocery bags sold at Lidl Skyland, with all proceeds benefitting Joyful Food Markets, a no-cost pop-up monthly grocery market held in more than 50 schools in Washington, D.C.'s Wards 7 and 8.

## Prioritizing Safety

At Lidl US, we are committed to prioritizing the health, safety, and wellbeing of all our team members and customers. The company's health and safety processes, procedures, and policies aim to create a culture of safety that extend beyond legal requirements.

### Team Member Engagement

The health and well-being of our team members is vital to our business, and the Lidl US Health & Safety department plays an active role in advocating for the safety of every employee. Lidl US encourages open, two-way communication between its Health & Safety department and employees across all departments, shifts, and work activities to ensure occupational health and safety is prioritized within the business. Regional Safety representatives are assigned across all regions and warehouses to be available 24/7 for employees to anonymously report any safety or health concerns they observe in the workplace.

### Team Member Training

A key component of our health and safety program is centered around creating awareness through training. Over the past two years, Lidl US has continued to enhance the company's health and safety training programs, which now include digitalized learning opportunities. The company also utilizes defined training plans and schedules to ensure team members complete all required health and safety training courses.



### Health and Safety Program Elements



Safety inspections



Incident reporting and investigations



Hazard identification and mitigation



Training programs

## Engaging in Dialogue

Continuous engagement with stakeholders, ranging from team members to customers and industry organizations is imperative to the success of Lidl US. We are committed to communicating transparently and engaging with our key stakeholders throughout all aspects of our business.



Image Caption: Virginia's Secretary of Agriculture and Forestry, Matthew Lohr, visited the Lidl McLean (Virginia) grand opening to learn more about fresh Virginia produce featured in the store, including herbs and lettuce.

## Enabling Team Members

At Lidl US, we believe all team members have potential. Therefore, it is our responsibility to create an environment where each team member can continue to grow and develop.

### Training From Day One

Lidl US team member training begins from day one to prepare each individual for their specific role. In addition to being supported by managers and colleagues, all new team members receive detailed and customized onboarding plans.

The company coordinates and provides a range of additional development opportunities for all team members – from classroom to digital learning options. Lidl US also engages with other departments within the company to rollout CSR-related training. For example, in 2022 the Lidl US Purchasing department developed and implemented CSR Purchasing Buyer Training.



### Developing Leaders at Lidl

Lidl US provides curated leadership development programs to promote the growth of team members internally.

As Lidl US executes on its training strategy and commitment, the company will continue developing and implementing programs focused on the specific needs of our business to foster an environment for leadership growth and continuous success.



### Team Member Training Goal

By 2030, Lidl US aims to provide four million training hours to further develop skills and prepare team members for career growth opportunities.





# Customer Engagement

At Lidl US, customer satisfaction is our top priority. As such, we aim to transparently communicate with our customers to improve and support our company's continuous success.

## Customer Care Hotline

To demonstrate our commitment to our customers, we operate a Customer Care Hotline that allows Lidl US to collect feedback from our customers in order to improve their experience, and at the same time improve the company's overall processes, procedures, and policies. Lidl US customers are also able to provide feedback via a self-service portal at lidl.com and through social media.

Each month, our Customer Care Hotline receives approximately 12,500 calls, and we respond annually to over 20,000 emails and social media posts. This constant communication with our customers allows Lidl US to better understand and meet the needs of our stakeholders.

## Customer Insights

Lidl US conducts surveys each year to gain an understanding of our customer's expectations. The company leverages our internal MyLidl app to directly communicate with our customers and get their feedback related to their shopping experience. We also conduct analysis at the regional levels to better understand our customers, including their preferences and shopping behaviors. This communication and analysis allows Lidl US to achieve high customer satisfaction rates across our locations.

## Surveying Our Most Loyal Customers

In 2023, Lidl US conducted a survey of our most loyal customers to determine their level of satisfaction with their in-store experience. The results of this survey and data obtained from our Customer Care Hotline has enabled Lidl US to use customer feedback in its Customer Service Training for all store managers.



## Industry Engagement

The continuous engagement between Lidl US and our stakeholders, including non-governmental organizations, industry organizations, and other business partners is imperative to our company's CSR strategy and commitment. As such, we actively participate and maintain continuous dialogue with our stakeholders to anticipate and respond to changing industry standards and legal requirements.



