



# RESPONSIBILITY

for new generations deserving a better future



## Sustainability Report

Reporting period:  
March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017





#ResponsibleforUs



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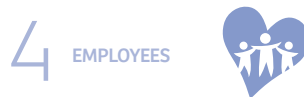
Dear responsible reader,

I am happy you are here;  
this means we share the same  
care for the environment,  
for the society, for a company's  
most important resource –  
its employees – and, last but not  
least, for Romania's sustainable  
development.





We have the ongoing mission to provide our Romanian customers with products of the highest quality at the best prices, straight from the growers/manufacturers, in a wide range and in our customers' immediate proximity. We are able to keep this promise owing to a principle of efficiency, which, in fact, we understand as responsibility, in relation to environment resources, to our employees, to the communities in which we are present and to the economic environment in which we are active. Sustainability is in fact part of our business model; subsequently, we have identified one pillar of responsibility for every representative segment of our activity:



In each case, we commit to and persevere in our search for solutions that do more than improve the success of Lidl as a company; these solutions also seek to create a better future for our society.

The financial year 2016 (March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017) was an excellent year for Lidl Romania, not just from the financial performance point of view, but also because we decided to put in writing the measures already implemented, as well as our social responsibility endeavors and to publish the first sustainability report covering this very period.

We wanted to do this because we are a transparent company, constantly seeking to improve the dialogue with the entities that show direct interest in our activity.

The drafting of this report has been an extremely useful exercise for the company and for the people who make Lidl possible every day. It provided us with the opportunity of an integrated analysis of what we do right and of what we could improve; it has also shown us the possibility of enjoying our successes and of pursuing even greater goals for the future.

I want to express my gratitude to all those who engaged, directly or indirectly, in the identification of the subject matters defining the contents of this document: to my colleagues in the logistics centers, in our stores or in the headquarters, to our business partners, from product and service providers to representatives of public institutions or of non-governmental organizations.

Without their help, this report would not have met the expectations of our stakeholders and it would not have respected all the requirements of the Global Reporting Initiative (GRI) standards, which we used for this non-financial reporting action.

I kindly invite you to read, at length, about how our concern for a better future is reflected in the following pages of the first sustainability report of Lidl Group in Romania.

Please enjoy your reading!

**FRANK WAGNER**  
CEO  
Lidl Romania

# Highlights

March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017

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WE OFFERED SUPPORT TO MORE THAN 30  
NON-GOVERNMENTAL ORGANIZATIONS OF

**1.6 MILLION  
EUROS**

p. 42

WE CUT DOWN OUR  
FUEL CONSUMPTION BY

**16%**

p. 42

WE REDUCED THE AVERAGE TRANSPORT DISTANCE BY

**29% FROM 231<sup>KM</sup>  
TO 164<sup>KM</sup>**

p. 46

WE SENT TO RECYCLING

**1,117.099 TONS OF PLASTIC  
AND FILM**

p. 60

THE NUMBER OF ARTICLES OBTAINED FROM LOCAL SUPPLIERS  
FOR PRODUCTS IN THE WHOLE RANGE BY

**29.11% FROM 1,192  
TO 1,539**

p. 60

WE INCREASED THE NUMBER OF LOCAL GOODS AND SERVICES PROVIDERS  
WITH WHOM WE WORKED IN THE REPORTING PERIOD BY

**11.24% FROM 4,726  
TO 5,257**

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WE INCREASED THE NUMBER OF ARTICLES OBTAINED FROM LOCAL  
SUPPLIERS FOR OUR RANGE "CĂMARA NOASTRĂ",

**FROM 43 TO 98 ARTICLES**



**Cristina Hanganu**  
Communication and CSR Manager



**Irina Lapoviță**  
CSR Manager

## Responsibility begins with each of us!

Even if, at present, non-financial reporting according to the European Directive 95/2014 is not mandatory, Lidl has decided to publish voluntarily its first sustainability report and would also like to invite other companies to join us in this transparency endeavor.

For us it was important to write this report using all aspects and standards of the Global Reporting Initiative (GRI), which are being applied by more than 60% of the companies that publish sustainability reports; and also an external audit process from PwC was equally important in drafting this report. In addition to the GRI standards, we have used the 17 Sustainable Development Goals (SDGs)\* included in the United Nations 2030 Agenda. In the report, you will find an alignment of our activities with these 17 goals and targets of the United Nations.

The most important phase in the writing of this report was the constant consultation with the stakeholders – being able to meet their expectations. Thus, we obtained the 22 relevant topics included in this report. The gathering of the information and the data analysis were another important phase, an examination of our company, where we were looked at what we were doing right and at what we could improve, in order to reduce our negative impact and to provide a positive input for the environment, the society and the economy, the three pillars of sustainable development.

The data analysis has shown us the results of Lidl team's activity in all of the 5 CSR fields of our company. For example, our colleagues in the Procurement department managed to increase significantly the number of local suppliers and of products/items developed in collaboration. During the reporting period, the number of products/items from local suppliers increased by 29.11%, from 1,192 to 1,539. The number of local suppliers of goods and services with whom we worked in the

reporting period, also increased by 11.24% from 4,726 to 5,257. You can find additional details in the Partners chapter.

Our colleagues in the Constructions team have built some of the greenest stores in Romania, using the highest technologies that reduce significantly the environmental impact. Furthermore, despite the increase in the numbers of stores and the opening of a new warehouse, we were able to decrease the energy consumption per square meter, owing to all the energy efficiency measures taken to obtain the ISO 50001 certification, which is the highest international standard of energy management. Our colleagues in the Logistics team reduced the fuel consumption by 16% and the distance travelled for the transport of goods by 29%. In the Environment chapter, you can read about how they managed to do that.

We also invested in the diversification of benefits for the employees and we offered 1.6 million euro in support to more than 30 non-governmental organizations. Additional information on these aspects can be found inside Employees and Society chapters.

We kindly invite you to read about our take of the concept of responsibility in Lidl in the following pages.

### Acknowledgements

We want to express our gratitude to all those who engaged in the identification of the relevant topics, the gathering of information, the writing and creation of the visual identity of this first report: the CSR BootIQ team, the Sunday Morning team, all our colleagues who helped us identify the themes and gather the information, and as well as our colleagues at Lidl Stiftung.

We welcome your feedback at: [csr@lidl.ro](mailto:csr@lidl.ro)

\* <https://sustainabledevelopment.un.org/sdgs>

# Dialogue with partners and identification of the topics for this report

**At the beginning of 2017, we started a consultative process with the following goals:**

- ✓ creating a path for dialogue between Lidl Romania and our partners
- ✓ identifying our company's relevant aspects from our partners' perspective
- ✓ identifying the topics of interest for our partners, which will define the contents of the first sustainability report of Lidl Romania

**The first step** was taken by organizing two workshops. They were attended by 30 coordinators, managers and department directors, who identified, on the one hand, the key groups of partners of Lidl and, on the other hand, the sectors attached to the company's activity, which have a significant economic, social and environmental impact.

For the correct determination of the group of key-partners to be consulted and for their priority ranking, we took into account the attributes recommended by the AccountAbility organization (AA1000 SES standard):

- direct or indirect dependency, of the group of partners or of a specific partner, on our company's activity or dependency of Lidl's activity per said partner;
- present or future legal, commercial, operational or ethical responsibility with regard or in relation to the concerned group/ partner;
- existing or potential tensions, with a possible financial, economic, social or environmental impact, requiring attention from Lidl;
- strategic or operational influence;
- diversity of perspectives, which may lead to an improved understanding of the context and may help identify opportunities otherwise ignored.

**The second step** meant the consultation as such, which gathered more than 60 one-on-one interviews with the company's employees, coordinators, department heads and directors, representatives of the Executive Committee, suppliers of products and services, local authorities, quality control authorities, non-governmental organizations, business associations.



# Relevant topics defining the contents of the report

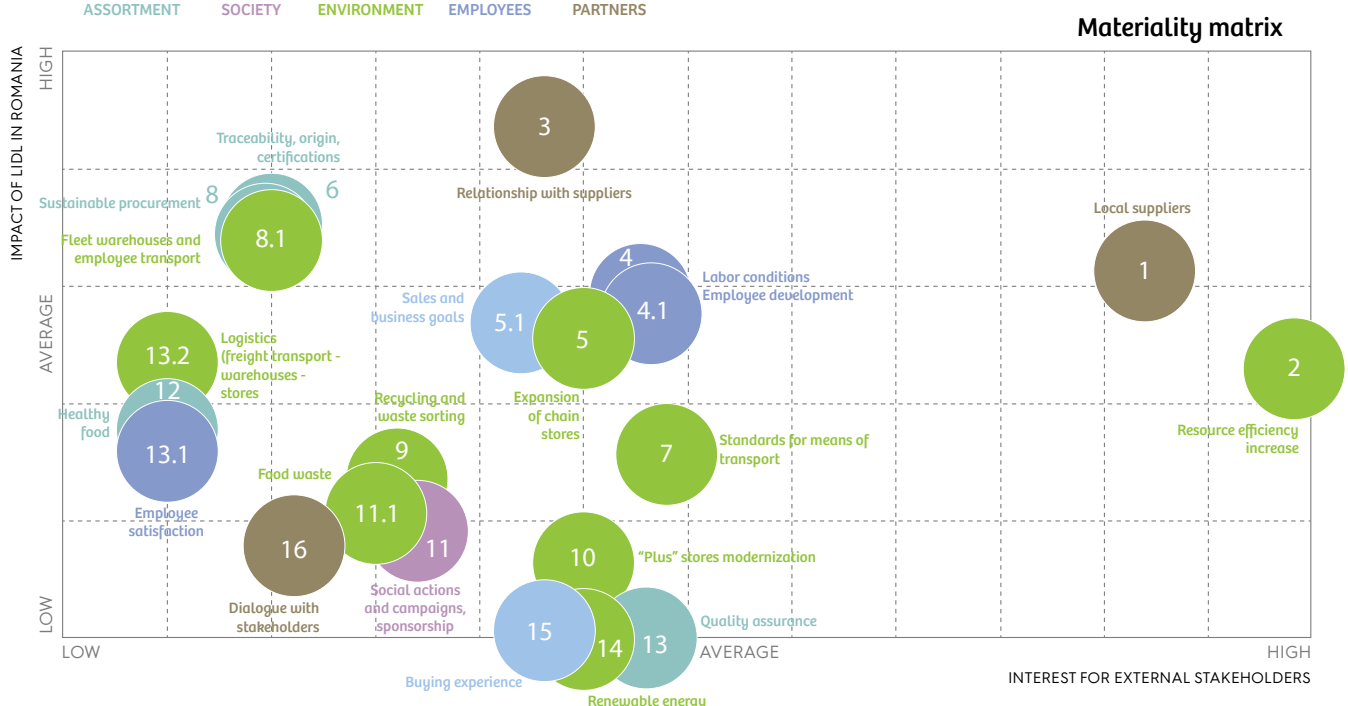
## The identification of all topics included and analyzed in the sustainability report of Lidl Romania has relied on:

