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CREATING THEM, WE HAD A BLAST; THAT'S WHY WE KNOW THEY'LL LAST!

People are creating a better world, and they are doing it with heart. This is also true at Lidl Slovenia. For this year's Sustainability Report, the visual identity was co-created by our employees. What you're about to see are authentic, spontaneous snapshots of our behind-the-scenes moments, our everyday lives, and what we stand for.

Lidl Slovenia's third Sustainability Report, *Making Sustainable Attainable*, provides a comprehensive insight into our sustainability efforts, reflected in both the concept and the artistic approach we've embraced.

As a vital part of our sustainable transformation, we wanted to highlight the power of collaboration and employee empowerment.

Therefore, this time, part of the report's visual content was created by us. Equipped with Polaroid cameras, we captured various moments from our daily life at Lidl Slovenia, with a particular focus on those connected to our sustainability initiatives.

The result is over 350 unique Polaroid photos, offering an authentic, personal, and spontaneous insight into the diverse moments behind the scenes at Lidl—moments *making sustainable attainable*.





Katarina Rojc, Legal



Špela Čupeljič Perc, Logistics



Matej Žižek, Occupational Health and Safety



Metka Šilar Šturm, Corporate Affairs



Saša Vidmar, CSR



Maja Šmonkar, Construction



Alen Alibašić, IT



Aljaž Netmer, Tax



Katja Petaz, Marketing



Klara Ranne, CSR



Damijan Harolt, Controlling



Barbara Lendvaj, Corporate Development



Polona Ražec, Promotion Management



Nejc Justin, Procurement



Samo Pergar, CSR Purchasing



Gašper Kogoj, Facility Management



Živa Kališnik, Human Resources



Maja Šibal, Human Resources



Anže Šimnovec, CSR Purchasing

CSR TEAM



PURCHASE OF FIRST DEPARTMENTAL ELECTRIC VEHICLES



LEED GOLD CERTIFICATE FOR THE SUSTAINABLE CONSTRUCTION OF THE LOGISTICS CENTER ARJA VAS (FIRST IN SLOVENIA)



AS PART OF THE JOINTLY ELABORATED CLIMATE STRATEGY, THE COMPANIES OF SCHWARZ GROUP JOINED THE SCIENCE BASED TARGETS INITIATIVE (SBTi)



ZDRAVKO LIDL PRIPOROČA (ZDRAVKO LIDL RECOMMENDS) PROJECT

2020

2021



PUBLICATION OF THE FIRST SUSTAINABILITY REPORT



AUTOMATIC ORDERING FROM ARJA VAS LOGISTICS CENTER TO STORES



JOINT SUSTAINABILITY AND CLIMATE STRATEGY OF THE COMPANIES OF SCHWARZ GROUP



START OF THE TOO GOOD TO WASTE PROJECT (EXTENDED SALE OF PRODUCTS REGARDING THEIR EXPIRATION DATE)

2022



TRANSITION TO PURCHASE OF 100% GREEN ELECTRICITY ACROSS ALL OWNED PROPERTIES



EXPANSION OF FLEXIBLE WORKING CONCEPTS AND INTRODUCTION OF LIDL'S 36-HOUR WORKING WEEK



FIRST CONTAINERS FOR THE COLLECTION OF WASTE COOKING OIL



FIRST GREEN STAR CERTIFICATE

2019



CERTIFICATE ISO 50001



LIDL SLOVENIA'S NATIONAL SUSTAINABILITY STRATEGY



CONSCIOUS NUTRITION STRATEGY



WITHDRAWAL OF PYROTECHNICS (FIRST RETAILER IN SLOVENIA)



WITHDRAWAL OF SINGLE-USE PLASTIC PRODUCTS



SYSTEMATIC IMPROVEMENT OF RECIPES OF OWN-BRAND PRODUCTS (E.G., REDUCTION OF COLORANTS, ARTIFICIAL FLAVOURS)

2023



GOOD LIFE WELL-BEING STRATEGY



LIDL SLOVENIA'S FIRST NATIONAL CLIMATE STRATEGY



FIRST SUPPLIERS' DAY



IMPLEMENTATION OF ELECTRONIC SHELF LABELS ACROSS ALL STORES



APRIL 24 IS DESIGNATED AS SLOVENIAN DAY WITHOUT FOOD WASTE BY THE THE GOVERNMENT OF SLOVENIA, FOLLOWING AN INITIATIVE BY LIDL SLOVENIA AND ITS PARTNERS



CAMPAIGN TO COLLECT BOTTLES FOR HEROES OF THE THIRD FLOOR AND PUBLIC SUPPORT FOR THE INTRODUCTION OF A BOTTLE DEPOSIT SYSTEM IN SLOVENIA



OWN BRAND NAŠE NAM PAŠE PREMIUM (LOCAL SUITS US PREMIUM)



GUIDELINES FOR CHILDREN'S MARKETING



YOU SUSTAINABILITY INITIATIVE



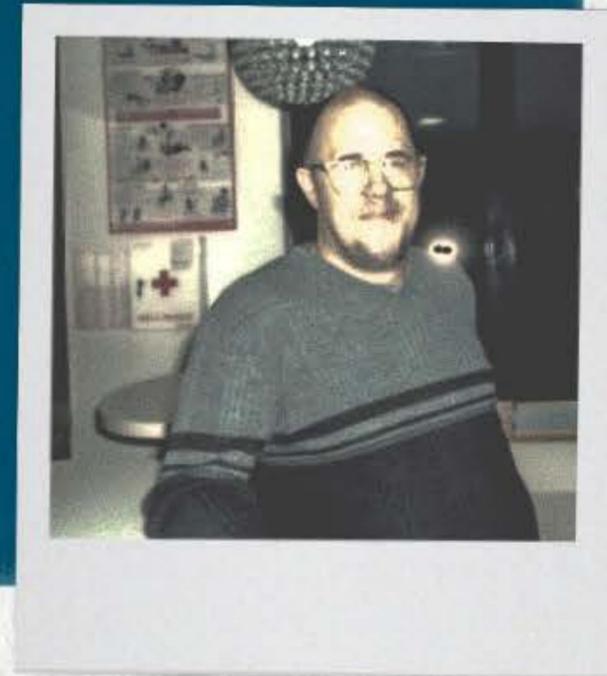
SUSTAINABLE PURCHASING POLICY

KEY MILESTONES & ACHIEVEMENTS

GREEN ENERGY

On March 1 2022, we transitioned to 100% green electricity across all owned properties, reducing our carbon footprint in Scope 1 and Scope 2 by 76.8%. This pivotal step aligns us firmly with Lidl Slovenia's Climate Strategy objectives.

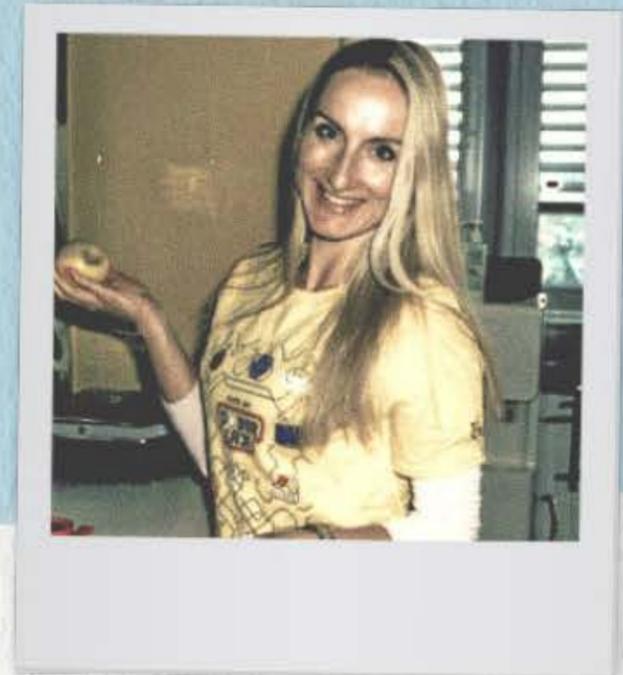
Gašper Kozjan,
Facility Management



GOOD LIFE

At Lidl, we embrace Good Life. This is the name of the new strategy we launched in spring 2023, focused on enhancing employee health, satisfaction, and well-being. The strategy sets the direction for our efforts in improving employee well-being over the coming years.

Živa Kališnik,
Employee Engagement and Well-Being



SLOVENIAN DAY WITHOUT FOOD WASTE

We are proud the Slovenian Government has declared April 24 Slovenian Day Without Food Waste. This significant milestone raises public awareness of food waste and encourages more responsible consumer behaviour.

Metka Šilar Šturm,
Head of Corporate
Affairs Department



YOU INITIATIVE

In fall 2023, we launched our new global sustainability initiative YOU, which connects around 375,000 Lidl employees worldwide. By continuing to inform and train our employees systematically, we are embedding our sustainability strategy and the wider field of sustainability into Lidl's corporate culture and everyday operations.

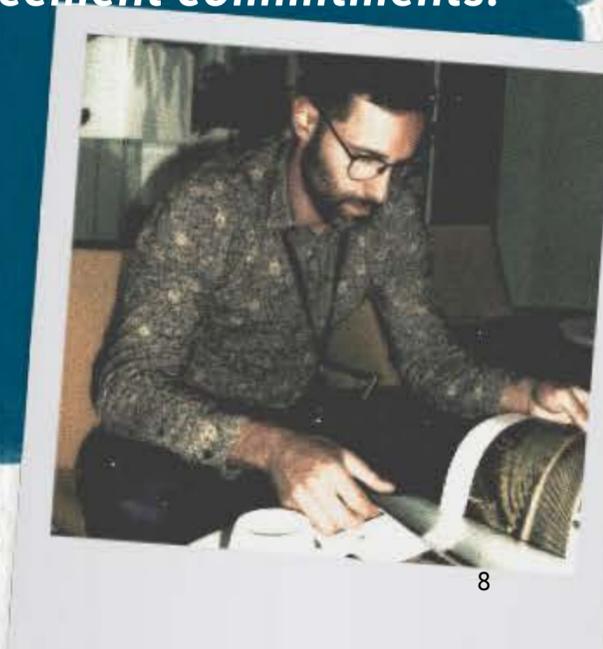
Saša Vidmar,
Consultant for
Corporate Social
Responsibility
and Sustainable
Development



SUPPLIER CLIMATE TARGETS

In fiscal years 2022 and 2023, at our initiative, five Slovenian suppliers committed to setting climate targets in line with the Science Based Targets initiative (SBTi). This initiative helps companies establish scientifically-based climate goals and verify their targets. This supports the jointly elaborated efforts of the companies of Schwarz Group to reduce Scope 3 emissions and contributes to fulfilling the Paris Agreement commitments.

Samo Pergar,
Head of Corporate
Responsibility
in Procurement



HEROES OF THE THIRD FLOOR

In the 2023 Heroes of the Third Floor charity campaign, we collected almost 622,000 plastic bottles – more than 18 tons – at three Lidl stores. This initiative demonstrated Slovenians' generosity and their willingness to reduce packaging waste and support recycling efforts. In 2023, we also publicly advocated for introducing a bottle deposit system in Slovenia.

Maja Ravnak,
Head of Central and
Process-Technical Logistics



CHICKEN FRIENDLY

In 2023, we introduced a new range of chicken meat products, inspired by traditional farming methods. The chickens are raised in conditions that provide more space, access to fresh air, natural light, and high-quality feed. As a result, we offer customers firmer, juicier, and tastier meat. This new range is easily identifiable by its green packaging, labeled 'Premium' and 'Chicken-Friendly'.

Leo Oberžan,
Purchasing Manager
for Meat Products



WE CAN ONLY ACHIEVE PROGRESS THROUGH A STEADFAST COMMITMENT TO SUSTAINABILITY

In recent years, various environmental and social circumstances have shaped our lives, while also demanding thoughtful responses and business model adaptation. Aggravated geopolitical and macroeconomic conditions have severely disrupted many global supply chains, forcing them to adapt to a new reality. We have witnessed rising food prices and the cost of living. Increasingly frequent environmental disasters of unimaginable magnitude, which have also affected Slovenia, have continually reminded us that an indifferent attitude towards the planet and its precious natural resources comes at a cost.

Sustainability is no longer an option; it is a necessity. Economic and social progress can only be achieved through a steadfast commitment to sustainability. International companies with a significant economic impact on creating added value in local communities bear a great responsibility in promoting sustainable development. A study conducted by the Centre of Business Excellence of the School of Economics and Business at the University of Ljubljana recognized Lidl Slovenia's role as a driver of growth and development in the Slovenian economy. The study found

that for every euro Lidl Slovenia spends on suppliers, almost 80 cents of new added value is generated throughout the Slovenian supply chain. Besides, beyond supporting its own employees, our operations indirectly support around 4,000 additional jobs.

At Lidl Slovenia, we've been aware of our responsibility to create a better world since entering the Slovenian market, aligning with the ambitious sustainability efforts of the companies of Schwarz Group. Over the past two years, with the dedication and commitment of our employees, we've continued to develop pioneering sustainability initiatives that often serve as models for other companies. I'm proud that, despite challenging circumstances during the reporting period, we developed a bold national Climate Strategy, guiding our efforts to reduce greenhouse gas emissions, and transitioned all our owned properties to 100% green electricity. We're also committed to empowering our suppliers in their sustainability transition, which we, among others, demonstrated through organizing supportive events such as Suppliers' Day and Lidl Climate Academy. Our efforts to reduce food waste, one of our time's pressing sustainability challenges, have gained

significant attention. Notably, the Government of the Republic of Slovenia responded to Lidl Slovenia's and our partners' initiative by declaring April 24 Slovenian Day Without Food Waste. Additionally, we've strengthened our focus on the well-being of our employees—our most valuable asset—through the award winning Dober lajf (Good Life) Strategy, ensuring their continued engagement and satisfaction.

At the same time, our commitment to sustainable development is vital in fostering a trust-based relationship with our customers, while consistently providing them with the best value for their money. In doing so, we rely heavily on strong collaboration with suppliers and other stakeholders and our employees, who are the key drivers of sustainable progress.

In the Sustainability Report you are about to read, we reflect on the foundations we have established over the past two years. These foundations will empower us to thrive sustainable development in the years to come.

I hope you find the report insightful and engaging.

Boris Lozić,
CEO of Lidl Slovenia



PROVIDING BEST VALUE FOR MONEY

We have been present on the Slovenian market since 2007. We operate **68 stores** and **1 logistics center**, employing **more than 2,000 people**. At Lidl Slovenia, customers can enjoy a comprehensive, high-quality permanent assortment to meet their daily needs. This is complemented by additional products as part of our special offers. **In 2023 we achieved net revenues of EUR 624 million**. Our mission is to provide our customers with the best value for money every day.

Growing store network

2022

64 stores, 1 new, 1 modernized

77,157 m² of sales area

1 logistics center

2023

68 stores, 4 new, 0 modernized

81,761 m² of sales area

1 logistics center

Growing assortment¹

15,811
products in our assortment

3,561
listed products

12,250
promotional products

100%
food products,
of which

37%
food products,
of which

63%
non-food and near-food
products, of which

2,658
own-brand
products

2,919
own-brand
products

6,959
own-brand
products

903
brand products

1,674
brand products

698
brand products

1,144
local products

1,205
local products

420
local products

Variety of choices²

79%
own-brand products

21%
brand products

32%
local products

Our own brands



SUSTAINABILITY AT THE HEART OF OUR BUSINESS

At Lidl Slovenia, sustainability is a strategic commitment and responsibility at all levels of our business, with the aim of limiting the negative impacts caused by our operations and strengthening our resilience to sustainability-related risks. At the same time, through our actions and operations, we strengthen positive impacts and create added value across the entire value chain, focusing on promoting more responsible and sustainable consumption patterns.

Following our slogan of creating **A Better Tomorrow**, we are laying the foundations today for a better future. A future that puts people at the center of our operations, is responsible towards the environment, and contributes to more sustainable use of resources.

LOCAL THAT INTERTWINES WITH GLOBAL

Our operations have a significant impact on the planet and people, and therefore on our customers. With the aim of reducing negative and increasing positive impacts wherever possible, the companies of Schwarz Group jointly established a **common Sustainability Strategy in 2021**. As a consequence, the Lidl Responsibility Model has also been transformed. The primary 1.0 model, which was based on 41 CSR topics divided into 11 responsibility areas across 4 stages of the value chain (resources, supply chain, operations and customers), has been replaced by **Lidl responsibility model 2.0** with **6 strategic focus topics** and **17 CSR topics** across **3 dimensions**:

- **Good For the Planet,**
- **Good For People,**
- **Good For You.**



GOOD FOR THE PLANET

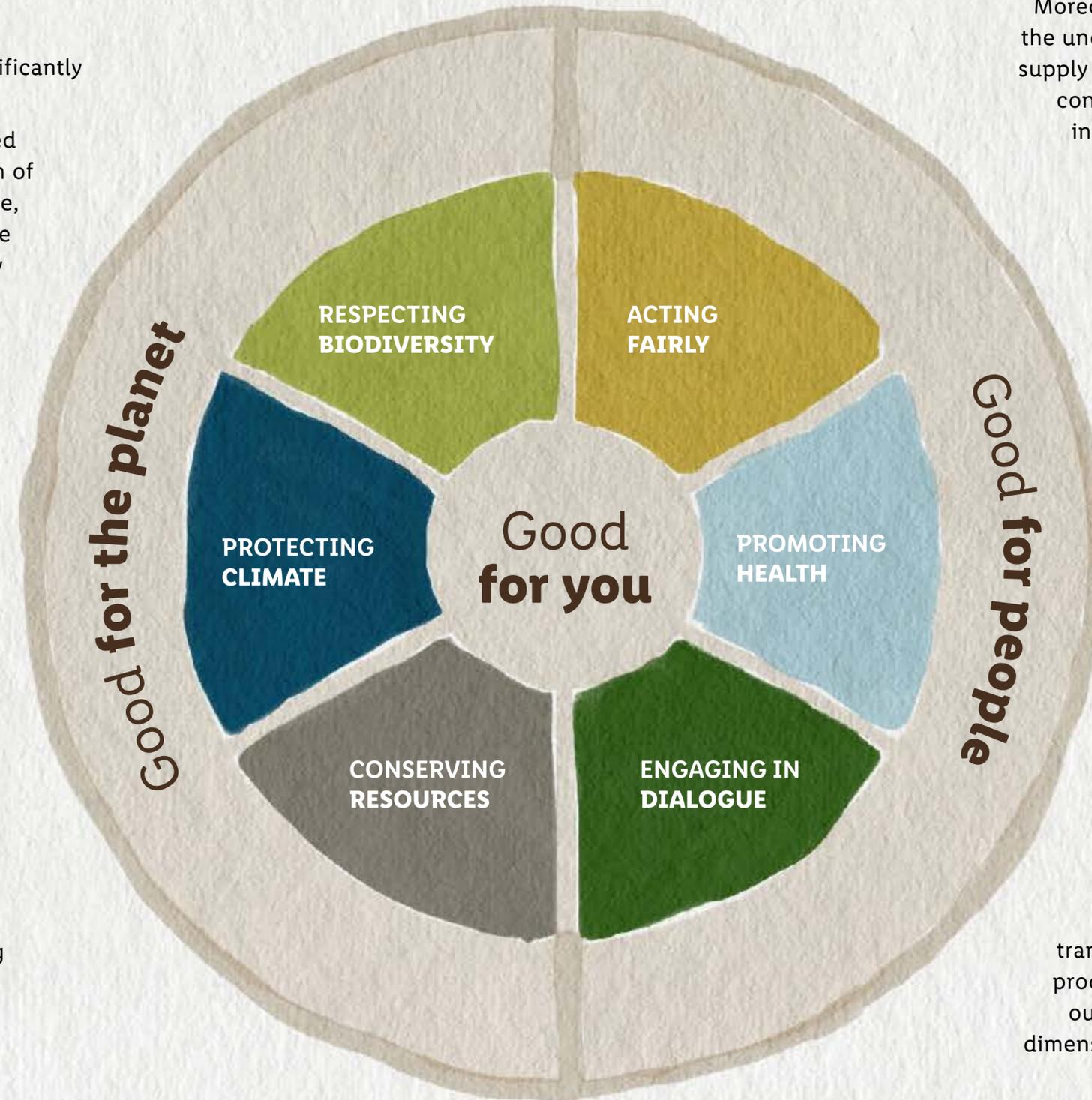
The growing global population's demand for food significantly contributes to environmental challenges.

Before reaching stores, raw materials must be cultivated or processed, transported, and stored. The entire chain of operations inevitably impacts natural resources, climate, and biodiversity. These environmental effects along the supply chain may jeopardize future product availability and as a result, our ability to meet the needs of a growing population. Therefore, within the strategic dimension dedicated to the **Planet**, we concentrate on **Protecting Climate**, **Respecting Biodiversity**, and **Conserving Resources**.

GOOD FOR PEOPLE

Through our daily activities, we engage with numerous partners and influence the lives of thousands of individuals, from our employees to our customers. This makes it essential to recognize and consider the needs of people in everything we do. As an employer, business partner, and social actor, we bear significant responsibility.

This means continually offering our employees the best possible working environment, promoting equal opportunities, and fostering teamwork. We are committed to ensuring equal opportunities for our business partners, raising awareness, and encouraging them to adopt more sustainable practices.



Moreover, within our supply chain, we place great emphasis on the unconditional protection of human rights. In some upstream supply chains we recognize that individuals may still work under conditions that fall below minimum standards. As a company in the retail food sector, we also acknowledge our potential to positively influence our customers' nutrition. We strive to promote healthier and more sustainable lifestyles, enhancing the overall quality of life. We tackle these challenges through strong collaboration with our stakeholders, driven by continuous and transparent dialogue. In line with our strategic focus on **People**, we dedicate our efforts to the areas of **Acting Fairly**, **Promoting Health**, and **Engaging in Dialogue**.

GOOD FOR YOU

Our daily decisions regarding product selection and assortment development directly impact people's and the planet's health. Acting responsibly in this context means empowering our customers to make informed purchasing decisions. The negative health and environmental consequences of uninformed lifestyles and consumption are often linked to limited awareness and a lack of sustainable alternatives.

Additionally, consumers increasingly expect greater transparency and a broader range of healthy and responsible products. Meeting these expectations is essential to maintain our competitiveness in the future. Thus, within the strategic dimension focused on **Good for you**, we are committed to make our **product assortment more sustainable**.

Lidl Responsibility Model

GOOD FOR THE PLANET

PROTECTING CLIMATE

1.5 Degrees

RESPECTING BIODIVERSITY

Ecosystem

CONSERVING RESOURCES

Fresh Water

Raw Materials

Circular Economy

Food Waste

GOOD FOR PEOPLE

ACTING FAIRLY

Animal Welfare

Labor and Human Rights

Fair Remuneration

Diversity and Inclusion

Business Relationships and Integrity

Corporate Citizenship and Local Development

PROMOTING HEALTH

Conscious Nutrition

Occupational Health and Safety

ENGAGING IN DIALOGUE

Enabling

Stakeholder Dialogue and Cooperations

GOOD FOR YOU

Responsible Products

UNITED DURING THE FLOODS

In the summer of 2023, Slovenia experienced the most devastating floods in its history. In a matter of hours, torrential waters and landslides swept away homes, ravaged cultural and natural heritage, and obliterated roads and other infrastructure. The country's landscape changed dramatically, affecting the lives of countless people. During the floods, Lidl Slovenia employees were among those affected, and both their colleagues and the company stepped in to offer help. Additionally, we provided support to humanitarian and other organizations.

EMPLOYEE SOLIDARITY SUPPORT AND EMERGENCY LEAVE

In October 2023, Lidl Slovenia provided solidarity support to employees whose homes were damaged by the storms, floods, and landslides in July and August.

At the end of August, employees were invited to apply for financial assistance to cover flood-related damages. After reviewing all applications, the Solidarity Assistance Committee allocated a total of **EUR 76,000** to the applicants. This decision reflects our commitment as a responsible employer, dedicated to the welfare and well-being of our employees. Additionally, up to five extra days of emergency leave were granted to employees who needed time to repair flood damage on their properties.

AUGUST 14 – NATIONAL SOLIDARITY DAY

The Government of Slovenia declared August 14 2023 Solidarity Day, urging citizens to help those affected by the floods in any way possible. In support, all Lidl Slovenia stores were closed on this day.

HUMANITARIAN AID CONTRIBUTIONS

We contributed to several humanitarian organizations, including a donation of 50 pallets of water to the Administration of the Republic of Slovenia for Civil Protection and Disaster Relief, which distributed the supplies during flood rescue efforts.

DONATIONS OF EQUIPMENT FOR FLOOD RECOVERY

In collaboration with International Police Organization Slovenia (IPO Slovenia), we donated 100 high-pressure cleaners, 80 wet-dry vacuum cleaners, and 50 dehumidifiers to aid in recovery efforts.

COLLECTION BASKETS IN STORES

We placed collection baskets for food and hygiene products in all our stores across Slovenia. The Slovenian Red Cross distributed these items to those in need.



SCHOOL SUPPLIES DONATION FOR AFFECTED CHILDREN

In partnership with the Slovenian Association of Friends of Youth, we collected school supplies—including notebooks, bags, shoe bags, rulers, and pencil sharpeners—and donated them to children from socially disadvantaged families and those affected by the floods.



SUSTAINABILITY DRIVEN BY CLEAR AND MEASURABLE TARGETS³

Protecting Climate

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
<p>Companies of Lidl Group have committed themselves to reduce Scope 1 and Scope 2 emissions by 80% by 2030. Lidl Slovenia's reduction goal of Scope 1 and Scope 2 emissions amounts to 80.6% by 2030 (compared to base year 2019).</p>	<p><u>At Group level, we will inventory and verify Lidl Slovenia's operational CO_{2e} emissions annually.</u></p>	<p>By the end of fiscal year 2023, Lidl Slovenia's carbon footprint in Scope 1 and Scope 2 amounted to 2,150.15 tCO_{2e}. By the end of fiscal year 2023, we reduced greenhouse gas emissions in Scope 1 and Scope 2 by 82.65%, surpassing our original goal of an 80.6% reduction set for 2030.</p>	
	<p><u>We will install solar plants on standalone, company-owned buildings (new and modernized, where we intervene in the construction) if technically feasible.</u></p>	<p>By the end of fiscal year 2023, four additional solar plants were in operation compared to the previous reporting period. By the end of fiscal year 2023, Lidl Slovenia had a total of 13 operating solar plants across its owned stores and one on the logistics center (20% of owned buildings).</p>	
	<p><u>As part of the construction and modernization of stores, we will install heat pumps where conditions are given and if this is possible as part of the conditions for obtaining a building permit.</u></p>	<p>In the reporting period one additional store was equipped with a heat pump. By the end of fiscal year 2023, 59 of our stores were equipped with heat pumps.</p>	
	<p><u>By optimizing logistics routes, logistics center processes, and our ordering system, we aim to sustain an average freight vehicle utilization rate of at least 96%.</u></p>	<p>During the reporting period, the average utilization rate of our freight vehicles was 95%.</p>	
	<p><u>By the end of fiscal year 2026, all departmental vehicles will be replaced with electric ones, and by 2030, 30% of company cars for personal use will also be electric.</u></p>	<p>By the end of fiscal year 2023, 25% of departmental vehicles and 6% of our company cars were electric.</p>	
	<p>Starting at the end of fiscal year 2022, we will introduce smaller vehicles for deliveries to stores in city centers.</p>	<p>Since fiscal year 2022, we have introduced three smaller vehicles for city center deliveries, with an additional vehicle planned for fiscal year 2024.</p>	
	<p>Through the GLT control system in our stores, we will continue to monitor and analyze:</p> <ul style="list-style-type: none"> - electricity consumption, - gas consumption for heating, - district heating consumption, - production and consumption of electricity produced by own solar plants. 	<p>Throughout the reporting period, we consistently monitored energy consumption to enhance the energy efficiency of our stores.</p>	
	<p>In fiscal year 2023, at Group level, we initiated a project to integrate all equipment—including ventilation systems, electrical systems, refrigerators, and solar plants—into an IoT platform. This platform enables us to monitor their consumption and performance. The project will be completed by the end of fiscal year 2024.</p>	<p>In fiscal year 2023, we implemented IoT platform-based control for the doors of freezing chambers and the operation of solar plants.</p>	
<p>Companies of Lidl Group are aiming to achieve that suppliers, responsible for 75% of product-related emissions, will commit to setting their own climate targets in line with the Science Based Targets Initiative (SBTi) by 2026.</p>	<p>By the end of fiscal year 2026, at least 10 national suppliers will commit to join the Science Based Targets initiative.</p>	<p>By the the end of fiscal year 2023, five national suppliers had already expressed their commitment to join the Science Based Targets initiative.</p>	

GRI: 3-3 / ³ Progress in achieving the set targets is indicated by the number of points in the last column of the table. In case of ongoing goals, such as the annual ISO 50001 certification, each successful realization is marked with 5 points. Targets, measures and their realization can be compared with the table "Our Sustainability Goals" in the [Sustainability Report for the fiscal years 2020 and 2021](#).



Respecting biodiversity

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
We will enhance our commitment to protect biodiversity.	By fiscal year 2025, we will, at Group level, establish a supply chain without deforestation and overexploitation of forests.	<u>During the reporting period we achieved the target set for palm oil. We are still working on the achievement of the targets set for tea and coffee.</u>	
	By the end of fiscal year 2025, all fruit and vegetable supply chains identified as high biodiversity risk will be certified with the biodiversity protection module, developed in partnership with GLOBALG.A.P.	By the end of fiscal year 2023, over 250 European producers of Lidl's own-brand fruits and vegetables had been certified with the additional biodiversity module.	
	We will actively participate in biodiversity protection projects through the end of fiscal year 2025.	During the reporting period, we reviewed potential biodiversity projects.	

Conserving Resources

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
By fiscal year 2023, we aim to secure Group-wide sustainability certification for 50% of Lidl-owned properties.	<u>By the end of fiscal year 2030, all Lidl Slovenia-owned stores will be Edge-certified.</u>	We will initiate the Edge certification process for our stores in fiscal year 2024.	
	We will continue to undergo annual ISO 50001 recertification to maintain energy-efficient real estate management.	In fiscal years 2022 and 2023, we successfully completed the ISO 50001 recertification across all properties.	
By fiscal year 2025, we will make a substantial increase in the reuse, recycling, and recovery of waste.	By fiscal year 2025, we will reduce residual waste by up to 15% annually by expanding BrickBrack products and textile sales (compared to the 2019 baseline).	In fiscal year 2023, compared to 2019, BrickBrack sales increased by 94%, while residual waste was reduced by 48%.	
We will persist in our efforts to reduce food waste.	<u>By 2030, we aim to reduce food waste by 50% by extending product sales until their best-before dates (compared to 2018 levels).</u>	<u>In fiscal year 2023, we reduced prices for listed frozen and dry products by 30% a few days before their best-before date (depending on the product group), with further discounts of 50% applied to refrigerated products, meat, and fish on the best-before date.</u>	
	By fiscal year 2025, we will begin diverting some of our organic waste (including bread, fruit, and vegetables) to local farms for animal feed.	In fiscal year 2024, we will complete our research to determine the possibility of diverting organic waste to local farms.	
	<u>By fiscal year 2026, we aim to execute redistribution of food to humanitarian and non-governmental organizations from at least 80% of our stores.</u>	In fiscal years 2022 and 2023, we added 12 more stores to the Donated Food project, reaching a total of 46 stores (68%) by the end of fiscal year 2023.	



TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
<p>By the end of fiscal year 2025:</p> <ul style="list-style-type: none"> we will reduce the use of plastic in own-brand packaging by 30%, all plastic packaging for own-brand products will be designed to be maximum recyclable, we will use an average of 25% recycle in own-brand plastic packaging compared to 2017. 	<p>By the end of fiscal year 2025, our reusable fruit and vegetable bags will be produced entirely from recycled polyester.</p>	<p>The reusable fruit and vegetable bags made of recycled polyester will be available in fiscal year 2025.</p>	●
	<p>Starting in fiscal year 2024, we will require national suppliers to optimize own-brand packaging based on regular analysis of our top own-brand products regarding:</p> <ul style="list-style-type: none"> weight reduction, increase of recyclability, enhanced use of recycled materials. 	<p>In fiscal year 2023, we analyzed all national own-brand products in our regular assortment where, due to the amount of plastic used for packaging, we located the most significant possibility for packaging optimization. We will implement the adopted measures by 2025.</p>	● ● ● ●
	<p>In fiscal year 2025, we will transition to mono PET trays containing at least 50% recycled material for all our own-brand fresh meat and fish products.</p>	<p>Implementation is planned for 2025.</p>	●
	<p><u>By the end of fiscal year 2025, we will implement waste cooking oil collection for further processing in front of bigger stores.</u></p>	<p>Following a successful trial at two stores in fiscal year 2023, we plan to expand this initiative to at least 20 stores in fiscal year 2024.</p>	● ● ●
<p>By the end of fiscal year 2025, we will establish a more sustainable procurement policy for key raw materials.</p>	<p>By the end of fiscal year 2025, we will increase our range of own-brand grapes certified by Fairtrade, Rainforest Alliance, or Bio.</p>	<p>We are progressively increasing the proportion of our own-brand grapes certified by Fairtrade, Rainforest Alliance, or Bio to meet our target. An internal monitoring system is being established.</p>	● ● ● ●
	<p>By the end of fiscal year 2025, all regular supplies of farmed fish and shellfish, as well as wild-caught fish (excluding tuna) and shellfish, will be sourced from sustainable providers (subject to availability). All canned tuna products in our regular supply will be MSC, ASC, FAD Free or Pole & Line certified or come from a Fishery Improvement Project (FIP).</p>	<p><u>By the end of fiscal year 2023, 47% of our regular supply of own-brand fish was MSC, ASC, FAD Free or Pole & Line certified.</u></p>	● ● ●
	<p>By the end of fiscal year 2025, all freshly squeezed transoceanic orange juice from our own brands, Solevita and Naturis, will be 100% certified by Rainforest Alliance, Fairtrade, or Bio.</p>	<p>We are progressively increasing the proportion of Solevita and Naturis freshly squeezed transoceanic orange juice certified by Fairtrade, Rainforest Alliance, or Bio. An internal monitoring system is being established.</p>	● ● ●
	<p>By the end of fiscal year 2025, all cellulose in our own-brand products and packaging will be sourced from recycled materials or will be FSC or PEFC certified. This commitment applies to both primary and secondary packaging, including labels.</p>	<p>We are progressively increasing the use of sustainable packaging according to the set target. An internal monitoring system is being established.</p>	● ● ● ●
	<p>By the end of fiscal year 2025, all paper towels and personal care products in our regular assortment will contain a minimum of 15% recycled material.</p>	<p>We are progressively increasing the use of recycled material according to the set target. An internal monitoring system is being established.</p>	● ● ●
	<p>By fiscal year 2025, we will accelerate the introduction of digital communication in our stores.</p>	<p>In fiscal year 2024, Lidl Plus app users will be offered the option of a digital invoice without a printed copy.</p>	<p>During the reporting period, customers could choose a digital receipt via the Lidl Plus app and received a printed copy made from environmentally friendly paper.</p>

Promoting Health

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
By fiscal year 2026, under the Well-Being pillar of the Good Life Strategy, we will enhance our initiatives and benefits to support the physical and mental well-being of our employees.	<u>Health promotion measures under the Well-Being pillar of the Good Life Strategy will be enhanced by upgrading our preventive activities for employees' physical health. Starting in fiscal year 2024, we will focus more on mental health.</u>	During the reporting period, we developed the <u>Good Life Strategy</u> , which includes four pillars, Well-Being being one of them. Based on our evaluation of the fiscal year 2023 action plan, we have established a new plan for fiscal year 2024.	
	Depending on the nature of their work, we will adjust working conditions and work equipment for pregnant employees.	In fiscal year 2023, we trialed custom chairs for pregnant employees and developed a workwear concept specifically for pregnant store employees. <u>We also upgraded the gift package for all pregnant employees and provided them with free access to the online School for Parents.</u>	
We will continue to promote healthy lifestyles and conscious nutrition internally and externally.	<u>By the end of 2025, we will reduce the sales-weighted content of added sugar and salt in all own-brand products by an average of 20%, without replacing sugar with sweeteners.</u>	<u>By the end of fiscal year 2023, we reduced the average sales-weighted added sugar content in our own-brand products by 19.6% and salt by 18.3%.</u>	
	<u>By the end of fiscal year 2025, we will reduce the saturated fat content in our own-brand products.</u>	We optimize recipes to include sunflower oil with improved nutritional properties.	
	<u>By the end of fiscal year 2025, we will enhance product labeling to include additional ingredients and nutritional value information.</u>	We are progressively incorporating the Nutri-Score labeling system into our own-brand packaging.	
	<u>We will reduce or completely eliminate the use of artificial colorants, flavorings and preservatives, except where it is not technologically feasible.</u>	During the reporting period, Lidl Group established a list of prohibited ingredients for our own-brand food products. We will require that our suppliers adhere to this list by fiscal year 2025.	
	<u>Fruit, vegetables, and processed food in our assortment will be as residue free as possible. We will continue to follow criteria which far exceed current European regulations regarding pesticides:</u> - <u>permitting residues of active ingredients up to a third of the legally allowed maximum levels for fruit and vegetables,</u> - <u>a maximum of five active ingredient residues may be detectable in total,</u> - <u>the total percentage rate of utilization of the legally permitted maximum quantity of all active substance residues must not exceed a maximum value of 80%.</u>	As part of our ongoing internal monitoring, we regularly audit the compliance of own-brand products with our internal pesticide residue guidelines.	
	<u>We will extend our range of own-brand vegetarian and vegan alternatives for meat and dairy products.</u>	In fiscal years 2022 and 2023, we offered 111 vegan products under our Vemondo brand.	
	<u>By fiscal year 2025, we will increase the share of plant-based protein sources in our own-brand assortment, providing customers with an extended choice of products such as pulses, seeds, nuts, and vegan meat and dairy alternatives.</u>	In fiscal year 2023, Lidl Group implemented a comprehensive protein strategy, which we will continue to follow in the upcoming reporting period.	
	<u>We will gradually increase the whole grain content in our own-brand products by fiscal year 2025.</u>	During the reporting period, we completed a product inventory to identify opportunities for increasing whole grain content.	
	<u>By fiscal year 2025, we will add fiber content information to the nutrition information table of all own-brand products.</u>	We will include fiber content information when updating the packaging of our own-brand products.	
	<u>By the end of fiscal year 2025, we will phase out own-brand products with packaging designed to attract children if they do not meet WHO guidelines for healthy nutrition (exceptions: festive products for Christmas, Easter, and Halloween).</u>	We adhere strictly to guidelines restricting the advertising of food products for children and continuously refine our own-brand packaging design.	
We will continue to offer our customers a product range that adheres to the highest quality and safety standards.	<u>We will continue to uphold the highest quality and safety standards for our product range with internal quality monitoring and audits carried out by accredited institutions.</u>	During the reporting period, we conducted 1,731 analyses of own-brand food and non-food products and 673 analyses of fruits and vegetables. Additionally, we carried out 53 audits. The Biotechnical Faculty of the University of Ljubljana awarded an excellent quality rating to 212 of our own-brand products.	
	<u>Suppliers will be required to hold at least IFS Food or GLOBALG.A.P. certification.</u>	During the reporting period, 98% of food suppliers (excluding fruit and vegetables) were certified according to IFS. One supplier lost its certification due to a natural disaster in fiscal year 2023, but regained it in fiscal year 2024. During the same period, all fruit and vegetable suppliers were certified according to GlobalG.A.P.	