### Lidl US is represented in the following international associations, organizations, and initiatives as a company of Lidl Group:

- Action, Collaboration, Transformation
- Alliance for Water Stewardship
- amfori Business Social Compliance Initiative
- Compassion in World Farming
- Cotton made in Africa
- Donau Soja / Danube Soya
- DOWNPASS
- econsense
- Ethical Tea Partnership
- Ethical Trading Initiative
- EUROOPEN
- Food for Biodiversity
- Forest Stewardship Council (FSC)
- Fur Free Retailer
- German Initiative on Sustainable Cocoa
- GLOBALG.A.P, GLOBALG.A.P GRASP Technical Committee
- ILO Better Work
- International Accord
- LEAD Network (Leading Executives Advancing Diversity)
- Leather Working Group
- Oxfam
- Partnership for Sustainable Textiles
- RMG Sustainability Council
- Round Table on Responsible Soy Association
- Roundtable on Sustainable Palm Oil (RSPO)
- Save the Children
- Sustainable Nut Initiative
- Sustainable Rice Platform
- World Banana Forum

### Lidl US is a member of the following institutions as a company of Schwarz Group:

- Ellen MacArthur Foundation
- Science Based Target initiative
- United Nations Global Compact

### Lidl US is also a member of the following organizations:

- American Society of Safety Professionals
- FMI, The Food Industry Association
- German American Business Council
- International Association for Food Protection
- Merchant Advisory Group
- National Environmental Health Association
- National Retail Federation
- Occupational Safety and Health Administration
- Retail Industry Leaders Association

### Lidl US works with the following partner organizations:

- Aquaculture Stewardship Council
- Best Aquaculture Practices
- Fair Trade USA™
- Marine Stewardship Council
- Rainforest Alliance

“Lidl’s mission is built on the idea that through simple and sustainable actions we can provide customers with affordable and nutritious food. This not only means selling products that support healthy living, but also providing our customers with traceable product assortments and regional and seasonal options that support the reduction of environmental impacts.”

**Stefan Schwarz**  
Executive Vice President, Purchasing



# Good for You

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# Responsible Products

Each day, Lidl US works to provide product assortments that not only promote conscious consumption and healthy diets, but are also recognized by some of the world’s most credible certification organizations.

## Sustainable Product Assortments

Lidl US is committed to providing a high-quality assortment of products at affordable prices. To execute on this mission, the company works to identify and mitigate supply chain risks while also enhancing transparency throughout the company’s product assortments. This includes certifying the company’s critical raw materials and promoting alternatives that support the reduction of environmental and social impacts in our product range.



## Executing on Our Responsible Product Commitment

### CSR Purchasing Handbook

The CSR Purchasing Handbook was developed to assist each Lidl Group company in buying the most sustainable products and raw materials, while also supporting compliance with our company’s standards. The Handbook covers key topics, including how to adhere to the company’s international CSR strategy and the commitments and targets that we have set internally, as well as third-party certifier information and their labels.

### CSR Purchasing Training

In 2022, Lidl US launched CSR specific training to educate the company’s Buying team. The mandatory training is held annually and covers topics ranging from climate and raw materials to product packaging. To supplement this training, the company also requires e-learning courses for all team members in the company’s Buying department.

For additional information please refer to Raw Materials information on pages 24-25.

### Private Label Items Requirements

To further support our company’s commitment, Lidl US requires the following private label items to be third-party certified.

- **Palm Oil:** RSPO mass-balance certification for food items
- **Chocolate Bars:** Fairtrade International
- **Fish and Shellfish:** MSC for wild caught fish and shellfish; and BAP, ASC, or GLOBALG.A.P Number (GGN) certification for farm raised fish and shellfish



## Way to Go Fairtrade Chocolate Bar

In 2020 Lidl US launched its Way To Go private label chocolate bar – the first of its kind in the U.S.

All Way to Go chocolate bars are made with certified Fairtrade cocoa sourced from Ghana. Fairtrade pays producers the minimum Fairtrade price – a price set to more fairly cover the cost of sustainable production – and a Fairtrade premium that supports them and their communities to achieve more sustainable livelihoods. In addition, Lidl provides support with a premium in the form of a cash component as well as funding joint projects which, in the long run, represent a contribution to the establishment of living incomes in Ghana. These additional payments are used to finance opportunities such as training and income diversification projects. The additional Lidl premium also supports cash payments as well as additional educational opportunities – particularly for women.