- our company's five priority fields of social responsibility - Assortment, Environment, Employees, Society, Partners;
- the areas deemed priority by the internal stakeholder groups that we interviewed (employees of Lidl, coordinators, heads of department and relevant managers, respectively representatives of the Executive Committee);
- the sectors deemed priority fields by the external stakeholder groups that we interviewed (product suppliers, service providers, local authorities, quality control authorities, non-governmental organizations, business associations).

The list of the 22 topics deemed relevant for this reporting cycle is shown to the right and in the chart below, where they were ordered by their importance for the interviewed external and internal stakeholders. Some topics were given identical ranks by the stakeholders and they have the same importance (e.g. Labor conditions, Employee development, ranking 4, respectively 4.1). All the topics are shown in the report and organized according to Lidl's five social responsibility pillars:



1. **Local suppliers** (Partners Chapter)
2. **Resource efficiency increase** (Environment Chapter)
3. **Relationship with suppliers** (Partners Chapter)
4. **Labor conditions** (Employees Chapter)
- 4.1. **Employee development** (Employees Chapter)
5. **Expansion of the chain stores** (Environment Chapter)
- 5.1. **Sales and business goals** (About the company Chapter)
6. **Traceability, origin, certifications** (Assortment Chapter)
7. **Standards for means of transport** (Environment Chapter)
8. **Sustainable procurement** (Assortment Chapter)
- 8.1. **Warehouse fleet and employee transport** (Environment Chapter)
9. **Recycling and waste sorting** (Environment Chapter)
10. **"Plus" stores modernization** (Environment Chapter)
11. **Social actions and campaigns, sponsorship** (Society Chapter)
- 11.1. **Food waste** (Environment Chapter)
12. **Healthy food** (Assortment Chapter)
13. **Quality assurance** (Assortment Chapter)
- 13.1. **Employee satisfaction** (Employees Chapter)
- 13.2. **Logistics (warehouse-store transport of goods)** (Environment Chapter)
14. **Renewable energy** (Environment Chapter)
15. **Buying experience** (About the company Chapter)
16. **Dialogue with stakeholders** (Partners Chapter)







**This report was written in accordance with the GRI (Global Reporting Initiative) standards, the Core Option.**

## Objective of the report

This document reflects the activity of the four companies of Lidl Group in Romania (Lidl Discount SRL, Lidl Imobiliare România Management SCS, Lidl România SCS, Lidl România SRL) and it examines the economic, social and environmental impact of our activity.

This is the first sustainability report of Lidl Group in Romania and it was drafted in accordance with the GRI standards adopted in October 2016, which are still in a pioneering phase across the world. The explanations are included in the index, at the end of this document.

We intend to publish such a report every two years.

## Reporting period

All the data in this document refers to the reporting period (March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017), unless otherwise specified.

## Report limits

The term “stores” describes the units where products are sold. The term “logistics center” describes the regional merchandise supply / distribution divisions. The term “headquarters” refers to the place where our company conducts its administrative activity. The scope of the information in this report is national, unless otherwise specified.

Some services (transport, cleaning services, occupational security and safety services) are outsourced. Since we do not have relevant information about them, the impact of these services is not in scope for this report.

We apply the precautionary principle across the value chain, by taking every measure - both by validating/ certifying all animal or vegetable products and by preventing distribution or by recalling products where applicable - so that the health of our consumers should be protected at all times.

# The content of this document was drafted in line with the following principles, defined by the GRI standards

## Principles defining the content of the report:

### **Stakeholder inclusiveness**

How this principle was applied is explained at length in the section Dialogue with stakeholders.

Methodologically, the AccountAbility AA1000 SES standard was used; it promotes matching the information included in such a document with our partners' reasonable interests and expectations.

### **Sustainability context**

This report illustrates our performance on the Romanian market, in the local sustainability context.

### **Materiality**

The topics described in this report reflect the most important economic, social and environmental impacts and the aspects able to influence substantially our partners' decisions and assessments.

### **Completeness**

The document covers all the relevant fields and their scopes, defining the economic, social and environmental influence of our activity on the communities.

Thus, we seek to introduce ourselves to our partners, to allow a correct assessment of our performance, across the reporting cycle.

## Principles defining the quality of the report:

### **Balance**

The document illustrates both the positive and the negative aspects of our operations, so the stakeholders should be able to assess our activity correctly.

### **Comparability**

We selected, gathered and included in this document a wide range of information. We tried, as much as possible, to present the data in a way that allows the stakeholders to analyze the progress of our performance and to compare us with other similar organizations.

### **Accuracy**

The information in this document is correct, verified and sufficiently detailed so that the reader should be able to evaluate us.

### **Clarity**

We sought to submit the information in a way that will enable an easy reading and understanding experience.

### **Timeliness**

We seek to turn this report in a current practice and we will try to submit updated information to our partners, so that they make informed decisions.

### **Reliability**

We gathered, recorded, contextualized, verified and published the information and processes used in the drafting of this document, thus enabling their analysis and the assessment of their quality and relevance.



## Lidl in Romania

The group of companies Lidl Romania is one of the most important retailers in Romania. At present, the group includes the companies listed in the following table.



Company	CUI	Object of activity	Net turnover 2016 (Lei)	Net profit 2016 (Lei)
Lidl Discount SRL	22891860	retail in specialized stores	5,577,887,360	217,744,136
Lidl Imobiliare România Management SCS	15139385	retail in specialized stores	32,813,197	- 1,582,461
Lidl România SCS	15300120	rental and subletting of real estate	108,429,806	16,527,609
Lidl România SRL	14962609	activity of the centralized administrative offices	0	- 12,669
Group's Total			5,719,130,363	232,676,615

Financial information on the Group's companies is available on the website of the Ministry of Public Finance, by entering the sole registration code (CUI).

## Brief history



Lidl, a member of Schwarz Group, with its headquarters in Neckarsulm, Germany, is one of Europe's top retailers. Lidl Romania is a branch of Lidl Stiftung & Co. KG, which is also seated in Germany and present in 30 countries across the world. It operates approx. 10,000 stores and more than 150 logistics centers in 28 countries across the world. Since 2014, Schwarz Group (represented by Lidl and Kaufland) has become the largest food products retailer in Europe, and in the financial year 2016 it generated a turnover of 90.2 billion euro.