Acting Fairly

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
<p><u>Under the Good Benefits pillar of the Good Life Strategy, we will maintain our commitment to ensure equal employee pay based on performance, regardless of gender.</u></p>	<p><u>We will continue to perform annual analyses of equal pay and benefits for employees regardless of gender (e.g., Gender Pay Gap analysis).</u></p>	<p>During the reporting period, we conducted two annual Gender Pay Gap (GPG) analyses, including a detailed analysis in fiscal year 2022. We also established a GPG Roadmap in fiscal year 2023.</p>	
	<p><u>As a responsible employer, we will ensure that remuneration at Lidl Slovenia is higher than the industry average, and that the minimum wage exceeds the legal minimum.</u></p>	<p><u>In fiscal year 2023, we increased annual employee payments, including performance bonuses, annual leave allowances, and revised remuneration scales, allocating EUR 7.5 million for all remuneration and bonus adjustments.</u></p>	
<p>By fiscal year 2025, under the Good Team and Good Career pillars of the Good Life Strategy, we will advance measures to guarantee equal career opportunities for all employees.</p>	<p><u>In the next reporting period, we will enhance our Trainee and Student+ programs while continuing to offer practices for (high) school students.</u></p>	<p>In fiscal years 2022 and 2023, we held four tenders for the Trainee program, two events for the Student+ program, 105 practices for (high school) students and six internships (within the Student+ program).</p>	
	<p>We will maintain an average of at least 70% of women in all management positions in the company.</p>	<p>In fiscal year 2023, we renewed the WEP (Women Empowering Principles) commitment to empower women. By the end of fiscal year 2023, women held 72.3% of all management positions in the company and 27.8% of the highest management positions.</p>	
	<p>We will continue to promote diversity and inclusion in recruitment and integrate employees with disabilities wherever possible.</p>	<p>In fiscal year 2022, 36 persons with disabilities were employed in Lidl Slovenia, and 46 in fiscal year 2023.</p>	
<p><u>We will enforce 100% compliance with the Business Partner Code of Conduct jointly elaborated by the companies of Schwarz Group.</u></p>	<p>By updating the Business Partner Code of Conduct jointly elaborated by the companies of Schwarz Group with the German Supply Chain Due Diligence Act in fiscal year 2023, we oblige business partners to comply with broadly defined standards of conduct regarding work, environment, and protection of human rights.</p>	<p>By the end of fiscal year 2023, we updated the Business Partner Code of Conduct jointly elaborated by the companies of Schwarz Group, trained employees involved in contract negotiations, and produced an educational video for business partners about the requirements of the Code.</p>	
<p><u>Under the Good Team pillar of the Good Life Strategy, we will promote a better work-life balance for employees through diverse working models, flexible hours, and individual benefits.</u></p>	<p>Depending on the nature of their work, we will continue to offer flexible working options, including up to 5 days of remote work per week for administrative positions, a 36-hour working week for store and logistics center employees, "own-time" for administration employees, and sabbaticals.</p>	<p>In 2022 and 2023, we introduced a 36-hour working week for store and logistics center employees. We enhanced the work-from-home framework for employees in administration and allowed students to work remotely.</p>	
<p>By the end of 2026, we will expand our product assortment to include higher animal welfare standards.</p>	<p>By the end of fiscal year 2026, we will increase the proportion of product subgroups meeting animal welfare standards in line with the Better Chicken Commitment.</p>	<p>In fiscal year 2023, we launched five products under the Naše nam paše (Local Suits Us) premium brand with improved farming conditions.</p>	
<p>We will increase our selection of Slovenian products and continue to support local producers and suppliers.</p>	<p><u>We will actively promote Slovenian suppliers and their products locally and throughout the Lidl Group's sales network.</u></p>	<p><u>During the reporting period, we expanded the Lojtr'ca domačih (Ladder of Homemade Products) range to include fruit and vegetables, featuring products from 10 Slovenian producers in our regular offer.</u></p>	



Engaging in Dialog

TARGETS	MEASURES	ACHIEVED IN REPORTING PERIOD (2022/2023)	STATUS BY THE END OF FISCAL YEAR 2023
We are committed to providing our employees with ongoing training and career development opportunities.	<u>Under the Good Career pillar of the Good Life Strategy, we will, by fiscal year 2025, enhance development programs introduced in fiscal year 2023, such as the Lidl Academy Basic program to Advanced Fit-In program for store and logistics center employees, and Talent Pool for headquarters employees.</u>	In fiscal year 2023, we expanded <u>Talent Management</u> to all company employees, including stores and logistics center employees. In fiscal year 2023, we launched the Lidl Academy Basic Program to enhance various professional competences based on individual positions. Additionally, we established the Talent Pool to cultivate employee talents and developed the Fit-In program for stores.	
	We will maintain our full Družini prijazno podjetje (Family-Friendly Company) certification and pursue additional international certifications as a reputable employer.	<u>In fiscal year 2023, we were honored with the international Employee Benefits Award for our outstanding Well-Being Strategy, which, under the Good Team pillar, also includes initiatives related to the Družini prijazno podjetje (Family-Friendly Company) certification. Additionally, we received the international Top Employer Slovenia and Top Employer Europe certificates for the fourth consecutive year.</u>	
We will consistently implement and enhance internal and external communication, training, and promotional activities related to social responsibility and sustainable development, aiming to empower individuals to act sustainably.	<u>Since 2023, the YOU Group-wide sustainability initiative has systematically informed and trained employees on key CSR topics within our Sustainability Strategy.</u>	In fiscal year 2023, we informed employees about the strategic CSR topics of Acting Fairly, Protecting Climate, and Engaging in Dialogue. We also began gathering ideas for more sustainable company operations and employee behavior through the Genijalc internal idea management platform.	
	<u>By fiscal year 2025, we will increase the recognition of Zdravko Lidl as a mascot promoting health and a healthy lifestyle to 30% among the general public.</u>	Revamp of the Zdravko Lidl Strategy is underway, with awareness at 23% by the end of fiscal year 2023.	
	We will regularly inform our customers about the Zdravko Lidl priporočila (Zdravko Lidl Recommends) range, which aligns with WHO standards for a balanced diet.	By the end of fiscal year 2023, over 100 own-brand products were included in the Zdravko Lidl priporočila (Zdravko Lidl Recommends) range, with Lidl leaflets serving as a key promotional channel.	
	<u>We will regularly publish a Sustainability Report.</u>	Our most recent Sustainability Report covers fiscal years 2022 and 2023. Future reports will align with CSRD requirements.	
We will increase our annual volume of donations.	<u>At least twice a year, we will organize a large donation based on selling of own-brand products and at least one significant food collection initiative for people and animals in need.</u>	In fiscal years 2022 and 2023, we conducted 11 sales-based donations of own-brand products, donating over EUR 97,000 and providing 331 collection baskets with food for people and 130 for animals in need.	
We will further strengthen our collaboration with individual stakeholder groups.	We will keep our strategic focus on supporting parasports in Slovenia, emphasizing inclusion.	During the reporting period, we continued to support the Postani športnik (Become an Athlete) program, focusing on raising awareness and promoting the importance of sports for children with disabilities.	
	In fiscal year 2024, we will host an educational event to assist suppliers in developing their climate targets in line with the Science Based Targets Initiative (SBTi) and extend the Lidl Climate Academy to our logistics partners by 2025.	In fiscal year 2023, we carried out preparations for the Lidl Climate Academy for suppliers, which was held in fiscal year 2024.	
	<u>Since fiscal year 2023, we have actively promoted the debate on the bottle deposit system both nationally and within stakeholder associations, contributing to the development of legislation to meet EU environmental targets.</u>	We were the first retailer to support an introduction of a deposit system in Slovenian legislation and organized a working excursion to Germany for stakeholders to review the jointly elaborated deposit system of the companies of Schwarz Group.	
	We will regularly analyze various stakeholder groups to develop appropriate targets and measures.	During the reporting period, we performed regular market research, employee surveys, and focus groups and expanded our surveys to include Slovenian suppliers.	

LIST OF MATERIAL TOPICS

As part of our process for identifying material sustainability topics, with input from various stakeholder groups, we have defined 9 material topics that we, as a retailer, significantly impact and which are crucial to our business and operations. Additionally, the Sustainability Report addresses a non-material topic we consider strategically important. Details on how these material topics were identified can be found in [Annex 6](#).



The Sustainability Report follows the **Global Reporting Initiative (GRI) standards** and aligns with the **United Nations Sustainable Development Goals (SDGs)**. Each GRI standard is referenced in the relevant chapters of this report and detailed in the **GRI Index** which also highlights our contributions to the UN goals. Departments responsible for the material topics played a key role in developing the report's content and indicators. The CEO holds final approval authority for the Sustainability Report.

MATERIAL TOPICS



1.5 Degrees



Raw Materials



Circular Economy



Food Waste



Labor and Human Rights



Fair Remuneration



Conscious Nutrition



Occupational Health and Safety



Enabling

NON-MATERIAL TOPIC



Corporate Citizenship and Local Development

NEW CLIMATE GOALS FOR A BETTER TOMORROW

The foundation for our Climate Strategy at Lidl Slovenia is the Science Based Targets initiative (SBTi), which we joined in August 2020 as company of Schwarz Group. The climate targets of Schwarz Group were validated and approved by the SBTi in September 2021. Targets, measures and progress in achieving these targets for the reporting period are presented in material topic 1.5 Degrees.

After the reporting period, in September 2024, we took a step further in climate protection by committing, as part of Lidl Group, to

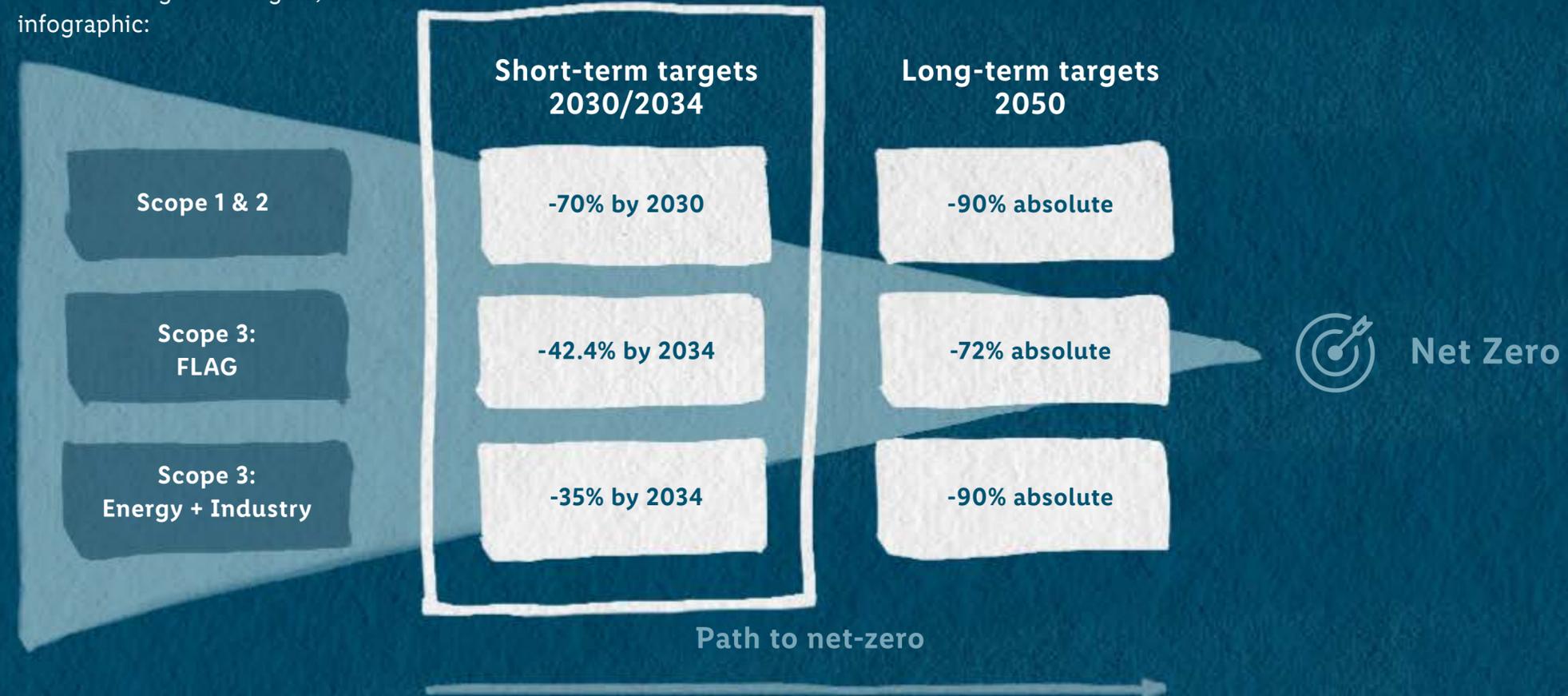
achieve net-zero emissions across all our stores and supply chains by 2050.

This means we will reduce our greenhouse gas emissions as close to zero as possible.

To support this, we strengthened our group-wide Climate Strategy with new Scope 3 short-term targets, where more than 90% of the company's total emissions are generated. Our aim is to reduce greenhouse gas emissions in agriculture, forestry, and other land use (referred to as "FLAG" emissions), as well as in the energy and industrial sectors.

Our path to net-zero is guided by both short-term and long-term targets, as shown in the infographic:

To this end, we will work even more closely with our suppliers to pursue the goal we set in 2021: we will commit our largest suppliers, who are responsible for 75% of product-related Scope 3 emissions, to set their own emission reduction targets by 2026 in accordance with the SBTi.



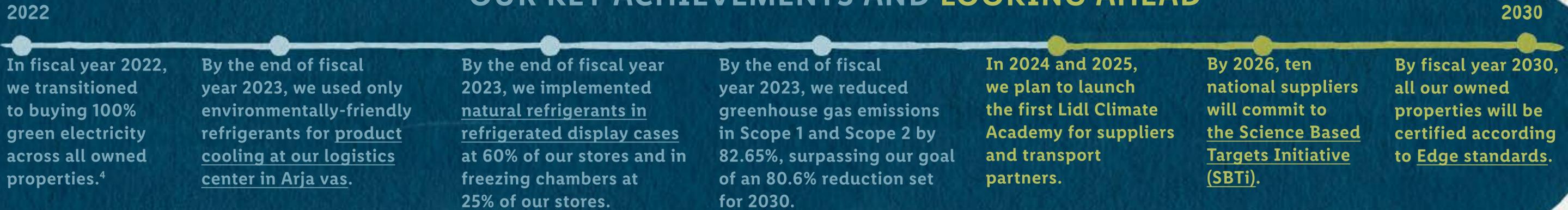
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1.5 DEGREES



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD



CONTEXT

Over three-quarters of Europeans (78%) believe that environmental issues directly impact their health and daily lives. Furthermore, about 84% of respondents consider EU environmental legislation crucial for protecting the environment.⁵

As was decided in the 2015 Paris Climate Agreement and confirmed at COP26 in Glasgow in 2021, nations around the world have agreed to limit



the global temperature increase to 1.5 degrees Celsius.

The EU wants Europe to become climate-neutral by 2050 with the **European Green Deal**, which aims to achieve climate neutrality across Europe by 2050,



establishing it as the world's first climate-neutral continent.

As part of the European Green Deal, they have committed to reducing greenhouse gas emissions by at least 55% below 1990 levels by 2030. This commitment was reinforced by the **Fit for 55** legislative package, which established binding climate targets across all key sectors of the EU economy.⁶

In 2022, the **energy sector was the largest contributor to greenhouse gas emissions** in the EU, accounting for 26.6% of the total, followed by transport at 23.1% and industry at 19.6%. Agriculture contributed 10.5% of greenhouse gas emissions at the EU level.⁷

In Slovenia



transport was the primary source of greenhouse gas emissions

in 2021, accounting for 50% of the total emissions. This was followed by agriculture at 17%, buildings at 12%, and industry also at 12%.⁸



LIDL'S INFLUENCE

As a provider of food and non-food products, we are accountable for greenhouse gas emissions across the entire value chain, including agriculture, industrial processing, transport, product use, and waste management—both within our operations and on the consumer side. The vast majority of Lidl Slovenia's carbon footprint is comprised of indirect Scope 3 emissions (99,69%), with purchased goods and services contributing the largest share (75,31%).



LIDL'S COMMITMENT

The companies of Schwarz Group set climate targets based on the **Science Based Targets initiative (SBTi)**. Our approach involves recording the greenhouse gas emissions in a carbon footprint that contains emissions generated in our upstream and downstream supply chain. We set targets and implement measures to reduce emissions while monitoring our progress. Lidl Slovenia's goal is to decrease greenhouse gas emissions in Scope 1 and Scope 2 by 80.6% by 2030 compared to 2019 levels.

JOINT CLIMATE STRATEGY OF THE COMPANIES OF SCHWARZ GROUP

As part of the companies of Schwarz Group, Lidl Slovenia aims to keep its own contribution to climate change as low as possible and to steadily reduce greenhouse gas emissions. To achieve this, the companies of Schwarz Group are jointly committed to the following three principles:



SCIENCE BASED TARGETS AS THE BASIS OF JOINT CLIMATE TARGETS

As part of their jointly elaborated Climate Strategy, the companies of Schwarz Group joined the Science Based Targets Initiative (SBTi) in August 2020. After preparing a complete climate impact assessment and analyzing the carbon footprint, climate protection targets were mutually defined according to the method

of the initiative. These were filed together with jointly elaborated measures to reduce, prevent, or compensate CO₂ emissions in operation and along the supply chain. These science-based targets were validated and released by the SBTi in September 2021.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The Science Based Targets initiative (SBTi) is an alliance of the renowned environmental and climate protection organizations and initiatives CDP (formerly Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute), and WWF (World Wildlife Fund). Worldwide, more than 4,000 companies have already joined the initiative.

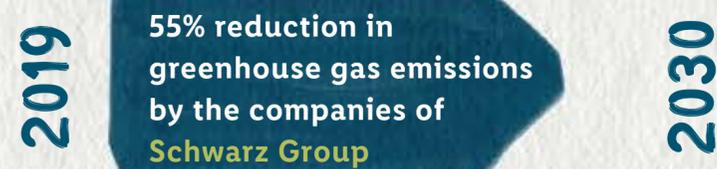
The SBTi's goal is to promote science-based climate targets in companies in order to achieve a low-carbon economy in the long-term despite constant population growth. It aims to establish

a framework that allows companies to reduce their greenhouse gas emissions on a scientific basis.

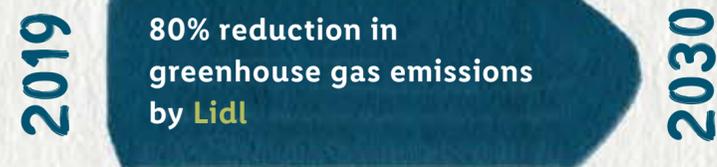
The SBTi has become an internationally recognized standard for companies with the goal of reducing emissions. When assessing the climate targets, the SBTi considers the sector as well as the size of the company. This means that companies can align their emissions reductions to a specific target to combat climate change more effectively and achieve the global targets established by the Paris Agreement.

SHARED CLIMATE TARGETS⁹

The companies of **Schwarz Group** contribute to limiting global warming to **1.5 °C** by committing to **reduce operational greenhouse gas emissions (Scopes 1 and 2) by a total of 55%¹⁰ by 2030** compared to 2019.



Lidl is committed to contributing to this shared goal by **reducing Scope 1 and Scope 2 emissions by 80%**.



In **Lidl Slovenia**, we aim to achieve an **80.6% reduction in operational greenhouse gas emissions (Scopes 1 and 2) over the same timeframe**.



To achieve this mutually set goal, **all companies of Schwarz Group** will procure 100%¹¹ of their **electricity from renewable energies** as of the 2022 fiscal year. **Lidl** goes one step further and aims for **climate neutrality in relation to operational Scope 1 and Scope 2 emissions** starting in 2022.¹²

MAKING SUSTAINABLE ATTAINABLE

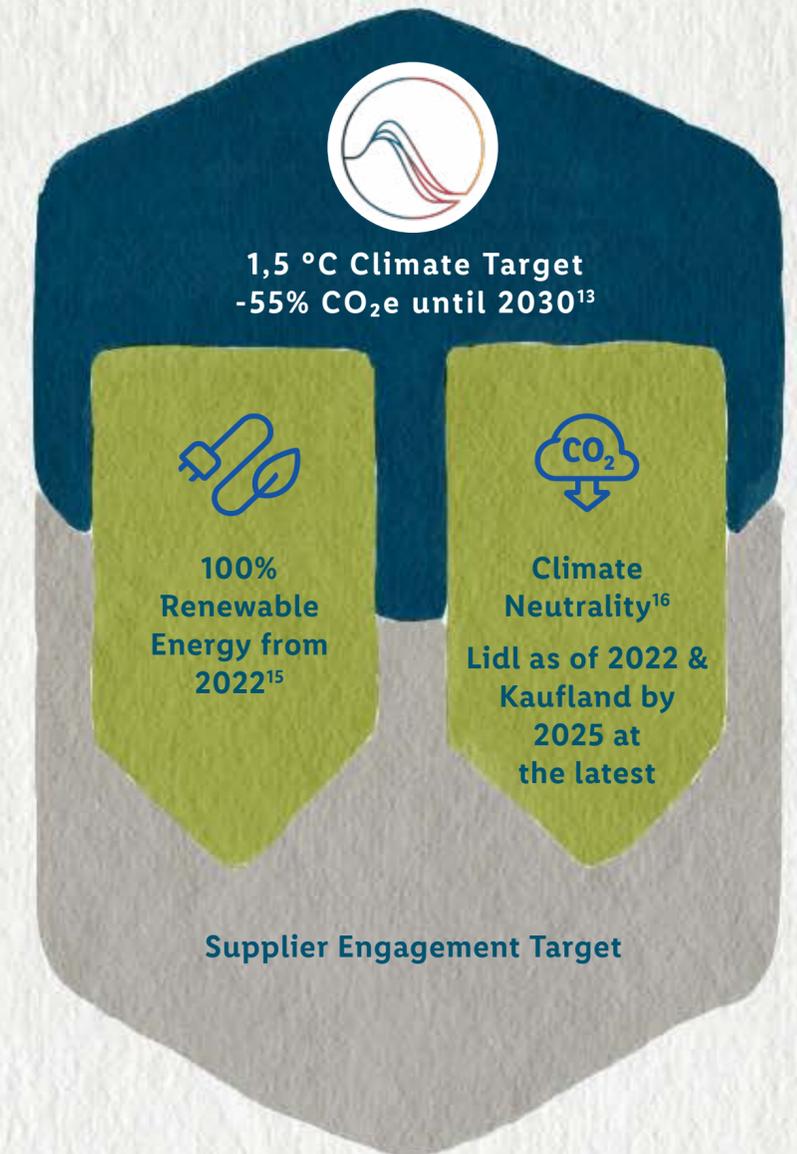
At Lidl Slovenia, we have achieved a 76.8% reduction in our emissions in Scope 1 and Scope 2 by transitioning to green electricity across all our owned properties by the end of fiscal year 2022.¹⁴

By the end of fiscal year 2023, we reduced greenhouse gas emissions in Scope 1 and Scope 2 by 82.65%, surpassing our original goal of an 80.6% reduction set for 2030.

Lidl Group has also **committed suppliers, who are responsible for 75% of product-related emissions, to set their own climate targets in line with the SBTi criteria by 2026.**

In the reporting period, five Lidl Slovenia suppliers committed to establishing and endorsing climate targets aligned with the Science Based Targets initiative (SBTi) by 2026.

Schwarz Group's 1.5°C Climate Target of Scope 1 and Scope 2



GRI: 3-3, 305-2, 305-5 / ^{9,13} Reduction of operational emissions (Scope 1 & Scope 2) in comparison to 2019. ¹⁰ This target for Scope 1 and 2 also includes biogenic emissions and the removal of biogenic raw materials. ^{11,14,15} Excluding any purchase agreements that Schwarz Group cannot influence, such as those for individual leased properties with a binding electricity procurement clause. ^{12,16} Remaining emissions (Scope 1 & Scope 2) will be offset by carbon offset projects.

LIDL SLOVENIA'S CARBON FOOTPRINT

Lidl Slovenia initially measured its carbon footprint in 2019 and has conducted annual recordings since.

These measurements allow us to pinpoint emission reduction opportunities, evaluate the impact of our actions, and document our progress toward meeting our climate goals.

We can significantly influence these direct Greenhouse Gass (GHG) emissions and take measures to directly avoid or reduce them. We offset unavoidable Scope 1 & 2 GHG emissions through certified climate protection projects.

The following carbon footprint shows the GHG emissions for Lidl Slovenia in metric tonnes of CO₂ equivalents and relates to operational stores, the logistics center and national headquarters building. We performed the calculation based on the requirements of the GHG Protocol.

Our GHG emissions include:

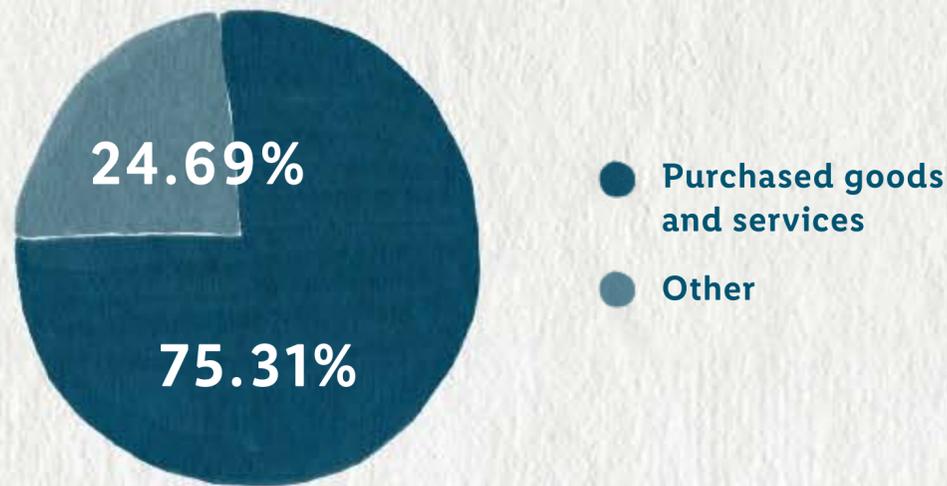
- direct GHG emissions (Scope 1),
- indirect GHG emissions from the purchasing of energy (Scope 2), and
- indirect upstream and downstream GHG emissions in our value chain (Scope 3).

We collect our own operational emissions data and request the required Scope 3 data from external service providers (for example, kilometers traveled by truck for store logistics) or make assumptions in conjunction with our external consultants (e.g., employee commutes).

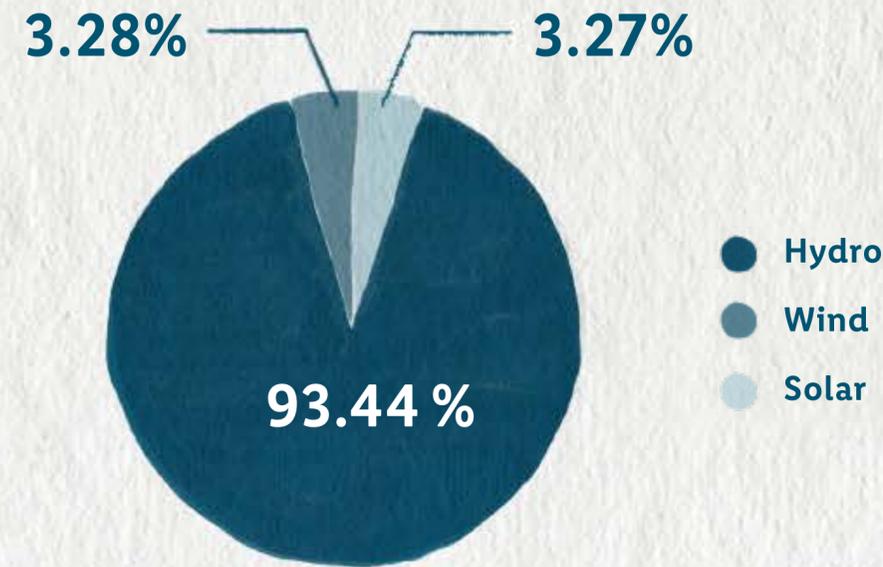
An external service provider also calculates our carbon footprint.

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

Lidl Slovenia's Scope 3 emissions



Primary sources for energy production - Lidl Slovenia (owned properties)¹⁷



Lidl Slovenia's GHG Emissions (Carbon Footprint)¹⁸

Categories according to the GHG protocol	GHG emissions (in CO ₂ equivalents), in base year 2019	GHG emissions (in CO ₂ equivalents), in fiscal year 2022	GHG emissions (in CO ₂ equivalents), in fiscal year 2023
Scope 1	1,648.51	2,558.27	1,941.67
Fugitive emissions	472.82	1,302.93	822.66
Mobile combustion	1,061.59	1,195.51	1,064.11
Stationary combustion	114.10	59.83	54.90
Scope 2 (market-based approach)	10,745.14	317.93	208.48
District heating: market-based approach	30.13	116.68	208.48
Electricity: market-based approach	10,751.01	200.71	0
Electricity: location-based approach	7,415.46	7,402.70	7,777.32
Scope 3	518,376.85	636,694.17	697,912.36
3.1. Purchased goods and services	474,256.27	512,354.70	527,190.87
3.3. Fuel and energy-related emissions	1,427.11	1,519.26	1,588.28
3.4 Upstream transport	2,759.45	31,189.29	32,541.24
3.5. Operating waste	1,413.86	1,360.30	1,237.54
3.6. Business trips	592.93	299.40	435.63
3.7. Employee commute	1,864.80	2,322.00	2,422.80
3.11. Use-phase of sold products	35,455.58	49,249.53	87,764.56
3.12. Recovery of sold products	606.85	25,819.06	32,327.52
Total emissions (market-based approach)	530,770.50	639,569.83	700,062.51

In fiscal year 2023, we observed an 18% increase in Scope 1 emissions compared to the 2019 baseline. This increase was solely due to fugitive emissions resulting from the expansion of our store network and the installation of additional refrigerators, freezers, and cooling systems. Despite the expansion, we reduced these emissions compared to the previous year by continuously replacing refrigerants with natural or less harmful alternatives. Additionally, stationary combustion emissions were reduced by 52% according to the baseline year through the intensive replacement of gas boilers with heat pumps in both new and existing stores.

We also achieved a 98% reduction in total Scope 2 emissions compared to the baseline year by switching to 100% renewable electricity across all our owned properties. The only increase in Scope 2 emissions compared to the base year came from district heating, which refers to our store network expansion and mandatory connections to local heating networks in certain locations.

For Scope 3 emissions, we recorded a 32% increase in fiscal year 2023 compared to the baseline year. This increase is largely attributed to the expansion of our store network. Notably, emissions in Category 3.4 (Upstream transport) and Category 3.12 (Recovery of sold products) showed significant growth. The rise in Category 4 emissions is due to a change in emissions accounting: prior to 2022, these emissions were reported at the Lidl Group level, but from 2022 onwards, they are allocated to each national Lidl entity. The increase in Category 12 emissions results from recalculating emissions with more accurate factors.¹⁹ These adjustments aim to improve emission control and the effectiveness of our reduction strategies.

The greenhouse gas emissions intensity for Scopes 1 and 2 stands at 0.03 tCO₂e per square meter of sales area (market-based approach).

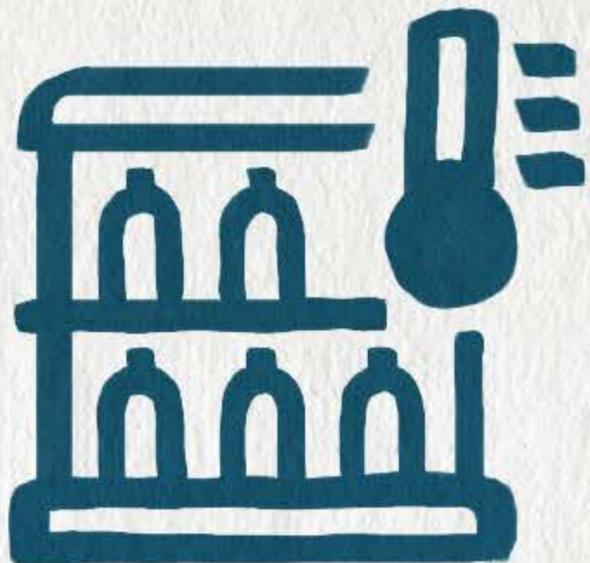
GRI: 305-1, 305-2, 305-3, 305-4, 305-5 / ¹⁸ Differences between the carbon footprint and Lidl Slovenia's Sustainability Report for the previous reporting period arise from the changeover in the collection methodology and subsequent corrections due to the availability of additional data. ¹⁹ Replacing DBEIS factors, which only take into account the transport of waste, with Ecoinvent emission factors which more accurately capture the processing emissions, especially the decomposition of organic waste.

USE OF NATURAL REFRIGERANTS

Lidl Slovenia follows its internal building standard and uses natural refrigerants – such as ammonia (NH₃), propane (C₃H₈), and carbon dioxide (CO₂). They can be used as operating materials for generating heat/cooling for the air conditioning of buildings and for product cooling.

By the end of fiscal year 2023, we used only **environmentally less harmful refrigerants for product cooling at our logistics center in Arja vas**. In the same period, natural refrigerants were used in refrigerated display cases at **60% of our stores** and in freezing chambers at **25% of our stores**.

Regarding refill quantity, natural refrigerants comprised 0.6% of the total refrigerants used by Lidl Slovenia in the reporting year.



RENEWABLE ENERGY

Using electricity from renewable energy sources is a crucial measure in reducing greenhouse gas emissions. At Lidl Slovenia, we purchase green electricity from the grid and generate our own electricity from renewable sources. As of the beginning of fiscal year 2022, **we transitioned to 100% green electricity** across all our owned properties.²⁰



MAKING SUSTAINABLE ATTAINABLE

We have been using photovoltaic systems for generating electricity since 2016 and have been increasing the number every year since. In 2023, 14 Lidl Slovenia properties were equipped with solar plants, generating 3,313,778.2 kWh of electricity, covering 8.9% of our total electricity needs.

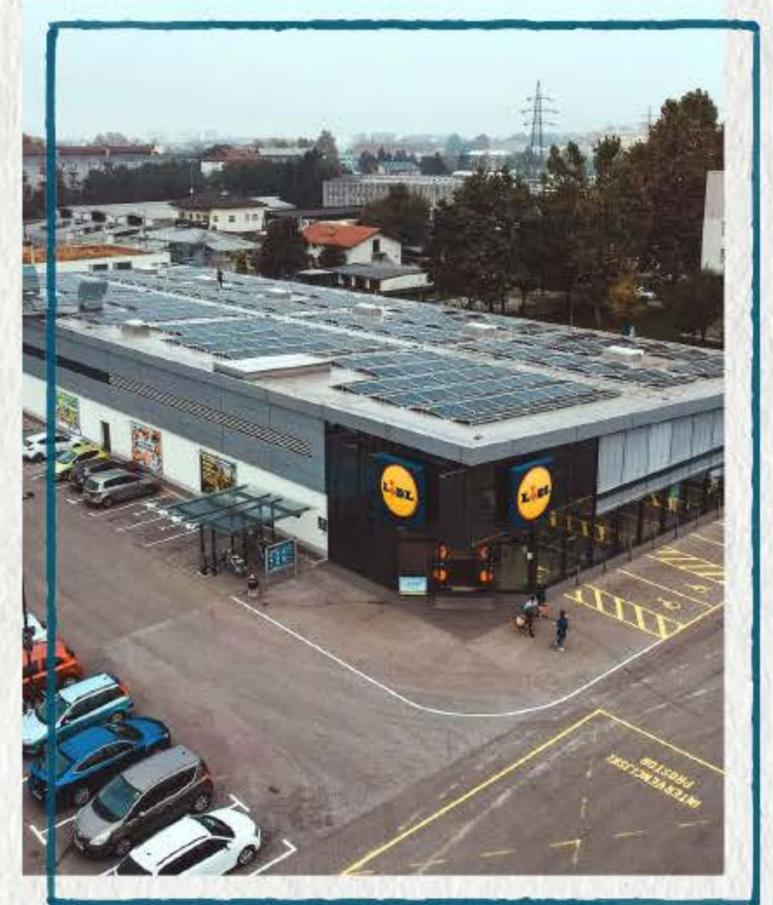
If the photovoltaic systems generate more electricity than is needed for our own use, we feed the excess into the public grid. In 2023, we sold 398,132.5 kWh of electricity to the public grid.

100%

of electricity used in Lidl Slovenia's owned buildings comes from renewable sources.²¹

8.9%

of electricity is generated on-site.

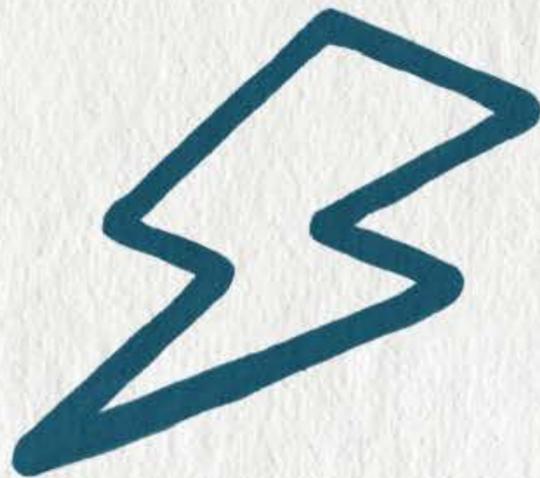


ENERGY MANAGEMENT

In addition to the increased use of renewable energy sources, the **more efficient use of energy** is also key to reducing GHG emissions. All of Lidl Slovenia's stores, the logistics center and the national headquarters building are certified in accordance with the **ISO 50001** energy management system.

As well as recording consumption and evaluating the energy used, training is also given to employees to raise energy awareness. Our management system helps to identify inefficiencies and potential optimizations at an early stage.

In fiscal year 2023, 99% of store employees and 89% of logistics center employees successfully completed the ISO 50001 training.



ENERGY CONSUMPTION

Lidl Slovenia's total energy consumption increased from 40,790,152.24 kWh in fiscal year 2022 to 42,646,021.84 kWh in fiscal year 2023, marking a 4.55% rise. This increase is primarily attributed to the expansion of our store network and the increased use of electric charging stations. Energy intensity also increased from 534.49 kWh per square meter of sales area in fiscal year 2022 to 537.92 kWh in fiscal year 2023, reflecting an 0.64% rise. This increase is largely the result of reduced solar power generation due to weather conditions and the use of larger, less efficient refrigerated display cases in stores.

In fiscal year 2023, our electricity production decreased due to unfavorable weather conditions, reducing the surplus of solar energy fed to the public grid. The rise in total electricity and district heating consumption in fiscal year 2023 is primarily attributed to the expansion of our store network.

In fiscal year 2023, fuel consumption of our fleet decreased, driven by a more frequent use of electric vehicles and an increase in remote working. Additionally, heating oil consumption dropped as we did not use heating for the tents at our tent sales.

Direct energy consumption by primary energy source

	Fiscal year 2022	Fiscal year 2023
Direct energy consumption (kWh)		
Own electricity generation renewable energies	3,383,248	3,313,778
Own electricity generation without renewable energies	0	0
Of which natural gas	243,204	256,456
Of which heating oil	0	0
Of which energy consumed by vehicle fleet ²²	4,760,409.67	4,241,920.96
Energy consumption emergency power-/sprinkler systems - Diesel	60,197.70	31,683
Indirect energy consumption (kWh)		
District heating	474,694	848,183
External procurement electricity mix	230,173	736,747
Electricity external procurment renewable energies	32,095,991	33,615,386
Sum of direct and indirect energy consumption (kWh)		
Electricity network supply renewable energies	457,766	398,132
Electricity network supply without renewable energies	0	0
Total energy consumption	40,790,152.24	42,646,021.84

GRI: 3-3, 302-1, 302-3 / ²² This includes our own logistics and non-logistics vehicles, covering diesel and petrol consumption.

LOGISTICS

Lidl Slovenia does not maintain a logistics fleet for transporting goods to the logistics center and the stores. As a result, transport emissions arise from the contractors responsible for providing logistics services on our behalf.

All vehicles used by our contractors adhere to Euro 6 emissions standards.

We aim to optimize our transport capacities and minimize trips with empty vehicles, achieving an average utilization rate of 95% of the transport fleet by the end of fiscal year 2023.

In fiscal year 2023, we also implemented a **self-pickup system²³ for goods from suppliers**, which reduced supplier transport distances by approximately 13,000 kilometers annually.

Since fiscal year 2022, we have employed **smaller vehicles for deliveries to stores in city centers**. During the reporting period, we introduced three smaller vehicles specifically for deliveries to stores in Ljubljana.

In fiscal year 2023, we trialed one of Slovenia's first electric transport vehicles, which can carry 18 pallets. Each electric transport vehicle has the potential to save approximately 74.4 tCO₂e annually.

CONSTRUCTION

At Lidl Slovenia, we are committed to progressively increasing the use of sustainable building materials. We utilize laminated wooden roof beams in store construction and are incorporating Koster roofing membranes, composed of 60% recycled materials.

Starting in fiscal year 2024, we will gradually certify our stores with **Edge certification**. Additionally, all our properties have been **ISO 50001 certified** since 2018.

The Edge certification (Excellence in Design for Greater Efficiency), developed by the International Finance Corporation — part of the World Bank — supports property owners in developing and managing 'green' buildings. Edge enables businesses and organizations to design buildings that are more sustainable and climate-friendly, thus ensuring a reduced carbon footprint for their properties.

By the end of fiscal year 2023, we installed heat pumps to heat **59 stores, our logistics center and the administrative building**. Additionally, we **recovered waste heat from refrigerators at 13 properties**.