# Critical Raw Materials

As part of our strategy to offer the most sustainable product range, the companies of Lidl Group developed a raw material sourcing strategy, which was also adopted by Lidl US. This strategy is inclusive of a four-step development process, and includes understanding the company’s impacts, enforcing certification standards, promoting alternatives, and driving change through stakeholder engagement.

Lidl US has identified 11 critical raw materials and is committed to setting responsible sourcing targets for each group of items.



## Raw Materials Goal

By 2025, Lidl US aims to achieve 100% certified critical raw materials in our private label products.



### Cellulose

All private label near-food household health & beauty care items (including tissues, napkins, and paper towels) that contain cellulose are 100% certified through FSC, Program for the Endorsement of Forest Certification (PEFC), or Sustainable Forest Initiative (SFI).

All private label charcoal items are transparently labeled with country of origin and wood source information. By 2025 Lidl US aims to have 100% of private label charcoal products certified through FSC, PEFC, or SFI.



### Palm Oil

All private label food items that contain palm (kernel) oil and derivatives are mass balanced certified by RSPO.

By 2024, Lidl US also aims to have 100% of health & beauty care items that contain palm oil, RSPO segregated certified.



### Produce

All Lidl US bananas are 100% certified by RFA or USDA-organic and all pineapples are 100% certified by RFA or SCS Sustainably Grown®.



### Seafood

Lidl US private label “Fish Market” seafood brand’s core assortment is 100% certified via BAP, ASC, or GLOBALG.A.P. GGN. Lidl US’ private label chilled, frozen, and fresh fish and seafood items in our core assortment are also fully certified through ASC, BAP, or GLOBALG.A.P. GGN for farmed seafood, or MSC or in fishery improvement projects for wild caught fish and shellfish.

In early 2023, the company also launched “Fish Market” Faroe Island Salmon whole fillets that are 100% ASC certified and raised without antibiotics.



### Cocoa

All private label chocolate bars are 100% Fairtrade certified.



### Coffee

All private label roasted coffee and coffee capsules are 100% certified through RFA, Fair Trade USA™, or USDA-organic.



### Cotton

In early 2023, Lidl US launched the company’s first canvas tote bag made with 100% Fairtrade certified cotton.



### Eggs

All Lidl US private label shelled eggs are cage-free or better.



### Nuts

We offer USDA-organic alternatives in our private label “Alesto” assortment.



### Rice

We offer USDA-organic alternatives in our private label rice assortment.



### Tea

By 2025, Lidl US aims to have 100% of private label tea (green, black, and rooibos) certified through Fairtrade International, RFA, or USDA-organic.

## Regional and Seasonal Products

Lidl US is committed to providing our customers with high-quality, affordable, and nutritious food.

### Local Produce, Year-Round

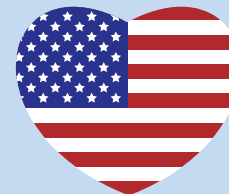
With stores located from New York to Georgia, Lidl US has the opportunity to leverage local suppliers along the East Coast. For certain stores, we source 100% of mushrooms, sweet potatoes, large watermelons, pumpkins, and herb pots from local suppliers. Individual items, including leafy greens, peaches, muscadine grapes, and cherry tomatoes may also be sourced from local suppliers. Additionally, depending on quality and availability, other fruits and vegetables may be sourced from local suppliers, including berries, beets, and corn.



### What is local sourcing?

Lidl US defines local sourcing based on two clustering schemes. Goods are considered local if they are produced and sold within a 100 mile cluster, (where the diameter of that cluster is no more than 100 miles from the company's regional property offices). Goods are also considered local if the items are produced and sold in the same state.

we proudly partner with **Virginia** suppliers



At certain Lidl US stores, the company highlights local suppliers. Domestic products that are sourced in the USA contain the "Made in America" Lidl heart label.

# Product Traceability and Transparency

Throughout our value chain, Lidl US aims to improve traceability by providing our customers with transparent product communications and labels.

## Communicating To Our Customers

At Lidl US, customer satisfaction is our highest priority. As such, we aim to provide transparent communications through the products sold in our stores. This approach to transparency is grounded in our compliance with all required regulations regarding product labeling.

For example, for food items, we conduct an internal label compliance process to review all ingredients. This supports mandatory compliance with regulations and ensures product labels are easy to read and accurate. Lidl US also maintains nutrition and ingredient information for all baked goods sold at the in-store bakeries throughout the U.S.

## CSR Logo

The company's CSR logo "Lidl for a Better Tomorrow" is called-out on non-food products to signify product-related third-party certifications and other environmental attributes.