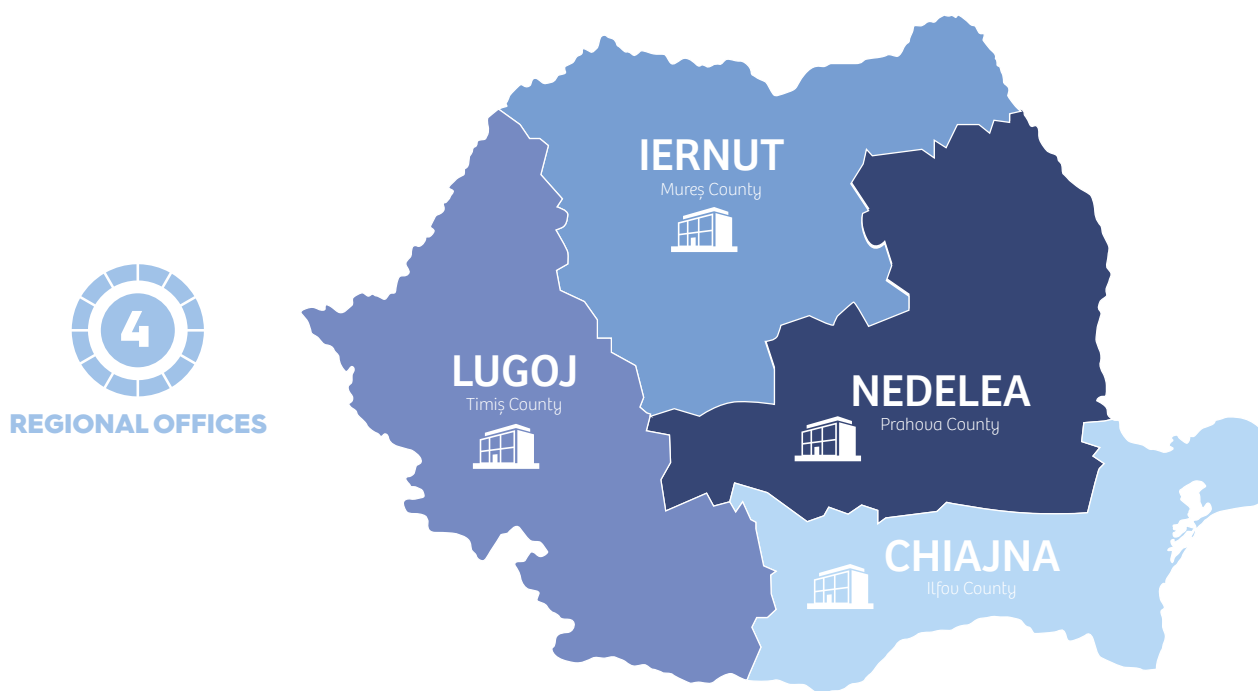
**30**  
countries

**10,000**  
stores

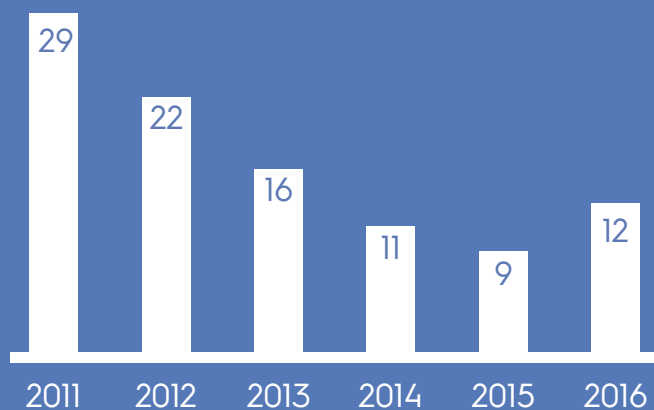
**150+**  
logistics centers

Our registered offices are in Nedelea, Ariceştii Rahtivani, DN 72, Crângul lui Bot km 73+810, Prahova county (Lidl Discount SRL and Lidl Imobiliare România Management SRL), and in Chiajna, Ilfov county, 19 Industriilor Street (Lidl România SCS and Lidl România SRL).

Our headquarters are in Bucharest and we have four regional offices in Chiajna, Iernut, Nedelea and in Lugoj, and six expansion offices in Chiajna, Nedelea, Iaşi, Bucharest, Lugoj and Iernut.



Lidl has been present on the Romanian retail market since 2011, when we took over the “Plus” chain stores, which at that time counted 107 units. Since then and until the closing of the reporting period, we have reached 206 open stores; subject to the economic context, our goal is to keep an annual expansion rate of more than 10 units.



STORES OPENED IN 2011 - 2016





# Our principles

We respect multiculturalism and we appreciate the diversity of values and traditions. All our actions are based on the following principles:



Our activity aims at customer satisfaction.



The superior quality/ price ratio defines our position on the market.



We grow by the constant expansion and improvement of our chain stores.



As chain stores, we work in a systematic assembly.



Quick decisions and simple working procedures ensure our success.



We comply with the applicable legislation and the internal procedures.



We undertake economic, social and environmental responsibilities every day.



Correctness in relation to each employee is a requirement.



We respect and support each other.



We fulfil our commitment in mutual trust conditions.



Appreciation and recognition should characterize daily working conditions.



Our employees are well trained and each position in every department can be covered.

Our mission in Romania is to provide our customers with products of the highest quality at the best prices, straight from the producers/manufacturers, in a wide range, inside stores open in their proximity.



# Affiliations



## Lidl is a member of various organizations and initiatives, of which we mention:

### Romanian Association of Large Business Networks

Lidl Romania is part of the Romanian Association of Large Business Networks (AMRCR). Created in 2003, AMRCR has 16 members and it is a professional association representing the interests of the retail industry in Romania.

### Romanian-German Chamber of Commerce and Industry

Lidl Romania is a member of the Romanian-German Chamber of Commerce and Industry (AHK Romania). Established in 2002, AHK Romania is a bilateral chamber of commerce and it represents 540 Romanian and German member companies in the relation to the authorities. It promotes the development of Romanian-German economic and business relations.

### European Retail Forum on Sustainability

Lidl Stiftung GmbH & Co. KG is part of REAP, the European Retail Forum on Sustainability. One of the objectives<sup>1</sup> to which we commit is the increase of the number of buildings (logistics centers, offices, stores) certified according to ISO 50001.

### Business Social Compliance Initiative

Lidl Stiftung GmbH & Co. KG is part of Business Social Compliance Initiative (BSCI). Together with the other members of the initiative, Lidl agreed to implement, in the factories across the world, the Code of Conduct of BSCI<sup>2</sup>, undertaking the joint responsibility, with its business partners, regarding the manufacture framework-conditions for Lidl.

# Company management

in the reporting period

March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017



**FRANK WAGNER**  
CEO Lidl Romania

**ANTONIU RADU**  
Country Administrative Manager,  
Management Board Member  
Followed by **AVRIL O'HEHIR** as of January 1<sup>st</sup>, 2017.

**SERGIU FALĂ**  
Country Expansion and Central Service Manager,  
Management Board Member

**IONUȚ PREDA**  
Country Sales and Logistics Manager,  
Management Board Member

**MARCO GIUDICI**  
Country Purchases and Marketing Manager  
Management Board Member

<sup>1</sup> European Commission. Goals undertaken by Lidl in REAP: <http://bit.ly/2sDOHdt>

<sup>2</sup> Business Social Compliance Initiative: <http://bit.ly/1F0eVMW>



# Value chain

We have one major goal across our value chain: to provide best quality products at the best price. This means that the production, transport and marketing of the products meet the legal requirements, as well as the highest quality standards required by our internal rules.

The products sold in our Romanian stores come both from local growers/manufacturers and from international ones.

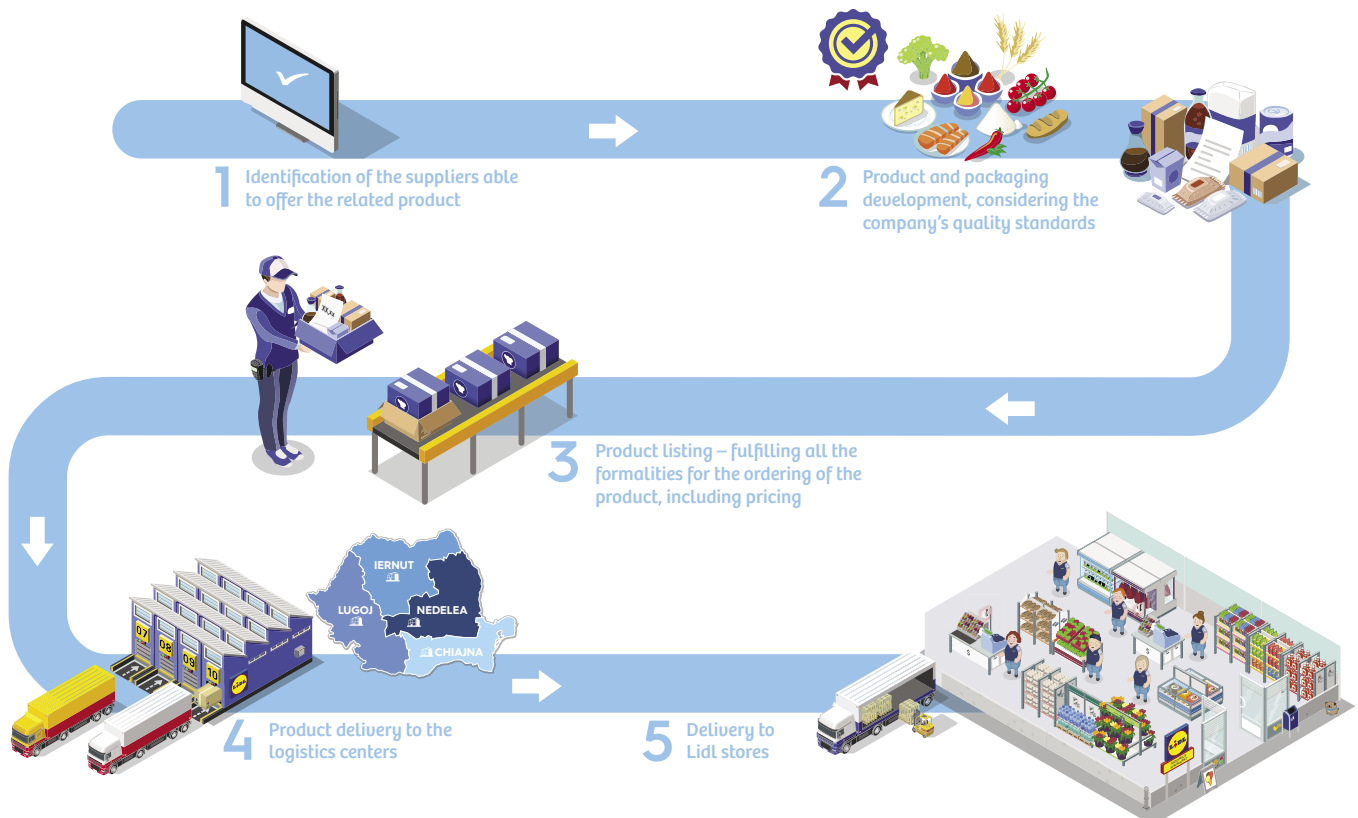
Once the need to market a product is identified, its development follows the same process:

1. Identification of the suppliers able to offer the related product
2. Product and packaging development, considering the company's quality standards
3. Product listing – fulfilling all the formalities for the ordering of the product, including pricing
4. Product delivery to the logistics centers
5. Delivery to Lidl stores

In parallel with the contract negotiation and signing, all the new manufacturers are subject to a food quality and safety audit in the production (manufacture) unit. This stage is mandatory for any manufacturer who wants a contractual relation with Lidl.

Delivery is performed to our four logistics centers (Chiajna, Nedelea, Iernut and Lugoj). Next, the products are sent to our stores and then they reach our customers.

In the case of imported products, the delivery is made first to a logistics division in Europe and then to our four warehouses in Romania.