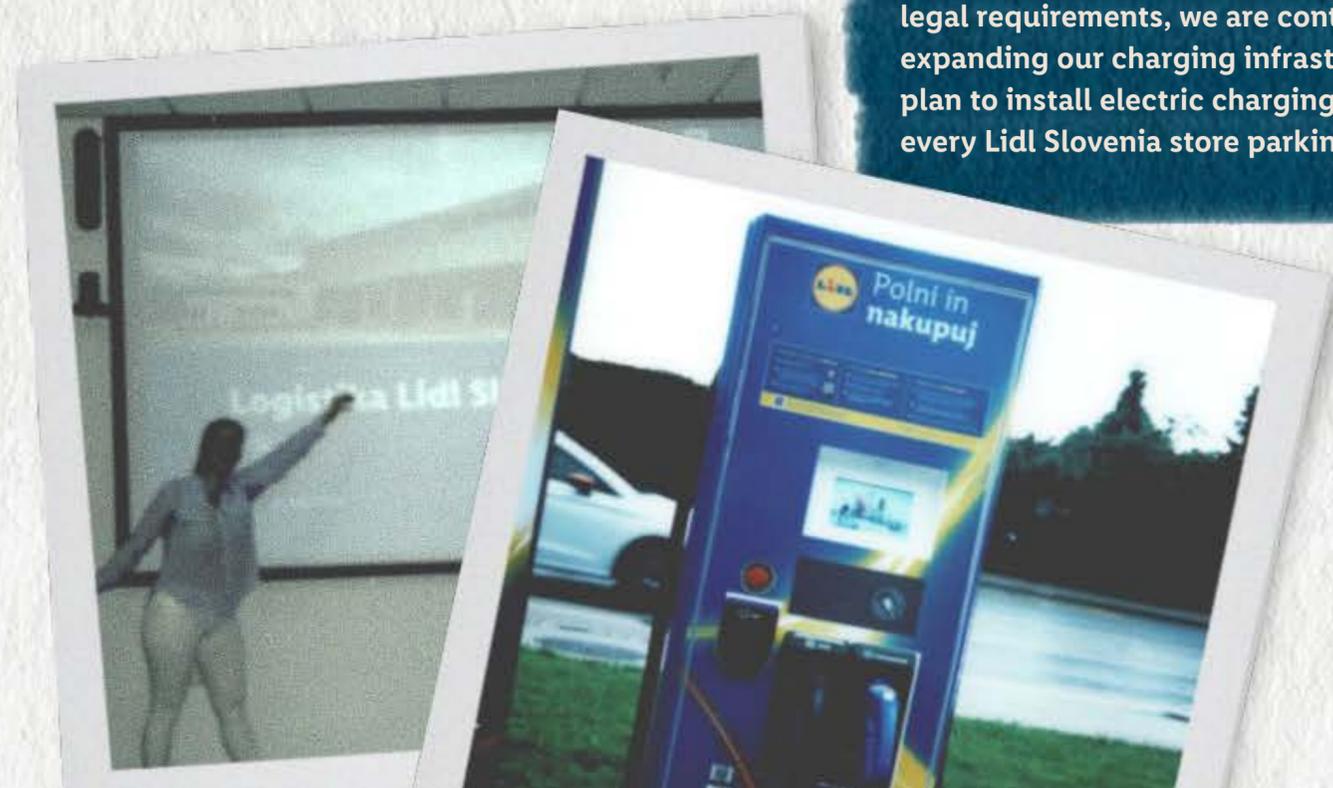
During the reporting period, we upgraded to **LED lights** for artificial lighting in our administration building and established **our own electrical grid** in one leased store, allowing us to source green electricity. **We also optimized lighting by reducing intensity in various stores** and introduced **sensor-based systems in our store bakeries**. Additionally, we **adjusted ambient temperatures in all facilities during the heating season** and adapted the temperatures in our logistics center's freezing chambers to suit the colder winter conditions.

Our **building automation system** enhances energy efficiency by continuously monitoring and optimizing energy use and the performance

of building technologies. A central control system (CNS) oversees lighting, climate and ventilation systems, adjusting settings based on natural light and occupancy levels in individual stores. We also employ consumption analyses and monitoring software to assess and improve the performance of our energy systems.

MAKING SUSTAINABLE ATTAINABLE

By the end of fiscal year 2023, 59% of Lidl Slovenia stores were equipped with electric charging stations. Our store network includes 40 electric charging stations with a total of 114 charging points, all powered by renewable energy. In accordance with legal requirements, we are continuously expanding our charging infrastructure and plan to install electric charging stations in every Lidl Slovenia store parking lot by 2025.



GRI: 3-3, 203-1, 302-4, 305-3 / ²³ When returning from stores, we pick up goods from suppliers, thereby improving vehicle utilization.

ASSORTMENT

To gain a better understanding of the climate impact of our assortment, we have been regularly determining the carbon footprint of our product groups as part of a risk analysis ever since 2019. Animal products, which include meat and dairy products, and non-food items, such as electronic appliances during their use phase, were identified as particularly emission-intensive product groups. In the food product groups, emissions are largely impacted by agricultural processes and livestock farming. For electronic appliances, the main driver of greenhouse gas emissions is the use phase, depending on the grid mix and energy efficiency of the products. Companies of Schwarz Group require suppliers, who are responsible for 78% of product-related Lidl Scope 3 emissions as defined by the GHG Protocol, to independently set a climate target based on the criteria of the Science Based Targets initiative (SBTi) by 2026.



MAKING SUSTAINABLE ATTAINABLE

Lidl Slovenia aims to have 10 national suppliers join the SBTi by 2026. To provide targeted and practical support for our suppliers, we initiated preparations for the first Lidl Climate Academy in fiscal year 2023, with the event taking place in fiscal year 2024.

In alignment with our climate initiatives, we have **expanded our range of vegan alternatives** throughout the reporting period. Concurrently, we have been raising customer awareness about the benefits of sustainable food practices, encouraging them to incorporate more climate-friendly options into their diets.

In fiscal years 2022 and 2023, we offered 111 vegan products under our Vemondo brand, which are designed to have a lower carbon footprint.

Supply-side emissions are also influenced by the air transportation of raw materials and products. Although air transport accounts for only a small fraction of global food transportation, its CO₂ emissions are up to 50 times higher per ton-kilometer compared to cargo ships (ton per kilometer).²⁴

In 2023, Lidl Slovenia committed to eliminating air freight for fruit and vegetables within our supply chain. We also prioritize seasonal products to reduce our environmental impact further.



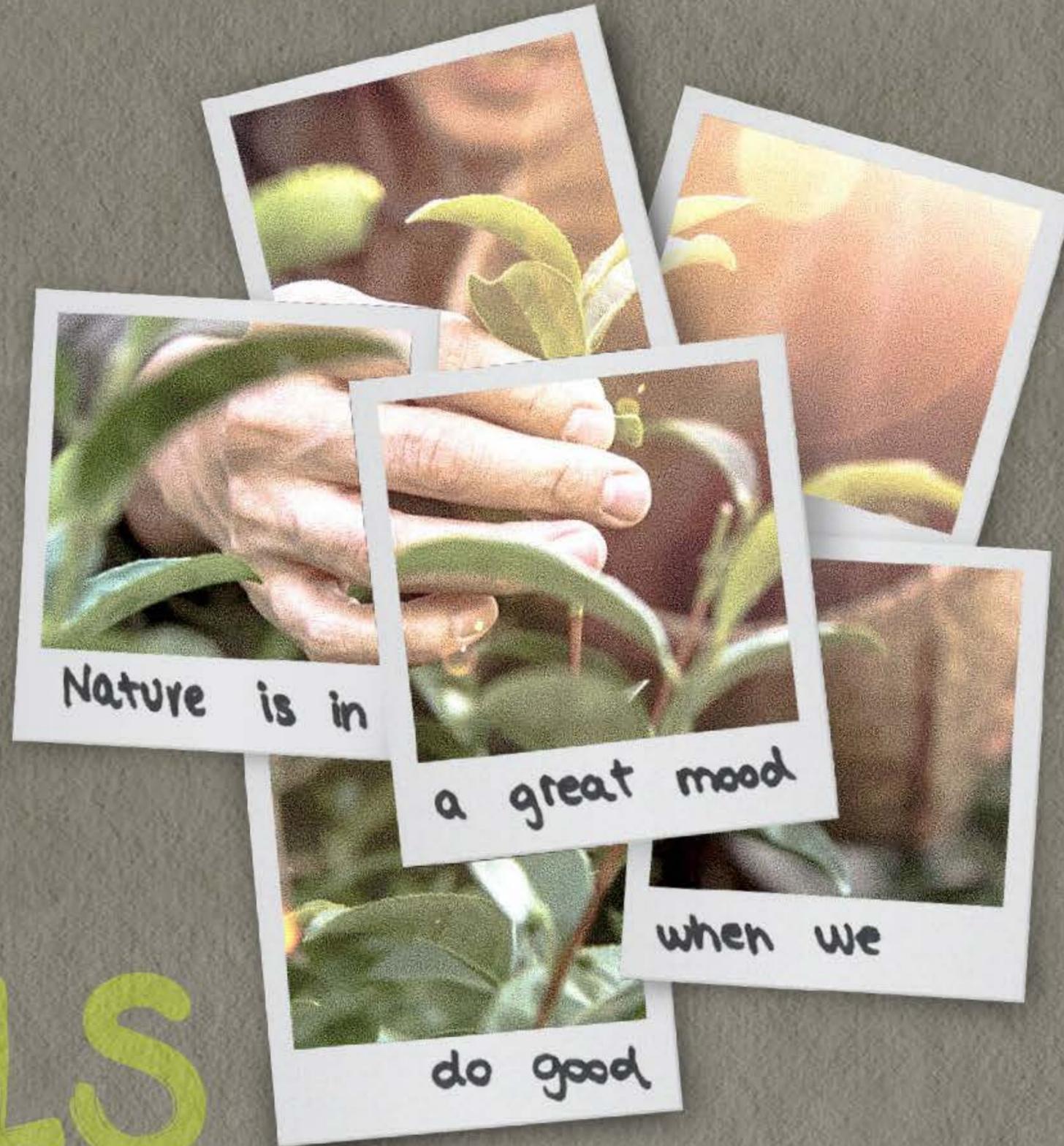
At Lidl Slovenia, the Real Estate, Logistics and Construction Departments are responsible for the CSR topic of Protecting Climate, in close collaboration with CSR Coordination which operates within the Corporate Affairs Department. They coordinate the operational implementation of all measures to comply with country-specific laws and internal guidelines. The Purchasing Department is responsible for the climate topic in the supply chain.



2



RAW MATERIALS



OUR KEY ACHIEVEMENTS AND **LOOKING AHEAD**

2022

2030

By the end of fiscal year 2022, we achieved full transparency regarding the quantities, origins, and certification of palm oil (Mass Balance, Segregated, or Identity Preserved) in all our own-brand products containing palm oil.

By the end of fiscal year 2022, all cat food with fish flavor had been certified with either ASC or MSC certificates.

By the end of fiscal year 2023, we achieved 100% certification of black, green and rooibos tea under Fairtrade, Rainforest Alliance, or Bio standards.

By the end of fiscal year 2025, we aim to expand our selection of certified sustainable nuts and rice.

By the end of fiscal year 2025, we will achieve 100% certification of fresh fish in our regular product range, adhering to ASC, MSC, BIO, Global G.A.P., or BAP standards.

By the end of fiscal year 2025, all cellulose used in products and packaging will be recycled or FSC certified, covering both primary and secondary packaging, including labels.

CONTEXT

With the demand for critical raw materials increasing rapidly in the European Union and worldwide, the European Council adopted the



European Critical Raw Materials Act

in March 2024. This legislation addresses resources at **high risk of supply disruption** due to the concentration of raw materials and the lack of adequate and affordable alternatives. The Act aims to increase and **diversify** the European Union's supply of critical raw materials, promote **circularity**, and support **research and innovation** in efficiently using resources and the development of alternatives.²⁵

Our food supply is closely tied to the agri-food sector, **one of the largest economic sectors** in the European Union,



employing around 40 million people

in food processing, retailing, and services dependent on agriculture.²⁶

In addition to environmental risks, the extraction of raw materials in global supply chains is closely linked to human rights issues. By adopting a responsible approach, innovating, and collaborating, stakeholders—including retail companies—can work together to conserve natural resources and build a more sustainable and equitable future, respecting both the environment and human rights.



LIDL'S INFLUENCE

At Lidl Group and Lidl Slovenia, we offer our customers a wide range of products made from raw materials sourced from various origins using different production and processing methods. The complexity of global supply chains often makes it challenging to trace raw materials back to their source and quickly identify violations of human rights and environmental standards. However, our negotiating position as an international retail group enables us to demand greater transparency from our suppliers and maintain a better overview of the production and processing of raw materials, laying the foundation for achieving sustainable change.



LIDL'S COMMITMENT

We are primarily focused on critical raw materials that have a significant impact on people, the environment, and society, and which are also relevant for our assortment. Specifically, we are committed to **making the procurement of raw materials defined as critical more sustainable** by 2025. We use various analyses to systematically determine their potential risks and derive specific measures based on the results. This allows us to reduce the impacts of our business activities.

LIDL RAW MATERIALS MANAGEMENT STRATEGY

Lidl Group has developed a Sustainable Purchasing Policy that aims to establish environmentally sustainable practices and ensure respect for labor-related human rights throughout our supply chains.

We define critical raw materials as those identified in our supply chain risk analysis as posing the highest risks for human rights violations and negative environmental impacts. These key raw materials are crucial for producing our own-brand products.

Raw materials management in Lidl Group

By the end of 2025, we will ensure more sustainable sourcing of key raw materials.

1. Understanding impacts

We diligently identify risks within our supply chains to enhance transparency.

2. Establishing standards

With products from certified raw materials we enable more informed and sustainable purchasing decisions.

3. Promoting alternatives

We actively promote the adoption of more sustainable alternatives in our product offerings while strategically reducing reliance on critical raw materials.

4. Driving change

We are committed to driving progress by engaging in multi-stakeholder initiatives and collaborative projects.

We have been introducing the jointly elaborated Code of Conduct for Business Partners of the companies of Schwarz Group into negotiations with our suppliers for many years with the aim of obliging them to comply with its principles and standards. The Code of Conduct contains clear regulations on topics such as child and forced labor, wages and working hours, fair treatment and anti-discrimination, which are based on international standards.

We aim to reduce the impact of deforestation and forest exploitation in our supply chain by 2025, focusing particularly on certifying **palm oil, cocoa, coffee, and cellulose**.

We take responsibility by initiating projects that protect the environment during raw material extraction and by engaging in multi-stakeholder partnerships and working groups, as detailed in our Raw Materials Procurement Policy.

Our ongoing commitment to sustainable sourcing of critical raw materials has been documented in previous Sustainability Reports. This report highlights raw materials with progress made during the 2022/2023 reporting period.

Integrating the Sustainable Purchasing Policy into all business relationships is a goal that Lidl Slovenia proceeds.

CRITICAL RAW MATERIALS

Our approach to sourcing raw materials is anchored in internationally recognized certifications that ensure sustainable practices are upheld, safeguarding both the environment and human rights. By partnering with certified suppliers and offering products that meet these stringent standards, we actively mitigate environmental and social risks. Moreover, we empower customers to make informed and sustainable decisions by featuring certification labels on our packaging. A comprehensive overview of key raw materials is available at the end of this chapter.

PALM OIL

At Lidl Group, we endorse the **RSPO certification standard**, the global benchmark for sustainable palm oil, which has been driving improvements in production practices since 2004. This certification encompasses **ecological and social dimensions**: it mandates that no forests are cut down for palm oil production, while enhancing rights and security for farmers and workers in production regions and providing opportunities for smallholder farmers. In critical areas, such as rainforests, palm oil production is strictly prohibited. Although the RSPO certification currently sets a baseline, Lidl Group recognizes the need for more robust standards in the future and sees this as a vital step towards truly sustainable palm oil production.

TARGET

Source more sustainable palm oil by the end of fiscal year 2023.



ACHIEVEMENTS

By the end of fiscal year 2022, all palm oil in our own-brand food, cosmetics, detergents, and cleaning products was certified to at least the RSPO Segregated standard. By the end of fiscal year 2023, this standard will also extend to all own-brand non-food products.

By the end of fiscal year 2022, all palm oil derivatives and fractions in our own-brand food, cosmetics, detergents and cleaning products which contain palm oil will be certified to at least the RSPO Mass Balance standard. By the end of fiscal year 2023, this certification will also apply to all own-brand non-food products.

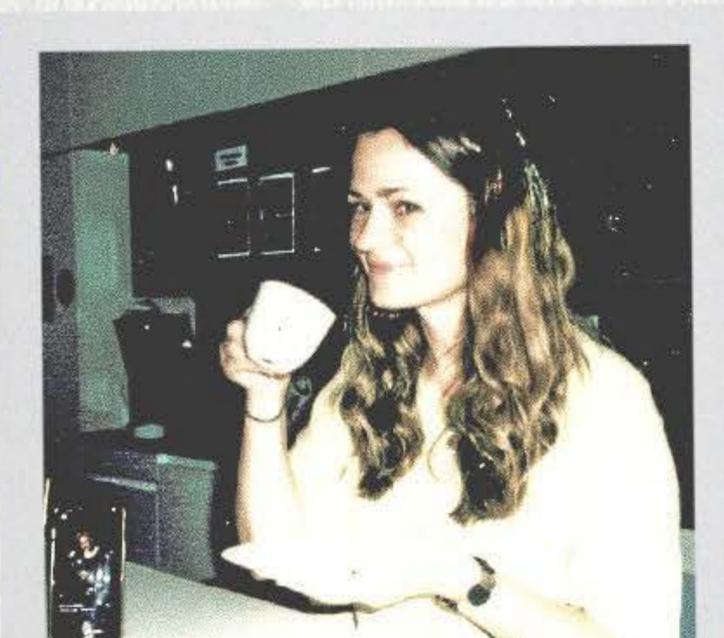


COFFEE AND TEA

Lidl Slovenia is dedicated to upholding the **highest coffee and tea production standards** to meet customer expectations. Through collaboration with suppliers and other stakeholders, we aim to promote environmental conservation and foster socially equitable agricultural practices.

Our commitment, which is regularly updated, encompasses our entire range of own-brand coffee capsules, instant coffee, and teas. It includes progress reports and adopts new, binding measures for all suppliers. If any deviations threaten our targets, we work closely with suppliers to implement additional strategies to ensure successful outcomes.

Every product in our own-brand coffee and tea range is certified by recognized organizations like **Fairtrade**, **UTZ**, **Bio**, or **Rainforest Alliance**.



TARGETS

Achieve 100% certification of own-brand coffee capsules, instant coffee, and cappuccino by the end of fiscal year 2022 through organizations like Fairtrade, Rainforest Alliance, UTZ, or Bio.



Achieve 100% certification of raw materials for green, black, and rooibos teas by the end of fiscal year 2022 through organizations like Fairtrade, Rainforest Alliance, UTZ, or Bio, provided that raw materials of such origin and quality are available.



Achieve 50% certification of raw materials for herbal and fruit teas by the end of fiscal year 2022 through organizations like Fairtrade, Rainforest Alliance, UTZ/UETB, or Bio, provided that raw materials of such origin and quality are available.



ACHIEVEMENTS

End of fiscal year 2022: 73%

End of fiscal year 2023: 91%

The certification of coffee could not be completed by the originally planned date. The reason is the selling off of remaining stocks that were not certified according to the set target. We achieved the 100% certification target in fiscal year 2024.

End of fiscal year 2022: 86%

End of fiscal year 2023: 100%

The certification of black, green and rooibos teas could not be completed by the originally planned date. The reason is the selling off of remaining stocks that were not certified according to the set target. We achieved the 100% certification target in fiscal year 2023.

End of fiscal year 2022: 26%

End of fiscal year 2023: 35%

The certification of herbal and fruit teas could not be completed by the originally planned date. The reason is the availability of certified products on the market. We are continuing to work on implementing the target and plan to achieve it by the end of fiscal year 2025.



COCOA

We are dedicated to promoting **fair and environmentally sustainable cocoa production** by expanding our range of **Fairtrade-certified** own-brand cocoa products. By supporting organic cocoa farming and securing long-term purchase agreements, we offer growers stability, ensuring they receive reliable income and maintain social standards, regardless of global market fluctuations.

Examples of certified products



TARGET

Achieve Fairtrade certification for all cocoa used in our chocolate bars by the end of fiscal year 2022.



ACHIEVEMENTS

End of fiscal year 2022: 57%

End of fiscal year 2023: 100%

The certification target for cocoa was achieved by the end of fiscal year 2022, but due to a system error in the database, it was not reflected in the data for the end of fiscal year 2022.

Sustainability certificates



FAIRTRADE certification ensures that products are produced according to rigorous fair trade standards. These standards guarantee fair remuneration for producers in less economically developed countries, supporting the sustainable development of local communities. Fairtrade focuses on securing higher purchase prices, promoting decent working conditions, and fostering equitable trading practices for farmers and workers in developing regions.



Roundtable on Sustainable Palm Oil (RSPO) aims to make sustainable palm oil the industry standard. Its certification criteria address both environmental and social aspects, including respect for the fundamental rights of farmers and workers and a prohibition on palm oil production in protected areas. As palm oil is a key ingredient in a wide range of products, its production raises significant environmental, social, and health concerns, which RSPO certification seeks to mitigate.



RAINFOREST ALLIANCE certification is committed to maintaining biodiversity and promoting ecologically sustainable and socially fair practices in agriculture and forestry. This certification awards products from farms dedicated to sustainable, organic, and socially responsible practices. The certification process is conducted by independent organizations, ensuring full transparency and traceability of certified products.



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

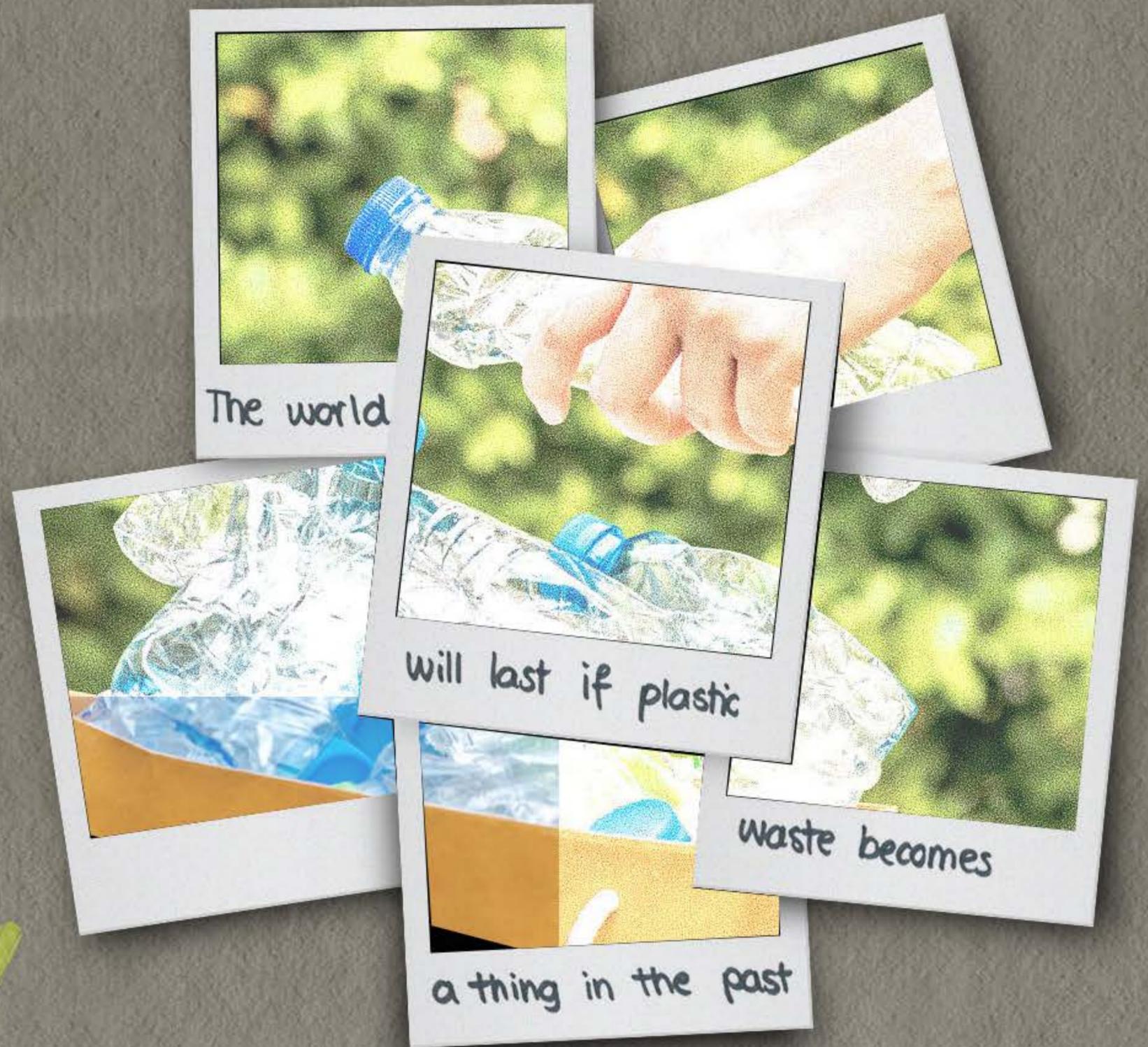
Share of sustainably sourced raw materials in the overall product range

Raw material	Target	Own brand products	Brand products	Listed products	Promotional products	Certificates	Balance for fiscal year 2022	Balance for fiscal year 2023
Coffee capsules/instant coffee	100% certified	x	x	x	x	1, 2, 3	73%	91%
Cocoa	100% certified	x	x	x	x	1, 2, 3, 4	57%	100%
Black, green and rooibos tea	100% certified	x	x	x	x	1, 2, 3	86%	100%
Fruit and herbal tea	50% certified	x	x	x	x	1, 2, 3	26%	35%
Palm oil	100-% certified food products, non-food products min. RSPO Segregated	x	x	x	x	1, 9	22%	100%
Palm oil derivatives and fractions	100-% certified food products, non-food products min. RSPO Mass Balance	x	x	x	x	1, 9	no data	100%
Fish and seafood	100% certified	x	x	x		5, 6, 7, 8	44%	47%
	50% certified	x			x	5, 6, 7, 8	41%	53%

Certificates: 1 Bio 2 Rainforest Alliance 3 Fairtrade 4 Fairtrade, Cocoa program 5 MSC 6 ASC 7 GGN (GLOBALG. A. P.) 8 BAP (4 stars) 9 RSPO

3

CIRCULAR ECONOMY



OUR KEY ACHIEVEMENTS AND **LOOKING AHEAD**

2022

2030

Starting in fiscal year 2023, we have implemented waste separation into 25 categories.

In fiscal year 2023, we became the first retailer to publicly advocate for introducing a bottle deposit system in Slovenia.

In fiscal year 2023, we supported the Plastenke za junake (Bottles for Heroes) charity campaign.

By 2025, we will establish waste cooking oil collection points in front of 20 Lidl stores.

By the end of fiscal year 2025, our own-brand product packaging will contain an average of at least 25% recycled materials. Additionally, trays used for packaging fresh meat and fish products of Slovenian origin will contain at least 50% recycled materials.

CONTEXT

The economic and social progress of the last century has been accompanied by **environmental degradation that threatens the systems essential for our future development—and even our survival**. Globally, we persist in depleting natural resources at an increasing rate to sustain economic activity.²⁷

Factors like **climate change, global population growth, deforestation, and urbanization** are rapidly **depleting natural resources**. In 2023, we consumed the equivalent of



a year's supply of resources in just 214 days.²⁸

Simultaneously, waste production is increasing. **In the European Union alone**



2.2 billion tons of waste are generated each year.

To address this, the EU is updating waste management legislation to promote a more sustainable model known as circular economy. By encouraging the reuse and recycling of materials, this approach aims to reduce the consumption of natural resources, minimize encroachment on landscapes and habitats, and help mitigate biodiversity loss.²⁹

Circular economy focuses on ensuring the sustainability of human activities and is founded on the principles of reduce, reuse, and recycle. This approach aims to minimize the demand for new resources, thereby alleviating environmental pressure. The goal is to use raw materials and design processes in such a way that they generate no waste.³⁰



LIDL'S INFLUENCE

Raw material production and processing are making climate change worse. The availability of clean water keeps reducing, the increasing amount of waste is endangering biodiversity and water quality. Business activities of Lidl Slovenia are directly linked to the use of resources. These include water as well as various materials like plastic or paper.



LIDL'S COMMITMENT

As part of companies of Schwarz Group, Lidl Slovenia is dedicated to responsible resource and waste management. We adhere strictly to legislation, optimize our processes, and collaborate with suppliers and other stakeholders to develop sustainable solutions for plastic consumption. Additionally, we are committed to raising public awareness about environmental issues.

As part of Schwarz Group, Lidl has committed itself to the jointly elaborated **REset Plastic Strategy**:

- to reduce the use of plastic in our own-brand packaging by 30%,
- to design all plastic packaging for own-brand products to be maximum recyclable,
- to use an average of 25% recycle in own-brand plastic packaging compared to 2017.

Therefore, in 2018, the companies of Schwarz Group signed the New Plastics Economy Global Commitment of the Ellen Mac Arthur Foundation.

IMPLEMENTING CIRCULAR ECONOMY AT LIDL SLOVENIA

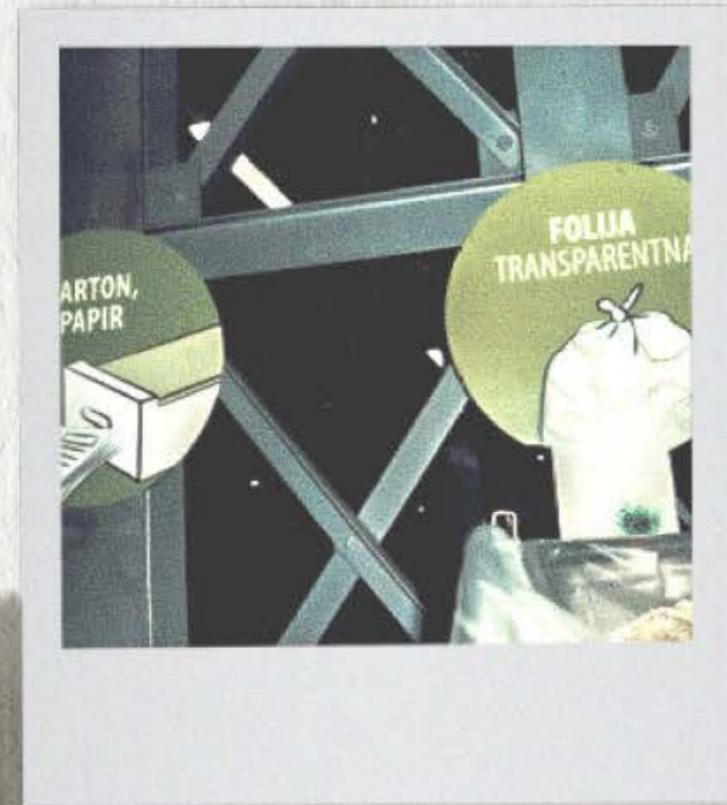
At Lidl Slovenia, we adhere to the principles of circular economy and closely monitor resource flows within our operations. By effectively separating and properly disposing of materials, we can



maximize reuse and recycling

while minimizing non-recyclable waste. We also collaborate with external contractors to ensure regulatory compliance, secure necessary permits, and enhance the efficiency of waste recovery through ongoing dialogue.

Through our **REset Plastic Strategy**, we aim to reduce plastic use and increase the proportion of recycled materials in our own-brand packaging; we also optimize bulk and secondary shelf packaging and work closely with Slovenian suppliers to improve product packaging.



We stay informed about legislative changes, innovations, and updates, actively engaging in dialogue with working bodies and participating in trainings organized by the Ministry of the Environment, Climate, and Energy. Our efforts include implementing projects and activities to support circular economy and close resource loops.

Lidl employees receive in-house training on proper waste sorting, which empowers and motivates them to contribute to reducing environmental pollution.



PLASTIC MANAGEMENT

As part of the REset Plastic Strategy, the companies of Schwarz Group have been dedicated to more responsible plastic management for several years. We are progressively optimizing the packaging of our own-brand products to reduce plastic usage and increase the recyclability or recycled content of our packaging. Additionally, we are working to enhance the sustainability aspect of our transport packaging by minimizing plastic use.

Implementing the REset Plastic Strategy

Compared to the previous reporting period, Schwarz Group has jointly elaborated more ambitious targets for reducing plastic consumption and increasing the use of recycled materials. We consistently track our progress toward these goals and report on them in jointly elaborated Sustainability Reports of the companies of Schwarz Group and the individual reports of Lidl countries.



100% recycled material



69% smaller packaging



28% smaller packaging



96% recycled material

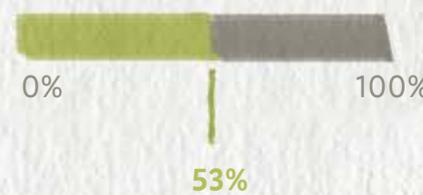
GOALS BY 2025



Recycling

MAXIMUM POSSIBLE

We aim to design all plastic packaging for own-brand products to be maximum recyclable.



Reduction of plastic use

-30%

We increased the original goal of reducing 20% of plastic materials in our own-brand packaging to 30%.



Status by the end of 2023



Use of recyclates

25%

We aim to use at least 25% of recycled content in the packaging of Lidl's own brands.





SUPPORT FOR THE INTRODUCTION OF A BOTTLE DEPOSIT SYSTEM IN SLOVENIA

At Lidl Slovenia, sustainability and environmental awareness are central to our business approach. In August 2023, we **publicly supported the initiative to introduce a bottle deposit system in Slovenia**, aiming to mitigate the environmental impact of plastic. This deposit system aligns with the EU directive's environmental goals, which mandate that member states ensure plastic bottles which contain at least 25% recycled plastic by 2025 and 30% by 2030. Additionally, the directive requires that member states separately collect 77% of waste beverage bottles for recycling by 2025, increasing to 90% by 2029.

PLASTENKE ZA JUNAKE (BOTTLES FOR HEROES) CAMPAIGN

In 2023, partnering with Interzero Slovenia, we supported the Heroes of the Third Floor Association's campaign to collect plastic bottles for children battling cancer. During the five-month initiative, we set up collection points in three Lidl stores and committed to donating additional five cents for each bottle returned.

Through the collective effort of the people of Slovenia, we collected



**621,881 plastic bottles—
almost 18 tons
of plastic waste.**

All collected bottles were handed over to Interzero Slovenia, which ensured they were recycled and repurposed into new products.



MAKING SUSTAINABLE ATTAINABLE

In addition to donating all proceeds from the sale of the collected waste material, we partnered with Interzero Slovenia to make an additional contribution of five cents for every bottle returned. The campaign successfully raised EUR 35,452.45 to support children battling cancer.

When we launched the Plastenke za junake (Bottles for Heroes) campaign, we never anticipated it would unite Slovenia and so many generous individuals. With focus on supporting our heroes and protecting the environment, countless people, groups, and organizations came together to donate large quantities of plastic bottles. The amount raised is truly remarkable and will be directed to a fund that provides direct assistance to the families of children with cancer. Together with Lidl Slovenia and Interzero Slovenia, we created a heartwarming campaign that not only achieved its fundraising goals but also increased awareness and support for our heroes. We are deeply grateful for this collaborative effort.

Urška Kolenc,
President of the Heroes of the Third Floor Association



USE OF PLASTIC

At Lidl Slovenia, we use plastic garbage bags for waste collection and plastic stretch film to wrap pallets. Additionally, our stores generate plastic waste from deliveries, including the outer packaging of products from our suppliers. During the reporting period, we made progress in optimizing plastic consumption by improving the packaging of fruits, vegetables, and bread bags.



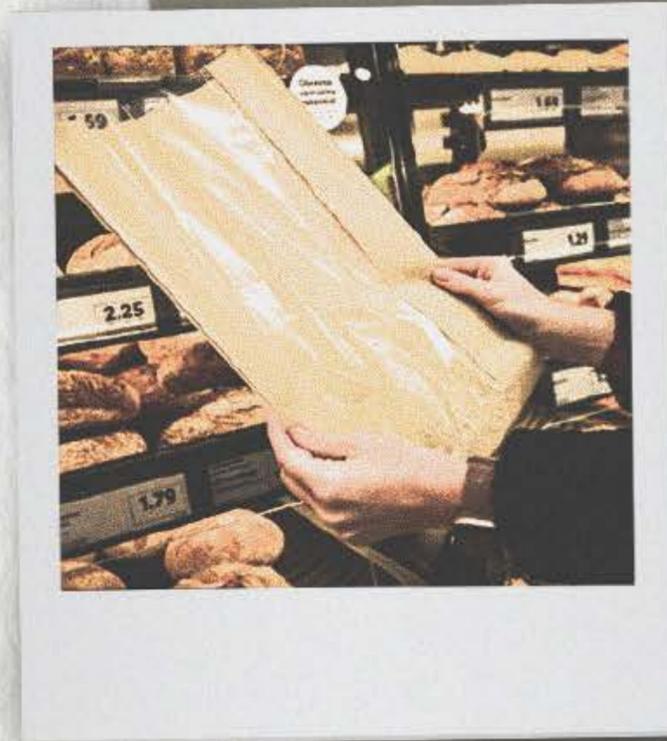
BREAD BAGS

In fiscal year 2022, we reduced plastic usage in bread bags by optimizing the size and thickness of the clear window film, the paper thickness, and the bag dimensions. This adjustment led to



a decrease in plastic consumption by 8.5 tons in 2022 and nearly 12 tons in 2023.

During the reporting period, the total plastic consumption for bread bags was **34.7 tons**. Without these optimizations, we would have used **55.1 tons** of plastic.

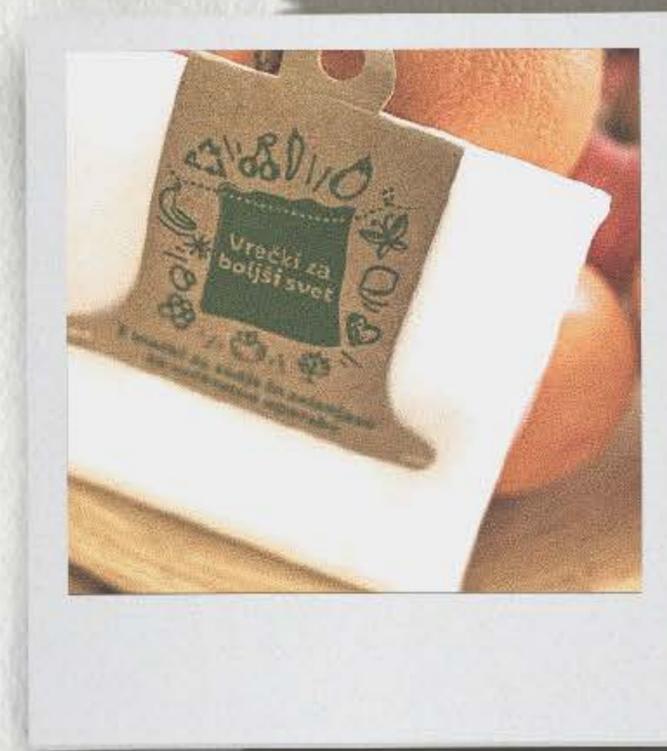


REUSABLE FRUIT AND VEGETABLE BAGS

At our fruit and vegetable stands, we provide reusable fruit and vegetable bags as an alternative to plastic.



In 2022, customers purchased over 5,700 packs of reusable bags, and in 2023, the number increased to almost 10,300 packs.



USE OF PAPER

Paper is primarily used for leaflets distributed to Slovenian households, shelf labels, receipts in stores, and for internal purposes. The table provides detailed data on paper consumption.



Receipts and electronic shelf labels

In fiscal year 2021, we optimized our receipt format, resulting in savings of **1,500 kilometers or 5.3 tons of paper rolls annually**. Receipts are printed on eco-friendly, recyclable paper.

By the end of fiscal year 2023, we tested the introduction of e-receipts for Lidl Plus app users, which is expected to save **600 kilometers or 2.4 tons of paper rolls annually**.

In fiscal year 2023, we became the **first retailer to implement electronic shelf labels across all stores**, saving over



21 tons of paper annually, equivalent to approximately 520 trees.

Use of plastic and paper at Lidl Slovenia

	Fiscal year 2022	Fiscal year 2023
Paper		
Leaflets and promotional materials (t)	1,819	1,687
Printer paper (t)	12.7	15.8
Bread bags (t)	100.7	140.3
Of which recycled paper		
Leaflets and promotional materials – recycled paper (t)	1,819	1,687
Bread bags – recycled paper (t)	0	0
Printer paper – recycled paper (t)	7.5	10.9
Plastics		
Garbage bags (t)	22.4	23.9
Stretch film (packaging material) (t)	37.7	47.8
Reusable fruit and vegetable nets sold (No.)	11,412	20,590



RECYCLED MATERIALS USED

At Lidl Slovenia, we are enhancing our use of recycled materials, including paper. Our weekly leaflet, distributed to households and available in stores during promotions, is printed on PEFC-certified paper. For other promotional materials, we predominantly use FSC-certified paper.

In cooperation with PreZero, the environmental department of Schwarz Group, Lidl Slovenia has also been offering its customers promotional merchandise in the household goods section of its private label, which are made from 100% recycled plastic, for some time now. For production, PreZero collects packaging waste from private households. The plastics are then sorted, cleaned, and processed into regranulate.

The valuable material recovered is used to produce new, high-quality household goods. The entire recycling and manufacturing process takes place in Europe, saving resources and the environment. A large part of the added value is thus covered by the Schwarz Group's participating companies.³¹

Products from 100% recycled plastic



REUSE OF PRODUCTS

Edible food that can no longer be sold is distributed to charity, in compliance with current regulations. Textiles and lower-value items with minor defects that are not fit for sale but still suitable for reuse are sent to a company that facilitates their redistribution for reuse.