## Packaging and Labeling Requirements and Procedures

<b>Example Requirements and Procedures</b>				
	<b>Product Sourcing</b>	<b>Product Impacts</b>	<b>Safe Use of Products</b>	<b>Safe Disposal of Products</b>
	<p>All imported articles are clearly labeled and provide country of origin information.</p> <p>Additionally, all wild-caught private label fish articles include information, such as catch method, Food and Agriculture Organization of the UN origin, and the country where the fish articles were processed and packaged.</p>	<p>Third-party product certifications are included on product labeling.</p> <p>The company's private label brands also contain additional information related to the health or environmental attributes (such as heart healthy and low sodium products, raised without antibiotics, and no artificial flavors).</p>	<p>All private label articles contain required preparation and handling instructions for the safe use, handling, and storage of products, when applicable.</p> <p>All food articles are also labeled with appropriate serving size and other requirements as required by FDA regulations.</p>	<p>How2Recycle labels on select products provide information to customers on how to dispose of recyclable or compostable packaging.</p>





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# Appendix





# CSR Goals and Performance

CSR Goal	Status
<b>Protecting Climate</b>	
Topic: <b>1.5 Degrees</b>	
Reduce Scope 1 & 2 GHG emissions by 70% by 2030 (compared to 2019 baseline)	63% reduction since 2019
Utilize only natural product cooling refrigerants at all new prototypical Lidl US stores and RDCs starting in 2023; and by 2026 Lidl US will evaluate its existing portfolio to define a natural product cooling refrigerants transition strategy	All-natural refrigeration systems installed at 2 new stores as of fiscal year-end 2022
Implement EV charging infrastructure capabilities at 100% of Lidl US new, owned stores and RDCs beginning in 2025; and by 2027, Lidl US will further define an electrification strategy	2 stores with EV charging stations installed as of fiscal year-end 2022
Transition 30% of Lidl US' fleet to new "clean vehicles" by 2035	5 new "clean vehicles" as of fiscal year-end 2022
<b>Conserving Resources</b>	
Topic: <b>Raw Materials</b>	
Achieve 100% certified critical raw materials in Lidl US private label products by 2025	100% certified critical raw materials achieved for several categories as of fiscal year-end 2022 (please refer to the raw materials section of this Report for additional information)
Topic: <b>Circular Economy</b>	
Achieve zero waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero waste pilot by 2024	68% waste diversion achieved as of fiscal year-end 2022
Topic: <b>Food Waste</b>	
Achieve zero food waste, which is diverting a minimum of 90% from the landfill and/or incineration, for Lidl US' most northern sales regions as our first zero food waste pilot by 2024	55% food waste diversion achieved as of fiscal year-end 2022
Achieve 100% Lidl US store and RDC participation in our food donation program by 2025	Nearly 70% of Lidl US stores and all three RDCs participated in our Feeding America donation program as of fiscal year-end 2022
<b>Acting Fairly</b>	
Topic: <b>Animal Welfare</b>	
Adhere to the ECC standard in 20% of Lidl US' private label fresh chicken assortment by 2026	Currently engaging with suppliers to source chicken under ECC requirements
Topic: <b>Fair Remuneration</b>	
Narrow the Lidl US mean gender pay gap to under 5% by 2030	11.5% mean gender pay gap as of fiscal year-end 2022
Topic: <b>Corporate Citizenship and Local Development</b>	
Implement charitable (customer) round up at the register campaigns at 100% of Lidl US stores by 2023	Nearly 130 Lidl US stores participated in a round up at the register campaign in 2022
<b>Promoting Health</b>	
Topic: <b>Conscious Nutrition</b>	
Invest \$500,000 in nutrition education resources and healthy food product donations that support the youth of tomorrow by 2030	Developing plan to launch nutrition education experiences at select stores in 2024
<b>Engaging in Dialogue</b>	
Topic: <b>Enabling</b>	
Provide four million training hours to further develop skills and prepare team members for career growth opportunities by 2030	Over 1 million training hours provided since 2021



# GRI Content Index

Statement of Use: Lidl US has reported with reference to the GRI Standards for the period fiscal year 2021 and 2022.