# Private label Lidl Romania portfolio

We take pride in the fact that, in our stores, buyers can make informed choices and have access to quality products offered by Lidl private label brands. Some of the private label branded products are:



## CĂMARA NOASTRĂ

- Complete range developed with Romanian suppliers: butcher shop, dairy products, bakery, tea etc.



## BRUTĂRIA LIDL

- Breadstuffs, pastries and sweets



## FIN CARRÉ

- Chocolate



## BELLAROM

- Chocolate and coffee



## ALESTO

- Walnuts, peanuts, nuts, seeds, dried fruit



## PIKOK

- Cold cuts



## GELATELLI

- Ice cream



## LUPILU

- Articles for children



## CIEN

- Cosmetics



## PILOS

- Dairy products



## ARGUS

- Beer



## FREEWAY

- Soft drinks



## W5

- Cleaning products

# Enjoyable and safe buying experience



Lidl buyers deserve a special experience, from the information on which they choose the products to the time spent in the store, from the available parking spot, regardless of season, to the safety offered by the structure of our stores. We design this experience so as to match as well as possible the buyer's taste, interest in diversification, his/her increasingly complex life style and purchasing power.

We provide to our customers in Romania the best quality products at the best prices. The products are organized in such a way that the buyers' time in our stores can be spent efficiently and pleasantly. Thematic weeks and special days (Monday, Thursday and Super Saturday) make Lidl a destination for customers.



# Sustainability in local context

We conduct our activity on the Romanian market. So for this reason, we are in a permanent search for the characteristics and trends of the local sustainability context. We abide by a series of indicators closely related to this action; some of them are:



## 1. Demography

Demographically speaking, Romania<sup>3</sup> follows the general European Union trend. It is one of the states characterized by a decrease of the population, caused both by negative natural growth and by a significant migration rate.

### ROMANIA

Population in 2016:

**19,760,000**

Natural growth as compared with 2015:

**-75.7%**

Net migration 2016:

**-35%**



## 2. Labor market

The labor market<sup>4</sup> is also uneven; this unevenness is prompted by a decrease of unemployment, against the backdrop of the reduction of workforce availability and an increasingly more acute lack of qualified personnel.

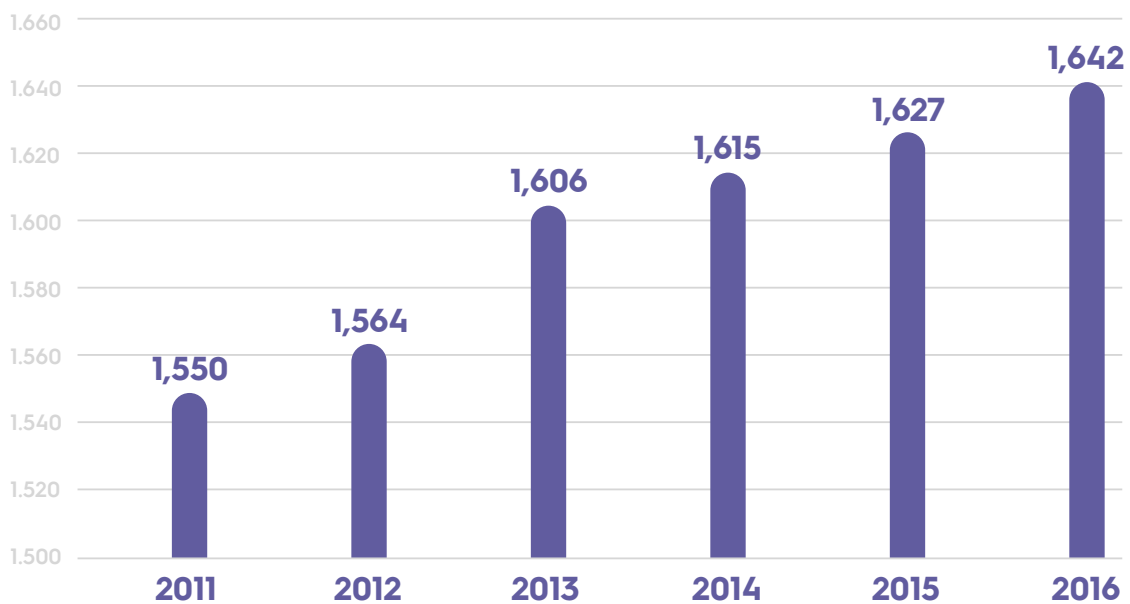
<sup>3</sup> Eurostat, demographic data: <http://bit.ly/2sEfgbi>

<sup>4</sup> European Union. Romania – country factsheet: <http://bit.ly/2rPFO6O>



### 3. Purchasing power

According to OECD, the population's purchasing power<sup>5</sup> has been increasing constantly in Romania, from the equivalent amount of 1,550 USD in 2011 to 1,642 USD in 2016.



European Union data<sup>6</sup> shows a more accelerated increase of prices in 2018, which will decrease private consumption in the near future.



### 4. Food consumption

According to ScienceDirect<sup>7</sup>, food consumption is one of the factors with a significant environmental impact, given that almost 60% of the initial weight of the food products will become waste, because of agricultural-industrial and household processing.



### 5. Waste impact and recycling rate

With a total of 220 kg of waste per capita and with more than 95% of municipal waste sent to the landfill, Romania occupies one of the lowest ranks<sup>8</sup> in the European Union with regard to recycling.

<sup>5</sup> Organization for Economic Co-operation and Development (OECD). Data on the purchasing power: <http://bit.ly/2sEQpUI>

<sup>6</sup> European Union. Romania - country factsheet: <http://bit.ly/2rPFO6O>

<sup>7</sup> ScienceDirect. Environmental impacts of food consumption in Europe: <http://bit.ly/2rPmk2g>

<sup>8</sup> Eurostat. Sustainable development indicators: consumption and production activities: <http://bit.ly/2t8HtYM>



# FOR OUR RESPONSIBILITY

to have quality products and sustainable standards



## ASSORTMENT



The Assortment Chapter covers the following topics considered relevant following the dialogue with the stakeholders:

**Quality assurance  
and healthy food**

**Sustainable procurement**

**Traceability, origin, certifications**





## Quality assurance and healthy food

The private label branded foodstuffs marketed in our stores are produced in factories that are required to have one of the following certifications:



**IFS** (International Food Standard) is used in the auditing of food manufacturers and it focuses on the consumer's health, food safety, product quality and on how products are processed. The certification is renewed annually.



**BRC** (British Retail Consortium) is used in the standardization of product quality, of processing safety and in the whole process chain; it guarantees us that the manufacturers comply with their legal obligations regarding consumer protection. The certification is renewed annually.



**FSSC** (Food Safety System Certification) proves that the supplier operates with food safety management systems and that they fulfil both the requirements of ISO 22000 and our customers' expectations. It is renewed every three years.



In order to obtain and keep a certification, factories are audited by the certifying organizations. Lidl also conducts audits, additional to BRD, IFS or FSSC.

In the reporting period, we conducted:

**63 AUDITS IN FACTORIES THAT DELIVER  
PRODUCTS TO US IN ROMANIA.**

Our goal is directed towards all of our suppliers to obtain the IFS or BRC certification. At the end of the year, more than 90% of the factories we work with had obtained one of the aforementioned certifications, while for the remaining ones the certification process was in progress.

Together with our suppliers, we have pledged to observe the highest quality standards and the legal regulations. We perform regular checks of the products, in order to make sure that they meet the Lidl quality criteria.

Of a total number of 1,333 tests conducted in the financial year 2016, 7.2% showed that some improvements are necessary (e.g. weight), but none of them revealed significant departures from the rules.

We are also interested in how the customer sees the quality of our products. To this end, we have a mobile laboratory in which we offer food sampling.

In the reporting cycle, 1,992 clients tasted 83 articles. After the products were tasted, we modified 6 of the 83 articles (7.2%), according to our customers' recommendations. The quality of Lidl products also improves owing to their involvement.

There have been, however, cases of customer complaints. In the reporting period, we had a total of 10 penalties regarding the quality of the products; five of these ensued from customer complaints.

These complaints were singular cases, relating to a single article and they were not severe breaches that could have required batch recalls.



**Quality assurance and the certification of food products sold in our chain stores help us with regard to origin control and to the monitoring of products in all the stages of production and marketing. Our measures are in line with our corporate responsibility policy. In Lidl stores customers will find products manufactured responsibly and sustainably.**



**In our chain stores we do not accept products that do not meet our requirements for the raising of poultry and other animals.**

For example, as of May 2016, we have stopped marketing eggs from chicken raised in battery cages. Ever since then, we have been selling only cage-free, free range and organic eggs - categories 0, 1 and 2. We have also started to work with local suppliers who offer articles with eggs as one of the ingredients to work with in order to replace the eggs from battery caged chicken. As of the end of 2017, all products containing eggs are made with category 0, 1 and 2 eggs. This commitment is valid for all the articles obtained from Romanian suppliers.







## Sustainable procurement

We are constantly focusing on the responsible management of resources and we are aware that we need to manage carefully the raw materials we are using now, in order to benefit from them on the long term.

For this reason, when we choose the products for our assortment, we seek to provide customers with food produced responsibly and sustainably. Furthermore, we always take measures to improve the quality of the products sold in our stores, as well as to reduce their environmental impact and to generate a positive impact on society and economy.

Our product assortment includes:



### REGULAR ASSORTMENT

The articles regularly found in our stores.



### "IN-OUT" ASSORTMENT

A concept by which we provide customers with different products every week. The "in-out" assortment includes both food products (e.g. thematic weeks – Italian week, Romanian week etc.) and non-food products (e.g. clothing items, educational materials, toys, gardening tools etc.).