WASTE MANAGEMENT

The rise in consumption and associated use of packaging material is generating increasing quantities of litter in the environment. This is particularly true for disposable packaging. Above all, plastic waste in the landscape and waters is a global problem for which solutions need to be found. This does not just include visible waste, but also microplastics, which are contained in many products or are generated by the granulation of plastic material. Even waste disposal in landfills can lead to waste entering the environment or the generation of methane in piles of rubbish. In light of the associated environmental impacts, companies are therefore faced with the challenge of reducing the effects of their waste.

In 2015, together with PreZero, the Group's internal waste disposal expert, Lidl initiated the company-wide Valuing recyclables campaign. As part of this, Lidl Slovenia redesigned the disposal area in the logistics center to enable the efficient collection and separation of materials generated and put central recycling collection stations in place with systematic signage. The Valuing recyclables campaign also makes employees aware of how to dispose of materials. This is enabling us to improve the quality of our separation and thereby increase recycling rates.

The waste generated by Lidl Slovenia is disposed of in accordance with requirements. At the same time, we are working together with our suppliers to reduce the amount of disposable packaging and packaging waste in general and make our customers aware of the responsible handling of waste. The business activities of Lidl Slovenia are directly linked to the use of resources. These include water as well as various materials like plastic or paper. We rely on an efficient water, resource and waste management system to ensure we use resources responsibly.

We record the resource flows in our operational processes in order to follow the ideal of the circular economy in our resource and waste management. The efficient separation and proper disposal of the resulting materials enables the reuse or recycling of the resources used and



minimizes the proportion of non-recyclable waste.

For us, waste is recyclable material in the wrong place.

Despite our best efforts with our processes, it is not possible to completely avoid waste from being generated (e.g., cardboard boxes, stretch film, wood, etc.), which is transferred to various reutilization channels.

Of the total of 21,306 tons of recyclable materials, including residual waste, generated in the reporting period, we were able to reuse and recycle around 15,808 metric tons. This represents around 74%.

Despite our best efforts with our processes, waste had also be thermally treated or disposed of in landfill.

Waste generated at Lidl Slovenija

Material	Fiscal year 2022	Fiscal year 2023
	Volume in tons (t) (Proportion of the particular volume)	
Non-hazardous waste	10,457.7	10,752.0
Paper and cardboard packaging	6,378.5 (60.7%)	6,633.3 (61.4%)
Organic waste	2,503.9 (23.8%)	2,587.6 (24.0%)
Plastic	405.8 (3.9%)	468.9 (4.3%)
Wood	457.5 (4.4%)	372.5 (3.4%)
Textiles	18.4 (0.2%)	28.0 (0.3%)
Glass	/	0.2 (0%)
Scrap	123.7 (1.2%)	94.8 (0.9%)
Residual waste	452.0 (4.3%)	388.0 (3.6%)
Other non-hazardous waste	117.9 (1.1%)	178.6 (1.7%)
Hazardous waste	49.4 (0.5%)	47.3 (0.4%)
TOTAL	10,507.10	10,799.30



Waste directed to disposal

Per category		Fiscal year 2022	Fiscal year 2023
Material	Transport type	Volume in t	
Paper and cardboard packaging	Recycling	6,378.5	6,633.3
Organic waste	Fermenting	2,105.4	2,157.1
	Reuse	398.52	430.53
Plastics	Recycling	299.3	362.6
	Unknown	106.4	106.3
Wood	Reuse	264.26	199.76
	Recycling	175.0	155.6
	Thermal recovery	18.2	17.1
Textiles	Reuse	14.9	26.6
	Recycling	/	1.1
	Thermal recovery	3.5	0.3
Glass	Recycling	/	0.2
Scrap	Recycling	123.7	94.8
Residual waste	Incineration	92.8	/
	Landfilling	53.0	116.3
	Unknown	306.1	271.7
Other non-hazardous waste	Reuse	7.1	53.5
	Recycling	13.4	86.2
	Thermal recovery	4.0	38.9
	Incineration	58.0	/
	Landfilling	35.0	/
	Unknown	0.4	/

Totals		Fiscal year 2022	Fiscal year 2023
Material	Transport type	Volume in t	
Non-hazardous waste	Reuse	684.8	710.4
	Recycling	6,990.0	7,333.9
	Thermal recovery	25.8	56.4
	Incineration	150.8	/
Hazardous recyclables	Landfilling	88.0	116.3
	Recycling	42.1	47.3
	Incineration	7.4	/
Total	Total recyclables (including residual waste)	10,507.1	10,799.3
	Reuse	684.8	710.4
	Recycling	7,032.1	7,381.2
	Thermal recovery	25.8	56.4
	Incineration	158.2	/
	Landfilling	88.0	116.3
	Unknown	412.9	378.0

Collection of waste cooking oil



MAKING SUSTAINABLE ATTAINABLE

In 2022, we launched a pilot project to collect waste cooking oil, a hazardous kitchen waste that should not be mixed with other waste.

According to 2022 data, over 390,000 litres of waste cooking oil is generated annually.³² Just one liter of waste cooking oil can contaminate more than 1,000 liters of water and disrupt the natural decomposition process in compost, harming microorganisms essential for decomposition.³³

Collection points were established at two Lidl locations—Radlje ob Dravi and Ljubljana Litijska—where anyone could drop off their waste cooking oil free of charge, regardless of where it was originally purchased. This initiative supports the preservation of clean water and the conservation of non-renewable energy resources. The collected oil is then processed into biodiesel by our partner OK!OLJE. In fiscal year 2023, we collected around



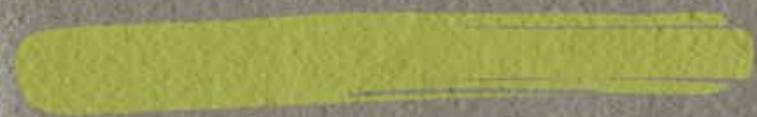
1,500 liters of waste cooking oil, resulting in around 1,000 liters of biodiesel.

By the end of fiscal year 2025, we aim to expand this project to at least 20 Lidl Slovenia stores.

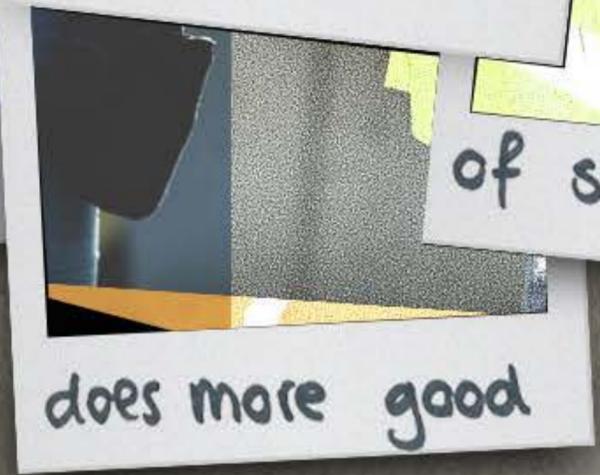
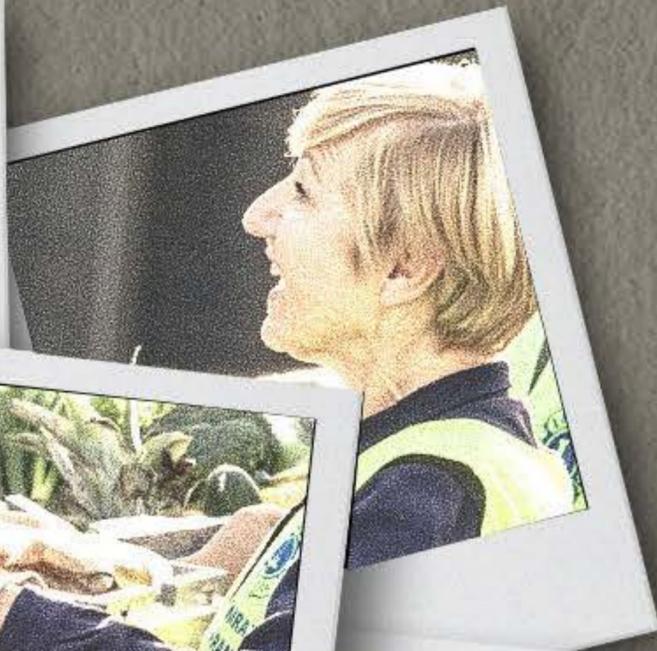
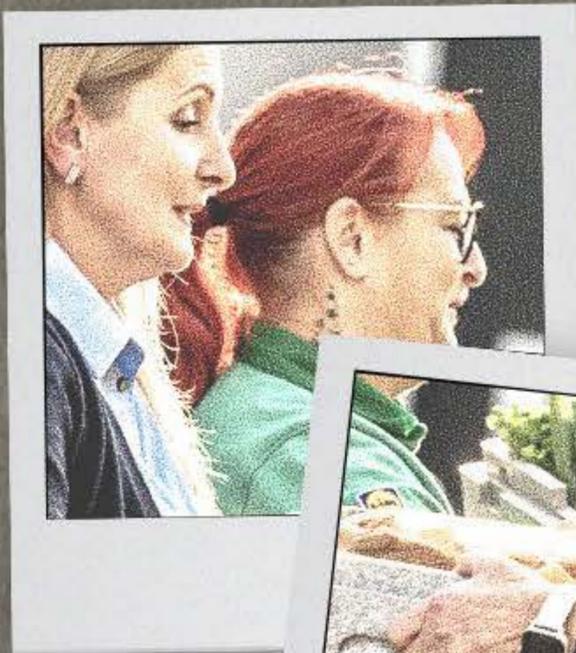


At Lidl Slovenia, the Logistics Department oversees the waste and raw materials management system, while the Sustainable Purchasing Department focuses on closing resource loops and improving own-brand product packaging. Both departments are responsible for setting goals and implementing measures related to circular economy.

4



FOOD WASTE



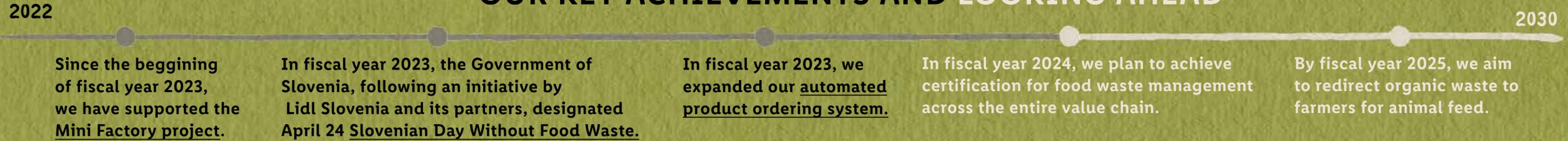
making sure it

We take care

of surplus food,

does more good

OUR KEY ACHIEVEMENTS AND LOOKING AHEAD



CONTEXT

As the global population continues to rise, so does the demand for food. **Over the past 50 years, global agricultural production**



has surged by nearly 300%.

According to the Food and Agriculture Organization of the United Nations (FAO) State of Food Security and Nutrition in the World 2023 report, around **735 million people** globally face hunger or malnutrition. Meanwhile, **a substantial portion of edible food is either lost or wasted.**

The United Nations Environment Programme (UNEP) estimates that households are responsible for nearly



570 million tons of food waste annually,

which translates to about



74 kg of food wasted per person globally.³⁴ Nearly half of all food produced globally ends up as waste.

Food loss and food waste occur throughout the entire supply chain—during production, transportation, processing, storage, and in households. In the retail sector, perishable items are often discarded once they pass their best-before or use-by dates. Many consumers are unaware of the differences between these dates, leading them to dispose of food that remains safe and edible.

USE BY

Food products must be discarded after their 'use by' date.

BEST BEFORE

Products marked 'best before' are generally still safe to consume beyond that date.



LIDL'S INFLUENCE

Food waste is a global issue that involves all sectors of the food supply chain, including retail industry, which bridges the gap between farmers, processors, and consumers. While the retail sector contributes to less than 10% of total food waste in Slovenia and the EU, retailers play a crucial role in driving sustainable practices among suppliers, implementing measures to reduce food waste within their own operations, and raising customer awareness. Customers often expect well-stocked shelves of fresh, high-quality food, but may discard items that are still usable.



LIDL'S COMMITMENT

Reducing food waste is crucial for achieving a green transition, optimizing the use of natural resources, and mitigating environmental impacts while ensuring food security. Lidl Slovenia aims to **cut its food waste in stores by 50% by 2030.**

ENHANCING MEASURES TO REDUCE FOOD WASTE

Given these concerning statistics and our strategic goals, we have been committed to preventing and reducing food waste for many years. By optimizing ordering processes in the first phase and offering products at reduced prices just before their expiration date in the second phase, we ensure that the number of products discarded is kept to a minimum. We have also participated in the Donirana hrana (Donated Food) project driven by the Association of Lions Clubs of Slovenia for many years. The initiative helps raising awareness among various stakeholders and emphasizes the importance of mindful food management.

Systematic reduction of food waste

- Optimized ordering
- Too Good to Waste project
- Product rotation
- Redistribution of surplus items from stores and the logistics center
- Support for the Mini-factory
- Public awareness programs

OPTIMIZED ORDERING

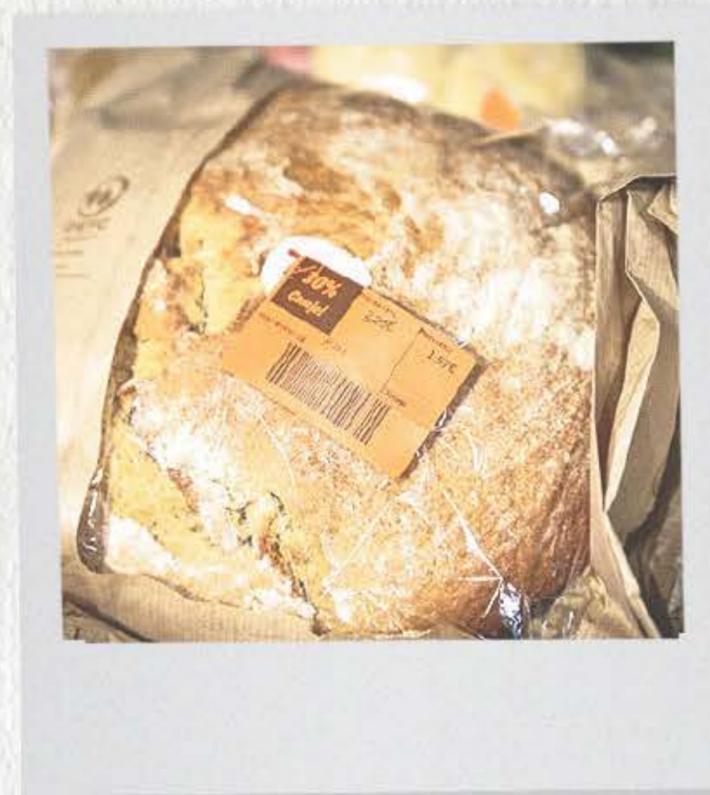
The advantage of optimized ordering lies in its ability to accurately calculate quantities, thereby minimizing surplus and saving time for store employees. In fiscal year 2022, we implemented automatic ordering for specific product groups, directing orders from Arja vas logistics center to the stores. By late 2023, we expanded the system to include automatic ordering from suppliers with direct delivery. Automatic ordering is limited to dry, refrigerated, frozen and bake-off products.

TOO GOOD TO WASTE PROJECT

The Too Good to Waste project, which extended the sale of certain products by one day in previous reporting period, was enhanced in fiscal year 2023. A few days before expiration, we offered a 30% discount on our regular range of frozen and dry products. For refrigerated items, meat, and fish, we maintained a 30% discount for the few days before the expiration date and introduced a 50% discount on the expiration day. Additionally, loaves and sliced bread continued to have a 50% discount applied the day after baking or delivery.

PRODUCT ROTATION

We carefully manage the placement and rotation of short-shelf-life products daily, prioritizing items close to their expiration dates to significantly reduce waste. For products with longer shelf life, we follow a weekly rotation schedule detailed in our annual plan for each product category.





REDISTRIBUTION OF SURPLUS ITEMS FROM STORES AND THE LOGISTICS CENTER

For several years Lidl Slovenia has donated surplus food items with extended shelf life to various humanitarian organizations across Slovenia. We have a long-standing partnership

with the Association of Lions Clubs of Slovenia through the Donated Food project, and consistent redistribution of Favorina festive products.

DONATED FOOD project

Partners

Association of Lions Clubs of Slovenia
Food for Life Humanitarian Association
SIBAHE – Slovenian Food Bank
Ljutomer Youth Center
Kočevje Regional Red Cross Association
Ribnica Regional Red Cross Association
Litija Center for Social Work
Institute Pod strehco (Under the roof)
Slovenian Philanthropy
Food for life

FAVORINA brand

Association of Lions Clubs of Slovenia
Slovenian Association of Friends of Youth
SIBAHE – Slovenian Food Bank

How much	2022 + 2023: 825.52 tons	+116.4% ³⁵	2022 + 2023: 4.95 tons	+10.0% ³⁶
From where	from 46 or 68% of stores	+35.3%	From the Arja vas logistics center	
What	Bread and bakery products, fruit and vegetables, milk and dairy items, and products with extended shelf life.			

SUPPORT FOR THE MINI-FACTORY

With the support of Lidl Slovenia, the Etri Group has developed Mini Factory, an innovative processing plant designed to find new uses for surplus food from various sources, including stores, farms, and small producers. Located at the Faculty of Biotechnology at the University of Ljubljana in Rodica, Mini Factory repurposes Slovenian crops that no longer meet aesthetic standards to create nutritious and delicious meals for students and employees, which are also available for home delivery.

A great project with such delicious food that I couldn't resist going back for seconds!

Mitja Pikel,
Marketing of Non-Food Products

In addition to its primary function, the Mini Factory serves as a training hub for developing the workforce needed in both the food processing and gastronomy industries, with a focus on fostering inclusive communities. As a learning organization equipped with its own machinery, we provide hands-on experience and training, preparing individuals for future employment opportunities.

Lenka Puh,
Etri Group



GRI: 3-3, Lidl Disclosure: Ensuring the Responsible Handling of Food Leftovers / ³⁵ The significant increase is primarily attributed to the altered economic conditions during the reporting period, including the COVID-19 pandemic and the war in Ukraine. These factors led to adjustments in ordering procedures to maintain adequate inventory levels. ³⁶ In fiscal year 2023, we expanded our redistribution to include Halloween products, in addition to the Favorina Christmas and Easter products.



PUBLIC AWARENESS PROGRAMS

We are working to raise awareness among all stakeholders that food is a value that needs special attention and to ensure that as little as possible ends up in the garbage. Our efforts are focused on increasing awareness about food waste, and over the past two years, we have significantly enhanced our programs. We collaborate with a diverse range of stakeholders, including government agencies and NGOs, to promote the importance of responsible food management and reduce food waste.



Slovenian Day Without Food Waste

We are immensely proud that, in 2023, the Government of Slovenia, at the initiative of Lidl Slovenia, the EcoSchool program, and their partners, officially designated April 24 Slovenian Day Without Food Waste. This annual observance represents a significant advancement in raising awareness about the critical importance of responsible food management, reinforcing Lidl Slovenia's commitment to its strategic sustainability goals.

Marko Horvat,
Sales Director

In 2023, at the invitation of Lidl Slovenia and its partners, the Minister of Agriculture, Forestry, and Food Irena Šinko attended the main event for Slovenian Day Without Food Waste, which featured the opening of the innovative Mini Factory in Rodica. During her visit, the Minister toured the Mini Factory, emphasized the importance of responsible food management, and announced the Government of Slovenia's decision to officially recognize the Slovenian Day Without Food Waste.

The Slovenian Day Without Food Waste is a collaborative initiative involving Ekošola (Ecoschool), Ecologists Without Borders, the Slovenian Association of Friends of Youth, TAM-TAM, and the LIFE IP CARE4CLIMATE project.



MAKING SUSTAINABLE ATTAINABLE

On Slovenian Day Without Food Waste, various activities were organized in schools and kindergartens nationwide. Children engaged in discussions about food waste and used their creativity to develop solutions to the issue.

Simultaneously, in collaboration with our partners, we implemented various initiatives to raise awareness about proper food storage, recycling, and disposal. These activities aimed to encourage the reduction and prevention of food waste and to educate on practical uses for surplus food products.





In 2022, the second Slovenian Day Without Food Waste was celebrated under the slogan **Nisem za stran! Vzemi me v bran!** (I'm Not for the Trash! Rescue Me!). The event featured a competition to find the best recycled recipes using leftover food. The winning recipes were published in the Reciklirana kuharija (Recycled Cookery) booklet, photos of the dishes were displayed on TAM-TAM poster sites across Slovenia in April. The then President of the Republic of Slovenia, Borut Pahor, served as the honorary patron of the event. He participated in the main event at the Anton Medved Kindergarten in Kamnik, where children showcased responsible food handling practices and strategies for minimizing food waste.



MAKING SUSTAINABLE ATTAINABLE

In collaboration with the TAM-TAM Institute, we invited graphic designers to create socially responsible posters to raise awareness about food waste and promote positive change. In fiscal year 2023, we received 210 entries. The winning designs were created by Neja Zupan ("We're Not For The Trash"), Neja Pevec and Pia Zavodnik/Futura ("True Art"), and Tina Križaj, Katarina Ferk, and Vesna Žnidaršič/Futura ("This Food Is For..."). These posters were prominently displayed on TAM-TAM poster sites throughout Slovenia.



Record-breaking edition of the Food is Not to be Wasted project

The 2022/2023 school year marked the ninth season of the Hrana ni za tjavendan (Food is Not to be Wasted) project, conducted in partnership with Ekošola (Ecoschool). Through various activities, including measuring food waste and raising awareness, participating educational institutions reduced food waste by an average of 30%, with some nearly eliminating it. This year's project brought together a record 215 kindergartens, primary and secondary schools, and universities, engaging over



14,500 children and young people, along with 933 adult advisors.



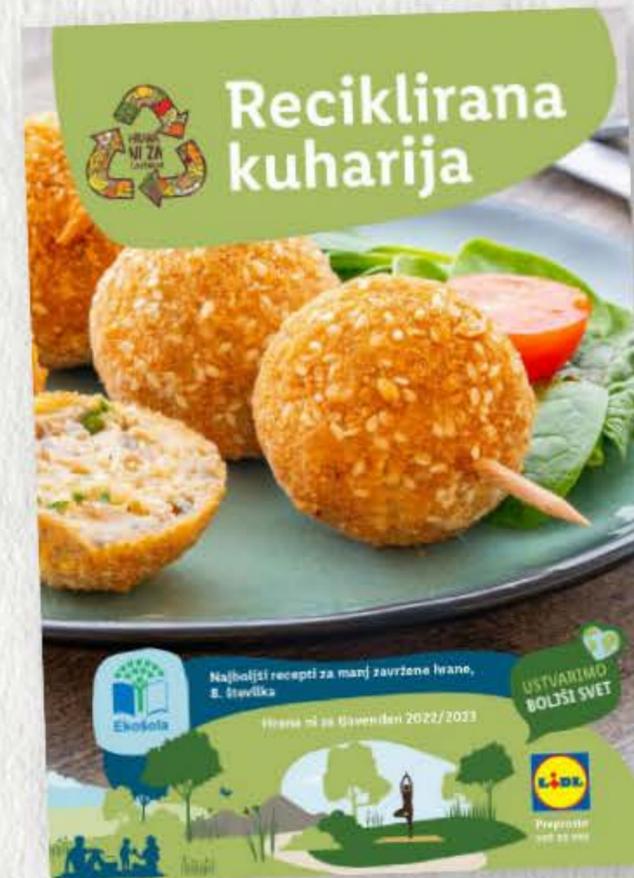
Participants also had the opportunity to compete in the Recycled Cookery Competition, where they developed simple yet delicious recipes using leftover food that would otherwise have been wasted. Together with their mentors, the children created



278 inventive recipes.



The 20 winning recipes were featured in the eighth edition of the Recycled Cookery booklet.



Slovenian food waste in numbers³⁷

In Slovenia, in 2022, compared to 2021:

Households produced **12% less food waste.**

The food retail sector **reduced its food waste by 2%.**

The food production sector **cut its food waste by 21%.**

The hospitality and catering sector saw a **20% increase in food waste.**

On average, each Slovenian discarded **72 kg of food.**

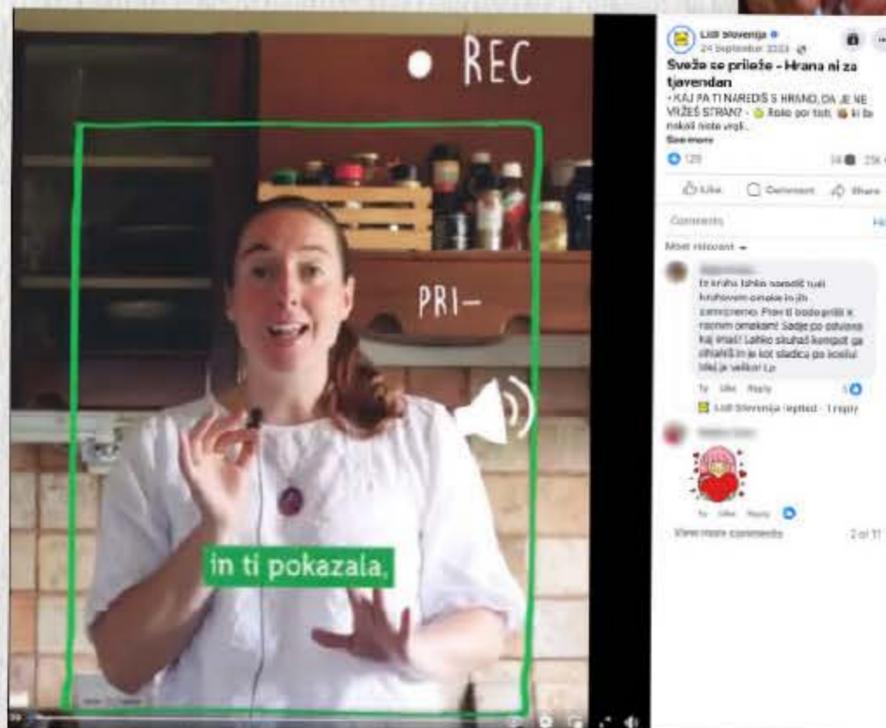
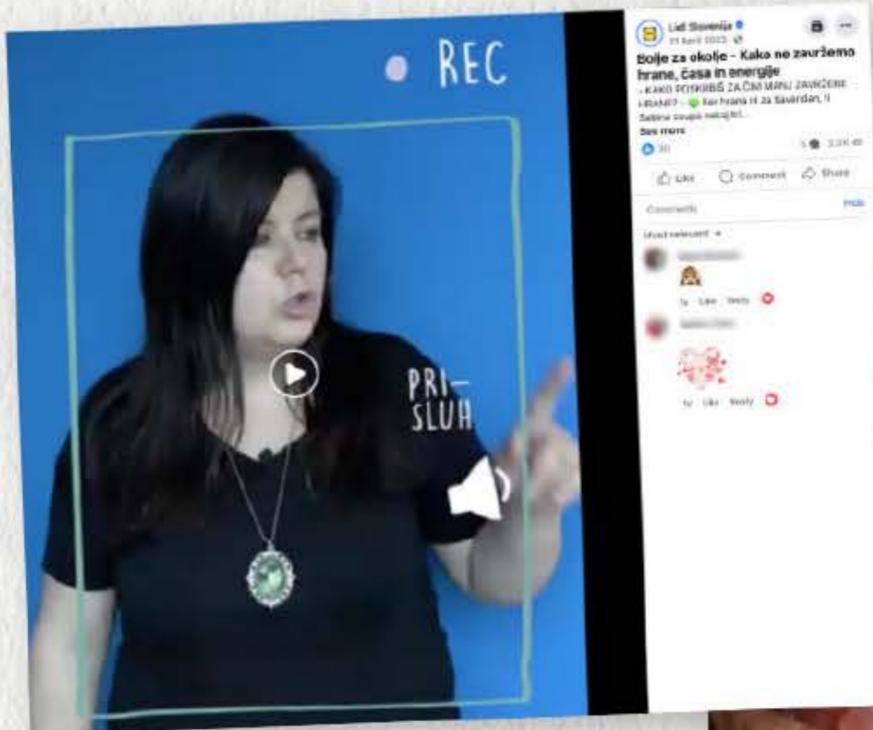
According to the Social Responsibility of Food Retailers Research Report by Mediana (2024), Slovenians are most likely to discard fruits, vegetables, bread, and bakery products, while they are least likely to throw away dry foods, drinks, and sweets.



Raising awareness on social media

We continued to share content on Facebook and Instagram to raise awareness about food waste, while enhancing our engagement with Lidl ambassadors and other social media influencers.

In a recent survey conducted for Lidl Slovenia by Mediana Institute for Market and Media Research, 55.8% of respondents indicated that sustainability-related content provided by Lidl Slovenia has led them to reduce food waste by buying just what they need (Social Responsibility of Food Retailers, Mediana, 2024).




At Lidl Slovenia, the Disposition Management Division is responsible for setting targets and implementing measures to address food waste.

GOOD LIFE WELL-BEING STRATEGY

For many years, Lidl Slovenia has placed great emphasis on the health, satisfaction, and well-being of its employees, which is why we continuously offer new benefits as part of our employment packages. This ensures that our employees can access effective development programs and a wide range of benefits and activities that promote work-life balance and well-being.

In 2023 we implemented a new well-being strategy, named Good Life, to upgrade our HR practices and work even harder to create a safe and attractive working environment.

The Good Life Strategy combines four pillars: Well-Being, Good Career, Good Team, and Good Benefits.

At the regional Employer Brand Awards Adria 2023 event, our Good Life Strategy received the award for the Best Well-Being Program.



WELL-BEING: a healthy mind in a healthy body

Activities under the Well-Being pillar aim to raise awareness and maintain and promote employee health in the long term. Under this pillar, we implement various activities, projects, and initiatives to help employees maintain and improve their physical and mental health.

A GOOD TEAM: integration and balance

Projects under the Good Team pillar bring employees together through various team-building activities, raising awareness and facilitating work-life balance. Within this pillar, we also pay special attention to our employees' children.

GOOD BENEFITS: financial benefits for employees

Under the Good Benefits pillar, we provide our employees with a range of additional financial benefits and bonuses, regardless of whether they work part-time or full-time.

A GOOD CAREER: fostering development and growth

The activities under the Good Career pillar strengthen personal and professional development through a variety of development and training programs that target skills and development paths within the company and promote a culture of (self-)learning.

I've been a Health Ambassador since the beginning; I'm now in my tenth year. I've encouraged my colleagues by organizing several cycling trips in Komenda, going to the mountains, and preparing for the Ljubljana Marathon. This year we'll also be doing the Ovirathlon together.

Urban Mihelič,
Marketing

I love being able to work from home, as it makes it easier to balance my work and non-work commitments. I also really like the flexible working hours – it's not so set in stone.

Luka Tošič,
Head of Facility Management

I'm grateful that my employer pays a monthly contribution in the second pension pillar, because I know it will make my life a little easier.

Lidija Gašperšič,
Warehouse Logistics

The first year I joined Lidl, I told myself that after five years I would take advantage of the opportunity to take a sabbatical. I did it this year. I also like to take part in all the additional free training courses, such as the German language course, the presentation skills course, and the emotional intelligence and agility course.

Maruša Biček,
Business Organization

5

LABOR AND
HUMAN RIGHTS



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022

2030

In fiscal year 2023, we introduced the jointly elaborated new Business Partner Code of Conduct of the companies of Schwarz Group.

In fiscal year 2023, we implemented our Sustainable Purchasing Policy, which includes due diligence for suppliers and their sub-suppliers.

In fiscal year 2023, we launched Lidl's 36-hour working week.

We will conduct three Human Rights Impact Assessments (HRIA) for high-risk supply chains annually.

CONTEXT

In 2022, the European Commission proposed the Corporate Sustainability Due Diligence Directive³⁸ to enhance sustainability and responsibility



throughout global value chains.

With the law companies will be obliged to ensure that their supply chains adhere to human rights, labor, and environmental standards to prevent violations that could impact the rights of local communities.

Global supply chains are highly complex and characterized by:

- diverse legal and social environments,
- increasing risks related to occupational health and safety, freedom of association, non-discrimination, fair remuneration, child or forced labor, and respecting environmental standards.

Employees' needs are evolving. Recent research indicates a growing demand for workplaces where individuals **feel included, supported, and valued, fostering a positive environment that promotes acceptance and well-being**.³⁹ It is the responsibility of companies to ensure a safe working environment, which includes:

- unconditional respect for human rights,
- conditions that facilitate a healthy work-life balance, and
- programs that promote mental and physical health.

Governments and businesses both have a duty to uphold human rights. Legislatures are responsible for setting minimum social standards, while companies can significantly contribute to advancing and enforcing these standards within the business sector.



LIDL'S INFLUENCE

Lidl sells food, non-food, and near-food products that are produced in global supply chains. These are becoming increasingly complex and are impacted by a range of legal and social conditions as well as countless stakeholders. This also has an impact, for example, on social risks in connection with health and safety at the workplace, freedom of association, non-discrimination, remuneration, as well as child and forced labor. As a responsible employer, we are dedicated to upholding the highest labor and human rights standards and ensuring that our employees benefit from fair and respectful working conditions.



LIDL'S COMMITMENT

We are dedicated to upholding human rights and ensuring decent working conditions throughout our entire value chain. Our strategic focus topic, Acting Fairly, drives us to implement targeted measures that advance progress and improve working conditions in our global supply chains. At Lidl Slovenia, we prioritize our employees' well-being with steadfast respect for human rights. Compliance with relevant legislation and internal guidelines is integral to our corporate principles, and fostering impartial and good-faith relationships is fundamental to our core values.

HUMAN RIGHTS IN THE SUPPLY CHAIN

As a global business, we recognize our responsibility to uphold labor standards and fair working conditions throughout our supply chain. Therefore, we developed a Human Rights Strategy in 2021, which provides a framework for the systematic implementation of measures and ongoing compliance with human rights standards. The strategy is detailed in our [Human Rights in the Supply Chain commitment](#).

In developing our Human Rights Strategy, we concentrated on **high-risk supply chains**, considering customer expectations, social and NGO priorities, and relevant legislative and business frameworks. Through a comprehensive assessment of **potential human rights and environmental risks**, we have formulated and enacted measures to prevent and mitigate adverse impacts within our supply chains.

Social risk analysis in supply chains



BANANAS

Child labor: Brazil, Ecuador, Philippines

Forced labor: India, Indonesia

Workers' rights: Brazil, China, Philippines

Discrimination: India, Indonesia



COTTON

Child labor: India, Turkmenistan, Uzbekistan

Forced labor: India, Pakistan, Uzbekistan

Workers' rights: India, Pakistan, Uzbekistan

Discrimination: India, Pakistan



PLANTS & FLOWERS

Child labor: Ethiopia, Kenya

Forced labor: Ethiopia, Kenya, Thailand

Workers' rights: Ethiopia, China, Malaysia

Discrimination: Ethiopia, Kenya



FISH

Child labor: Philippines, Thailand, Vietnam

Forced labor: China, Thailand, Vietnam

Workers' rights: Indonesia, Thailand, Vietnam

Discrimination: Morocco, Mexico, Indonesia



HAZELNUTS

Child labor: Azerbaijan, Georgia, Turkey

Forced labor: China, Georgia

Workers' rights: China, Iran, Turkey

Discrimination: Azerbaijan, Iran



COFFEE

Child labor: Ethiopia, Colombia

Forced labor: Ethiopia, Indonesia, Colombia

Workers' rights: Brazil, Guatemala, Indonesia

Discrimination: Ethiopia, Honduras, India



COCOA

Child labor: Côte d'Ivoire, Ghana, Nigeria

Forced labor: Côte d'Ivoire, Ghana, Indonesia

Workers' rights: Brazil, Côte d'Ivoire, Indonesia

Discrimination: Côte d'Ivoire, Ghana, Indonesia



PALM OIL

Child labor: Côte d'Ivoire, Nigeria

Forced labor: Indonesia, Malaysia, Thailand

Workers' rights: Indonesia, Colombia, Malaysia

Discrimination: Guatemala, Indonesia, Papua New Guinea



RICE

Child labor: Bangladesh, India, Vietnam

Forced labor: India, Thailand, Vietnam

Workers' rights: China, Thailand, Vietnam

Discrimination: India, Indonesia, Myanmar



SOY

Child labor: India, Nigeria, Paraguay

Forced labor: China, India, Ukraine

Workers' rights: Brazil, India, Ukraine

Discrimination: Bolivia, India



TEA

Child labor: India, Kenya, Sri Lanka

Forced labor: China, India, Sri Lanka

Workers' rights: China, India, Kenya

Discrimination: India, Kenya, Turkey



CELLULOSE

Child labor: China, Indonesia, Russia

Forced labor: China, Indonesia, Russia

Workers' rights: Brazil, China, Indonesia

Discrimination: Brazil, Indonesia

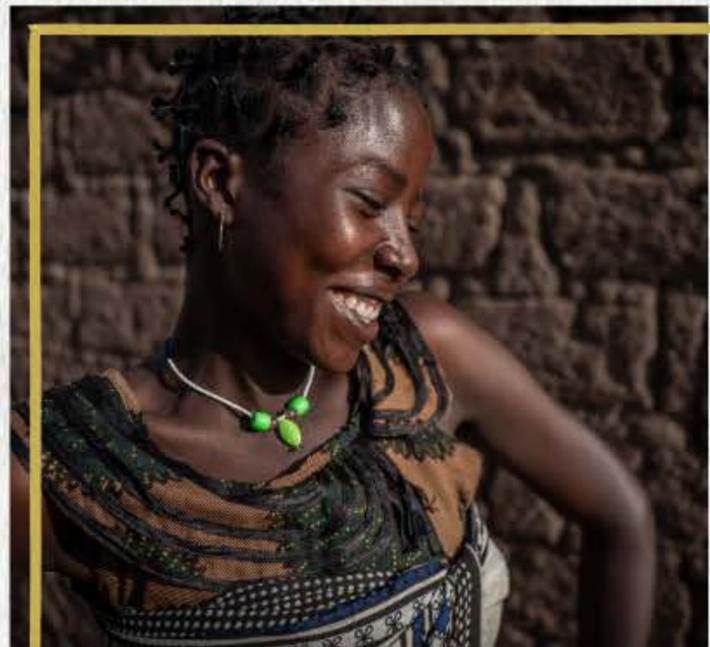
To uphold human rights and improve working conditions in our production facilities, we depend on **ongoing communication** with project partners, suppliers, NGOs and employees, as well as the implementation of guidelines, monitoring systems, and **whistleblowing mechanisms**. These tools are essential for detecting human rights violations within our supply chain. To facilitate this, we have introduced the **online reporting system BKMS**. Each complaint is thoroughly investigated, with most concerns involving late payments and overtime issues. Information on how to report violations is accessible to external stakeholders on [Lidl's website](#).

If violations are identified, we take appropriate preventive or corrective actions. Successful measures are then integrated into our Sustainable Purchasing Policy.



MAKING SUSTAINABLE ATTAINABLE

We also implement measures to comply with and strengthen the ILO core labor standards. Within purchasing, we support cross-sector complaint mechanisms for merchandise, as offered by Fairtrade, Cotton Made in Africa (CmiA), Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC) and the Alliance for Sustainable Textiles.



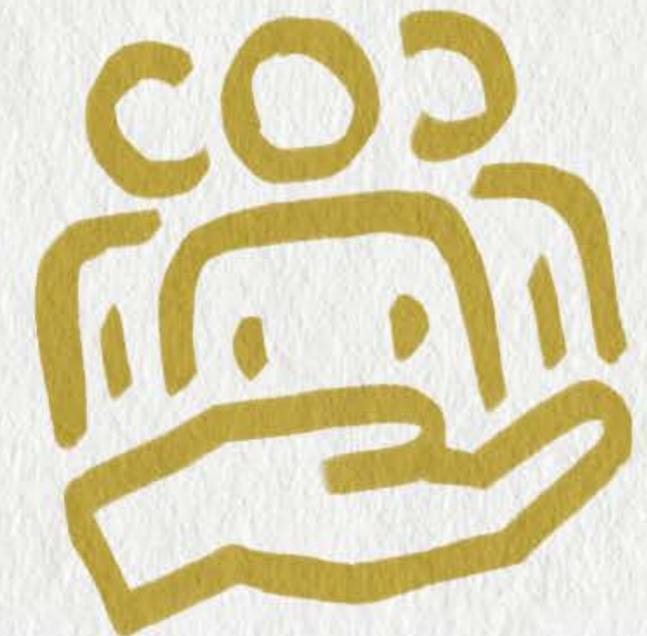
HUMAN RIGHTS IMPACT ANALYSIS (HRIA)

As we know that risks concerning rights violations primarily occur in the lower supply chain, we work not only with our direct business partners, but also with their upstream suppliers on a variety of projects to improve labor conditions at the lower supply chain levels.

We continuously review potential and actual risks in the manufacture of our goods by conducting regular and ad-hoc risk analyses and Human Rights Impact Assessments (HRIAs) for high-risk retail supply chains three times a year. We also continuously increase transparency in our supply chains by expanding internal systems for the collection of supplier data and collaborate with external stakeholders.

Back in 2020, Lidl was the first German retailer to to conduct and publish **Human Rights Impact Assessments**. Today, a total of **six** HRIAs were conducted. The HRIAs are used to systematically identify potential and actual human rights risks in our supply chains analyzed. HRIAs are an important step for determining specific negative impacts on human rights in the supply chain.