GRI 1 Used: GRI 1: Foundation 2021

<b>General Disclosures</b>	
<b>GRI 2: General Disclosures 2021</b>	
<b>Disclosures</b>	<b>Response or Page Numbers</b>
2-1 Organizational details	5-6
2-2 Entities included in the organization's sustainability reporting	2 and 56
2-3 Reporting period, frequency, and contact point	56
2-4 Restatements of information	Not applicable for the reporting period
2-5 External assurance	54-55
2-6 Activities, value chain, and other business relationships	5-9
2-7 Employees	5-6 and 29
2-8 Workers who are not employees	5-6 and 29
2-9 Governance structure and composition	7-8 and 40-42
2-10 Nomination and selection of the highest governance body	9
2-11 Chair of the highest governance body	9
2-12 Role of the highest governance body in overseeing the management of impacts	9
2-13 Delegation of responsibility for managing impacts	9
2-14 Role of the highest governance body in sustainability reporting	9
2-23 Policy commitments	9
2-24 Embedding policy commitments	9
2-25 Process to remediate negative impacts	9
2-26 Mechanisms for seeking advice and raising concerns	9
2-28 Membership associations	42
2-29 Approach to stakeholder engagement	7-8 and 40-42

**Material Topics****GRI 3: Material Topics 2021**

<b>Disclosures</b>	<b>Response or Page Numbers</b>
3-1 Process to determine material topics	11
3-2 List of material topics	11
<b>Food Waste</b>	
3-3 Management of material topics	10, 21-23, and 50
Lidl-Specific Disclosure: Ensuring responsible handling of food waste	21-23
Lidl-Specific Disclosure: Actions taken to avoid creating food waste	21-23
<b>Diversity and Inclusion</b>	
3-3 Management of material topics	10, 29-31, and 50
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	31-32
405-1 Diversity of governance bodies and employees	29
<b>Labor and Human Rights</b>	
3-3 Management of material topics	29-32 and 35
401-3 Parental leave	32
408-1 Operations and suppliers at significant risk for incidents of child labor	35
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	35
<b>Conscious Nutrition</b>	
3-3 Management of material topics	10, 37-38, 44-48, and 50
Lidl-Specific Disclosure: Transparency about product manufacturing	48
Lidl-Specific Disclosure: Transparency product ingredients and nutritional information	37 and 48
<b>Fair Remuneration</b>	
3-3 Management of material topics	10, 31-32, and 50
201-3: Defined benefits plan obligations and other retirements plans	31-32
<b>Raw Materials</b>	
3-3 Management of material topics	10, 24-25, 46, and 50
Lidl-Specific Disclosure: Raw materials from sustainable sources as a share of total purchasing volumes/progress achieving raw materials targets	46 and 50



## Material Topics

Disclosures	Response or Page Numbers
<b>1.5 Degrees</b>	
3-3 Management of material topics	10, 13-17, 50, and 54-55
302-1: Energy consumption within the organization	15
305-1: Direct GHG emissions (Scope 1)	13 and 54-55
305-2: Energy indirect (Scope 2) GHG emissions	13 and 54-55
305-5: Reduction of GHG emission	13, 50, and 54-55
<b>Responsible Products</b>	
3-3 Management of material topics	10, 24-25, 44-48, and 50
FP2: Percentage of purchased volume, which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	24-25 and 44-47
204-1: Proportion of spending on local suppliers	47
<b>Circular Economy</b>	
3-3 Management of material topics	10, 19-21, and 50
301-1: Materials used by volume or weight	19-21
301-2: Recycled input materials	19-21
306-1: Waste generation and significant waste-related impacts	19-21
306-2: Management of significant waste-related impacts	19-21
306-3: Waste generated	20-21
306-4: Waste diverted from disposal	20-21
306-5: Waste directed to disposal	20-21

# Assurance Statement



## LRQA Independent Assurance Statement

Relating to Lidl US LLC.'s Greenhouse Gas Emissions Inventory for Fiscal Years 2019, 2021 and 2022; and Environmental and Human Resources Metrics for the Fiscal Years 2021 and 2022

This Assurance Statement has been prepared for Lidl US LLC. in accordance with our contract.