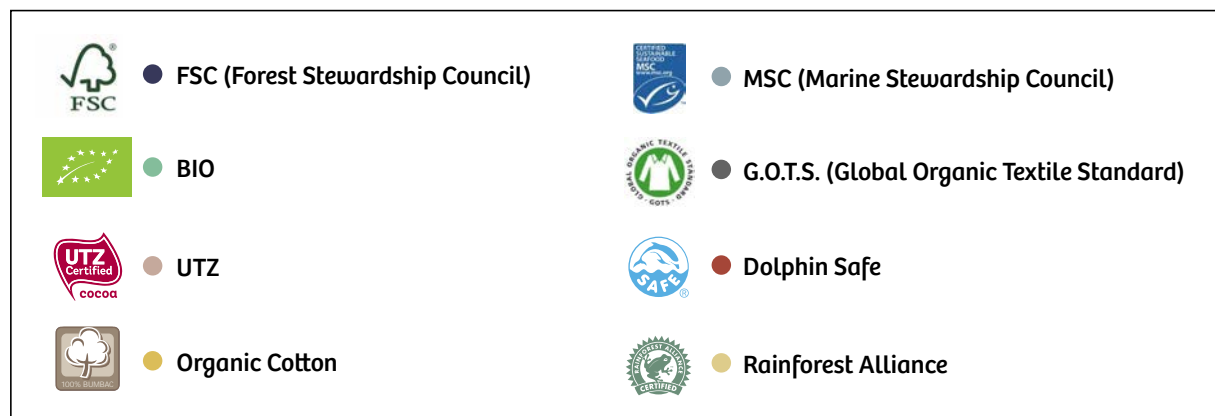
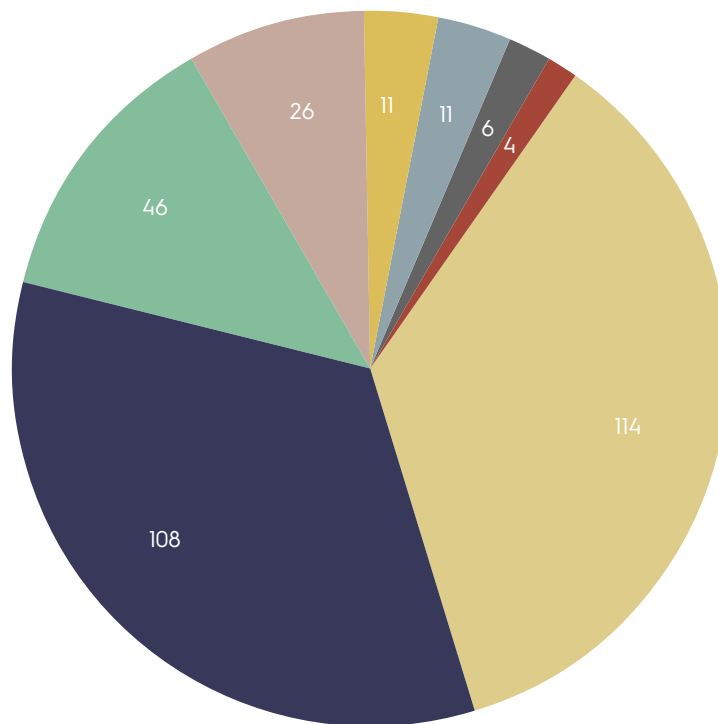


## Traceability, origin, certifications

During the development of a new product, suppliers provide us with details about the ingredients and they have to possess all the information regarding traceability. The labels on our products offer accessible information, which enable our customers' understanding of the product characteristics.

Our weekly magazine and the website also provide information, keeping our customers up to date with our policies, with the characteristics of the products we sell, with our regular offers and with their rights.

NUMBER OF CERTIFIED ARTICLES AVAILABLE IN LIDL STORES





**BSCI**An initiative of the Foreign  
Trade Association (FTA)**Business Social Compliance Initiative**

Lidl Stiftung GmbH & Co. KG is a member of BSCI (Business Social Compliance Initiative), an initiative supporting companies that seek to create supply chains operating based on international business principles, complying with the rights of the employees and with correct labor practices. Subsequently, Lidl drafted its own Code of Conduct<sup>9</sup>. Under this Code, Lidl does not allow suppliers to engage in any labor involving children, nor does it allow them to breach human rights in the manufacturing process. Moreover, all of our suppliers must comply with the legal regulations regarding animal welfare. We ask that all of them draft an internal strategy regarding social and environmental responsibility and develop procedures and processes that can help them implement the Code of Conduct requirements, both within their own companies and within their value chain.



We pay special care to the management of raw materials and we take measures to support sustainable production. For example, in our stores we sell chocolate containing UTZ-certified cocoa.

By purchasing products with certified cocoa we support the UTZ program. Under this program, farmers benefit from expert advice on healthy cultivation methods, on the optimization of labor conditions and on environment protection. Farmers are also audited under the UTZ program, with regard to their compliance with the sustainability standards and with the UTZ Code of Conduct. Our goal, by 2020 is for all the permanent assortment products to contain only certified cocoa. At the time of this report, all the Fin Carré chocolate varieties contained UTZ certified cocoa. We also intend that, by the end of 2022, 50% of the coffee sold in our stores should come from certified sources.



# 100%

**UTZ CERTIFIED COCOA  
FOR THE FIN CARRÉ CHOCOLATE**

<sup>9</sup> Lidl Code of conduct: <http://bit.ly/2tiZBRb>

We support the responsible procurement of fish and seafood products and we intend to help the protection and preservation of marine ecosystems across the world. To this end, in our stores, we sell **MSC** (Marine Stewardship Council), **ASC** (Aquaculture Stewardship) or **Dolphin Safe** certified fish and crustaceans, and by the end of 2018 we intend to get all the tuna cans we sell in Romania from companies observing the measures described by the **International Seafood Sustainability Foundation**.



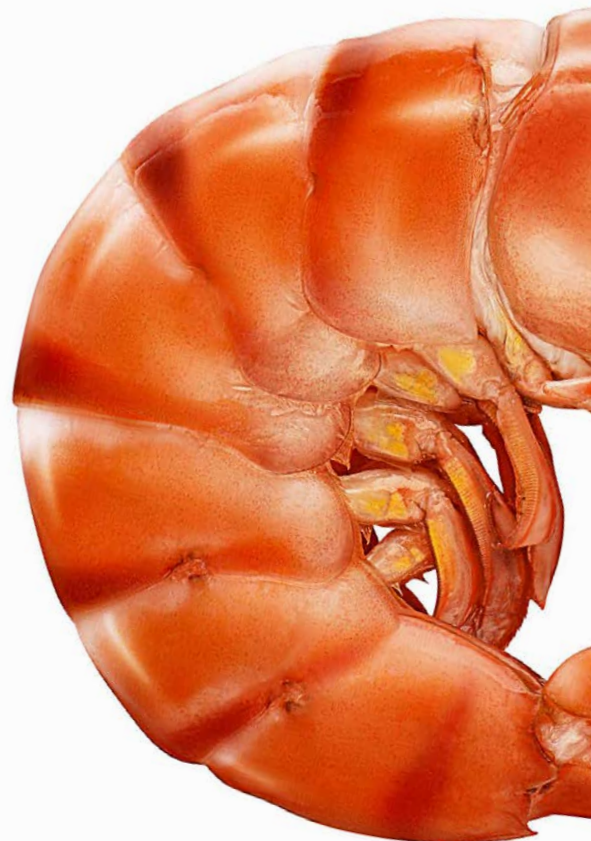
**MSC certification** is the confirmation that fish or seafood products are harvested responsibly. MSC is obtained in compliance with the strictest sustainability standards and the logo confirms fishing solely from sustainably managed sources, as well as fishing practices and tools that do not pose a threat to the existence of other marine life.



**ASC certification** confirms a responsible production of aquaculture seafood, in environmentally responsible farms, observing the rights of the employees and protecting the neighboring communities. The ASC logo on the label is the guarantee of a product obtained with a reduced impact on society and environment, a product that can be traced across its production chain to the originating farm.



**The Dolphin Safe label** is a confirmation of the fact that fish or seafood products are harvested without posing a threat to the existence of dolphins, whales or oceanic environment.



We keep away from unreported and unregulated fishing, as well as from illegal fishing methods (IUU Fishing<sup>10</sup>) and we ask our suppliers not to use raw materials from illegal, unreported and unregulated fishing. Therefore, suppliers agree to use only fishing vessels that are not operated under flags of convenience or are not on the EU "blacklist". You can consult our policy in this respect on [www.lidl.ro](http://www.lidl.ro)

<sup>10</sup> For additional information, see the European Union regulations on illegal fishing: <http://bit.ly/2uGAXta>





For the non-food private label branded product we work with suppliers from all over the world.

Our work with them takes into account their long-term presence on the local market, a good awareness of the local context and the manner in which they collaborated with our company along the years. An efficient communication across the value chain and a high level of responsibility among our partners help us to respond effectively to social and environmental aspects.

Many of the private label branded non-food products are manufactured in Asia, where local suppliers may encounter challenges in meeting our quality standards or the legal requirements. And, because we understand the sustainability context of our activity at international level, we monitor carefully the risks regarding the breach of labor safety, human rights or environmental regulations. We monitor international indicators, such as the Global Rights Index, the Global Slavery Index and the BSCI Country Risk Classification. We maintain a constant dialogue with our local partners, international organizations and the relevant civil society players.

## GREENPEACE DETOX

Lidl Stiftung & Co. KG was the first German food retailer that adhered to the Greenpeace Detox Campaign<sup>11</sup>, in December 2014. With this, they pledged not to include any discharge of hazardous chemicals in their supply chain of private label branded textiles and footwear. There is a list of chemical products (MRSL) not allowed in the manufacture of textiles and, under the contractual conditions and the Code of Conduct, our business partners are required to observe these rules and not to use the prohibited substances.