HRIAs include research as well as interviews with interested stakeholders (rights holders, NGOs, trade unions, etc.). Part of HRIAs is also an action plan with time limited actions and targets. For example, HRIAs have already been conducted in the high risk supply chains for tea, berries, bananas, tinned tomatoes, wine, and shrimp.





COMMITMENTS FOR A BETTER WORLD

Our efforts primarily focus on safeguarding individuals from negative impacts related to their work and upholding human rights in supply chains where there is a risk of human rights abuses.

During the reporting period, our range included 1,335 own-brand products certified with at least one of the following certifications: Fairtrade, Roundtable on Sustainable Palm Oil (RSPO), or Rainforest Alliance. These certifications promote human rights and sustainable use of resources. For a detailed overview please refer to the [Raw Materials section](#).

We reject forced labor

We recognize the risks faced by workers in global supply chains and ask our suppliers to adhere to human rights standards. We systematically collaborate with various stakeholders across the supply chain to eradicate forced labor, enhance mechanisms to detect such practices, and ensure robust legal protections for workers.

We reject child labor

In countries with high poverty rates, children often work to support their families. At Lidl, we mandate that our suppliers do not employ children under the age of 15 (or 14 where permitted by law). Young workers must have a safe working environment, access to training opportunities, and effective systems for reporting misconduct. Our whistleblowing policy addresses non-compliance.

We collaborate with organizations such as The Centre for Child Rights and Business to combat child labor by ensuring families receive at least the minimum wage established by national laws or collective agreements. Additionally, we require suppliers to implement robust preventive measures to protect young workers from hazardous activities.

We respect freedom of association

At Lidl, we uphold the right to freedom of association and expect our business partners to do the same.

We focus on supporting small farmers and encouraging their organizations to become collectives to better advocate for their interests.

We collaborate with suppliers, experts, civil society organizations, and trade unions to identify and address obstacles to freedom of association. Our involvement in development programs such as Fairtrade, Gesellschaft für Internationale Zusammenarbeit (GIZ), and the ILO's Better Work program underscores our commitment to improving workers' living and working conditions. Rather than severing ties with suppliers in the event of violations, we work together to improve working conditions.

All Lidl Slovenia's stores, administrative buildings, and the logistics center are situated in Slovenia. We adhere to Slovenian and European legislation, which form the legal foundation for ensuring the right to freedom of association, collective bargaining, and respect for human rights in our workplace.



HUMAN AND LABOR RIGHTS AT LIDL SLOVENIA

As an employer in the food retail sector, we are dedicated to providing our employees with a safe and engaging work environment. At Lidl Slovenia, observance and protection of employee rights form the basis of a relationship of trust. They underpin all our activities and are therefore also firmly entrenched in our corporate principles, policies and procedures. The online system for anonymous reporting of potential violations of human and labor rights and beyond is accessible to all employees. Information on the whistleblowing system can be found on the internal website under the Compliance tab or on Lidl's website. This is also ensured by the establishment of the **HR CMS program**, which ensures compliance with applicable law and internal policies across all our business processes. In addition, Lidl Slovenia helps its employees achieve a better balance between their work and private lives. We have introduced various programs to facilitate this, which we are continually developing.

With its statement on Lidl Good Team Commitment the company's management affirms that **Lidl Slovenia is committed to offering a fair and open business environment free from discrimination and barriers.**

STATUTORY MEASURES FOR EMPLOYEES

Parental leave

A better work-life balance encompasses parental leave, which is a legal entitlement. In 2022, 167 employees took parental leave; in 2023, 160 employees did so, with a notable increase in the number of fathers utilizing this benefit in recent years.



Employees on parental leave

Fiscal year 2022

Fiscal year 2023

Number of employees that took parental leave

167 female

0 male

151 female

9 male

Number of employees that returned to work after parental leave ended

166 female
0 male

99.4%

149 female

98.7%

9 male

100%

Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work

164 female
0 male

98.2%

147 female

97.4%

9 male

100%



ADDITIONAL BENEFITS FOR EMPLOYEES

In addition to the legally mandated measures, Lidl Slovenia offers a comprehensive range of employee benefits designed to enhance work-life balance and promote overall well-being and job satisfaction. Detailed descriptions of these benefits can be found in Lidl Slovenia's previous Sustainability Reports. Here, we highlight those benefits that have been further developed during the reporting period.

Sabbatical

Unpaid leave is offered to employees with at least five years of tenure. In 2023, 20 employees took advantage of sabbatical, with an average duration of two months.



Work from home

Recent years showed that we achieve excellent results also in unpredictable work environment. As of November 2022, we have introduced a renewed flexible working concept, allowing over 30% of employees to work from home up to five days a week. On average, employees benefit from working remotely two to three days per week.

I live in Bled, and especially during the tourist season, it's a huge time saver not having to spend hours commuting each day. I can use that time for work instead, which is fantastic. All the programs work seamlessly from home as well.

Špela Šanca,
HR Organization and Transformation

Flexible working hours

To support a better work-life balance, flexible working hours are available from 7 a.m. to 7 p.m. on weekdays and from 7 a.m. to 5 p.m. on Fridays.



Lidl's 36-hour working week

As of fiscal year 2022, we established a 36-hour workweek as full-time for employees in stores and the logistics center, and for forklift drivers. This workweek is shorter than the standard full-time hours but is treated as equivalent to a 40-hour week for pension purposes. With the introduction of Lidl's 36-hour workweek, we have addressed the nuances of Slovenian pension legislation and advocated for change. Despite offering above-average wages in the retail sector, part-time employees often face significant disadvantages compared to their full-time counterparts.



I appreciate Lidl's 36-hour workweek because it gives me more free time to spend with my family and to engage in other activities. I also value that my pension contributions are calculated as if I worked 40 hours a week, so I don't have to worry about losing service time.
Apolonija Cajzek,
Store Employee

We are committed to supporting our colleagues who are becoming parents. We provide them with small gifts and essential information, tips, and guidance on pregnancy, childbirth, and the postnatal period. Additionally, new parents at Lidl receive one year of free access to the School for Parents web portal, which offers a range of expert content and video lectures by Slovenian professionals on pregnancy, childbirth, postnatal care, and early baby care. In 2023, we distributed gifts to over 70 parents and their newborns.



Within the country organizations, Human Resources Department is responsible for the topic of labor and human rights, work-life balance, and the implementation of all associated measures while taking into consideration country specific requirements and laws. CSR Purchasing Department manages the topic with a view towards the supply chain.



6



FAIR REMUNERATION



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022

2030

For fiscal year 2023, we paid employees annual leave allowance over 50% higher than the legal minimum.

In fiscal year 2023, we increased performance-related bonuses by 19% compared to the previous year.

In addition to fair remuneration, we will continue to offer our employees enhanced benefits and expand these in the coming years.

CONTEXT

The European Union introduced the right to equal pay for equal work in 1958, but enforcing this principle remains a challenge today.

Companies are obligated to



ensure fair working conditions for their employees.

In alignment with the European Union's commitment to a stronger social Europe, these obligations encompass:

- a healthy, safe, and appropriate working environment, including personal data protection,
- work-life balance,
- social dialogue and employee participation,
- transparency in employment conditions and protection against unfair dismissal,
- fair remuneration,
- secure and flexible employment.⁴⁰



LIDL'S INFLUENCE

At Lidl Slovenia, we recognize the significant impact our remuneration system has on ensuring a decent life for over 2,000 employees. As a responsible employer, we provide fair remuneration that supports our workforce and enhances our reputation and the attractiveness of our working conditions for current and potential employees. Above all, remuneration establishes the basis for an employment relationship marked by trust and respect, which benefits everyone.



LIDL'S COMMITMENT

As a responsible employer, we are committed to paying our employees a wage exceeding the statutory minimum and the industry average. Our remuneration system is designed to offer attractive and fair market conditions, regardless of gender, age, ethnic origin, sexual orientation, ideology, religion, or mental and physical abilities.

REMUNERATION ABOVE THE INDUSTRY AVERAGE

Lidl Slovenia's remuneration system is grounded in our Human Resources Strategy and aligned with relevant regulatory requirements. We regularly review the system's legal compliance and adjust it as necessary to meet the latest standards. Employee remuneration is determined by the structure of their position, the nature of their work, and the agreed contractual hours. At Lidl Slovenia,



remuneration exceeds the industry average, with our minimum wage set above the statutory requirement.

This minimum wage is determined by an internal remuneration scale, which is reviewed and adjusted regularly as needed.

Employee remuneration is determined by working position and typically includes fixed and variable components based on regulatory demands, such as night and overtime surcharges. Beyond the base gross salary, we provide fixed gross surcharges for specific circumstances, such as seasonal work in stores or special working conditions in the logistics center.



As part of our remuneration-setting process, we conduct regular job leveling, evaluating individual positions using a standardized method. This procedure is predefined and consistent for all working positions. Additionally, we rely on comparative labor market analyses to benchmark wages for identical positions across participating companies.

Nataša Gros,
Head of Payroll and Human Resources Administration



MAKING SUSTAINABLE ATTAINABLE

Since 2016, we have contributed an additional EUR 40 monthly to each employee's second pillar of the pension system. Employees also have the opportunity to contribute an additional premium from their gross salary on top. This benefit applies to employees with a permanent contract or those who have been with Lidl Slovenia for more than one year (relevant especially for those covering long-term absences), provided they are not in the notice period.⁴¹



MAKING SUSTAINABLE ATTAINABLE

In 2023, we increased annual payments for our staff, which included performance bonuses, annual leave allowance, and revised remuneration scales. A total of EUR 7.5 million was allocated for all remuneration and bonus adjustments in fiscal year 2023, compared to EUR 7 million in fiscal year 2022.

At Lidl Slovenia, we awarded a uniform performance bonus to all employees during the reporting period, applying the same conditions for everyone. The bonus amount was adjusted proportionally based on the length of employment within the business year, but it did not account for contracted hours.⁴²

GOOD BENEFITS FOR GOOD LIFE

Financial benefits, both direct and indirect, that we offer our employees are encompassed within the **Good Benefits pillar** of our Good Life Strategy. In addition to incentive pay, we provide a range of additional financial benefits to both full-time and part-time employees. While some benefits are exclusive to certain employees, such as the Store of the Year award, most financial benefits are available to all employees, including:

- Recommend Lidl and Win a Prize project,
- monthly contributions to the second pension pillar,
- performance pay,
- annual leave allowance pay exceeding regulatory requirements,
- Lidl Benefits Card,
- prize money for winning ideas on the Genijalc platform,
- prize money for the Store of the Year competition,
- prize money for the Best Mentor initiative,
- financial rewards for employees featured in Lidl's advertising campaigns,
- auctions and opportunities to purchase company cars,
- opportunities to buy second-hand IT equipment (laptops, tablets, monitors).

“ *What I appreciate most is that I can use my benefit card anywhere in Slovenia.* ”

Lidija Gašperšič,
Warehouse Logistics



GENDER PAY GAP

As part of our Human Resources Strategy, we seek to embody equal opportunity and ensure that equal treatment is reflected in our remuneration system. For this reason, we have been tracking our Gender Pay Gap (GPG) data since 2021.

The GPG for the fiscal year 2023 show that a pay gap exists in Lidl Slovenia. Even though the principle of pay equality is firmly entrenched at our company, the Gender Pay Gap cannot be completely avoided due to structural aspects in the workforce.

Structural elements include a higher proportion of women in entry-level or part-time roles and an imbalance between the number of administrative and logistics center employees or sales positions.

The company is implementing several measures to close this gap in the coming years. Notably, in 2023, we introduced the Lidl Good Team Commitment, which will guide our efforts to develop initiatives that support women across various areas.

Ratio of average entry level wage compared to the statutory minimum wage by gender in fiscal year 2023⁴³

	Female	Male
Stores	1:1.122	1:1.122
Logistics center	1:1.022	1:1.022
Administration	1:1.317	1:1.317

Gender Pay Gap and Bonus Gender Pay Gap at Lidl Slovenia in fiscal year 2023

Gender Pay Gap (unadjusted)⁴⁴

Mean	28.6%
Median	16.0%

Bonus Gender Pay Gap (unadjusted)

Mean	-6.1%
Median	0.0%

Gender Pay Gap (adjusted)⁴⁵ – by pay level (in quartiles)⁴⁶

	Q1 – lowest pay level	Q2 – low to middle pay level	Q3 – middle to high pay level	Q4 – highest pay level
Mean	0.7%	0.8%	1.2%	22.6%
Median	-0.7%	2.2%	2.7%	17.1%

Gender Pay Gap - (adjusted) - by professional and management level

	Top management	Senior management	Management	Employee
Mean	-0.4%	22.5%	15.4%	0.6%
Median	-8.2%	17.7%	15.4%	-0.6%



At Lidl Slovenia, Human Resources Department is responsible for structuring the remuneration system and benefits having regard to country-specific requirements and laws. Lidl national companies also receive guidance from head office with regard to remuneration.

GRI: 3-3, 405-2 / ⁴⁴ The so called unadjusted GPG compares employee wages by gender without taking into account structural differences such as position, pay grade, employment relationship (full-time/part-time), or other factors. ⁴⁵ The so-called adjusted GPG compares the remuneration of male and female employees, taking into account certain structural characteristics such as the specialist or management level, the salary level, the employment relationship (full-time/part-time) or other factors. When looking at the adjusted GPG, employees of a characteristic group are being compared. At Lidl Slovenia, we look at employees at the same specialist/management level as well as the same salary level. ⁴⁶ One quartile represents one pay range. For the purpose of the assessment, the employees of Lidl Slovenia are divided into four wage groups of equal size. The figure for the first quartile reflects the GPG among employees who earn the lowest wage at the company, while the fourth quartile shows the GPG for employees with the highest salaries at the company.

7



CORPORATE CITIZENSHIP AND LOCAL DEVELOPMENT



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022 2030

In the reporting period we opened five stores.

In fiscal year 2023, we introduced a range of Slovenian-origin chicken products under our Naše nam paše (Local Suits Us) brand.

In fiscal year 2023, we expanded our Lojtr'ca domačih (Ladder of Homemade Products) project to include a broader selection of fruits and vegetables sourced from Slovenian suppliers.

In fiscal year 2023, we initiated the Lidl for a Vital Slovenia donations project.

In fiscal year 2024 we will start the Edge certification of stores.

In fiscal year 2024 we plan to develop a national Donations Strategy.

CONTEXT

Local economic development drives job creation, enhances quality of life and strengthens social welfare, as a community cannot thrive without prioritizing the well-being of its members. In 2022, approximately 17.4 million individuals aged 15 to 29 or



24.5% were at risk of poverty or social exclusion.

Among them, 4.1 million faced severe material and social deprivation.⁴⁷



In Slovenia, 264,000 people lived below the poverty line in 2023

with an additional 287,000 at risk of social exclusion.⁴⁸

The Slovenian Development Strategy 2030 emphasizes that the country's future prosperity will depend on its ability to respond and adapt to global trends and challenges. Shifting demographics, competition for global resources and economic development underscore the increasing importance of cooperation and integration at global, European, regional, and national levels.⁴⁹



LIDL'S INFLUENCE

As one of the largest and fastest-growing companies in Slovenia, Lidl Slovenia recognizes the impact of its activities on local economic development. We support this through a broad network of Slovenian suppliers. Our market position also allows us to strengthen relationships with stakeholders and co-create thriving communities through sustainable and socially responsible initiatives.



LIDL'S COMMITMENT

As a rapidly expanding company, Lidl Slovenia is deeply aware of its role in the local environment. We plan our activities and projects with community needs in mind. Our business strategy focuses on expanding our store network and our cooperation with local suppliers, pursuing sustainability certifications for our properties, and increasing sponsorships and donations.



EXPANDING AND MODERNIZING THE STORE NETWORK

During the reporting period, we expanded our store network across Slovenia by opening five new stores and modernizing one. By the end of fiscal year 2023, we operated 68 stores, driving strong employment growth. We employ over 2,000 people, with an additional 39 employees recruited for our newly opened stores in fiscal year 2023.

During the reporting period, we opened four stores in city centers and residential neighborhoods.

New and modernized stores

	2020	2021	2022	2023
Investments in the renovation and construction of stores	EUR 32 million		EUR 77 million +140%	
Newly opened stores	1	2	1	4
Modernized stores	3	4	1	0

“ By renovating our stores' sales areas and exteriors, we make them more attractive to customers and more energy-efficient. We uphold our sustainability commitments and environmental standards, striving to create an environment where our customers and employees feel comfortable.

Damir Kovačević,
Construction Coordinator



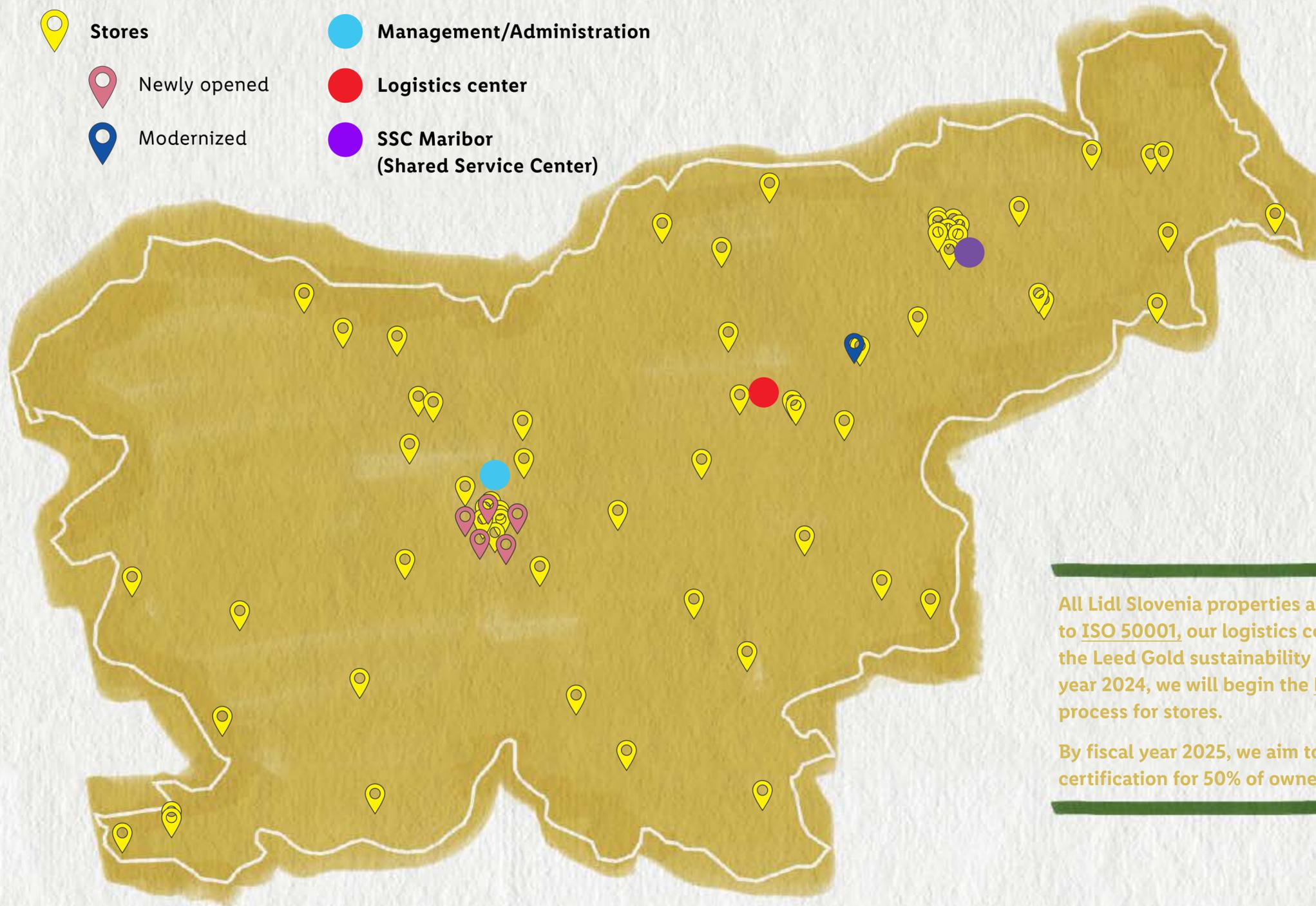
MAKING SUSTAINABLE ATTAINABLE

When modernizing stores, we do not discard replaced electronic equipment. Instead, we reuse it. Over the past two fiscal years, we extended the life of more than **200 freezers, refrigerators, ovens, cleaning machines and forklifts.**



Lidl Slovenia store network with newly opened and modernized stores

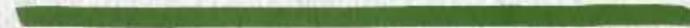
-  **Stores**
-  Newly opened
-  Modernized
-  **Management/Administration**
-  **Logistics center**
-  **SSC Maribor (Shared Service Center)**



Expanding our store network contributes to local economic development. A 2022 [study](#) by the Centre of Business Excellence at the University of Ljubljana⁵⁰ found that Lidl Slovenia indirectly supports around 4,000 jobs besides our employees.

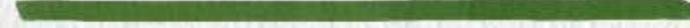
“ For context, in 2021, the average company (excluding sole proprietors and cooperatives) employed 7.5 people, while the average retail company (G47 sector) had just over 11 employees. According to the Statistical Office of the Republic of Slovenia (2023), 930,000 people were registered as employed in October 2022, meaning that Lidl Slovenia indirectly supports an additional 0.4% of all jobs in the country.

dr. Tjaša Redek,
Co-author of the study



All Lidl Slovenia properties are certified according to [ISO 50001](#), our logistics center in Arja vas holds the Leed Gold sustainability certificate. In fiscal year 2024, we will begin the [Edge certification](#) process for stores.

By fiscal year 2025, we aim to secure sustainability certification for 50% of owned properties.



GROWING SUPPLY OF LOCAL PRODUCTS

Lidl Slovenia works closely with Slovenian suppliers to meet customer needs and contribute to the development of Slovenian agriculture and self-sufficiency. By the end of fiscal year 2023, we offered



over 2,700 Slovenian products,

from



more than 200 local suppliers.

With Lidl Slovenia's support, Slovenian suppliers are increasingly exporting their products to other countries within the Lidl Group.

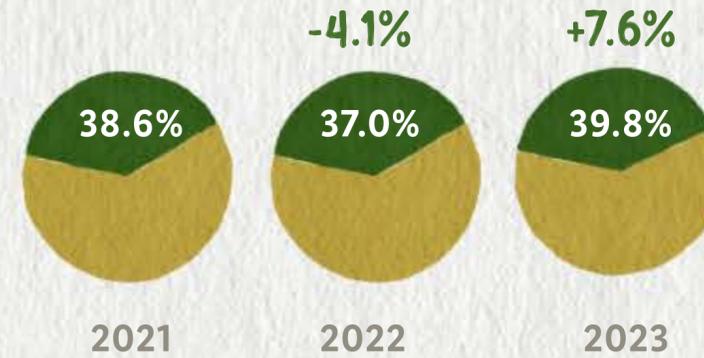
In the Social Responsibility of Food Retailers survey conducted by Mediana for Lidl Slovenia, respondents identified the range of Slovenian products as the third most important sustainability topic in retail, following responsibility towards employees and respecting environment (Social Responsibility of Food Retailers, Mediana, 2024).

In the survey respondents consistently highlighted the importance of offering local products as a key indicator of socially responsible retailers (Social Responsibility of Food Retailers, Mediana, 2024). We ensure that our shelves are stocked with local products our customers seek. In fiscal year 2023, sales of Slovenian products increased by over 30%.



Local products

Expenditure on local suppliers



Share of local products in assortment



Number of listed local products



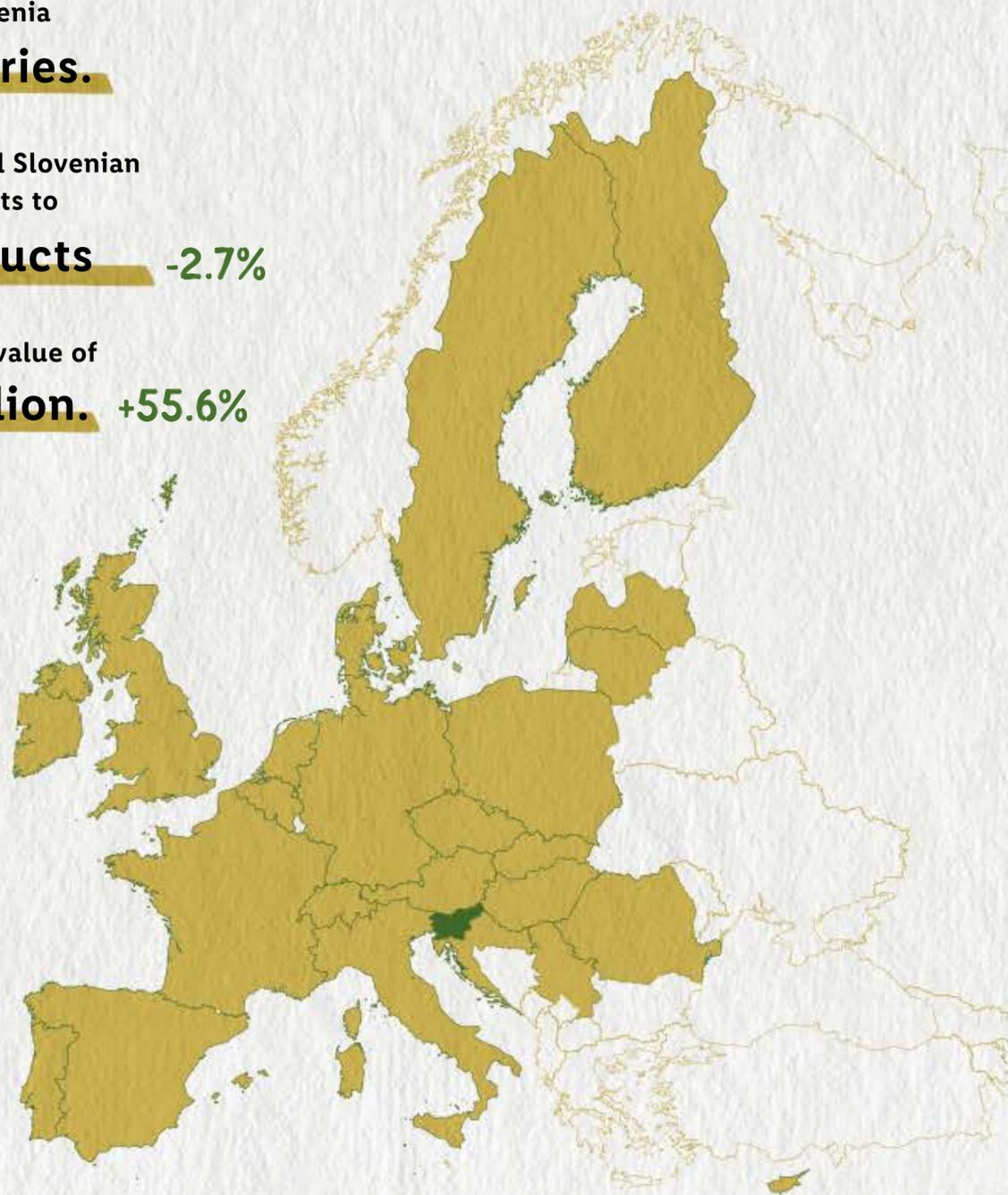


Exports⁵¹

Local products are exported through Lidl Slovenia **in 28 countries.**

Export share from local Slovenian suppliers amounts to **11% of products** **-2.7%**

with a total export value of **EUR 77 million.** **+55.6%**



Top 10 export products



GRI: 2-6, 3-3 / ⁵¹ Status at the end of the 2020/2021 reporting period compared to the status at the end of the 2022/2023 reporting period. Data for products solely sold abroad.

NAŠE NAM PAŠE (LOCAL SUITS US) PREMIUM

We added five new items to our Naše nam paše (Local Suits Us) premium brand of chicken products, adhering to chicken-friendly farming methods that meet high animal welfare and environmental stewardship standards. These products are exclusively of Slovenian origin, easily recognized by their green packaging and the Premium label with the slogan *Prijazno do piščancev* (Chicken Friendly).

A Mediana survey on the Reputation of Lidl as a Business Partner among Suppliers indicated a further increase in satisfaction with the cooperation with Lidl Slovenia, the business partnership, and communication in 2023. Additionally, 90% of suppliers recognize Lidl Slovenia's sustainability commitments as very important. Among the top sustainability concerns for their businesses, suppliers identified circular economy and product optimization as the most significant topics.



We have been collaborating with Lidl Slovenia for more than ten years. We started by offering fruit yogurts, and our partnership has since expanded to include several products under the Zelene Doline brand. As part of our strategic partnership with Lidl, we also develop products for the Naše nam paše (Local Suits Us) and Pilos brands. We appreciate Lidl's sustainability efforts, which actively involve suppliers. For example, we participated in Lidl's Climate Academy, where we gained practical knowledge and support in implementing measures to reduce our carbon footprint.

Vinko But,
Director of Mlekarne Celeia



LOJTR'CA DOMAČIH (LADDER OF HOMEMADE PRODUCTS)

Lojtr'ca domačih (Ladder of Homemade Products) is one of Lidl Slovenia's most recognized initiatives, aiming to elevate local producers with home-grown products from Slovenian soil.

In the seven years since launching Lojtrca domačih, over 250 premium Slovenian boutique products have been featured in our assortment.

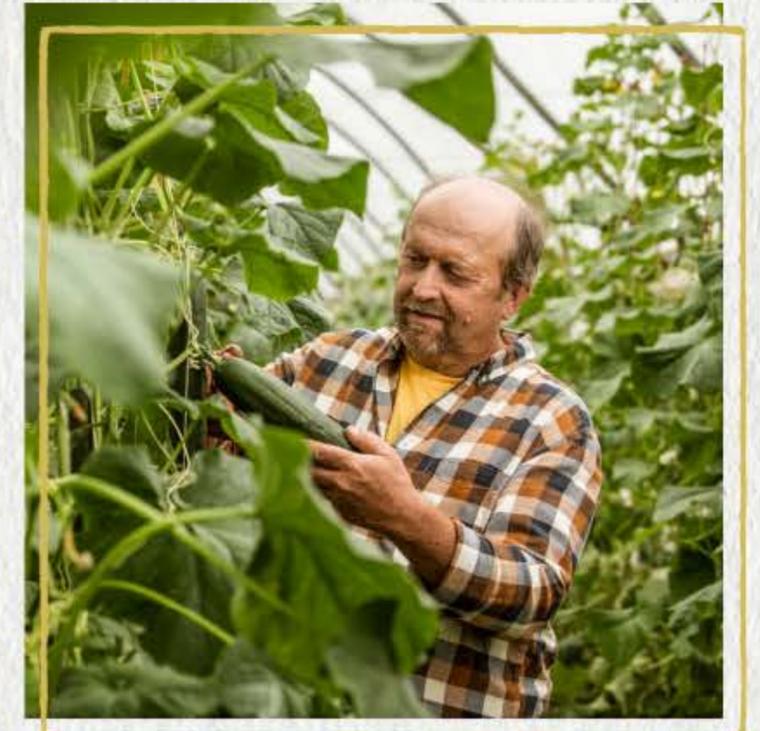


In 2023, we took a new approach to Lojtr'ca domačih, focusing on homeliness and freshness to enrich Lidl's product range with more **locally produced fruits and vegetables**. **Of all applicants, ten Slovenian fruit and vegetable growers** were selected. We covered the costs of obtaining their **Global G.A.P. certification** which is required for our suppliers. We also assisted them through the certification process.

The suppliers selected for Lojtr'ca domačih (Ladder of Homemade Products) in 2023 were: **Bučar Farm, Klančnik Farm, Šinigoj Farm, Jele Kitt Farm, Cvetko Farm, Jakob Farm, Lilija Farm, Štravs Horticulture, Pleško Farm, and Habjan Eco-Farm**. Unfortunately, due to the summer floods, we could not place the products of **Cvetko Farm, Šinigoj Farm, Jakob Farm, Štravs Horticulture, and Habjan Eco-Farm** in our assortment.

Fresh, home-grown vegetables have become much more important to people today than they were a few years ago. That's why we're committed to providing them with quality, locally-produced food. Due to our successful partnership with Lidl, customers across Slovenia can enjoy our farm's produce, including lettuce, young garlic, cucumbers, zucchinis, and peppers.

Pleško Farm,
Otočec



ACTIVELY GIVING BACK TO THE COMMUNITY AND SUPPORTING ORGANISATIONS

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

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

The Mediana survey on the Social Responsibility of Food Retailers revealed that all aspects of social responsibility are becoming increasingly important to respondents. Responsibility towards employees remains top priority, followed by sponsorships and donations, which have gained particular importance in 2023, likely due to the summer floods (Mediana, 2024).

MAKING SUSTAINABLE ATTAINABLE

In fiscal years 2022 and 2023, we donated over EUR 2.3 million to organizations promoting healthy lifestyle, education, culture, sports, and humanitarian aid for both people and animals in need—an increase of 163.7% compared to the previous reporting period.

On average, we support over 200 organizations, projects, and programs each year.



LIDL FOR A VITAL SLOVENIA

In spring 2023 we launched the Lidl for a Vital Slovenia initiative to promote exercise and a healthy lifestyle among local populations. We invited all Slovenian municipalities to submit grant proposals to co-finance local infrastructure projects that encourage a healthier lifestyle and motivate different generations to get moving.

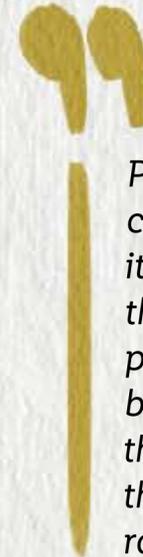


MAKING SUSTAINABLE ATTAINABLE

Nearly a third of Slovenian municipalities responded to our call for proposals, submitting over 80 project ideas. We ultimately selected four outstanding projects, for which we allocated a total of EUR 345,000.



The Municipality of **Cerknica** proposed the Prefabricated Bike Park project, featuring a portable, modular design that can be used also by neighboring communities. The Municipality of **Šalovci** completed the public areas in the Peterloug Tourist Accommodation Center with the Revitalization of Public Areas in the Peterloug TAC project, using the donation to build a children's playground. In **Ravne na Koroškem**, the donation is being used to renovate the Trim Trail – A Place for All Generations, a project that fosters community health and encourages outdoor exercise for all ages. The **municipality of Ljubljana** allocated the donation to equip the Urban Sports Center, an indoor park for scooters, skateboards, and BMX bikes.



We thank Lidl Slovenia for co-financing the Prefabricated Bike Park project. We appreciate the company's social responsibility and its commitment to contributing to the local community by supporting projects like this. In the end we all benefit—municipalities, residents, and the company. Such synergies between the private and public sectors are still rare in Slovenia, and we hope to see more of them in the future, following Lidl's example.

Marko Rupar,
Mayor of Cerknica



SLOVENIAN WOMEN'S HANDBALL TEAM: WE SUPPORT WOMEN'S STRENGTH

Since 2022, Lidl Slovenia has been the **main sponsor of the Slovenian Women's National Handball Team** and the **official sponsor of the Handball Federation of Slovenia**. This partnership supports various activities that contribute to the progress of Slovenian handball and aligns with Lidl Slovenia's vision and mission to create a better world.



MAKING SUSTAINABLE ATTAINABLE

Gender equality is a key part of our commitment to a better world, which we also fulfil through our endorsement of the United Nations Women's Empowerment Principles (WEP) and our long-term commitment to women's handball. For this reason, we've amplified the voices of top Slovenian female handball players through our Supporting Women's Strength sponsorship campaign.

For the eighth consecutive year, Lidl Group sponsored the Women's Handball World Championship, held in 2023 in Denmark, Norway, and Sweden. As the Official Freshness Partner, we provided fresh fruits to the players from 32 participating countries. Through this partnership, we aim to emphasize the importance of a balanced diet and promote an active lifestyle.



LIDL-TREK

In fiscal year 2023, Lidl became the **main sponsor and strategic partner of the Lidl-Trek professional cycling team**. This partnership aims to build a world-class cycling team that inspires and excites both recreational cycling enthusiasts as well as professionals. Our focus extends beyond sporting success to raising awareness of the impact of sport and healthy nutrition on overall health.





DELUXE DONATION

In fiscal year 2022, to celebrate Lidl Slovenia's 15th anniversary, we made a traditional Deluxe donation across Slovenia. Part of the proceeds from the **sale of festive Deluxe products** was used to purchase **15 baby warmers**, which were donated to maternity wards across Slovenia, with two warmers donated to the largest ward in Ljubljana. These warmers play a critical role in protecting premature babies from hypothermia, creating a comfortable environment for them to develop and grow. The Slojenčki Association also participated in this nationwide campaign by donating newborn cots for the warmers.

The donation to Slovenian maternity wards was accompanied by a **serenade for new mothers**, performed by the vocal group **Muzikalci**.

In fiscal year 2023, a EUR 20,000 Deluxe donation was directed towards purchasing **adapted learning and educational aids for the Center for Education, Rehabilitation, Inclusion, and Counseling for the Blind and Visually Impaired (Center IRIS)**. The center educates blind and visually impaired children from kindergarten to high school, as well as children with autism. The funds raised have enabled the center to offer a better, more personalized learning experience.

In the maternity ward, built alongside an old Roman road in Slovenia's oldest town, we are grateful for the donated warmer. If the newborns could speak, they would surely sing your praises. Thank you also for the beautiful music for our new mothers.

Ptuj General Hospital – Department of Gynecology and Obstetrics



STORE OF THE MONTH DONATION

Every month, teams from all our stores compete for the Store of the Month title. At the end of the fiscal year, all team members from the top three stores are awarded.



MAKING SUSTAINABLE ATTAINABLE

In 2023, we donated more than EUR 6,000 to associations and organizations across Slovenia through the Store of the Month project. In addition to the prize, the winning team has the opportunity to donate to a local association or organization of their choice.



At Lidl Slovenia, the Real Estate Department is responsible for setting targets and implementing actions related to local development. The Purchasing Department focuses on developing a range of local products and engaging with Slovenian suppliers. The Corporate Affairs Department oversees corporate citizenship initiatives.

8



CONSCIOUS NUTRITION



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022 2030

In fiscal year 2023, we implemented guidelines for advertising products targeted at children.

In fiscal year 2023, we began featuring the Nutri-Score label on our own-brand products.

In fiscal year 2023, our protein bread was honored with the most innovative product award.

By 2025, we will gradually increase the share of whole grains in our own-brand products.

By 2025, we will increase the proportion of plant-based protein sources in our assortment by adding new products to support a plant-based diet.

By the end of 2025, we will reduce the sales-weighted average content of sugar and salt in our own brand assortment by 20%.

CONTEXT

The global food supply has a significant impact on our planet, and ensuring adequate food for the growing world population is a major future challenge. As a result, there is an increasing demand for sustainable and mindful nutrition. It's crucial to improve education and awareness so that people can make informed and sustainable food choices from diverse options.

A collaboration between 37 scientists from various fields from 16 countries led to the creation of the Planetary Health Diet (PHD) of the EAT Lancet commission in 2019, a plan for protecting the health of people and the planet. According to this plan, in 2050 around

10 billion people could enjoy a healthy diet without overburdening the planet,

if everyone followed the guidelines of the PHD.

This is currently just a theoretical model, but it provides a specific, holistic nutritional framework within the limits of the planet.

According to the PHD principles, a sustainable diet should

predominantly focus on plant-based foods,

with moderate meat and dairy consumption. This is because the production of animal-based foods is currently responsible for:

- 20% of global greenhouse gas emissions,⁵²
- 80% of the world's agricultural land use,⁵³
- 40% of global deforestation,⁵⁴
- 30% of the world's drinking water consumption.⁵⁵



LIDL'S INFLUENCE

As a global food retailer, we serve millions of customers through a network of more than 12,350 stores worldwide. We share part of responsibility for the impact of nutrition on people, the climate and biodiversity. Simultaneously, we can encourage more sustainable purchasing habits and healthier lifestyles across society with our product offerings and customer awareness initiatives.



LIDL'S COMMITMENT

By 2025, we will enhance our food product range to promote a balanced diet better, while maintaining excellent value for money. Our efforts are based on a conscious nutrition strategy with binding targets; our commitment to food quality and safety is strong, serving as a core principle in curating the product range at Lidl Slovenia. We are dedicated to promoting a balanced diet by enhancing customer awareness and simplifying sustainable choices through an expanded selection of seasonal, local, and organic products, and vegan and vegetarian options.



ENSURING PRODUCT QUALITY AND SAFETY

At Lidl Slovenia and across Lidl Group, we prioritize product quality and safety, adhering to the principle that the



highest quality products should be accessible to everyone.

To systematically manage product quality and safety, Lidl works according to a recognized quality management system certified according to **ISO 9001:2015**. Product safety is the top priority. All corresponding processes at Lidl are carried out according to this management system, which governs the quality targets and principles, clear process specifications and responsibilities. All processes are monitored by a law office specializing in food law.

As of fiscal year 2021, our Quality Assurance Department holds the ISO 9001:2015 certification.



MAKING SUSTAINABLE ATTAINABLE

In the reporting period 98% of our own-brand food suppliers held the IFS certification.