### Terms of Engagement

LRQA was commissioned by Lidl US LLC. (Lidl) to provide independent assurance of its greenhouse gas (GHG) emissions inventory for fiscal years (FYs) 2019, 2021, 2022, and environmental and human resources (HR) data for FYs 2021, 2022 ("the Report") against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure and ISO 14064 - Part 3 for greenhouse gas emissions. Lidl's fiscal year is March 1 to the last day of February of the following year. LRQA's verification procedure is based on current best practise and is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered Lidl's operations and activities under their operational control in North America, and specifically the following requirements:

- Verifying conformance with:
  - Lidl's reporting methodologies for the selected datasets; and
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data<sup>1</sup>;
- Reviewing whether the Report has taken account of:
  - The Global Reporting Initiative Standard 306 – 2 (2020) for the waste metrics;
- Evaluating the accuracy and reliability of data and information for only the selected indicators listed below:
  - FY2019, FY2021 and FY2022 Direct (Scope 1), Energy Indirect (Scope 2) GHG emissions;
  - FY2021 and FY2022 Waste Metrics; and
  - FY2021 and FY2022 HR Training Hours.

LRQA's responsibility is only to Lidl. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Lidl's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of Lidl.

### LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Lidl has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Tables below.

The opinion expressed is formed on the basis of a limited level of assurance<sup>2</sup> and at the materiality of the professional judgement of the verifier.

<sup>1</sup> <http://www.ghgprotocol.org/>

<sup>2</sup> The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



**Table 1. Summary of Lidl's GHG Emissions for FY 2019, FY 2021 and FY 2022:**

Greenhouse Gas Emissions	FY 2019	FY 2021	FY 2022	Unit
Scope 1 GHG emissions	7,354	18,981	19,521	Metric Tons CO <sub>2</sub> e
Scope 2 GHG emissions (Location-based) <sup>1,1</sup>	40,619	71,439	78,851	Metric Tons CO <sub>2</sub> e
Scope 2 GHG emissions (Market-based) <sup>1,1</sup>	45,705	74,471	0	Metric Tons CO <sub>2</sub> e

Note 1.1: Scope 2, Location-based and Scope 2 Market-based are defined in the WRI/WBCSD GHG Protocol, 2015

**Table 2. Summary of Lidl's Other Environmental Data for FY 2021 and FY 2022:**

Environmental Data Parameter	FY 2021	FY 2022	Unit
Total Waste Generated <sup>2,1</sup>	47,198	48,990	Metric Tons
Total Waste Landfilled and Incinerated	19,782	18,428	Metric Tons
Total Waste Diverted <sup>2,2</sup>	27,416	30,562	Metric Tons

Note 2.1: Includes hazardous and non-hazardous waste  
Note 2.2: Includes waste diverted by recycling, reuse and anaerobic digestion

**Table 3. Summary of Lidl's HR Metrics for FY 2021 and FY 2022:**

HR Data Parameter	FY 2021	FY 2022	Unit
Total Team Members <sup>3,1</sup> Training Hours <sup>3,2</sup>	606,507	542,891	Hours

Note 3.1: Consists of all full-time and part-time employees  
Note 3.2: Consists of data from SuccessFactors, LinkedIn Learning, Industry Safe, and external training courses

### LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- interviewing relevant parties responsible for managing GHG emissions, environmental and human resources data and records;
- assessing Lidl's data management systems to confirm they are designed to prevent significant errors, omissions or misstatements in the Report;
- reviewing estimation methodologies and recalculating emissions; and
- verifying FY2019, FY2021 and FY2022 GHG emissions, and FY2021 and FY2022 Environmental and HR data at an aggregated level.

### LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

# Assurance Statement



LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Signed

Dated: 20 October 2023

Joycelyn Swamidoss  
LRQA Lead Verifier  
On behalf of LRQA, Inc.,  
2101 CityWest Blvd, Houston, TX 77042

LRQA reference: UQA00002379/6228760

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# About this Report

Lidl's 2023 Corporate Social Responsibility Report covers all of Lidl US' operations, unless otherwise noted. Data and information covers fiscal years 2021 and 2022 (March 1 – February 28). Specific initiatives or projects may represent certain locations or stores only. All financial metrics are reported in U.S. dollars, unless otherwise stated. Metrics in this Report may also be rounded.

This report has been prepared with reference to the GRI Standards for the period fiscal year 2021 and 2022 using GRI 1: Foundation 2021.

The standards of measurement and methods of calculating sustainability and other data included in this Report are continually evolving for greater accuracy and transparency. The metrics included in this Report, other than audited financial data and data assured by our external assurance provider (LRQA), are based on Lidl US' good faith estimates and calculations, which include a number of additional assumptions which have not been externally assured. Lidl US believes that these estimates and calculations are appropriate and reasonable; however, due to inherent uncertainties in making estimates and assumptions and as internal controls and processes continue to evolve, actual results could differ materially from the original estimates.

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