In the same year, Lidl Stiftung & Co. KG joined the Fur Free Retailer<sup>12</sup> initiative. Therefore, we do not sell textiles, footwear or accessories made from the fur of minks, foxes, coyotes, and hares. At group level, we apply strict monitoring and we work closely with labelling organizations, such as OekoTex 100, Bluesign or Fairtrade.

Lidl Group was the first German retailer to publish online the list of manufacturing units for private label branded textiles and footwear in the first echelon of the value chain. This list includes approximately six hundred manufacturers, with their full names and addresses, and it is updated every six months.

<sup>11</sup> Greenpeace Detox: <http://bit.ly/2rRYCDd>

<sup>12</sup> Fur Free Retailer: <https://furfreetailer.com/>

## With regard to the sustainable procurement policy, we approached this topic from four points of view:

- what we sell, so that the impact of the product design and production process is as low as possible;
- to whom we sell, so that the supply process has a low impact;
- how we communicate, so that our interaction with the suppliers, manufacturers and customers has the lowest negative impact on consumption and food loss, on how non-food products are used and on what remains as waste;
- the number of products and services we acquire from the local market.

We want to make known the fact that we operate with good conduct principles<sup>13</sup> that we observe in all the relationships with our partners. All those who believe that Lidl or its employees in Romania use business practices contrary to these principles may apply the litigation settlement mechanisms and may obtain a quick solution to the problem. The settlement service operates independently from the procurement one and contact is available by e-mail at [solutionarelitigii@lidl.ro](mailto:solutionarelitigii@lidl.ro). Of course, the procedure does not exclude the claimant's right to other settlement mechanisms, including a procurement department employee able to respond to all these types of claims.

As REAP (Retailers' Environmental Action Programme) members, our group has aligned to a number of goals transposed also at national level. These goals relate either to how we streamline the use of resources (aspects described in the environment section of the report) or to the procurement-related practices.

Furthermore, since 2014, we've also committed to the voluntary compliance with the good practice principles adopted by the High-Level Forum<sup>14</sup>, the EU initiative for the improvement of the food supply chain operation.

<sup>13</sup> Lidl Principles and Code of Conduct: <http://bit.ly/2mB7gDH>

<sup>14</sup> The Supply Chain Initiative: <http://bit.ly/1BoMal0>





# FOR RESPONSIBILITY

to create new perspectives and smiles



SOCIETY



The Society Chapter covers the following topics considered relevant following the dialogue with the stakeholders:

### **Social actions and campaigns, sponsorships**







## Involvement in the community

The input of Lidl in the development of our society and its support of social causes represent a relevant area for both internal stakeholders as well as external collaborators and partners.

Knowing that our highest impact is on the environment, and also that education is a key-aspect for Romania's sustainable development, our main areas of interest are the environment and education. Nevertheless, given the acute needs of the communities in which we are active, we have also offered support to projects in the health sector.

We have started to get involved in the community ever since we entered the Romanian market. With the expansion of our chain and with the opening of Lidl stores in more and more cities throughout Romania, we diversified the projects we support and we increased the amount of the financial contributions.

In the financial year 2015, we offered more than 1,315,006 lei to projects and programs developed by organizations such as: Salvați Copiii, SMURD, Hospice Casa Speranței, World Vision and Little People.

We have made long-term partnerships with organizations able to generate change in the communities in which they are active. **Pâine și mâine (Bread for Tomorrow)** is a program run by World Vision; owing to it, more than 618 children are beneficiaries, on a daily basis, of afterschool activities and a hot meal.



# 1.6 MILLION EUROS

In the reporting period, we continued to support the organizations with more than 7,000,000 lei (approx. 1.6 million euro), an increase by 85% as compared to 2015, which meant support to more than 30 organizations. These organizations implemented projects during the calendar year 2017; they will be described in the next reporting cycle.

Aside from a hot meal, more than 3,000 children included in the World Vision programs received Christmas gifts (clothes, footwear and sweets) and Children's Day presents (educational materials). By 2020, we intend to reach a higher number of children helped by our organization each year.



One of our long-term partnerships is with **SMURD** (Mobile Service of Emergencies, Resuscitation and Extrication). In 2016, we purchased for SMURD Bucharest five urban action motorcycles; by the end of our next reporting cycle, we are to acquire four more, for the cities Cluj and Constanța. We intend to continue our partnership with SMURD and to purchase new motorcycles also for Iași and Timișoara.



Another national project started 5 years ago is **Verde la educație pentru circulație (Green light for traffic-rules class)**, organized together with the Romanian Police. At the beginning of every school year, we organize a traffic rules class in all our stores.



## ORGANIZATIONS

RECEIVING FINANCIAL SUPPORT FROM LIDL  
IN THE REPORTING PERIOD:



Association De-a Arhitectura, Association Ecostuff, Association Ecouri Verzi, Association GreenInitiative, Association Mioritics, Romanian Association of Debate, Eloquence and Rhetoric (ARDOR), Association Slow Food Turda, EFDEN – Association Solar Decathlon, Association Step by Step, Association STUP (Social Trading Urban Place), Foundation Leaders, Foundation Noi Orizonturi, Romanian Scouts National Organisation, Lindenfeld Foundation– Ajungem Mari, Concordia Organization and World Wide Fund for Nature (WWF), Teach for Romania, Salvați Copiii Organization.



## Campaigns conducted with our customers

We want our customers to become involved in the causes in which we believe, moreover to become active partners in our social investments. Subsequently, we placed donation-boxes at the points of sale in all Lidl stores.

In the reporting period, the organizations for which we gathered funds were Ajungem Mari, MagiCAMP and World Vision România; they received funds amounting to 1,220,000 lei. Our customers helped with 810,000 lei, and we added another 410,000 lei.

We will continue our donation campaigns for a number of organizations, such as the Foundation Noi Orizonturi, Greenpeace, the Foundation Leaders and the Romanian Scouts National Organization, and we will double the amounts gathered with help of our customers.

1,220,000<sup>LEI</sup> → 



Another process allowing us to engage our customers in our actions is offered by the social marketing campaigns. During these campaigns we donate 1 leu for each sold unit from a specific category of products.

We organize two such campaigns every year, one at the beginning of the school year, where we donate 1 leu per sold article from the Back to School offer, and one campaign at Christmas time, where we give 1 leu for each toy that we sell. The first campaign was organized in 2016, **1 leu pentru leul curajos**, together with the Association Little People. We donated 1,005,192 lei.

Then we continued with the Christmas campaign, together with World Vision, whereby we donated 987,500 lei for the program **Pâine și mâine**.

1,992,692<sup>LEI</sup> → 





# 10%

Subject to the economic context of our activity, we intend to increase the budget by 10% and to promote projects and organizations strategically linked with our company's activity. We also intend to monitor the impact of the projects implemented by the organizations on society.





# LEO'S OUR RESPONSIBILITY

to implement environment protection solutions



## ENVIRONMENT



The Environment Chapter covers the following topics shown as relevant in the dialogue conducted with the stakeholders:

“Plus” stores modernization

Expansion of the chain stores

Resource efficiency increase

Logistics (warehouse-store transport of goods)

Standards for means of transport

Warehouse fleet and employee transport

Recycling and waste sorting

Renewable energy

Food waste





## Environmental impact of Lidl buildings

### “Plus” stores modernization

The 107 “Plus” stores that we took over in 2011 have since been subject to ample modernization; the buildings and the equipments are required to meet the current rules of safety and the ever increasing need of efficient use of resources. We have replaced the air conditioning and the electric equipment, we redesigned the furnishing system for the sales area and we implemented the BMS (Building Management System). For the decrease of water consumption, green areas were equipped with drip irrigation systems replacing the conventional sprinklers.

Our strategy stipulates an analysis, once every five years, of all the stores that require modernization. This relates both to the safety of the buildings and to the new requirements for the sales areas. For this reason, in 2016, some of our stores underwent a process of modernization, which also aimed at replacing non-efficient energy systems.



The refrigerated display cases installed during the modernization of the stores are advanced systems and have an energy consumption level 20% lower than the old ones.



## Chain store expansion

We are constantly seeking to expand the chain stores, both by acquiring new land and building new stores, with a low environmental impact, as well as by the construction and reorganization of the product storage sites, for the streamlining of store supply.

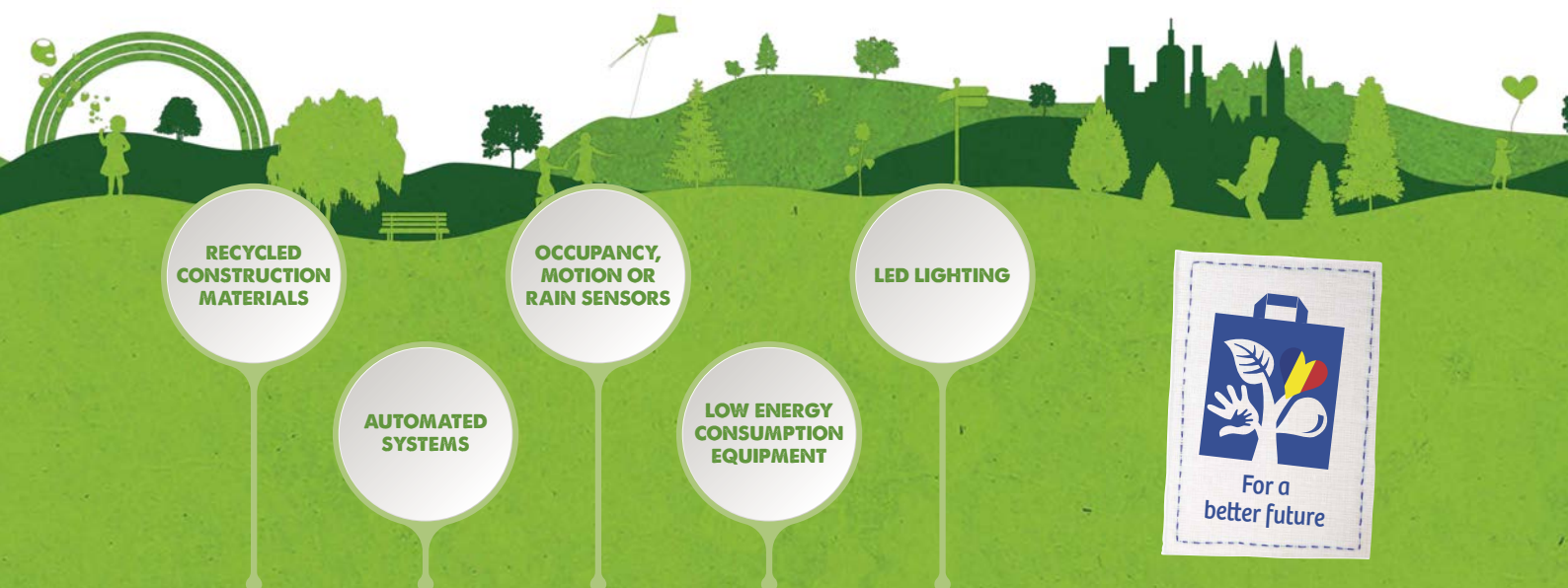
In the reporting period, we opened 12 stores and the warehouse in Lugoj, Timiș county, which will soon be BREEAM certified. BREEAM certification is the most frequent method for the assessment of a building's environmental performance and it helps us to build responsibly, to limit both the environmental impact and the operational costs. It also offers a more productive and healthier work space.