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

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

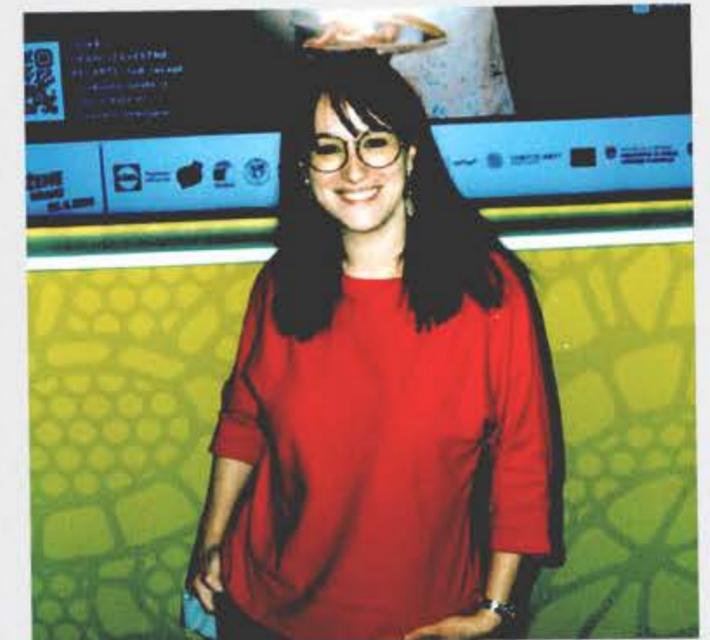
Lidl Group regularly inspects facilities producing our own-brand non-food products. These inspections are carried out by independent experts and adhere to BSCI or SA 8000 standards. We systematically evaluate the results to identify and implement opportunities for improvement.

Any deviations identified through these procedures are reviewed by the Quality Assurance Department, which then takes appropriate action. During the reporting period, we conducted 1,731 analyses of food and non-food products, 673 analyses of fruit and vegetables, and 53 audits.



MAKING SUSTAINABLE ATTAINABLE

We engaged independent experts from the Faculty of Biotechnology at the University of Ljubljana to evaluate the sensory quality of our own-brand products. In the reporting period, 242 products were assessed, with 212 (88%) receiving an excellent quality rating.





RECALLS AND INSPECTIONS

To ensure product safety, we work closely with our suppliers.



Through regular tests in independent accredited laboratories,

we monitor compliance with internal quality standards as well as the legal requirements. Our internal quality standards outline the testing frequency based on the product type.

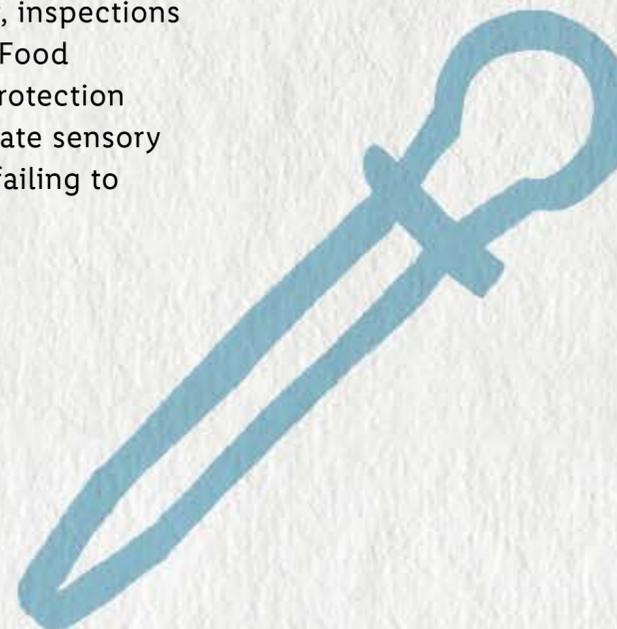
Despite extensive testing, potentially harmful products can still enter the assortment. Where such products are identified, we immediately remove them from sale and the relevant inspectorates are notified, following a standardized internal procedure in accordance with the law. At the same time, we inform citizens through various communication channels as is prudent in such situations (in stores and at www.lidl.si; we inform the Slovenian Press Agency (STA)). We receive customer complaints via the [contact form](#), [digital assistants](#) (LiA) or Lidl infoline (080 70 60 or infofon@lidl.si).

In addition to our internal measures for ensuring product safety, which include analyses and supplier audits, external inspection services regularly collect product samples to verify compliance with regulations and voluntary codes related to health and safety.

Recalls and inspections

	2022	2023
Number of product recalls (own brands)	7	6
Number of food product recalls (own brands)	7	4
Number of non-food product recalls (own brands)	0	2
Number of product samples collected for inspection (food and non-food)	204	184
Number of product samples collected with no discrepancies	203	182
Number of product samples collected with discrepancies	1	2

During the reporting period, we issued 13 product recalls due to irregularities identified through our internal quality controls, inspection results, or supplier self-monitoring. Additionally, inspections conducted by the Administration for Food Safety, Veterinary Sector and Plant Protection led to 2 citations in 2022 for inadequate sensory evaluation and 1 citation in 2023 for failing to meet food safety requirements.





CONSCIOUS NUTRITION STRATEGY

At Lidl Slovenia, ensuring the quality and safety of our products is a fundamental commitment and serves as the cornerstone of our Conscious Nutrition Strategy. This strategy is built upon three key pillars.

By 2025

we will provide our customers with the best offer for a mindful and sustainable lifestyle.


Conscious nutrition


Sustainable nutrition


Transparency and empowerment

OUR COMMITMENT TO CONSCIOUS NUTRITION

As part of our efforts to offer our customers a wide range of products for more conscious nutrition, we are committed to:

- reducing the sales-weighted quantities of added salt and sugar in our own brand products by 20%,
- reducing the use of preservatives, flavorings, colorings, and saturated fats,
- reducing the amount of plant protection product residues in our range by requiring our suppliers to adopt criteria that are far more stringent than those required by regulations.

As taste remains a crucial factor in product development, we actively incorporate customer feedback to refine recipes and broaden our product range. This collaborative approach with suppliers allows us to enhance our own-brand assortment, providing our customers with safe, sustainable, healthy, and enjoyable products.

Own-brand products represent 80% of Lidl Slovenia's assortment. We work closely with our suppliers to develop and refine the assortment and ensure its quality and safety through rigorous, regular inspections.

During the reporting period, we focused on reducing salt and sugar levels and set new goals to promote a balanced diet. This includes increasing the availability of whole grain products, enhancing plant-based protein options, and tailoring our advertising for products aimed at children.



Salt reduction:
before 1.35g/100g
now 0.74g/100g



Sugar reduction:
before 16.3g/100g
now 11.9g/100g

Reducing added salt and sugar

One of our goals for conscious nutrition is to reduce the average sales-weighted quantities of added salt and sugar by 20% by 2025.

However, product safety and the sensory quality of our products are also a focus of our activities. The upshot of this is that there are limits to the amount by which sugar and salt can be reduced in some products (for example, we can only reduce sugar levels in a limited and gradual manner, as customers expect products to taste a certain way). Nevertheless, we estimate that with changes and additions to the products we offer, we will be able to fulfill our commitment to reduce the amount of added sugar and salt in our own-brand products.

In fiscal year 2023 we have successfully reduced the total amount of added salt in our own-brand products by 18.3% and the total amount of added sugar by 19.6% (compared to the 2015 baseline).

Whole grains

Studies like the World Health Organization's Global Nutrition Report highlight that whole grains are crucial for healthy aging. Whole grain products are rich in fiber, which supports gut health and helps lower the risks of diabetes and cardiovascular disease.

WE HAVE COMMITTED TO:

- analyzing where we could add whole grain alternatives to our assortment by the end of 2023,
- gradually increasing the share of whole grain in our own brands by 2025,
- creating transparency by gradually adding the fiber content to the nutritional information on our products by 2025.



Plant-based protein sources

According to scientific surveys, plant-based protein sources are generally less land- and water-intensive and cause lower greenhouse gas emissions, which leads to a reduced environmental impact compared to animal farming. For example, the production of 100 grams of animal protein requires six to seven times more agricultural land than the production of 100 grams of soy protein. Plant-based meat substitutes as well as natural plant-based protein sources (including pulses and nuts) also pollute groundwater and soil with fewer nutrients and emit lower quantities of greenhouse gases.⁵⁶

We are committed to providing our customers with diverse local and seasonal products. In line with our internal Protein Strategy, we are also expanding our range of own-brand products to include more vegetarian and vegan options.

Since 2016, Lidl Slovenia has been offering vegan and vegetarian products under our Vemondo brand. This initiative is designed to cater to those who follow vegan and vegetarian diets and inspire a broader audience to explore and choose alternative products.

In the reporting period we offered 111 vegan Vemondo products. Moving forward, we are committed to expanding this selection and enhancing the taste, appearance, texture, and sustainability aspects of our products.

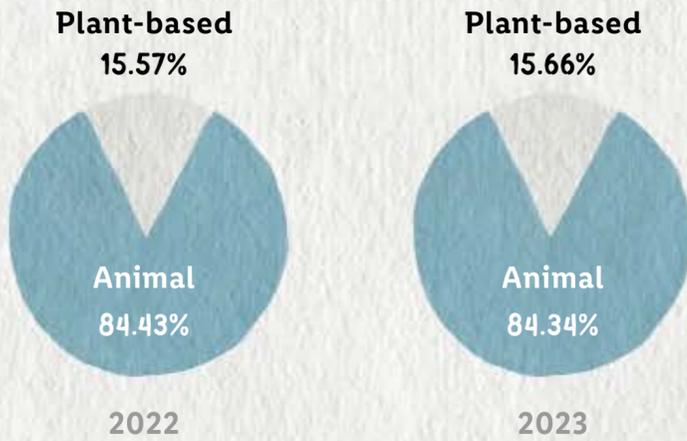
WE HAVE COMMITTED TO:

- be transparent about the proportion of animal-based protein sources in comparison to plant-based sources from fiscal year 2023,
- increase the proportion of plant-based protein sources in our assortment by adding new products that support a plant-based diet by 2025; this includes pulses, nuts, seeds, algae and vegan substitutes for meat and dairy products.

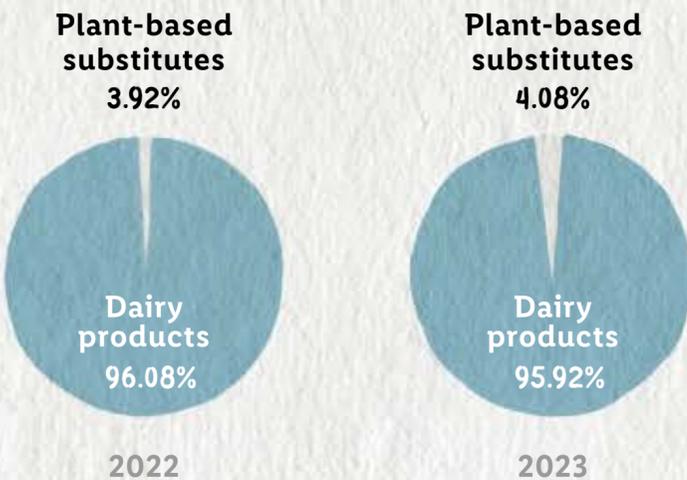


Ratio of plant-based and animal protein sources in our assortment

Protein sources (excluding dairy products and substitutes)



Dairy products and substitutes



Promoting a balanced diet for children

Children are a priority for us, as eating habits are established in childhood. In line with World Health Organization (WHO) recommendations, as of January 2023 we no longer advertise own-brand products that do not meet the WHO criteria for a healthy diet.

OUR OBJECTIVES IN CHILDREN'S MARKETING

- We promote the marketing of a healthier and more balanced diet for children.
- Starting in 2023, we will no longer advertise unhealthy own-brand products to children. This includes advertising on television, radio, social media, and leaflets.
- By the end of 2025, we will only sell products with children's designs on the packaging of our own brand items if they fulfill the WHO criteria for healthy food. Packaging will therefore be changed gradually. Exceptions: promotional items for Christmas, Easter, and Halloween.⁵⁷

MAKING SUSTAINABLE ATTAINABLE

The supplier Don Don has developed a yeast free protein bread for Lidl Slovenia that boasts outstanding sensory qualities and contains less than 1 g of salt per 100 g. This innovative product has been recognized by the Nutrition Institute with a prestigious award for its contribution to enhancing food composition.

The Zdravko Lidl priporoča (Zdravko Lidl Recommends) project promotes a healthy lifestyle, emphasizing regular physical activity and a balanced diet. In partnership with the Slovene Nutrition Institute, the initiative aims to raise consumer awareness about products that are especially recommended for their nutritional value.



GRI: 3-3, Lidl Disclosures: Ingredients and Nutritional Information, Traceability and Customer Awareness / ⁵⁷ Foods that comply with the WHO nutritional profile standards are considered healthy and can be promoted in environments where children are present. However, we have decided to make an exception during special occasions such as Christmas, Easter, and Halloween—times when eating habits diverge from the norm.

Transparency and empowerment

One of Lidl Slovenia's primary goals in promoting conscious nutrition is to educate our customers. Informed consumers are better equipped to make thoughtful purchasing decisions that positively impact their health, support a balanced diet, and contribute to environmental protection.

With this in mind, Lidl, as part of the Schwarz Group, has set itself the following goal:

- Lidl will provide its customers with more transparency on the social, environmental and health impacts of its offerings by the end of 2025 in order to allow them to make informed purchasing decisions.

Lidl Slovenia is therefore working to increase transparency all the way into the supply chain and provide clear product information. To do so, we are making use of established and new labels that facilitate the purchasing decision by providing information on how customers can make more conscious choices. The goal is to work together with customers to support more sustainable business.

All Lidl Slovenia own-brand products provide traceability for raw material origins, ensuring both product quality and safety. This traceability is supported by certifications such as IFS or GlobalGAP. For instance, on fruits and vegetables we specify both the country of origin and the supplier.

PRODUCT LABELING

Labels offer essential product details, including ingredients, production and expiry dates, nutritional information, and usage instructions. This transparency helps consumers make informed purchasing decisions, particularly those with allergies, dietary restrictions, or specific health concerns.



COMPLIANCE IN LABELING

In compliance with European Union Regulation No. 1169/2011 on food information to consumers, we ensure that the labels on our own-brand products also include the following details:

- name of the food,
- list of ingredients,
- any ingredient or processing aid causing allergies or intolerances,
- date of minimum durability ("best before" date) or "use by" date,
- net quantity of the food,
- name or business name and address of the food business operator,
- nutrition declaration,
- suitability for vegans or vegetarians.

In line with our commitment to increasing transparency for our own-brand products, we additionally include detailed nutritional information. Our nutritional value table provides a comprehensive overview of the product's nutrients and calorie content. When a portion size is specified, we also calculate the energy value per portion and the percentage of daily nutritional requirements for an average adult, in compliance with EU Regulation No. 1169/2011 on food information to consumers.



NUTRI-SCORE

Nutri-Score is a voluntary nutrition labeling system developed by the French Ministry of Health (Santé Publique France). It provides a clear and easily understandable guide for consumers by using a color-coded scale from green A to red E, indicating the overall nutritional quality of food products. This system, which is regularly updated at the EU level, helps customers in making healthier food choices by highlighting products with better nutritional properties.

Lidl was among the pioneers in adopting the Nutri-Score voluntary nutrition labeling system. At Lidl Slovenia, we are committed to progressively implementing Nutri-Score labels across our own-brand products. This initiative reflects our dedication to providing our customers with clear nutritional information to support healthier food choices.

Nutri-Score plays a crucial role in shaping our product range. We are committed to expanding our selection with new products that feature a better Nutri-Score and continually optimizing our existing products to improve their nutritional profiles.



INTERNATIONAL STANDARDS

At Lidl Slovenia, we've observed that customers frequently refer to product labels when making purchasing decisions. A survey conducted by Mediana revealed that consumers also assess retailers' social responsibility based on the proportion of certified products in their assortment (Social Responsibility of Food Retailers, Mediana, 2024).

We discussed the various sustainability certificates in the Raw Material chapter. Consumers can recognize high quality and sustainability of non-food products through standards and certifications such as GOTS or FSC.

Lidl Slovenia is progressively implementing waste sorting labels to enhance awareness and encourage customers to sort their waste effectively and consistently.



GOTS (Global Organic Textile Standard) ensures sustainable textile production across the entire supply chain, from organically produced natural fibers to sustainable manufacturing and transparent labeling.



FSC (Forest Stewardship Council) certifies that products are made from wood sourced from forests that are managed responsibly and sustainably.




At Lidl Slovenia, the Purchasing Division is responsible for setting objectives and implementing actions related to conscious nutrition.

Overview of the conscious nutrition objectives

FOOD SAFETY

REDUCTION OF UNWANTED SUBSTANCES

ONGOING Reduction of contaminants and residues to significantly below legal requirements.

REDUCTION OF PESTICIDES

ONGOING Selling food that is as residue-free as possible.
Reduction of residues of active ingredients up to one-third of the maximum legally permitted levels.
Total percentage rate of all residues of active ingredients up to a maximum of 80% of the legally permitted amount.
Residue can be detected from a maximum of four active ingredients for each food.



CONSCIOUS NUTRITION

WHOLE GRAIN AND FIBER

BY THE END OF 2023 Assortment analyses for expanding the product range to include whole grain alternatives.

BY 2025 Gradual increase of the whole grain content in our own brands.
Transparency by declaring the fiber content in our own brands.

HEALTHY FATS AND OILS

ONGOING Increasing the share of high-quality and sustainable vegetable oils in our own brand items, preferably from regional sources.

SUGAR AND SALT REDUCTION

BY 2025 20% reduction of the average, sales-weighted content of added sugar and salt in our own brands.

ADDITIVES

ONGOING Using natural ingredients instead of food additives.
Reduction of colorants, no use of azo dyes, quinoline yellow and Green S.
Moderate use of flavorings, including in vegan substitute products.
No general, large-scale vitamination and mineralization.
Reduction and avoidance of preservatives while taking food safety into account.

CHILDREN'S MARKETING

EFFECTIVE IMMEDIATELY We promote the marketing of a healthy and sustainable diet for children.

2023 ONWARDS We do not advertise our own brands of unhealthy food to children.

BY THE END OF 2025 Children's designs are only used on the packaging of our own brands which fulfill WHO criteria. Exceptions: Christmas, Easter, Halloween.

SUSTAINABLE NUTRITION

PLANT-BASED PROTEIN SOURCES

STARTING AT FISCAL YEAR 2023 Protein Strategy: transparency in the Sustainability Report about the proportion of animal-based protein sources compared to plant-based protein sources.

BY 2025 Increasing the share of plant-based sources of protein in our assortment.

DEVELOPMENT OF SUSTAINABLE PRODUCT RANGE

ONGOING Raw material targets according to Lidl Slovenia's purchasing policy.
Promoting local and seasonal food products.

REDUCTION OF FOOD WASTE

BY 2030 Reduction of food waste by 50% (compared to 2018 levels) by extending product sales until their best-before dates.

TRANSPARENCY AND EMPOWERMENT

SUSTAINABILITY LABELING

ONGOING Establishment of general and uniform sustainability labeling in the EU.

NUTRI-SCORE

ONGOING Gradual labeling of the Nutri-Score on our own brands.

HUSBANDRY

ONGOING Presentation of how fresh poultry and other meat and milk products are produced on the packaging of own-brand products.



APPROVED QUALITY

The high quality of Lidl Slovenia's own brand products has been confirmed by numerous surveys and awards.

BEST BUY AWARDS

17 awards in 2022 and 2023

Based on customer opinion surveys, the independent organization ICERTEAS, based in Switzerland, awarded Lidl Slovenia the Best Buy Award for the quality-to-price ratio in 15 categories, resulting in 17 awards during the reporting period.

2022

2023



IZBRAN PRODUKT LETA (SELECTED PRODUCT OF THE YEAR) 2022

8 awards (6 products and 2 entire product lines)

The Seal of Selected Product of the Year is awarded annually based on customer votes as part of a national survey conducted in Slovenia by the independent research company NielsenIQ.



In fiscal year 2022, the following products were awarded:

1. COSHIDA cat food (entire product line)
2. CIENSUN tanning products (entire product line)
3. GRILLMEISTER grill burger with cheddar cheese, aged for a minimum of 10 days
4. BISCUITS LINŠKI KEKSI NAŠE NAM PAŠE (Local Suits Us)
5. MILBONA PROTEIN PUDDING
6. BON GELATI ice cream with almonds
7. VEGAN DONUT
8. CHICKEN SPECIAL SAUSAGE NAŠE NAM PAŠE (Local Suits Us) WITHOUT GMO

TESTS OF THE SLOVENIA CONSUMERS' ASSOCIATION (ZPS)

Winners of 1 test in 2023

In fiscal year 2023, one product from our own brand Naše nam paše (Local Suits Us) won the tests conducted by the Slovene Consumers' Association, and another product from the Naše nam paše brand was rated good. During the reporting period, customers could also purchase awarded and well-rated products from the prior reporting period.

2018-2022

2023



GOLD AWARDS OF THE CHAMBER OF COMMERCE AND INDUSTRY OF SLOVENIA 45 awards in 2022 and 34 in 2023

Gold awards for achieving excellent quality in bread, bakery, fine pastries, and pasta are awarded annually by a multidisciplinary expert commission of the Chamber of Agricultural and Food Enterprises at the Chamber of Commerce and Industry of Slovenia. The commission evaluates the appearance, smell, and taste of the products. During the reporting period, we received a total of 79 gold awards.

2023



QUDAL®

The QQuality meDAL™ Gold Award twice in a row, 2022 and 2023

Since fiscal year 2020, we have been the only retailer to receive the QQuality meDAL™ Gold Award, which is given to products and services that, according to customers' experience and opinions, reach the highest level of quality.

2022/2023



SUPERBRANDS

Lidl Slovenia is Superbrands in 2022 and 2023

In fiscal years 2022 and 2023, we regained the Superbrands award, which confirms that customers are highly familiar with the Lidl Slovenia brand, trust it above average, and regard it as unique. Additionally, customers feel that it meets their needs and resonates with their values.

2022

2023



9



OCCUPATIONAL HEALTH AND SAFETY



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022

2030

In fiscal year 2023 we introduced the new Good Life Well-Being Strategy.

In fiscal year 2024, we plan to enhance our Health Ambassadors project.

In fiscal year 2024, we will develop a new Occupational Health and Safety Strategy.

In fiscal years 2024 and 2025, we will implement employee sustainability training through the YOU initiative.

In fiscal years 2024 and 2025, we will launch a new program of activities and workshops on mental health.

CONTEXT

In the national survey titled Employer Training for the Promotion of Occupational Health and Safety⁵⁸, participants identified key occupational health and safety priorities.



Managing and preventing work-related stress

emerged as the top concern, with 92% of respondents highlighting it as the most important issue. This was closely followed by **maintaining and improving employees' mental health** (91%) and **planning and evaluating health promotion measures at work** (89%).

A comprehensive international survey conducted by UKG across ten countries with **3,400 respondents revealed** that



81% of employees prioritize mental health over a good salary.

Furthermore, 63% of participants acknowledged that their mental well-being impacts their commitment to work, and 80% reported having more energy when working in a supportive environment.⁵⁹

Responsible employers are enhancing their workplace safety and well-being programs, recognizing the substantial impact of health and well-being on effectively managing employees' daily challenges.



LIDL'S IMPACT

Work in the retail industry is dynamic, often accompanied by physical and mental stress, which can lead to consequences if not managed appropriately. At Lidl Slovenia, we recognize the impact of these challenges on our employees' well-being and embrace the responsibility to empower and protect them in matters of health and workplace safety. We understand that healthy and motivated employees are the driving force behind our company's success, and it is our duty to establish policies and processes that support their well-being.



LIDL'S COMMITMENT

The occupational health and safety of all our employees at Lidl Slovenia, including permanent employees and agency workers, is our top priority. We have implemented numerous programs and activities focusing on physical and mental health and workplace safety. In 2022, our well-being survey revealed that our employees appreciate the support we provide in these areas, with a third of employees rating Lidl Slovenia's efforts in well-being highly and nearly half giving an average rating. As a result, our strategic focus lies on enhancing and expanding preventive and targeted occupational health and safety activities.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

The occupational health and safety management system at Lidl Slovenia, rooted in the **Occupational Health and Safety Act (ZVZD-1)**, is designed to



enhance the overall well-being of our employees continuously.

This comprehensive system integrates occupational health services and promotes physical, mental, and social health. The system, which is audited internally every three years, when new technologies are introduced or when processes are changed, includes all employees under our care, both permanent staff and agency workers.

The Occupational Health and Safety (OHS) Officer, certified in OHS, is responsible for overseeing and enhancing OHS activities, coordinating the efforts of contracted external experts, and conducting employee training.

RISK IDENTIFICATION AND ASSESSMENT

We have developed a **risk assessment process for activities carried out by our employees**, and derive appropriate protective measures. In doing so, we always pursue the hierarchy of measures of the occupational health and safety management system in line with ISO 45001 and the Occupational Health and Safety Act (ZVZD-1) and annually analyze data concerning occupational injuries.

A **risk assessment** is conducted by a qualified external contractor who has passed a professional occupational health and safety exam and is authorised by the Ministry of Labour, Family, Social Affairs, and Equal Opportunities to perform occupational health and safety tasks. This assessment identifies measures to reduce or eliminate workplace risks through preventive or protective actions. The risk at individual or shared workplaces is evaluated based on the severity of potential injuries or occupational illnesses, the likelihood of their occurrence, and the frequency of exposure to the identified hazards or stressors. A risk assessment is conducted whenever a process changes or new technology is introduced that could negatively impact employees' health and safety. **If a risk is identified, appropriate preventive measures are implemented.**

The Occupational Health and Safety Department reviews the effectiveness of the implemented measures at least once a year. This review includes an analysis of all assessed risks, planned actions, data on accidents (including near misses), and reports from the OHS Officer and other personnel.

Employees are actively involved in the development and approval of occupational health and safety documents. Before finalization, all documents are published on the internal website, where employees are informed and given seven days to review the content, provide comments and suggestions, and request further clarification if needed.

In the event of a workplace accident, the initial analysis is conducted by the manager. If a legal report is required, the Occupational Health and Safety Department takes over the case. The findings from these analyses are used to refine or plan additional preventive measures.

At Lidl Slovenia, we encourage employees to take initiative in workplace health and safety. We welcome their efforts to report any detected irregularities, as this allows us to address and resolve issues more efficiently and promptly. By reporting potential violations, employees contribute significantly to creating a safer work

environment. Reports can be made directly and anonymously to the Occupational Health and Safety Officer or through our compliance notification systems. In all cases, we strictly adhere to data protection guidelines.





OCCUPATIONAL HEALTH SERVICES

At Lidl Slovenia occupational health services are provided in line with the applicable national legal requirements. The authorized external occupational physician also establishes standardized criteria for other qualified physicians to ensure they meet Lidl Slovenia's occupational health and safety requirements. Additionally, they are responsible for certifying the company's risk assessment, ensuring a cohesive and comprehensive approach to employee safety and well-being.

We ensure data confidentiality in line with GDPR (General Data Protection Regulation) and Lidl's internal guidelines. Lidl Slovenia collects and processes employees' personal data in accordance with applicable laws and internal policies, and regularly informs its

employees. Access to personal data is restricted to authorized personnel whose roles require the use of personal data. All personal data are protected by passwords, and each data type has a designated retention period.



MAKING SUSTAINABLE ATTAINABLE

In 2023, as part of the Well-Being pillar of our Good Life Strategy, we introduced a new benefit for Lidl employees: free consultations with various specialists, including orthopedic surgeons, physiotherapists, kinesiologists, gynecologists, and urologists. 170 employees utilized this benefit.

"The specialist performed a thorough examination and provided me with valuable information for further investigation."⁶⁰

"Considering the long waiting times, I'm very grateful that Lidl is offering specialist appointments for employees."⁶¹

"I truly appreciate the company's provision of such premium services to its employees; it's highly commendable!"⁶²

"Thank you for your hard work and continuous efforts to enhance our quality of life."⁶³

INVOLVING EMPLOYEES IN OCCUPATIONAL HEALTH AND SAFETY

As part of their training, we raise the awareness of our employees for their health and safety and encourage their active involvement. As a result, they are **actively involved** in the risk assessment process and **help us establish safe working conditions**.

Before adopting a new risk assessment, employees are invited to provide feedback on the identified risks, their likelihood of occurrence and severity, and the proposed actions to address them. Additionally, employees can contribute to creating best practices through the internal idea management platform Genijalc and participate in internal opinion polls. They can also submit suggestions directly to their manager or the Occupational Health and Safety Officer.

Management receives a quarterly report detailing the number and severity of workplace accidents, the effectiveness of evacuation drills, and the status of occupational health and safety training. The report also includes information on the number of employees trained in first aid, extinguishing fire, and inspections conducted.



OCCUPATIONAL HEALTH AND SAFETY TRAINING

All employees are legally required to



undergo occupational health and safety training

before they start to work for the company and periodically throughout their employment as new risks develop or arise. This training is conducted by an external contractor during working hours, and the acquired knowledge is assessed after the training.

We also offer training for first aid responders, fire-fighting and evacuation officers, and mentors. In the past two years, these training programs have been completed by 963 employees.

Employees are trained to recognize dangerous situations, protect and promptly remove themselves from them when necessary. They are also educated on how to safeguard against potential hazards. When such actions are required, employees are protected from any retaliatory measures, which is emphasized during occupational health and safety training. Additionally, employees can report potential violations through compliance notification systems.

For particularly vulnerable groups, such as expectant mothers, youngsters or disabled persons, we provide special training that considers their specific risk situation.

We use employee surveys to regularly evaluate the effectiveness of the training.

FROM WELL-BEING TO GOOD LIFE

Beyond the legally mandated occupational health and safety measures, Lidl Slovenia has been actively implementing health promotion activities since 2013. In 2022, we initiated the development of our **Health Promotion Strategy**, which was further refined and rebranded in 2023 as the comprehensive **Good Life Well-Being Strategy**.



MAKING SUSTAINABLE ATTAINABLE

The Good Life Well-Being Strategy was recognised as the Best Employee Well-Being Program of 2023 in the Best Employer Awards, honoring companies for excellence in employer branding.

A central pillar of the Good Life Strategy is **Well-Being**, through which we provide employees with a wide range of activities focused on both **physical and mental health**. We prioritize raising awareness about the importance of self-care and are committed to maintaining and enhancing long-term health of our employees. This commitment positively influences job performance, satisfaction, and loyalty. Our Health Ambassadors actively promote our well-being strategy and are key to these initiatives.

We have more than 100 active Health Ambassadors across all teams in our stores, the logistics center and headquarters. They are instrumental in communicating the company's well-being initiatives and promoting the importance of health.

In cases of extended absences, we assist employees returning to work by offering refresher programs and tailored professional support, ensuring a smoother and quicker reintegration into the work environment.



Well-Being

Physical health

We emphasise **exercise, a healthy diet, and preventive measures**, including providing appropriate working conditions and equipment. Employees can participate in various sporting events, access the platform Lidlova Vitalnica (Lidl's Vitalnica), join a prevention program for musculoskeletal disorders, and receive information on topics such as stress management and cancer awareness. Some activities are also open to employees' family members.



Mental health

We offer activities that directly or indirectly contribute to improving and maintaining employees' mental health. A key initiative is our anonymous Employee Assistance Program, where independent specialists provide **confidential psychological counseling** for employees and their family members.

Daily exercise significantly impacts our well-being, energy levels, self-esteem, confidence, and overall life satisfaction. It helps maintain physical fitness and a healthy weight, strengthens the immune system, increases resistance to stress, and aids in preventing depression. Additionally, getting sufficient sleep, eating a balanced diet, and practicing relaxation techniques support our bodies in functioning optimally every day.

Hana Verdev,
Lidl's Vitalnica Ambassador



At Lidl Slovenia, the Occupational Safety Department oversees occupational safety and health promotion initiatives, with support from the Human Resources Department. These departments work together to ensure that all measures are implemented in compliance with country-specific laws and requirements.

10



ENABLING



OUR KEY ACHIEVEMENTS AND LOOKING AHEAD

2022

2030

In fiscal year 2023, we introduced Talent Management for employees in our stores and the logistics center through the SF Learning educational platform.

In fiscal year 2023, we launched a core training program to train headquarters employees further through Lidl Academy.

In fiscal year 2023, we launched the Talent Pool program as part of our talent management initiatives.

In fiscal year 2023, we introduced the Lidl Fit-in program for store and logistics center managers.

In fiscal year 2023, we implemented Lidl's group-wide sustainability initiative YOU.

In fiscal year 2024, we plan to enhance Lidl Academy by introducing a follow-up program.

Throughout fiscal years 2024 and 2025, we will broaden the scope of the sustainability initiative YOU.

CONTEXT

People's consciousness is evolving. According to a 2023 Gallup survey⁶⁴, nearly 6 out of 10 workers worldwide are "quietly quitting" because they feel there is no room for personal growth within their company. Respondents also emphasized that they would feel more engaged if they received more recognition, had access to stimulating learning opportunities, experienced fairer treatment, had clearer goals, and worked under better managers. This underscores why employee development programs are a strategic investment in the company's future and a vital tool for engaging, developing, and retaining talent.



Consumer trends are also shifting.

Customers are becoming more focused on health, healthy lifestyles, and a greener future⁶⁵, while increasingly demanding clear and credible evidence of companies' and brands' sustainable operations.

In 2024, the European Council took a significant step towards curbing misleading information about companies' sustainability practices by adopting a directive that strengthens customers' roles in the green transition. This new directive aims to better inform and protect customers from distorted or untruthful sustainability claims.⁶⁶

Successful companies recognize the power of investing in their key stakeholders. By prioritizing employee well-being and cultivating an attractive work environment, they ensure organizational stability. Furthermore, transparent, two-way communication with partners and customers strengthens trust, enhances brand reputation, and empowers the organization and its brand.



LIDL'S INFLUENCE

As employers, we hold a significant responsibility for the well-being of our employees. By creating safe and supportive working conditions, we play a crucial role in their growth, career development, and also empowerment in the field of sustainability. At Lidl Slovenia, we foster employee commitment by investing in competence development, lifelong learning, and raising awareness (of sustainability issues). This commitment is reflected in their contributions to the company's transformation. Additionally, we recognize our responsibility to transparently inform customers about our range of sustainable products and other sustainability initiatives.



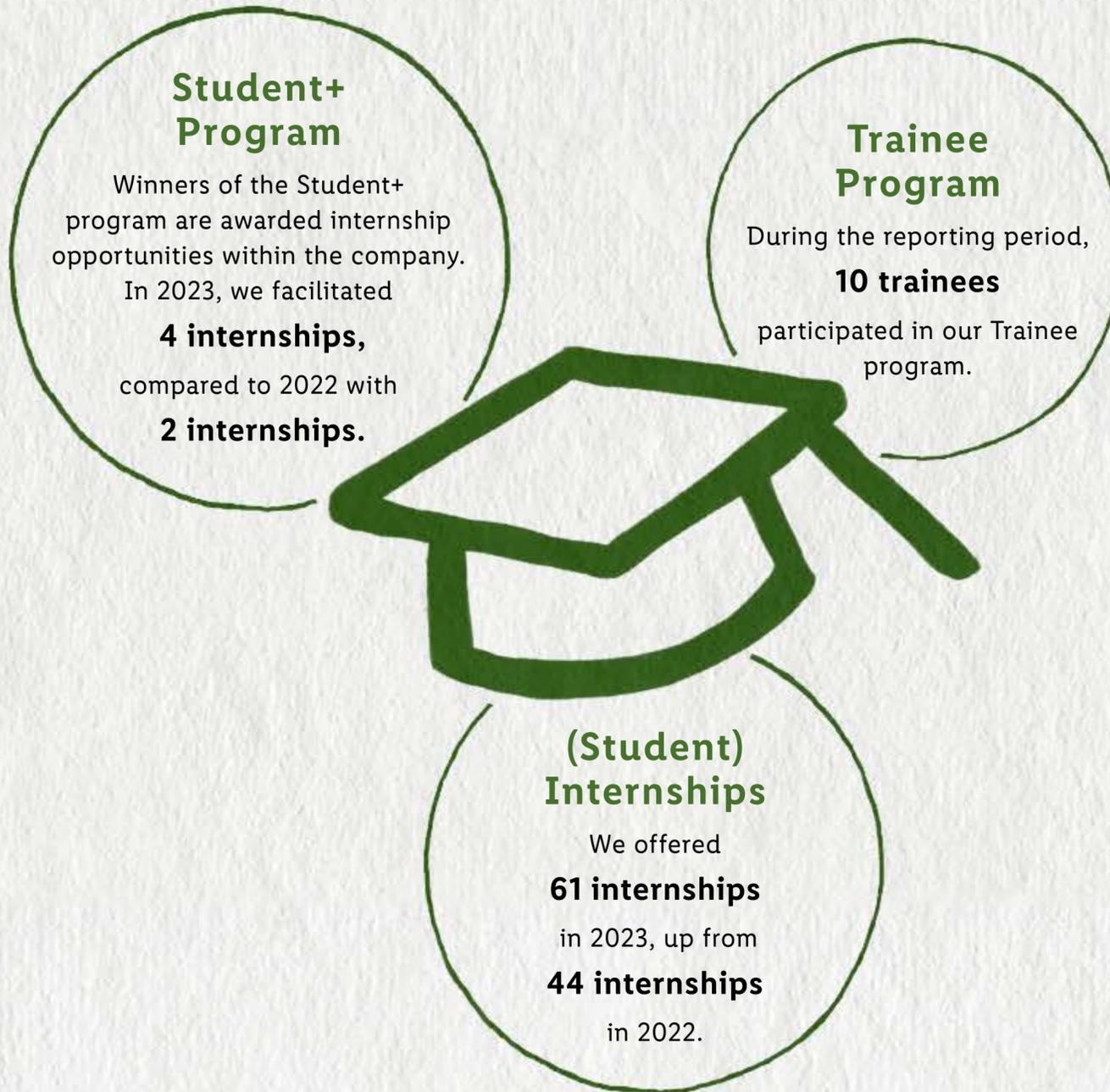
LIDL'S COMMITMENT

At Lidl Slovenia, under the Good Career pillar of the Good Life Strategy, we design activities that foster our employees' personal and professional development. Through the Group-wide sustainability initiative YOU, we enhance their awareness of sustainability topics, empowering them to act sustainably for a more sustainable professional and private life. Additionally, through various awareness rising projects and activities among key stakeholders, we ensure that our sustainability content is communicated transparently and promptly, contributing to a more informed and empowered society. This, in turn, influences more sustainable purchasing decisions.

INTERNAL ENABLING

Our Good Life Strategy highlights the Good Career pillar, prioritizing the strategic development of our employees' skills and competencies. We adopt a systematic approach to crafting their career paths, ensuring targeted growth. For a comprehensive overview of our employee development programs, please refer to our [second Sustainability Report](#).

PROGRAMS FOR YOUNG TALENTS



“
Winning the Student+ program and completing a one-month internship in the Human Resources Department provided me with invaluable insights and connections, deepening my understanding of how processes and people are interconnected. This experience brought me closer to Lidl and inspired me to join the company and become part of #teamlidl.
”

Teja Habjan,
Human Resources Officer



ONBOARDING PROGRAMS



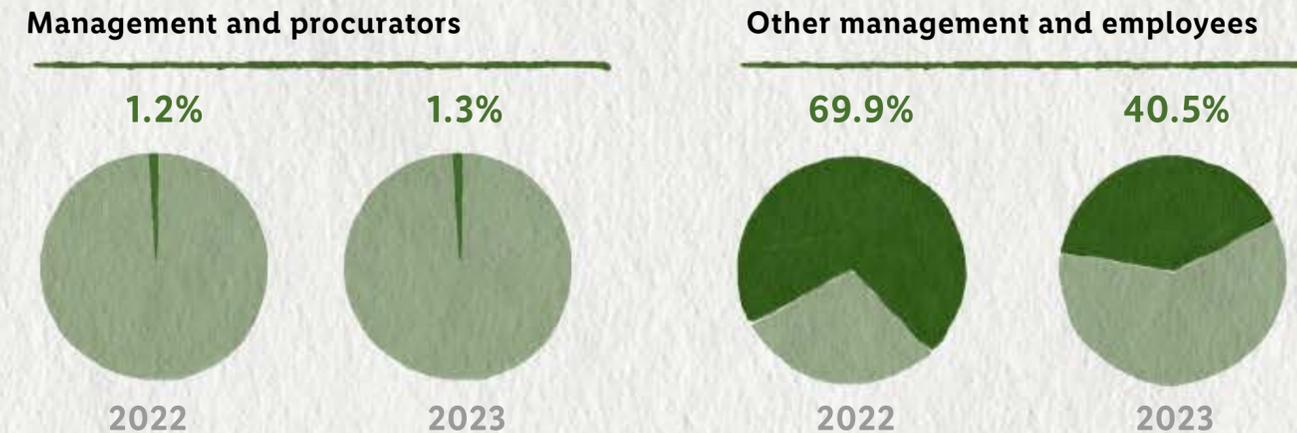
As part of our revamped onboarding programs, we introduced an additional HR support role in 2022—the HR Onboarding Buddy—this role involves providing dedicated support to new employees in administrative positions for their first three months. The HR Onboarding Buddy aids in a smoother integration into the company culture, helps new hires connect with colleagues, and acclimates them to their new work environment. Additionally, they play a crucial role in implementing continuous improvements based on feedback from surveys and workshops conducted throughout the onboarding process.