At present, for the construction of new stores we use a standard design of building, without upper floors, with an optimized glazed surface and a light line across the long façade, for a significant reduction of energy consumption and for the spaces requiring special temperatures.

The optimization of energy consumption and the use of recycled construction materials (e.g. the use of crushed concrete from demolitions) are provided since the design phase. New technologies, such as LED lighting, environment-friendly freon, automated systems, occupancy, motion or rain sensors and the low energy consumption equipment helps us diminish the negative environmental impact and to decrease costs.



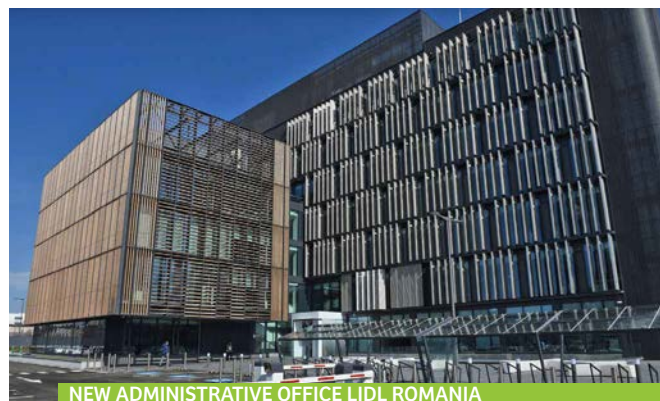
For our future construction projects, we intend to keep and complete the steps for a responsible development, by the reuse of construction materials, where possible, by ensuring a building heat insulation coefficient higher than the legally provided standards, by carefully monitoring the consumptions and by identifying a supplier able to ensure 100% renewable energy for our buildings.





The new administrative office of Lidl Romania includes state-of-the-art equipment that reduces resource consumption.

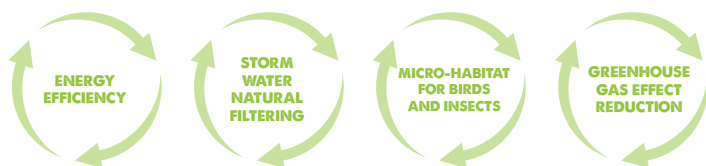
We built this office in line with the highest environmental standards and we are to obtain the BREEAM certification, meaning that the environmental impact will be as low as possible.



**NEW ADMINISTRATIVE OFFICE LIDL ROMANIA**

Another example illustrating our intent to build responsibly is the Lidl store in Pantelimon, a district in Bucharest. Based on a new project, it provides our customers with an improved buying experience, a work environment adjusted to the needs of the colleagues working in the store and a low environmental impact. Having a green roof – the first one in our portfolio – the store helps decrease the greenhouse gas effect in the area, by absorbing dust and carbon dioxide, but also by decreasing the air temperature. It also supplies a micro-habitat for birds and insects.

The roof also contributes to the building's energy efficiency, by cooling the construction naturally during warm seasons and by heating it during cold seasons. It also filters stormwater naturally and it decreases significantly the amount of water discharged in the sewerage systems.



**LIDL STORE PANTELIMON**

In November 2016, we also opened the greenest store in our portfolio, in the Bucharest Băneasa area. We used recyclable and recycled materials (e.g. crushed concrete from demolitions), skylights allowing natural lighting in, LED and occupancy sensor lighting system. The roof has photovoltaic panels able to generate the energy necessary for the operation of the store of up to 100%, depending on weather. The store will obtain the BREEAM certification and it was designated "Best New Retail Concept" in the annual competition Progresiv Awards 2017.



## Resource efficiency increase



### Water

Water is one of the most important resources, which is why we monitor consumption monthly. For the detection of water losses, we track consumption values permanently. Our colleagues in the logistics centers and inside the stores are trained to monitor and notify promptly any fault in the water supply systems (pipes, tubes), which will allow their quick repair, thus preventing potential losses. Some of the measures taken to decrease the water quantity used in the company include also the mounting of rainfall sensors in all our stores in which we have irrigation systems, so that the latter do not operate when it is raining. We have a store in which we implemented a pilot-project – the water is collected, treated and used in the sanitary fixtures.

**OVERALL, IN THE REPORTING PERIOD, WE HAD A CONSUMPTION OF 232,420 CUBIC METERS OF WATER AND 341,541 CUBIC METERS OF STORMWATER DRAINED ACCORDING TO THE REGULATIONS<sup>15</sup> IN FORCE.**



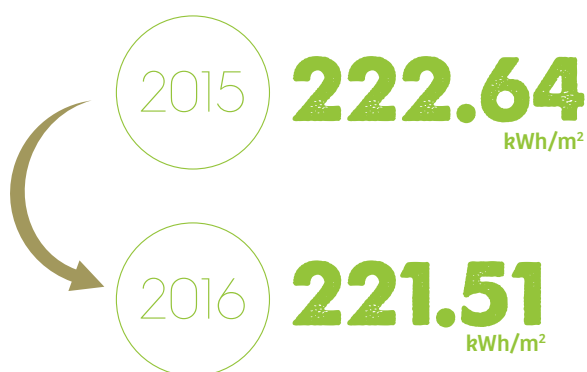
<sup>15</sup> Order no. 88/2007 of ANRSC (National Regulatory Authority for Public Local Management Services).



## Energy and renewable energy

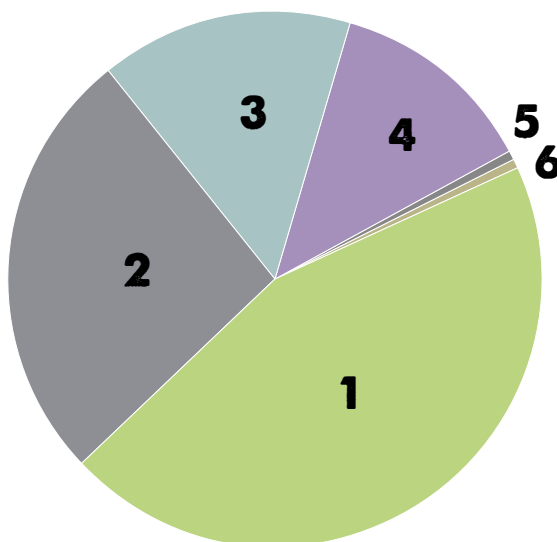
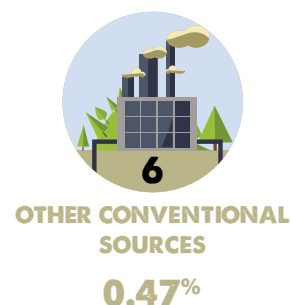
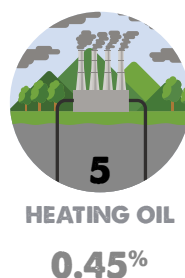
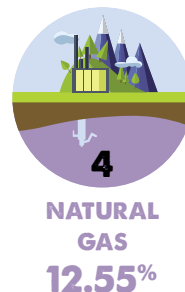
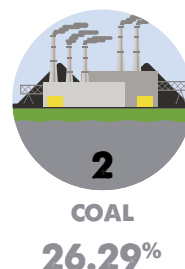


The total quantity of active energy used in the reporting period in our stores and warehouses was 97,359 MWh. It is supplemented by 21,880 MWh generated from gas. As compared with 2015, despite the fact that we increased the number of stores and opened a warehouse in Lugo, in 2016 we managed to decrease the amount of energy consumed per square meter, owing to the implemented energy efficiency measures (from 222.64 kWh/m<sup>2</sup> in 2015 to 221.51 kWh/m<sup>2</sup> in 2016).



To ensure efficient energy use, we conduct regular energy audits, both inside the stores and inside our logistics centers. We operate with a system (GLT) which monitors in real time the consumption in each of our units. The system has a number of energy meters per different category of consumer.

According to the energy label<sup>16</sup> submitted by our energy suppliers, the primary sources that we used were: renewable energy (44.89%), coal (26.29%), nuclear (15.35%), natural gas (12.55%), heating oil (0.45%) and other conventional sources (0.47%).



<sup>16</sup> According to ANRE Order no. 69/ 2009 – Electric Energy Labelling Regulation.

All the refrigerated display cases and refrigerating rooms are fully deiced and cleaned regularly to ensure their optimal consumption. In this case too, our colleagues carefully monitor the way in which the display cases are closed in the stores to reduce energy losses. Furthermore, 150 refrigerated boxes were replaced in order to streamline energy consumption.