TALENT MANAGEMENT AND FURTHER TRAINING

Talent management

In December 2023, we enhanced our Talent Management program to include employees from our sales and logistics center. This upgrade simplifies and streamlines the process for both employees and their supervisors, making it easier to monitor and advance career development.

Percentage of employees involved in talent reviews



Participated in Talent Management by gender



MAKING SUSTAINABLE ATTAINABLE

In 2023 847 employees (41.8%) were involved in talent reviews, compared to 1,388 employees (71.1%) in 2022.⁶⁷

GRI: 3-3, 404-2, 404-3 / ⁶⁷ In fiscal year 2023, the number of employees included in the Talent Management program was lower than in the previous year. This decrease was due to the discontinuation of the manual version of the program for store employees, who had not yet been integrated into our internal training platform. As of fiscal year 2024, the Talent Management program will cover all employees, including those in stores and the logistics center, with performance tracked through the internal training platform.

Further training

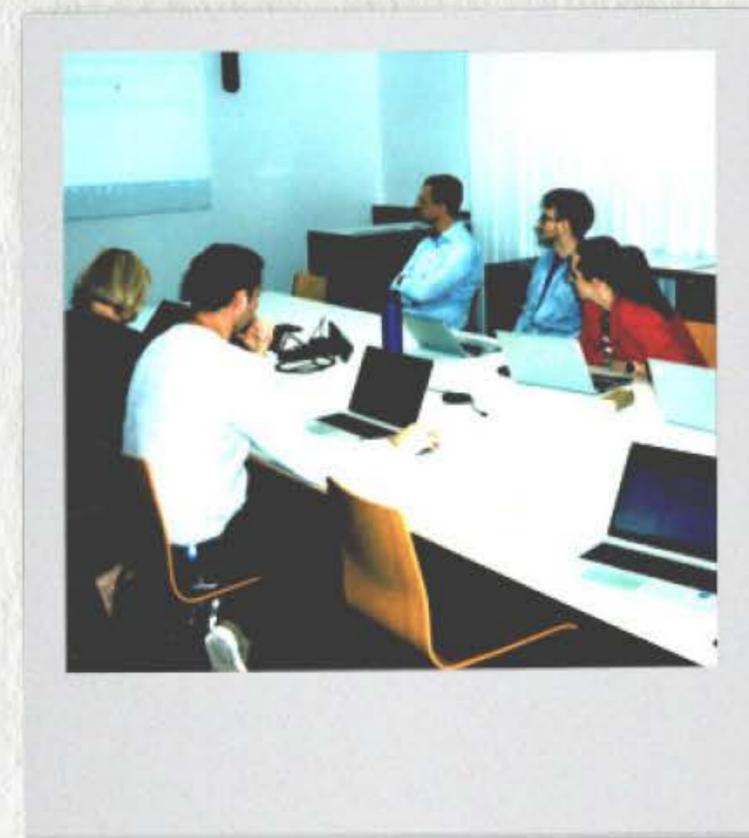
To support employees in their career development, we offer a diverse range of training opportunities. In addition to our established training activities, we introduced the following programs during the reporting period:

- **Lidl Academy Basic Training Program,**
- **Talent Pool,**
- **HR days for (new) management employees and consultants,**
- **Mentoring concept and Mentor z medaljo (Mentor With A Medal).**

LIDL ACADEMY BASIC TRAINING PROGRAM

The Lidl Academy Basic Training Program was created to offer employees more focused professional and personal development opportunities. It provides various online and face-to-face learning activities, in-house and off-site, including video and e-learning, designed to enhance competencies and skills at each career

stage. The program includes 7 distinct professional and management tracks tailored to various career levels, facilitating quicker and more effective development for those undergoing career transitions. Employees benefit from a pre-designed development plan specific to their new career level.



TALENT POOL

The Talent Management program was designed for employees who demonstrate potential for taking on greater responsibilities, which may also lead to promotions to higher professional or managerial positions. It features both in-house and external training to develop and enhance their potential.



MAKING SUSTAINABLE ATTAINABLE

In 2023, 24 employees took part in the Talent Pool program.

“The further training programs are extremely valuable. While I may not apply everything I learn right away, the workshops and courses are beneficial both professionally and personally over time. When I come across intriguing practices in workshops, I take the initiative to research and test them in practice, exploring how they can enhance my team management and improve goal achievement.

Naske Mehić,
Warehouse Operations Manager

HR DAYS

As part of our leadership development initiatives, we launched the first HR Days in 2023. This event provided new and current management employees and consultants with a comprehensive overview of HR management topics. Attendees gained valuable insights into HR practices and developed new skills in effectively using HR tools.



MAKING SUSTAINABLE ATTAINABLE

In 2023, Lidl Slovenia organized 36 training days, which were attended by 176 management employees and leadership candidates. This compares to 24 training days in 2022, attended by 153 management employees and leadership candidates. During the reporting period, 60 management employees participated in HR Days.

MENTORING CONCEPT AND MENTOR Z MEDALJO (MENTOR WITH A MEDAL)

Our mentoring program is a key initiative to ensure new employees experience a seamless integration into the work environment and effective onboarding. In fiscal year 2023, we extended this program, which had previously proven successful in our stores, to the logistics center. Mentors who receive exceptional feedback from their mentees are honored with a certificate and the title of Mentor z medaljo (Mentor With A Medal).



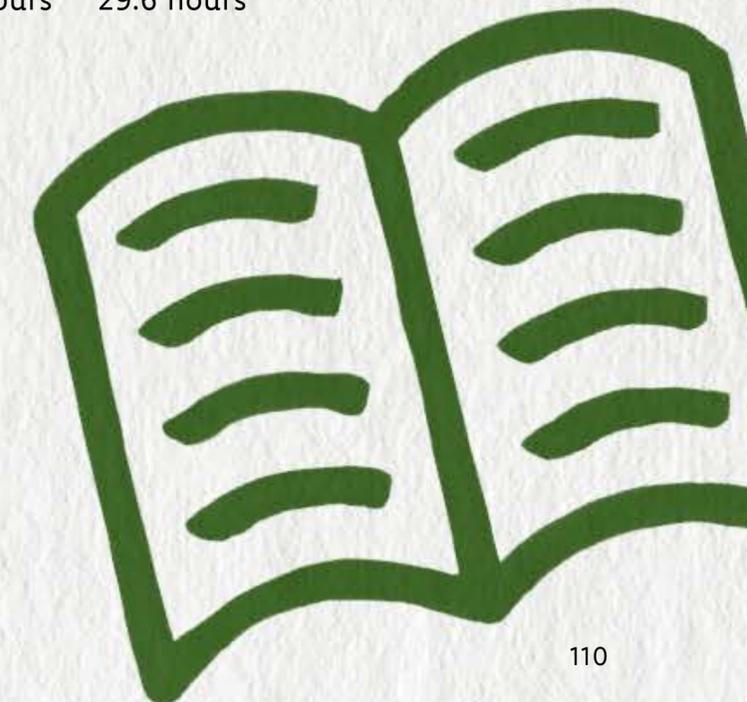
Average hours of further training per year per employee by employee category

Fiscal year 2023

	Female	Male	Average
Management and procurators	72.7 hours	43.4 hours	52.6 hours
Other management employees and employees	16.7 hours	21.8 hours	17.6 hours
Average	17.1 hours	22.3 hours	17.3 hours

Fiscal year 2022

	Female	Male	Average
Management and procurators	93.3 hours	52.6 hours	66.7 hours
Other management employees and employees	29.4 hours	28.1 hours	29.1 hours
Average	29.9 hours	28.8 hours	29.6 hours



YOU SUSTAINABILITY INITIATIVE

In fiscal year 2023, we launched the group-wide sustainability initiative Lidl YOU, which unites around



375,000 employees across 31 countries.

The initiative aims to foster a sense of community while raising awareness and educating employees about the importance of sustainability within the company. By strengthening the internal foundations for sustainable transformation, Lidl YOU recognizes that change begins with people. The success of our Sustainability Strategy hinges on employees' attitudes toward sustainability and their actions both in the workplace and at home.

The sustainability initiative was launched under the slogan Lidl YOU - Empowered by #teamlidl.



At Lidl Slovenia, sustainability is more than just a word—it's a core value that increasingly influences our daily operations. It has become an essential, and at times crucial, aspect of everything we do.

Ivan Udiljak,
former CEO of Lidl Slovenia, highlighted the significance of the YOU sustainability initiative in his address at its launch

The goal of the Lidl YOU initiative, which saw participation from **2,000 colleagues at Lidl Slovenia**, was to systematically introduce Lidl's Sustainability Strategy to employees. The initiative aimed to further embed sustainable practices into the company culture and daily operations while encouraging employees to actively engage in creating a better world, both individually and as part of teams.

At Lidl Slovenia, we structured the initiative into three key steps:

- **Step 1: Information and communication,**
- **Step 2: Training,**
- **Step 3: CSR community.**



As part of our **information and communication efforts**, we launched a comprehensive internal awareness campaign. In fiscal year 2023, we provided employees with an in-depth presentation of our Sustainability Strategy's first three strategic topics: Acting Fairly, Protecting Climate, and Engaging in Dialogue. This was followed by a focus on Promoting Health, Conserving Resources, and Respecting Biodiversity.

In the second step, the **training** scheduled for fiscal years 2024 and 2025 will be tailored to employees' specific workplaces (administration, logistics center, stores) and their career stages within the company. These trainings will focus on developing new learning methods, knowledge-sharing approaches and activation incentives to support the entire Lidl team in transitioning from understanding to action in the key strategic areas of our sustainability efforts.

Empowering employees throughout their life cycle



In the final step, during fiscal year 2025, we will enhance training by integrating a **CSR community**. This will serve as Lidl's sustainability hub, offering a wide range of modules, video training, seminars, and other in-depth sustainability content designed for employees.

“ The sustainable content was both interesting and informative, inspiring me to take positive action myself. So I planted an apple tree, a cherry tree, and a plum tree in my garden, which will nourish bees and other insects in the future.

Eva Grah Roblek,
Administration



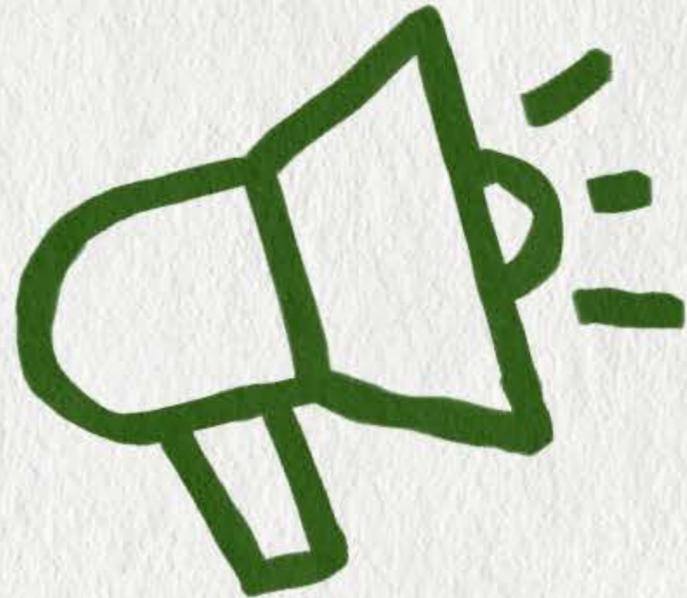
RAISING CONSUMER AWARENESS

We place a strong emphasis on increasing consumer awareness of sustainability issues and sustainable practices. Over the years, we have developed diverse communication channels that facilitate open dialogue with our target audiences. These channels enable us to provide up-to-date information on sustainability matters, address questions, respond to stakeholder initiatives and suggestions, handle complaints, and promote our strategic sustainability activities.

As a responsible retailer, we aim to significantly contribute to raising awareness, empowering individuals and society to take more sustainable actions, and encouraging conscious purchasing decisions. This is a crucial step toward changing consumption habits and lifestyles.

In the following section, we offer a quantitative overview of Lidl Slovenia's awareness-raising activities, with detailed descriptions of individual projects under each CSR topic in the Sustainability Report.

Customers primarily get in touch with Lidl Slovenia's sustainability initiatives through leaflets, in-store displays, and the Lidl Plus app (Social Responsibility of Food Retailers, Mediana, 2024).





Key communication channels



SOCIAL NETWORKS

- [Facebook](#)
- [Instagram](#)
- [LinkedIn](#)
- [X \(Twitter\)](#)
- [Youtube](#)



WEBSITES

[Corporate website](#)

[Ustvarimo boljši svet \(A better tomorrow\) website](#)

[Mascot Zdravko Lidl website to promote health and balanced lifestyle](#)

[Tips for a healthy lifestyle](#)

[Promotion of Slovenian suppliers as part of Lojtr'ca domačih \(Ladder of Homemade Products\) project](#)

[Locally produced Slovenian products \(Local Suits Us\)](#)



INFLUENCERS

Working with a wide range of influencers



GIPHY

151 GIFs **+8.6%**
over 194 mio **+67.3%**
 views
almost 1.3 mio **+55.4%**
 average views per GIF



PODCAST A BETTER TOMORROW

2022
7 episodes
 2023
7 episodes



RESOLVING COMPLAINTS

Lidl infoline
080 70 60



MEDIA RELATIONS

Regular contact with media



ADVERTISING

360-degree sales and sustainability campaigns



DOCUMENTS ON SUSTAINABILITY COMMITMENTS

[Group-wide sustainability commitments](#)



WEEKLY LEAFLET

Distribution to Slovenian households

2022

46 sustainability-related contents **-67.8%⁶⁸**

2023

103 sustainability-related contents **+123.9%**



NEWSLETTER

Twice per week, email

2022

20 sustainability-related contents **-60.0%⁶⁹**

2023

28 sustainability-related contents **+40.0%**

GRI: 3-3, Lidl Disclosure: Customer Awareness / ⁶⁸ The reduction in sustainability-related content in the weekly leaflet in 2022, compared to 2021, was due to a shift in focus to digital leaflets. In 2023, we increased the sustainability-related content in the printed leaflet.

⁶⁹ The reduction in sustainability-related content in the newsletter in 2022, relative to 2021, was due to prioritizing other topics. The increase in 2023 resulted from the launch of the Sustainability Newsletter.

MEDIA RELATIONS

We nurture constructive relationships with the media by regularly informing them about our sustainability initiatives and programs through press releases and other communications. We also remain open to press inquiries and welcome opportunities for collaboration with media partners.

Media publications on sustainability



The media focused on following content

2022

Food waste

241 publications

Deluxe donation

85 publications

Lidl's Young Winemaker

72 publications

2023

Food waste

275 publications

Sports Federation for the Disabled of Slovenia - Slovenian Paralympic Committee

89 publications

Lidl for a Vital Slovenia

51 publications



In Mediana's 2024 Survey on the Social Responsibility of Food Retailers, over 50% of respondents reported that the sustainability information provided by Lidl Slovenia occasionally or frequently influences their purchasing decisions. Specifically, respondents are more inclined to use their own shopping bags, purchase Slovenian products, and reduce food waste by buying just what they need.

GRI: 3-3, Lidl Disclosure: Customer Awareness / ⁷⁰ The increase in the volume of sustainability-related publications is primarily due to an expanded range of activities focused on food waste. ⁷¹ The increase in sustainability-related publications is primarily attributed to the Lidl Group's sponsorship of the Trek cycling team.



SOCIAL MEDIA

Facebook Lidl Slovenia

FOLLOWERS

2022	2023
348,653	350,210
+1.1%	+0.4%

NUMBER OF SUSTAINABILITY-RELATED POSTS⁷²

2022	2023
74	54
-36.2%	-27.0%

AVERAGE REACH⁷⁴

2022	2023
51,122	36,725
-2.1%	-28.2%

MOST SUCCESSFUL SUSTAINABILITY-RELATED POSTS

Paralympic Games: Jernej Slivnik, third place

5,345 interactions

Paralympic Games: Jernej Slivnik, congratulations on your fighting spirit

4,256 interactions

Paralympics: Paravolleyball players

2,039 interactions



Instagram

FOLLOWERS

2022	2023
66,283	68,103
+4.9%	+2.8%

NUMBER OF SUSTAINABILITY-RELATED POSTS⁷³

2022	2023
37	29
-36.2%	-21.6%

AVERAGE REACH⁷⁵

2022	2023
10,226	20,479
-57.7%	+100.3%

MOST SUCCESSFUL SUSTAINABILITY-RELATED POSTS

Hrana ni za tjavendan (Food is Not to be Wasted) (deklica.si)

1,394 interactions

Pink October: Dance and check yourself

1,180 interactions

EMKEJ x Lidl: Male Geste (Small Gestures)

1,121 interactions



GRI: 3-3, Lidl Disclosure: Customer Awareness / ^{72,73} The decrease in sustainability-related posts on Facebook and Instagram is due to optimizing our content schedule to prioritize key topics. ^{74,75} Due to a revised advertising strategy that prioritized user engagement and led to adjusted resource allocations, our reach was lower in fiscal year 2022, on Facebook also in fiscal year 2023, compared to previous years. The strong increase in average reach on Instagram in fiscal year 2023 was mainly due to intensive use of reels.



LinkedIn

FOLLOWERS

2022	2023
10,000	11,300
+19.0%	+13.0%

NUMBER OF SUSTAINABILITY-RELATED POSTS⁷⁶

2022	2023
91	139
+5.8%	+52.7%

MOST SUCCESSFUL SUSTAINABILITY-RELATED POSTS

We switched to green electricity

Higher salaries and other benefits for Lidl employees

We were awarded Top Employer Slovenia and Top Employer Europe 2023

Lidl Slovenia ranks first among all Slovenian retailers regarding the number of followers.



YouTube

SUBSCRIPTIONS

2022	2023
9,860	11,600
+33.2%	+17.6%

NUMBER OF SUSTAINABILITY-RELATED VIDEOS⁷⁷

2022	2023
42	45
-12.5%	+7.1%

AVERAGE NUMBER OF VIEWS PER VIDEO⁷⁸

2022	2023
16,940	17,017
+33.4%	+0.5%

TOTAL VIEWING TIME⁷⁹

2022	2023
284,827 hours	121,413 hours
+3,551.6%	-57.4%

MOST SUCCESSFUL SUSTAINABILITY-RELATED VIDEOS

Emkej x Lidl Slovenija - Small Gestures

192,484 views

A Better Tomorrow podcast: Marko Oman

121,232 views

A Better Tomorrow podcast: Ana Struna Bregar

118,903 views



GRI: 3-3, Lidl Disclosure: Customer Awareness / ⁷⁶ The increase in sustainable-related content on LinkedIn is due to the increased amount of CSR posts. ⁷⁷ The decrease in sustainability-related content on YouTube is due to optimizing our content schedule to prioritize key topics.

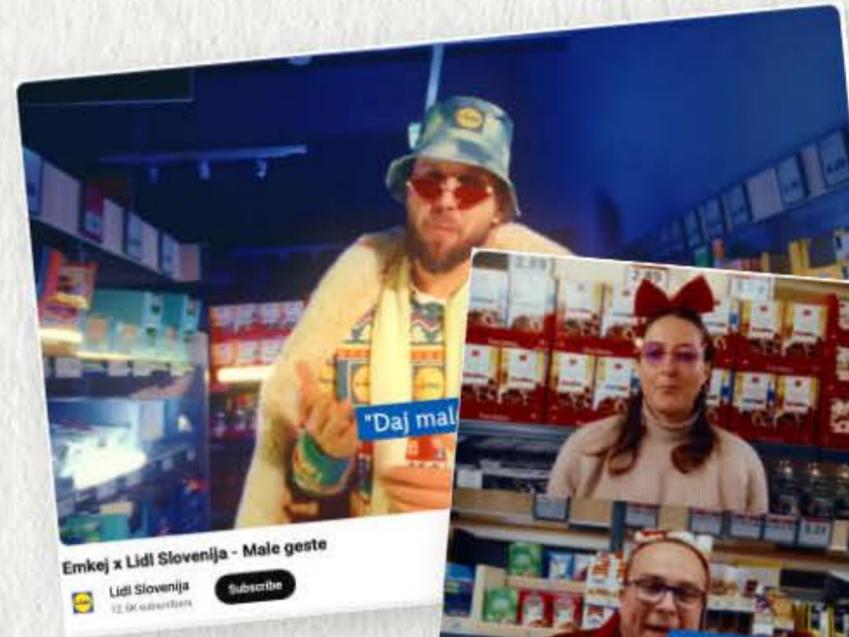
⁷⁸ The trend in the number of video views is driven by advertising. ⁷⁹ YouTube video viewing time saw a notable increase in fiscal year 2022, mainly due to the promotion of Lidl's Ustvarimo boljši svet (A better tomorrow) podcast, with an average duration of 30 minutes. Users typically watched most of the podcasts in their entirety, and we invested significantly in promoting this format during that year. The decline in YouTube video viewing time in fiscal year 2023 is attributed to the introduction of shorter, 15-second podcast snippets.



MAKING SUSTAINABLE ATTAINABLE

Through the Z majhnimi gestami ustvarjamo boljši svet campaign (With Small Gestures We Create a Better World), in collaboration with Slovenian rapper Emkej and Lidl raccoon mascot, we encouraged Slovenians to engage in simple yet impactful actions that benefit others - small acts, such as giving up a place in line or assisting someone in finding a product, can significantly improve someone's day. Additionally, a portion of the proceeds from the sale of raccoon mascot items and products from the festive Deluxe line—totaling EUR 20,000—was allocated for purchasing educational and rehabilitation equipment for children with special needs at the Ljubljana Centre for Education, Rehabilitation, Inclusion, and Counselling for the Blind and Partially Sighted.

- At the InOrbit Digital Conference, the campaign won awards for:
- best use of organic reach on social networks and
- best use of content marketing.



Emkej x Lidl Slovenija - Male geste

Lidl Slovenija
12.5K subscribers

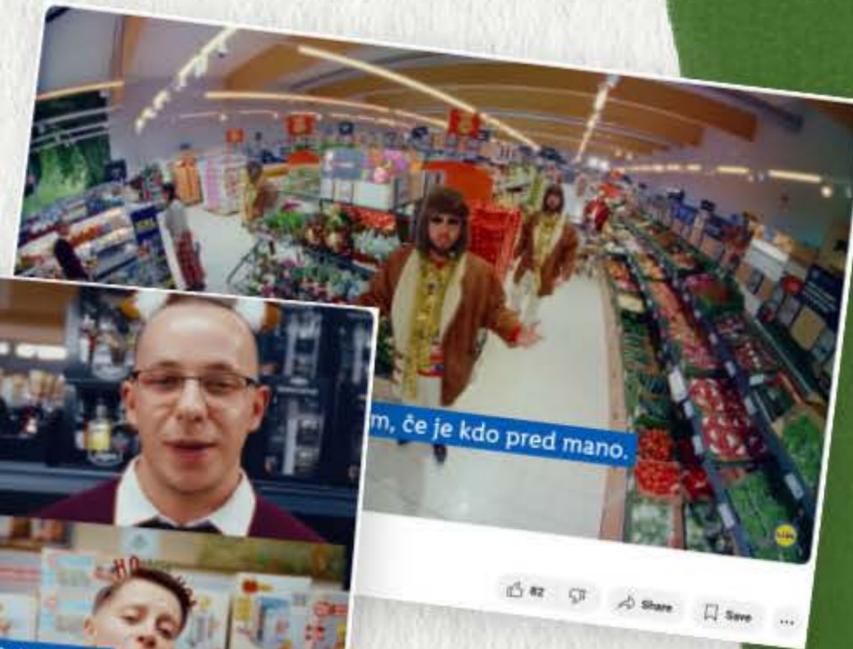
Subscribe



Emkej x Lidl Slovenija - Male geste

Lidl Slovenija
12.5K subscribers

Subscribe



m, če je kdo pred mano.

82
Share
Save



At Lidl Slovenia, the Human Resources Department is responsible for setting objectives and implementing measures related to employee education and training. The Corporate Affairs Department and Marketing Department are tasked with raising public awareness and empowering customers in the area of sustainability.

11 ANNEXES



ANNEX 1: STRONGLY ENGAGED IN THE GLOBAL BUSINESS ENVIRONMENT

VALUE CHAIN OF LIDL SLOVENIA

Lidl Slovenia d.o.o. k.d. is an indirect subsidiary of Lidl Stiftung & Co. KG with its headquarters in Žeje near Komenda. Its primary activity is the commercial sale of food and consumer goods. As a retail company, Lidl Slovenia operates at the interface between producers and consumers. In this role, we have direct and indirect relationships with our customers and a wide range of suppliers and producers in numerous supply chains. Our upstream value creation activities range take place in both the secondary and primary sectors. They extend not only to the cultivation and harvesting of agricultural primary products, the extraction of raw materials and livestock and fishing companies, but also to forestry for packaging as well as for near-food and non-food products. The value chain extends from the processing of raw materials to the transportation of goods to logistics centers and stores. This is where we offer the finished products to consumers – our key customer group –, and it is therefore also at the center of our downstream value creation activities.

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

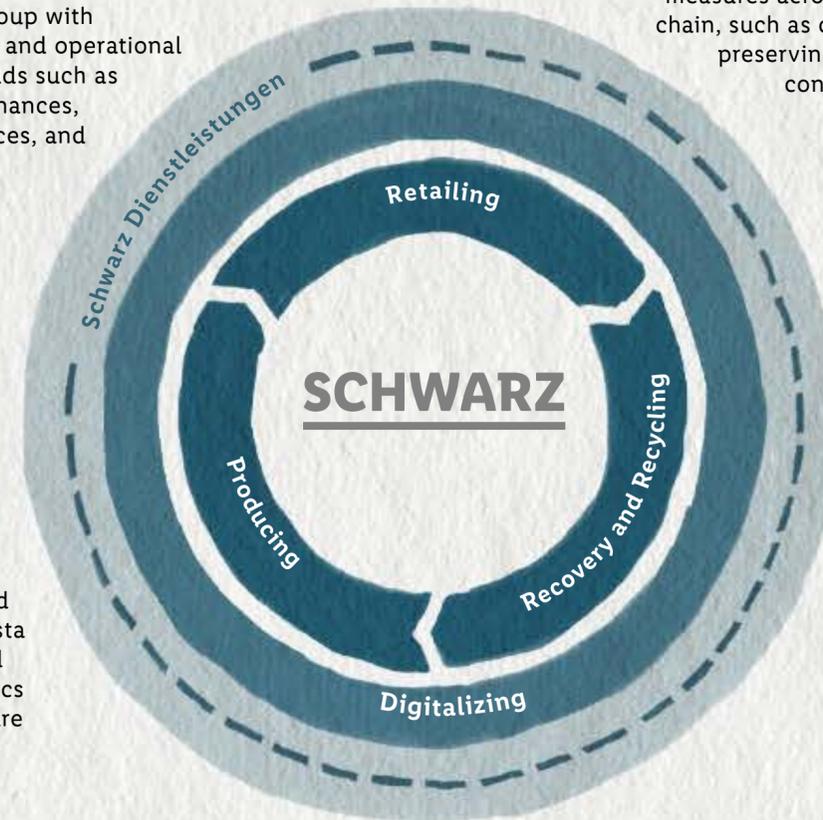
At Schwarz Dienstleistungen, experts support the companies of Schwarz Group with administrative and operational services in fields such as accounting, finances, human resources, and procurement.



The retail divisions **Lidl** and **Kaufland** offer their customers a wide range of products every day in a total of 32 countries. 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.

**SCHWARZ
Produktion**

The companies of **Schwarz Produktion** produce beverages, chocolate, ice cream, baked goods, nuts and dried fruit, coffee, pasta and paper for Lidl and Kaufland. Three plastics and recycling plants are also part of its unique PET material cycle.



**pre
zero**

In terms of waste and recycling management, the environmental service provider **PreZero** pursues a vision of closed-loop material cycles in 11 countries, thus investing in a clean future.

**schwarz
digits**

Schwarz Digits is the IT and digital division of Schwarz Group. The brands of Schwarz Digits provide IT and digital solutions worldwide and develop them further, for example for digital production facilities, stores and e-commerce formats as well as loyalty programs. In addition, they offer external customers superior cloud services, cyber security, AI and retail media solutions.

Lidl Slovenia also wants to exert its influence in downstream activities. Specifically, we have the opportunity to influence the consumer behavior of a wide range of people and to empower them to make sustainable, informed and healthy purchasing decisions. We therefore continually review how we can make our assortment healthier and more sustainable and are transparent in informing our customers.

SCHWARZ GROUP

The companies of Schwarz Group, with business activities in 32 countries, together form one of the leading retail groups in the world. With their about 13,900 stores and 575,000 employees, the companies of Schwarz Group jointly generated total sales of EUR 167.2 billion by the end of the 2023 fiscal year. As one of only a few retail groups, the companies of Schwarz Group thus cover the entire value cycle, from production and retail to recycling and digitalization.

LIDL STIFTUNG & CO. KG.

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

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

ANNEX 2: ACTIVE PARTICIPATION IN DOMESTIC AND INTERNATIONAL ORGANIZATIONS

Lidl Slovenia sees itself as an active partner in social and political discussions. This is why monitoring legislation, talking to political stakeholders, and working with associations to shape public opinion in the sector is an integral part of our work. Our ultimate aim is to be able to translate legal requirements into operational practice as quickly and smoothly as possible and to work with suppliers to identify future topics early on.

Accession to the UN Global Compact

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

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

Lidl Slovenia, as part of the companies of Schwarz Group, provides an important contribution, and has already implemented a variety of measures in the past to support the principles for a sustainable global economy.

Lidl Slovenia is a member in various associations, organizations, and initiatives:

- CER Sustainable Network
- Association of Employers of Slovenia
- Manager's Association of Slovenia
- American Chamber of Commerce
- Slovenian Society for Public Relations
- Slovenian Corporate Treasurers Association
- Association of Accountants, Finance Specialists and Auditors of Slovenia
- Slovenian Marketing Association
- Slovenian Advertising Chamber
- Interactive Advertising Bureau
- Chamber of Commerce and Industry of Slovenia
- Slovenian Chamber of Commerce
- Society of Safety Engineers
- Occupational Health and Safety Chamber
- European Institute for Compliance and Ethics

We are also represented in the following international associations, organizations, and initiatives through Lidl Stiftung:

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

Lidl Slovenia is a member of the following institutions through the companies of Schwarz Group:

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

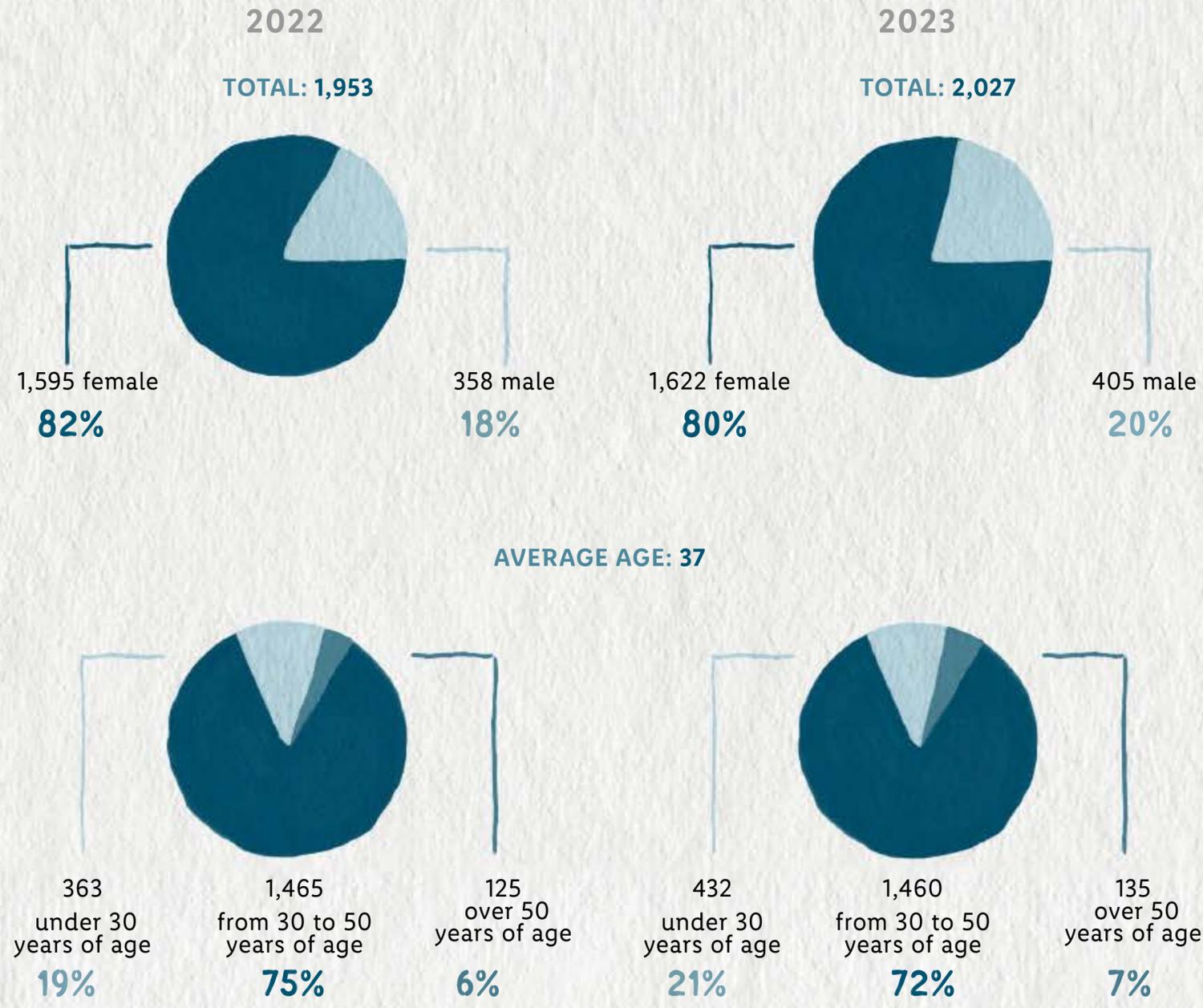
We also work with the following partner organizations:

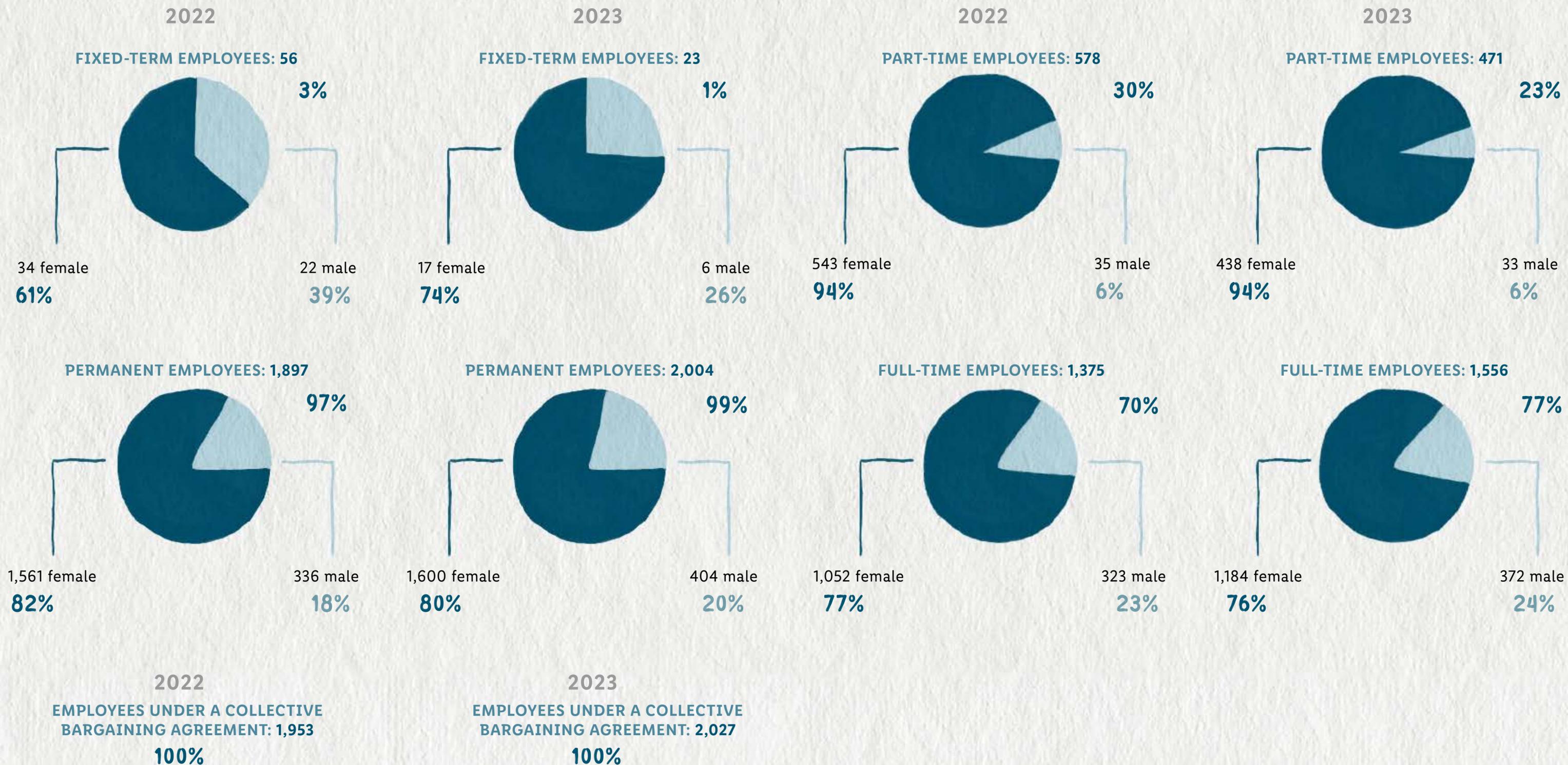
- Aquaculture Stewardship Council
- Fairtrade
- Compassion in World Farming
- Cotton made in Africa (CmiA)
- Downpass
- Rainforest Alliance
- Marine Stewardship Council
- Oxfam
- Save the Children



ANNEX 3: MORE THAN 2,000 EMPLOYEES

In the 2023 fiscal year, Lidl Slovenia employed over 2,000 staff; the majority, 77%, were full time, and 99% on permanent contracts.





ANNEX 4: WE MAINTAIN AN EFFECTIVE GOVERNANCE STRUCTURE

As of the end of fiscal year 2023, Lidl Slovenia's Management Board consisted of five members. Four directors oversee the fields of Administration, Human Resources, Procurement, and Investments, while the CEO manages the overall business and holds an executive role in Sales and Corporate Affairs. The Management Board includes two women and three foreign citizens. Each member acts independently and is appointed by Lidl Group based on their competencies. The Group generally prioritizes candidates with experience within the companies of Schwarz Group to ensure they possess the specific skills and expertise gained from the Group's system.

The **CEO** holds overall responsibility for sustainable development within the company.

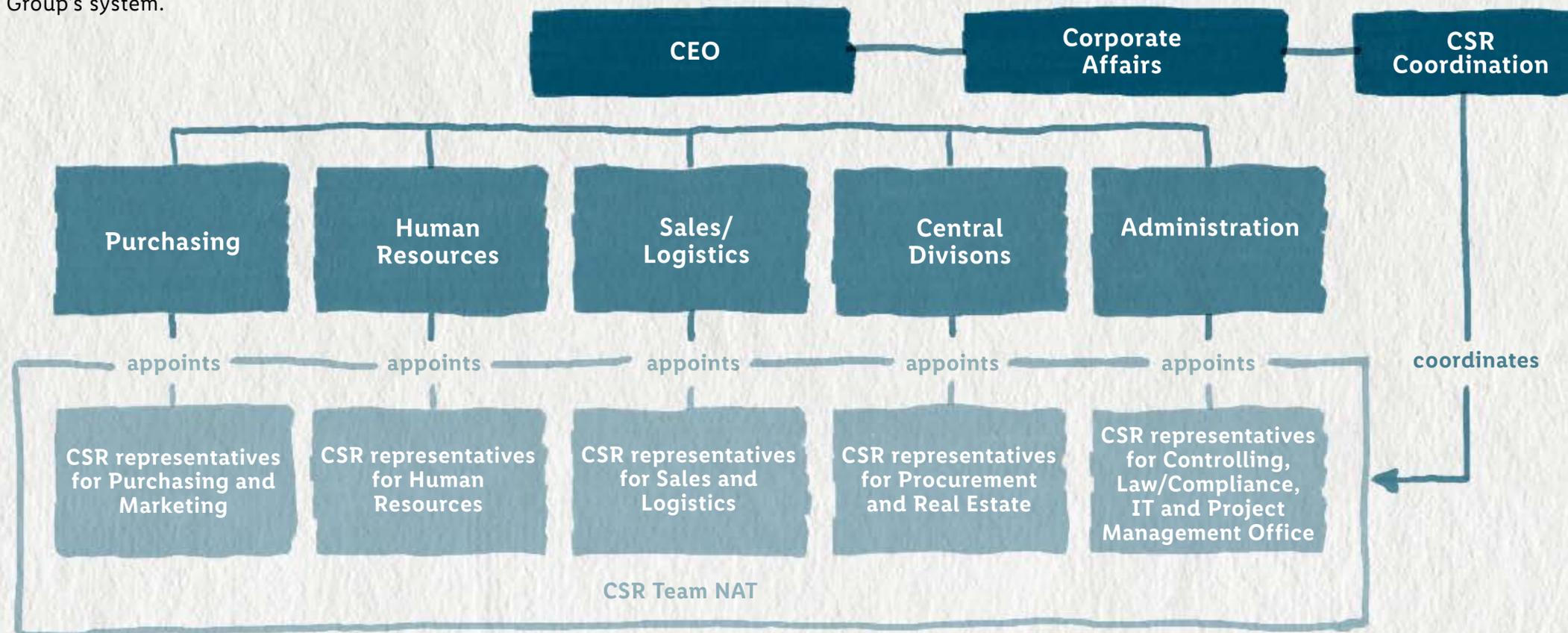
CSR Coordination—part of the Corporate Affairs Department—and the Management Board jointly assume the company's strategic direction. They also handle the coordination of the cross-departmental sustainability activities. CSR Coordination oversees and manages various sustainability projects and works closely with other relevant teams and departments to:

- identify risks and opportunities related to sustainability topics,
- develop and implement a Sustainability Strategy,
- formulate and execute a Climate Strategy,
- prepare a comprehensive Sustainability Report,
- manage active citizenship initiatives and
- maintain and enhance stakeholder relationships.

CSR Coordination reports to the CEO through the Head of Corporate Affairs Department. This takes place, among other things, as part of the revision of the Sustainability Strategy and within the scope of the sustainability reporting. The CEO participates in the coordination of strategic areas, topics, and activities at least quarterly.

In line with the materiality process, the **Management Board** is engaged in identifying the key topics for the Sustainability Report, with the CEO responsible for its final approval. Details of the materiality process can be found in Annex 6. Additionally, the Management Board plays an active role in shaping and overseeing the company's sustainability and climate strategies. It engages in discussions and initiatives with various associations, media, and other stakeholder groups, and regularly receives sustainability training from the companies of Schwarz Group and external sources.

The CSR Coordinator manages a **CSR team** comprised of representatives from Lidl Slovenia departments. Each team member contributes to the company's sustainable development with their knowledge and experience. Within the CSR team, trends and topics of sustainability are discussed. Goals and measures agreed on here are presented to the Management Board, which then directs the strategic direction and implementation of the sustainability engagement of Lidl Slovenia through their decision.



ANNEX 5: PURSUING SUSTAINABLE DEVELOPMENT GOALS THROUGH OPEN DIALOG

At Lidl Slovenia, we are committed to offering an affordable and sustainable assortment through constructive collaboration with our stakeholders. This partnership approach helps us set and achieve sustainability goals, forge meaningful alliances, and track progress. Fostering open dialogue and transparent communication is crucial for nurturing long-term relationships and driving the growth and development of our company and the industry as a whole.

At regular intervals, though not less than every two years, we evaluate which stakeholders are relevant for the company. This is based on external inquiries and wide-ranging monitoring of topics that feature in social debate. Simultaneously, we also take into account any changes in responsibilities on the part of politicians or NGOs, for example. A comparison is also made with the results of the materiality analysis and associated topics.



EMPLOYEES

GOALS

- informing
- education
- empowerment
- cooperation

CHANNELS AND TOOLS

- We are Lidl app
- Lidl.net intranet
- company magazine Lajf@Lidl
- Lajf TV
- Čvekač chat room
- Genijalc idea management platform
- internal training platform
- prize giveaways
- gamification
- surveys
- focus groups
- research
- events

FREQUENCY

- regular

TOPICS

Sustainability Strategy focusing on key CSR topics.



CUSTOMERS

GOALS

- informing
- education
- empowerment
- cooperation

CHANNELS AND TOOLS

- corporate websites
- Lidl Plus app
- social media
- customer support Infofon
- events
- Ustvarimo boljši svet (A Better World) podcast
- point of sale
- leaflet
- newsletter
- promotional campaigns
- market research

FREQUENCY

- regular

TOPICS

Sustainability Strategy and sustainable product range, focusing on conscious nutrition, circular economy, climate, food waste and certified products.



SUPPLIERS AND BUSINESS PARTNERS

GOALS

- informing
- empowerment
- knowledge sharing
- development of a Sustainable Strategy and sustainable products

CHANNELS AND TOOLS

- corporate websites
- direct cooperation
- events
- Sustainability Report
- social media
- articles in professional publications
- market research

FREQUENCY

- regular

TOPICS

Sustainability Strategy and Sustainable Purchasing Policy, focusing on conserving resources, conscious nutrition, climate and human rights.

The Genijalc platform, true to its name, is designed to gather brilliant ideas, creative solutions, and valuable suggestions from Lidl employees. These ideas can pertain to administrative processes, logistics, sales workflows, or product development. We also offer financial rewards for the most innovative contributions.

Meta Krajnc Dvoršek,
Technical Officer in the Business Process Management Department

Through our work with the Chamber of Commerce and Industry of Slovenia, we contributed to drafting the law regarding installations for the production of electricity from renewable energy systems. During the public consultation phase, we provided feedback to ease implementation, suggested simplifications for permit procedures, and advocated for state grants.

Eva Kržan,
Law/Compliance



REPRESENTATIVES OF AUTHORITIES AND ASSOCIATIONS

GOALS

- dialog
- development of standards
- collaboration in the introduction of sustainability legislation

CHANNELS AND TOOLS

- corporate websites
- active memberships in various associations
- sector-wide initiatives
- direct cooperation
- Sustainability Report

FREQUENCY

- frequent

TOPICS

The role of retailers in the supply chain, focusing on sustainability legislation, climate, food waste, circular economy and diversity and inclusion.



MEDIA

GOALS

- informing
- dialog
- cooperation

CHANNELS AND TOOLS

- corporate websites
- press releases
- responses to media inquiries
- media partnerships
- social networks
- round tables
- Sustainability Report

FREQUENCY

- regular

TOPICS

Sustainability Strategy focusing on key CSR topics.



NGOs

GOALS

- cooperation
- knowledge sharing
- dialog
- developing a Sustainability Strategy
- collaboration on formulating stands regarding sustainability legislation

CHANNELS AND TOOLS

- corporate websites
- events
- social media
- direct cooperation
- discussions
- Sustainability Report

FREQUENCY

- frequent

TOPICS

Sustainability Strategy focusing on circular economy and food waste.

ANNEX 6: ENGAGING STAKEHOLDERS IN THE MATERIALITY PROCESS ON KEY SUSTAINABILITY REPORTING TOPICS

In 2022, we revised the process for determining our material CSR topics. This allows us to take account of new and amended (regulatory) requirements early on, including the updated materiality definition of the GRI Standards 2021. Our new approach also anticipates the issue of dual materiality as defined in the European Corporate Sustainability Reporting Directive (CSRD). The basis for this process is the updated Lidl Responsibility Model 2.0.

As part of the materiality process, the 17 CSR topics were assessed in two ways:

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

The Lidl materiality analysis is updated every 2 years as part of sustainability reporting. This is standardized across Lidl national companies and simultaneously enables the national perspective to be incorporated.

The analysis was carried out in 3 steps:

1. A survey by Lidl across all countries on the impact relevance (consisting of exposure analysis and expert interviews);
2. Country-specific assessment of business relevance (via workshops) and
3. Validation and consolidation of the results in a country-specific materiality matrix.

1. ASSESSMENT OF THE IMPACT OF LIDL GROUP

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

CONDUCTING A QUANTITATIVE EXPOSURE ANALYSIS

The exposure analysis is used as a data-based assessment of Lidl’s potential direct and indirect impact on people, the environment and society. It considers risks that could potentially arise from Lidl’s business activities for people, the environment and society. The analysis and recording of Lidl’s environmental and social impact was done quantitatively based on economic, company and industry-specific data across the entire international value chain. To do justice to Lidl’s international nature, potential local needs for action were identified in relation to each other. This enabled a comparison to be made between CSR topics. To identify the countries in which Lidl potentially has significant leverage, the next stage was to model Lidl’s value chain based on sales data, industry information and economic data. This enabled country-specific direct and indirect economic activities to be determined and an economic weighting to be applied to the analysis. This weighting mainly considers those countries where, based on the data, Lidl demonstrates a high level of activity and therefore has a potentially greater influence on the respective CSR topics. In the final step, the combination of the need to take action and the economic relevance resulted in the materiality scores for individual CSR topics and thereby the first module for impact relevance.

CONDUCTING QUALITATIVE EXPERT INTERVIEWS

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

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

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

When combining the result, the exposure analysis and expert survey were weighted according to rank.

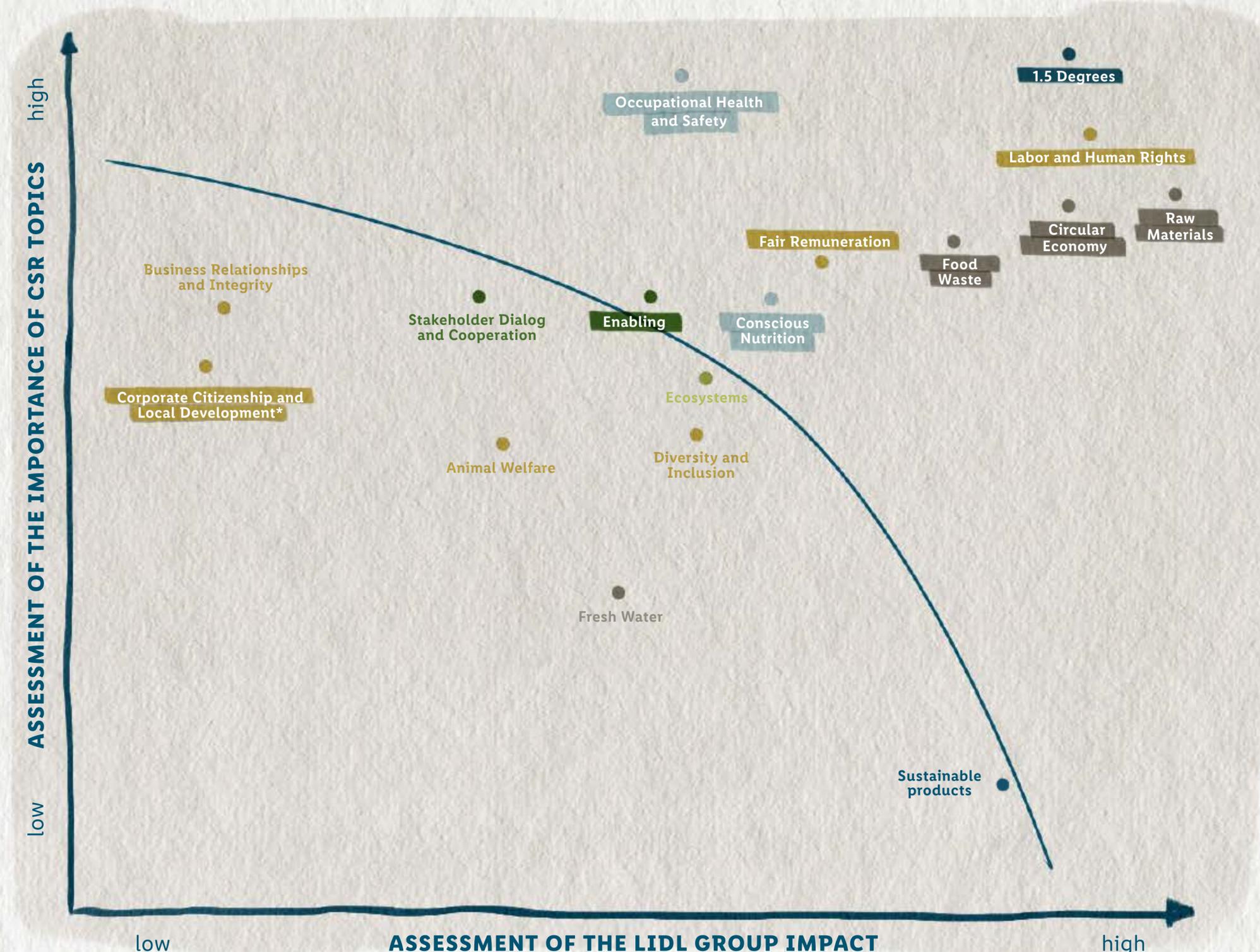
2. ASSESSMENT OF THE IMPORTANCE OF CSR TOPICS

Lidl Slovenia held a workshop with the CSR team, which consists of representatives from different departments, in order to assess business relevance of the 17 CSR topics. Members of the CSR team were tasked with assessing the 17 CSR topics in the Lidl Responsibility Model in terms of their relevant business-related opportunities and risks. The results were discussed and transferred to the materiality matrix in the form of the y-axis. The results were then validated by the Management Board too.

3. UNITING BOTH DIMENSIONS OF THE ANALYSIS

A total of 9 CSR topics are of material importance for Lidl Slovenia. This means that the business activities of Lidl Slovenia have a significant impact on people, the environment and society in relation to the respective topic or that this is where the greatest business-related opportunities and risks lie for the company. Accordingly, they are within the company's materiality threshold and form the basis for this report. In addition to the CSR topics identified as being material, **we also consider the topic Corporate Citizenship and Local Development, which lies below the materiality line, as a strategically relevant CSR topic.** The topic is marked with a * symbol in the materiality matrix and in the GRI Index.

Materiality matrix



ANNEX 7: COMPLIANCE WITH APPLICABLE LEGISLATION AND INTERNAL GUIDELINES

Compliance with applicable laws represents our central corporate principle that is binding for all employees. Lidl Slovenia and its management expressly commit to complying with this corporate principle and ensuring its application in practice.

COMPLIANCE MANAGEMENT SYSTEM

Lidl Slovenia has implemented a Compliance-Management-System (CMS) that includes binding requirements. These specify certain standards and elements to ensure an appropriate level of compliance. The key aim of CMS is to identify and avoid any violations against current legislation and internal policies, and to resolutely pursue and prosecute, if violations are identified (zero-tolerance-principle). The main focus areas of the CMS are anti-corruption/anti-fraud, anti-trust law, business partners and data protection compliance. We determined the additional focus areas of tax, accounting, product and Human Resources compliance.

Lidl Slovenia's compliance measures in particular include the adoption and communication of regulations (for example, on consumer protection, product quality and safety assurance, and data protection), the implementation of training sessions, and the training to employees, and the investigation and follow-up of all internal and external information regarding potential compliance-related legal violations. The implementation of the CMS system requires an appropriate compliance organization: the Legal/Compliance Department, which is responsible for compliance, together with the responsible persons for Compliance, regularly reviews the adequacy, effectiveness, and potential improvement of the CMS System.

Whistleblowing systems (internal and external)

Information on our whistleblowing systems is accessible to all internal and external stakeholders on the [Lidl Slovenia](#) website. Employees can also find this information on the intranet under the Compliance tab.

COMPLIANCE OFFICER

Whistleblowing system through a Compliance Officer

(internal and external; anonymous reporting option available)

compliance@lidl.si

or

Lidl Slovenija d.o.o. k.d.

Legal/Compliance Department

Pod lipami 1

1218 Komenda

ONLINE NON-COMPLIANCE NOTIFICATION SYSTEM

Online whistleblowing system

(internal and external; anonymous reporting available)

The [Business Keeper Monitoring System](#), which can be accessed by all internal and external parties via any device with internet access.

ANTI-CORRUPTION TRUSTEE

Confidential information system through the law firm Devetak in partnerji, d. o. o.

(internal and external; anonymous reporting available)

info@devetak.si

or

Devetak in partnerji d. o. o.

Helena Devetak, attorney

Prvomajska ulica 23

5000 Nova Gorica

Phone: 05 300 14 00

WHISTLEBLOWING OFFICER

Reporting employment-related violations under the Whistleblower Protection Act

(internal and external; anonymous reporting available)

via the [form](#)

or

Mobile: 040 715 151

DATA PROTECTION OFFICER

Personal data breach notification system (internal and external)

skrbnik_OP@lidl.si

NOTIFICATION OF SUSPECTED NON-COMPLIANCE

At Lidl Slovenia, we are always open to reports from employees, customers or business partners about potential compliance violations, in other words incidents whereby our employees violate applicable law or internal policies in the course of their work or are impacted by such violations. If a compliance breach is suspected or occurs, including breaches of the jointly elaborated Business Partner Code of Conduct of the Companies of Schwarz Group, our employees can report it directly to their compliance officers or employee trustees. All reported information is treated as strictly confidential. Whistleblowers are not disadvantaged in any way by reporting an incident. All incidents are investigated.

For privacy reasons and to protect the identity of whistleblowers, we do not make any disclosures in this report regarding the content or quality of the information reported.

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



AWARENESS-RAISING AND TRAINING OF EMPLOYEES

Compliance with our compliance requirements is founded on making sure our employees are fully informed about them. Awareness-raising and training are therefore undertaken right after employees join the company and are repeated yearly or every two years, depending on the training.

At the beginning of each fiscal year, the Legal/Compliance Department develops a communication plan along with an action plan for the key focus areas. The Compliance and Data Protection Officers are tasked with ensuring adherence to CMS commitments. They achieve this by conducting random audits that target specific operational areas.



COMPLIANCE IN SUPPLY CHAINS

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

ANNEX 8: CORPORATE DUE DILIGENCE

Lidl Slovenia is continuously working to integrate its corporate due diligence principles in company-wide processes. The focus has been placed on our supply chain in recent years, as this is where our business activities have the greatest impact.

For instance, our expectations for business partners are based on our **Business Partner Code of Conduct of the Companies of Schwarz Group**. Detailed information about the jointly elaborated Business Partner Code of Conduct of the Companies of Schwarz Group can be found in [Annex 9](#).

Integrating the **Sustainable Purchasing Policy** into all business relationships is a goal that Lidl Slovenia proceeds.

Through a standardized supplier due diligence process, as defined in **Corporate Due Diligence Policy on Human Rights and Environmental Protection in Product Procurement**, we systematically analyze the potential risks of violations of human rights and environmental impacts, as well as associated remedial measures. Suppliers of food and non-food products, as well as those providing fruit, vegetables, flowers, and plants, are required to respect human rights throughout the supply chain and to implement targets and proactive measures for responsible production.

Lidl Slovenia places significant emphasis on **managing various types of risk**, including those related to sustainability, which could affect our daily operations and achievement of objectives. We systematically identify risks across all business areas, assessing their financial impact, effects on business processes and reputation, and any legal implications. We also develop and implement risk mitigation measures and regularly monitor their effectiveness.

We use a range of measures to **inform our employees and raise awareness** of the principles in place at Lidl Slovenia. For example, this includes an internal purchasing manual, which translates the principles on respect for human rights into concrete measures and targets. All of our procurement managers and heads of key procurement departments undergo annual internal training focused on our Sustainability Strategy.

In 2022 and 2023, a total of 20 employees participated in this training.



ANNEX 9: BUSINESS PARTNER CODE OF CONDUCT

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

We have created a video for our business partners that clearly outlines the key points of the jointly elaborated new Business Partner Code of Conduct.



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

Due to a recent change in the German law on due diligence of companies in supply chains, we updated the Business Partner Code of Conduct at the end of fiscal year 2023. In particular, the changes strengthen the integration of human rights and environmental protection. We have provided training for all employees involved in contract negotiations, communicated the changes to the Management Board and adapted our business processes to the new Business Partner Code of Conduct.

The Business Partner Code of Conduct is based on the following international standards:

- [Universal Declaration of Human Rights](#)
- [Principles of the United Nations Global Compact](#)
- [UN Guiding Principles on Business and Human Rights](#)
- [UN Convention on the Rights of the Child](#)
- [UN Convention on the Elimination of All Forms of Discrimination against Women](#)
- [OECD Guidelines for Multinational Enterprises](#)
- [International Labour Organisation \(ILO\) Declaration on Fundamental Principles and Rights at Work](#)
- [Paris Climate Agreement](#)
- [International Bill of Human Rights](#)
- [UN Women's Empowerment Principles](#)
- [International Labour Core Labour Standards](#)
- [Organization \(ILO\) General Principles and Operational Guidelines for Fair Recruitment and Definition of Recruitment Fees and Related Costs](#)
- [Minamata Convention](#)
- [Stockholm Convention](#)
- [Basel Convention](#)

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

For example, our Business Partner Code of Conduct forms an integral part of our corporate governance. The failure to observe employee rights or fundamental human rights in any form is illegal and will not be tolerated at Lidl.

For Lidl Slovenia, adherence to applicable legislation and internal rules is a core corporate principle. We also ensure that the rights of our employees are safeguarded through clear provisions in collective bargaining and employment agreements.

The Business Partner Code of Conduct of the companies of Schwarz Group is available on the [company's website](#).

ANNEX 10: ON THE SUSTAINABILITY REPORT

REPORTING PERIOD

The Sustainability Report *Making sustainable attainable* is Lidl Slovenia's third Sustainability Report, published in January 2025. It covers fiscal years 2022 and 2023, spanning from March 1, 2022, to February 29, 2024 (Lidl Slovenia's fiscal year runs from March 1 to February 28/29).

REPORTING CYCLE

Lidl Slovenia publishes an annual Business Report and a stand-alone Sustainability Report every two years. The information in the Sustainability Report pertains to the end of the fiscal year, unless stated otherwise.

SCOPE OF DISCLOSURES

The report features data from all stores, the logistics center, and the company's head office in Slovenia.

EXTERNAL ASSURANCE OF REPORTING

External assurance (limited assurance) on the material topic of Occupational Health and Safety was conducted by Ernst&Young Slovenia in accordance with International Standard on Assurance Engagements (ISAE) 3000. The auditor for the Sustainability Report has been selected via a standardized tender process. The Auditor's Report can be found on page 143 of this report.

The criterion for selecting the material topic was its position in the materiality matrix: our operations have great impact on health and safety at work. At the same time the topic heavily influences our business. Occupational health and safety is also vital for our employees who are our top priority and also these year's creative inspiration for the Sustainability Report. Departments, responsible for the reported (material) topics, were involved in the auditing process. The Management Board participated solely with providing the necessary feedback.

CHANGES IN REPORTING

Lidl Slovenia's sustainability efforts are guided by the overarching Sustainability Strategy jointly elaborated by the companies of Schwarz Group, effective from 2021. Consequently, the previous Lidl Responsibility Model 1.0, which covered 41 CSR topics across 11 areas of responsibility, has been replaced by Lidl Responsibility Model 2.0. This new model focuses on 6 strategic topics and 17 CSR topics across 3 dimensions: Good for the Planet, Good for People, and Good for You.

Any changes in reporting compared to the previous period are detailed in the GRI index.

CONTACT DETAILS

Lidl Slovenija d.o.o. k.d.
Pod lipami 1, Poslovna cona Žeje pri Komendi
1218 Komenda
Phone: 01 888 92 72
www.lidl.si

INFORMATION ON SUSTAINABILITY

www.lidl.si
www.boljsi-svet.si
boljsisvet@lidl.si



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GRI INDEX





General Disclosures

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 1: Foundation 2021					
GRI 2: General Disclosures 2021	2-1	Organizational details	11, 120, 133		
	2-2	Entities included in the organization's sustainability reporting	133		
	2-3	Reporting period, frequency and contact point	133		
	2-4	Restatements of information		Compared to the Sustainability Report for fiscal years 2020 and 2021, we have excluded Animal Welfare and Biodiversity topics based on the results of our materiality process. The current report covers new material topics, including Occupational Health and Safety and Labor and Human Rights. Corporate Citizenship, Local Development and Local Products, which we reported as independent topics in the previous Sustainability Report, are reported under one material topic Corporate Citizenship and Local Development.	
	2-5	External assurance	133		
	2-6	Activities, value chain and other business relationships	11, 77, 79, 120		
	2-7	Employees	11, 120, 122-123	Due to Slovenia's small size, we do not collect data by region. Lidl Slovenia does not employ individuals without regular employment who significantly contribute to the company's activities. We do not record any significant employee fluctuations. Data are collected for Lidl Slovenia. Full-time employees are those working 36 or 40 hours per week; employees who work fewer hours are considered part-time employees.	
	2-8	Workers who are not employees		Lidl Slovenia's business processes also involve workers who are not employed directly by Lidl Slovenia. As stated in our corporate principles, temporary workers are treated equally to employees. To assure legal compliance, we also ensure that (student) employment agencies consistently comply with employment and labor law requirements within the scope of our Human Resources CMS program. This group of employees includes temporary agency workers, of whom there were 6 at the end of fiscal year 2022 and none at the end of fiscal year 2023. Additionally, this category encompasses students and retirees who assist Lidl Slovenia employees with various tasks such as stocking goods, working at the cash register, providing administrative support, and helping with order picking. By the end of fiscal year 2022, 304 students were working at Lidl Slovenia and this number increased to 366 by the end of fiscal year 2023. We had no retired employees working in fiscal year 2022 and one in fiscal year 2023. We apply the same management practices to temporary external workers as we do to permanent employees, integrating them into HR planning and managing them through our internal system. Students participate in our business processes as part of their educational programs, guided by a three-party contract between the student, the company, and the educational institution.	
	2-9	Governance structure and composition	124	One Management Board member is member of the Board of Directors of the Slovenian Chamber of Commerce. There is no shareholder representative on the Management Board.	
	2-10	Nomination and selection of the highest governance body		Information on the nomination and selection of the highest governance body is not published as this is sensitive internal data.	
	2-11	Chair of the highest governance body	124		
	2-12	Role of the highest governance body in overseeing the management of impacts	124		
	2-13	Delegation of responsibility for managing impacts	124		
	2-14	Role of the highest governance body in sustainability reporting	124		



GRI DISCLOSURE		PAGE	NOTES	ASSURANCE
2-15	Conflicts of interest		If members of Lidl Slovenia's Management Board hold positions on Management Boards of other companies and associations, they must ensure that these roles do not result in conflict of interest and must disclose such positions transparently in accordance with our Compliance Management System (CMS). This requirement also extends to the disclosure of ownership interests as mandated by the Companies Act-1. The CMS prohibits any employee conduct that may result in a conflict of interest with the company's stakeholders. The Legal/Compliance Department oversees compliance with the CMS, identifying, investigating, and addressing any alleged violations as necessary.	
2-16	Communication of critical concerns		The data basis for this information is only partly available to Lidl Slovenia. A consolidated collection and quality assurance for future reporting will be reviewed.	
2-17	Collective knowledge of the highest governance body	124		
2-18	Evaluation of the performance of the highest governance body		A report on the evaluation of the performance of the highest governance body is not provided for reasons of confidentiality.	
2-19	Remuneration policies		For reasons of confidentiality, the remuneration policies for the members of the highest governance body and managers is not reported.	
2-20	Process to determine remuneration		Lidl Slovenia's remuneration system aligns with the company's Human Resources Strategy and adheres strictly to applicable laws and regulations. Employee remuneration is based on the role's tasks and responsibilities, the nature of work, and the contracted working hours. We regularly ensure that positions are evaluated through a standardized process to maintain consistency in remuneration. Competitive benchmarking within the Slovenian labor market also informs our approach to remuneration structure. At Lidl Slovenia, remuneration exceeds the industry average, and our minimum wage is set above the statutory requirement.	
2-21	Annual total compensation ratio		No details can be provided on the annual total compensation ratio for reasons of confidentiality.	
2-22	Statement on sustainable development strategy	10		
2-23	Policy commitments	129-130, 132		
2-24	Embedding policy commitments	131		
2-25	Processes to remediate negative impacts	129-130		
2-26	Mechanisms for seeking advice and raising concerns	129-130		
2-27	Compliance with laws and regulations		For confidentiality reasons, no disclosures can be made in relation to this this topic.	
2-28	Membership associations	121		
2-29	Approach to stakeholder engagement	125-126	Key stakeholders identified by Lidl Group apply to the entire Group.	
2-30	Collective bargaining agreements	123	A collective bargaining agreement covered all Lidl Slovenia employees during the reporting period. However, individual employment contracts may specify different terms regarding relationships, rights, duties, or responsibilities for managers, proxies, and executives. We also engage individuals who contribute to our operations but are not directly employed by Lidl Slovenia, such as agency workers, students, trainees, and retirees. These arrangements comply with legal requirements and adhere to the binding collective agreement and other applicable regulations.	

Management of Material Topics

GRI 3: Material Topics 2021	3-1	Process to determine material topics	127-128	
	3-2	List of material topics	22, 128	Compared to the Sustainability Report for fiscal years 2020 and 2021, we have excluded Animal Welfare and Biodiversity topics based on the results of our materiality process. The current report covers new material topics, including Occupational Health and Safety and Labor and Human Rights. Corporate Citizenship, Local Development and Local Products, which we reported as independent topics in the previous Sustainability Report, are reported under one material topic Corporate Citizenship and Local Development.
	3-3	Management of material topics		

Material Topics

PROTECTING CLIMATE

1.5 Degrees



7.2, 7.3



13.2

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	25-28, 30-33		
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change		The information and data associated with this statement are currently not available in adequate quality and can therefore not be reported.	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	32		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	31		
	302-2	Energy consumption outside the organization		Information is not provided for business reasons.	
	302-3	Energy intensity	31		
	302-4	Reduction of energy consumption	32		
	302-5	Reductions in energy requirements of products and services	33		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	28-29	Lidl Group conducted its first carbon footprint calculation for Scope 1 emissions in fiscal year 2019, which serves as the base year. The calculated Scope 1 emissions for the current reporting period are within 10% of the previous fiscal year's emissions. The carbon footprint calculation adheres to various GHG Protocol standards, including the GHG Protocol Corporate Accounting and Reporting Standard (Scope 1+2) and GHG Protocol Scope 2 Guidance. The calculation encompasses the greenhouse gases CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, and SF ₆ . Lidl Slovenia does not emit any biogenic CO ₂ emissions.	
	305-2	Energy indirect (Scope 2) GHG emissions	27-29	Lidl Group conducted its first carbon footprint calculation for Scope 2 emissions in fiscal year 2019, which serves as the base year. The calculated Scope 2 emissions for the current reporting year are within 10% of the previous fiscal year's emissions. The carbon footprint calculation follows the same GHG Protocol standards as for Scope 1 emissions. It includes greenhouse gases such as CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs and SF ₆ . Scope 2 emissions are calculated using both the location-based and the market-based approach. Lidl Slovenia does not emit any biogenic CO ₂ emissions.	
	305-3	Other indirect (Scope 3) GHG emissions	28-29, 32	Lidl Group conducted its first carbon footprint calculation for Scope 3 emissions in fiscal year 2019, which serves as the base year. The calculation follows the GHG Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3). The calculation encompasses the greenhouse gases CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, and SF ₆ . Lidl Slovenia monitors eight categories of Scope 3 emissions, with the remaining categories deemed not relevant. Lidl Slovenia does not emit any biogenic CO ₂ emissions.	
	305-4	GHG emissions intensity	29	The intensity of Scope 1 and 2 emissions is calculated based on the sales area (m ²) and the number of employees. The greenhouse gases included in the calculation are CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, and SF ₆ . The operational emissions intensity for Scopes 1 and 2 is calculated following the Scope 2 market-based approach.	
	305-5	Reduction of GHG emissions	27, 29-30	Lidl Group established its first carbon footprint calculation for fiscal year 2019, which serves as the base year. The carbon footprint calculation adheres to various GHG Protocol Standards, including the GHG Protocol Corporate Accounting and Reporting Standard (Scope 1+2), GHG Protocol Corporate Value Chain Accounting and Reporting Standard (Scope 3), and GHG Protocol Scope 2 Guidance. The calculation includes the greenhouse gases CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, and SF ₆ . The total Scope 1 and 2 emissions for the reporting period are within 10% of the previous fiscal year's emissions.	

CONSERVING RESOURCES

Raw Materials



2.4



12.2

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	35-40		

Circular Economy



12.2, 12.5

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	42-49, 51		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	46-47		
	301-2	Recycled input materials used	48	During the reporting period, we were unable to obtain quantitative data required by the guideline. As a result, we have described the use of recycled input materials in qualitative terms. We are actively working on improving our data collection processes.	
	301-3	Reclaimed products and their packaging materials	48		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	49		
	306-2	Management of significant waste-related impacts	49		
	306-3	Waste generated	49		
	306-4	Waste diverted from disposal	49		
	306-5	Waste directed to disposal	50		



Food Waste



2.1



12.2, 12.3

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	53-59		
Lidl Disclosure: Ensuring the Responsible Handling of Food Leftovers			53-59	Donations from the Donated Food project totaled 381 tons for the 2020 and 2021 fiscal years. By the end of fiscal year 2020, 25 stores were involved in the project, increasing to 34 stores by the end of fiscal year 2021. Donations of Favorina festive products totaled 4.5 tons for fiscal years 2020 and 2021.	

ACTING FAIRLY

Labor and Human Rights



8.7, 8.8



10.2, 10.3



16.b

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	62-68		
GRI 401: Employment 2016	401-3	Parental leave	66		
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes		Lidl Slovenia does not have a representative trade union. For that reason representatives do not participate in the amendment or adoption of general acts. In compliance with the law, employees are informed about the content of proposals before the adoption of any new or revised acts.	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	63, 65		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	63, 65		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	63, 65		
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	63-64	During the reporting period, we were unable to obtain quantitative data required by the guideline. As a result, we described our negative impact on the supply chain and the measures to limit the negative impact qualitatively. We are systematically improving our data acquisition processes.	
Lidl Disclosure: Contribution of the Company to the Life Ballance of Employees			67-68		

Fair Remuneration



8.5, 8.8

10.2

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	70-73		
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	71	During the reporting period, we were unable to obtain all quantitative data required by the guideline. Our reporting on pension plan obligations is therefore limited. We are systematically improving our data acquisition processes.	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	72	Lidl Slovenia is a significant location of operation.	
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	72-73	Lidl Slovenia is a significant location of operation. Data for the Gender Pay Gap (GPG) and Bonus Gender Pay Gap (BGPG) are not available for the retail sector in Slovenia.	

Corporate Citizenship and Local Development*



2.3

8.3

10.2

12.7

17.17

GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	75-85	During the reporting period, we performed calculations related to the export of products on an updated database of higher quality. Accordingly, the export values at the end of the 2021 reporting period, with which we compare this year's results, are modified: - 28 countries to which we exported products through Lidl Slovenia and - 11.3% of exported products from Lidl Slovenia suppliers.	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	82		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	76		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	78		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	76		

* Non-material topic



PROMOTING HEALTH

Conscious Nutrition



GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	87, 89-94		
GRI 416: Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	89-90		
G4 Sector Disclosures: Food Processing Standards, Product Responsibility	FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	88	Lidl Slovenia's certified local suppliers hold the IFS certificate on supplier level. As a result, the Sustainability Report reflects the percentage of certified local suppliers rather than the percentage of certified products.	
Lidl Disclosure: Ingredients and Nutritional Information		Provision of comprehensible and complete information on ingredients and nutritional information	90-95		
Lidl Disclosure: Traceability		Transparency about the production of products	90, 92-95		
Lidl Disclosure: Customer Awareness		Promoting responsible consumption patterns through education and awareness-raising	90, 92-95		

Occupational Health and Safety



GRI DISCLOSURE			PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material topics	99-104		✓
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	100		✓
	403-2	Hazard identification, risk assessment, and incident investigation	100, 102		✓
	403-3	Occupational health services	101-102		✓
	403-4	Worker participation, consultation, and communication on occupational health and safety	102	Lidl Slovenia does not have a representative employee trade union. Therefore, it is not involved in activities to ensure occupational health and safety.	✓
	403-5	Worker training on occupational health and safety	102		✓
	403-6	Promotion of worker health	101, 103-104		✓
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Through the Business Partner Code of Conduct of the Companies of Schwarz Group, we require our business partners to uphold human rights, meet environmental standards, and comply with all legal frameworks. Workplace safety risks are identified through social impact audits (e.g., BSCI) and human rights impact analyses (HRIA). When sourcing raw materials, we rely on recognized international certifications to mitigate the risks of human and labor rights violations in our supply chain.	✓
	403-8	Workers covered by an occupational health and safety management system	100	At Lidl Slovenia, we do not conduct external audits of our occupational health and safety system.	✓
	403-9	Work-related injuries		Lidl Slovenia does not generally publish any information on sickness and absence rates, since this is sensitive internal data.	✓
	403-10	Work-related ill health		The number of cases and rate of work-related ill health and associated fatalities are not published since this is sensitive internal data.	✓

ENGAGING IN DIALOG

Enabling



4.3, 4.4, 4.7



12.8

GRI DISCLOSURE		PAGE	NOTES	ASSURANCE
GRI 3: Material Topics 2021	3-3	Management of material Topics	106-118	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	110	
	404-2	Programs for upgrading employee skills and transition assistance programs	107-110	Upon leaving the company, with their consent, we conduct an exit interview with all employees about their experience at the workplace and their experience with the company.
	404-3	Percentage of employees receiving regular performance and career development reviews	108	
Lidl Disclosure: Employee Empowerment		Sensitization and training of employees on sustainability topics	111-112	
Lidl Disclosure: Customer Awareness		Promoting responsible consumption patterns through education and awareness-raising	113-118	

13



AUDITOR'S REPORT





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Independent practitioner's Assurance Report - Limited Assurance on the Subject Matter and Applicable Criteria

To the Management of Lidl Slovenija d.o.o. k.d.

Scope

This report is intended solely for the management of Lidl Slovenija d.o.o. k.d. (hereinafter referred to as the "Company") based on the contract concluded on October 28, 2023, for the purpose of reporting on the Indicators as per GRI 403-1 Occupational Health and Safety Management System, GRI 403-2 Hazard Identification, Risk Assessment, and Incident Investigation, GRI 403-3 Occupational Health Services, GRI 403-4 Worker Participation, Consultation, and Communication on Occupational Health and Safety, GRI 403-5 Worker Training on Occupational Health and Safety, GRI 403-6 Promotion of Worker Health, GRI 403-7 Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships, and GRI 403-8 Workers Covered by an Occupational Health and Safety Management System (the "subject matter"), within the Lidl Slovenija Sustainability Report for the years 2022 and 2023 (the "Sustainability Report") in accordance with GRI standards.

We have not performed any procedures regarding other information included in the Sustainability Report, except as stated in the previous paragraph, and we do not express an independent practitioner's opinion on such information.

Information on the Subject Matter and Applicable Criteria

The limited assurance engagement relates to the following Subject Matter, for which the criteria below apply:

- Occupational Health and Safety Management System in accordance with GRI 403-1;
- Hazard Identification, Risk Assessment, and Incident Investigation in accordance with GRI 403-2;
- Occupational Health Services in accordance with GRI 403-3;
- Worker Participation, Consultation, and Communication on Occupational Health and Safety in accordance with GRI 403-4;
- Worker Training on Occupational Health and Safety in accordance with GRI 403-5;
- Promotion of Worker Health in accordance with GRI 403-6;
- Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships in accordance with GRI 403-7; and
- Workers Covered by an Occupational Health and Safety Management System in accordance with GRI 403-8.

Special Purpose

This report is intended solely for the purposes defined in the first paragraph and for your information, and it is not to be used for any other purposes or distributed to other recipients. The report relates solely to the Sustainability Report and should not be understood in connection with any of the Company's financial statements as a whole.



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Responsibilities of Management

Management is responsible for selecting the Criteria and for presenting the Subject Matter in accordance with the Criteria, in all material respects, and for such internal control as management determines is necessary to enable the preparation of the Subject Matter that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 (Revised)), issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain limited assurance about whether we have become aware of any matter that causes us to believe that the Sustainability Report, in relation to the subject matter, contains material misstatements, considering the Criteria identified below.

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

Our Independence and Quality Control

We comply with the independence and ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants. The Code is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

We also apply the International Standard on Quality Control (ISQC 1) and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of Work Performed

The nature, timing, and extent of procedures performed in a limited assurance engagement are less extensive than those for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selected procedures depend on the practitioners' judgment. These procedures primarily include inquiries of personnel responsible for reporting and risk management, as well as additional procedures to obtain evidence about the Subject Matter.

Although we considered the effectiveness of internal controls in determining the nature and extent of our procedures, our engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to relevant IT systems.



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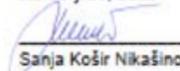
In relation to the Subject Matter defined above, we primarily performed the following procedures:

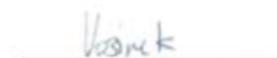
1. We obtained an understanding of the Company's internal controls, processes and systems established for the preparation of the 8 Indicators as per GRI 403 1-8 within the Sustainability Report.
2. Using the documentation provided by the Company, we reconciled the GRI 403 1-8 Indicators presented in the Sustainability Report on a selected sample.
3. We read the Sustainability Report and checked the consistency of the presentation of the GRI 403 1-8 Indicators.

Conclusion

Based on the procedures performed and the evidence obtained, we confirm that nothing has come to our attention that causes us to believe that the indicators reported in accordance with GRI 403 1-8 within the Sustainability Report dated February 29, 2024, are not, in all material respects, in accordance with the applicable Criteria.

January 20, 2025


Sanja Košir Nikašinič, Partner


Marša Vošinek, Certified auditor

Appendix: Sustainability Report

ERNST & YOUNG
Revizija, poslovno
svetovanje d.o.o., Ljubljana 1