Two of our logistics centers and all our stores have already implemented the outdoor LED lighting system. All the stores that we will build will have both indoor and outdoor LED lighting. The lifespan of the LED lighting system is three times higher than the one of a conventional lighting system, and the energy consumption is considerably lower for the same level of light intensity.



Moreover, six Lidl stores (two in Bucharest and four in other cities) are provided with heat-pump heating e-cooling systems; we explore the possibility of extending this solution to other stores. Heat-pumps are at least 70% more economic than a conventional system.

We are monitoring the energy consumption at all times, which allows us to detect quickly and to act promptly when excess consumption occurs. We take constant measures for the improvement of the systems. For example, in three stores modernized in 2016, the old HVAC system was replaced completely and now it is operating with the BMS. This is a computerized system allowing the monitoring and controlling of the building's electric and mechanical equipment, such as the ventilation, the indoor and outdoor lighting system and the electric equipment.

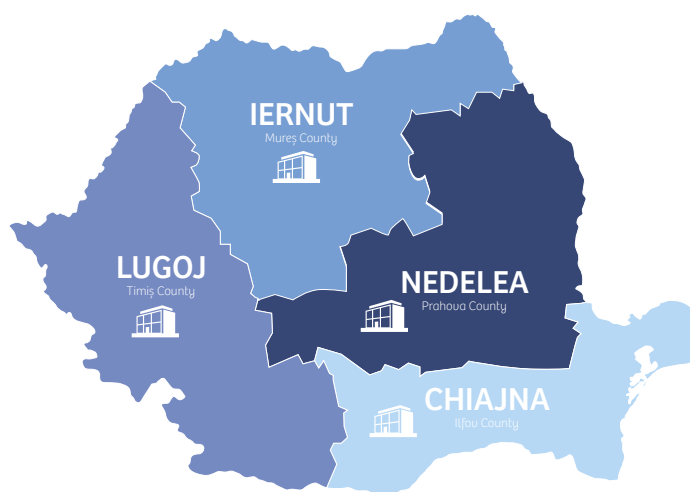




## Transport and the carbon footprint

### Logistics (warehouse-store transport of goods) and warehouse fleet

The transport<sup>17</sup> of goods has a vital role in our activity and a significant social and environmental impact. This aspect is also emphasized by the fact that the standards for the means of transport, the fleet we operate with and the manner in which we transport the goods or in which our employees travel have been relevant for the partners we consulted. For this reason, we carefully monitor these processes and we optimize them, in order to reduce the negative impact.



Our four warehouses ensure optimal supply routes and a balanced number of stores is attached to each warehouse (Lugoj, Iernut, Chiajna, Nedelea).

The Lugoj warehouse was opened in November 2016. In the reporting period, along with the opening of the warehouse, we reduced the average distance of transport between the warehouses and the branches by 29%, from 231km to 164km travelled, at the end of the reporting period; we also reduced the fuel consumption by 16%.

#### AVERAGE TRANSPORT DISTANCE ON THE STORE-WAREHOUSE ROUTE

FROM  
**231** KM  
TO  
**164** KM

# -29%

<sup>17</sup> Since the logistics / transports sector is not covered as such by the GRI standards used in the writing of this report, we consulted the Global Reporting Initiative (GRI) for guidance and we used a pilot-methodology: the sector supplement project for logistics and transports, drafted by GRI.





In the reporting period, we worked with almost 30 transport service suppliers, owning a total number of 150 trucks. Of these, 11.33% are Euro 6<sup>18</sup>, 42.67% Euro 5<sup>19</sup>, and the remaining 46% are Euro 4<sup>20</sup> and Euro 3<sup>21</sup>. Since our suppliers do not provide information on the CO2 amounts generated by the transport activity every month, we cannot estimate the impact of these trucks in the reporting period.

The supplier selection process focused on the age of the transport suppliers' fleet, plus we seek to work with suppliers operating as much as possible with Euro 5 and Euro 6 vehicles.

We monitor the travelled distances, the truck loading, the increase of the number of km per truck, in order to use as few vehicles as possible. We do this based on the reports generated by the transport application, in order to reduce the distances and to organize the itineraries as efficiently as possible.

At present, we are building a warehouse in Roman and we will continue to optimize the routes, to reduce by 15% the average distance per warehouse and, thereby, the fuel consumption. We will make sure that the distances travelled by the trucks are as short as possible, that our remotest branches will be supplied without the need for the vehicles to deviate from their route and, thus, generating additional km. All the trucks will travel the shortest possible distance, loaded to maximum capacity, in order to decrease the number of travels.

We will also continue to monitor every day the breaches of the aforementioned rules; we will verify the cases in which the lowest number of pallets was transported to the last unloading site; we will also verify the number of km between the last and the second to last unloading and we will lay down measures to avoid such situations, followed by the re-training of the employees. In the reporting period, no fines were received for

exceeding the admitted load weight or for the transport conditions. The information we have from the carriers with whom we work shows no accidents with victims occurred in this period.

## Employee transport

Another activity generating a negative environmental impact is our employees' movement in the territory. Since they are quite numerous, the number of vehicles (approx. 500) cannot be ignored. We are investing in the improvement of our fleet and our vehicles are equipped with the latest engines (Euro 5 and Euro 6), in order to reduce the impact on the environment, by generating a low NOx volume. In the reporting period, we saw a consumption of 900,000 liters/ 460 motor vehicles. Most of the travel occurred to our stores. Since we have more than 200 stores found in all Romanian counties, the travelled distance is also significant.

**500** | **EURO 5**  
**VEHICLES** | **EURO 6**

## Lidl Eco Driver!

We designed an eco-driving program under which our employees who, by economic and preventive driving practices, obtain the lowest consumption of fuel, without being involved in road accidents, are rewarded by our company. As a long-term measure for the reduction of environmental impact, we will continue to purchase motor vehicles equipped with the newest types of motors and we will streamline the routes for the colleagues in the territory.

<sup>18, 19</sup> For Euro 5 and Euro 6 engines, the pollution standards are laid down in the EC Regulation no. 715/2007.

<sup>20, 21</sup> For Euro 3 and Euro 4 engines, the pollution standards are laid down by the Directives 98/69/EC and 2002/80/EC.







## Packaging and waste, waste sorting and recycling

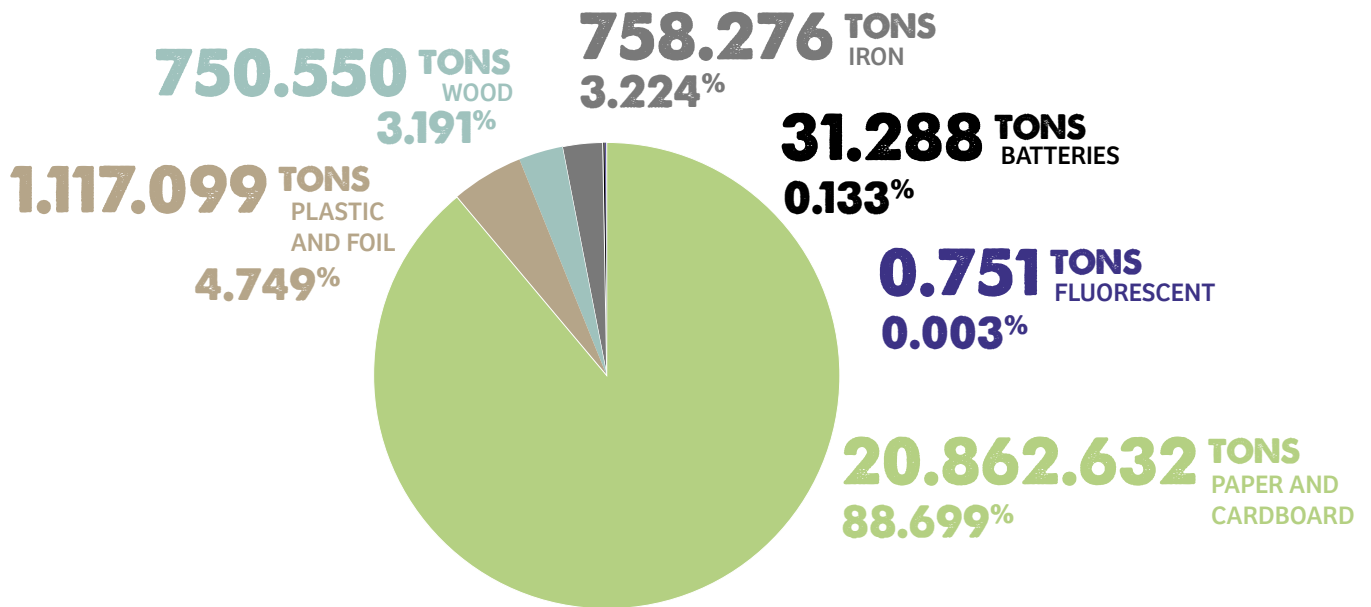
**We are aware of the environmental impact of packaging and waste.  
We are constantly taking measures to reduce the quantity of packaging  
and to send the waste to the recycling centers.**

From the outset, we have focused on the use of as few packages as possible, in order to reduce the quantities entered on the market, which then should be sorted and recycled. For this reason, we adapted all packages to the type and characteristics of the products, in order to use the strictly necessary amounts. For example, we created PET bottle shapes that ensure improved stability, by using as little plastic as possible. We continue our search for solutions to reduce the quantity of packages. One example is the project aiming to reduce the plastic weight in 2L Freeway PET bottles, from 42 g to 33.8 g, starting with 2018. This will mean savings of 24.5 tons of plastic per year.



Because we are also concerned with the origin of the materials in our packaging, we intend that FSC (Forest Stewardship Council) certification should become mandatory for all our local suppliers who manufacture labels and boxes. Half of the packaging of private label branded products which are purchased from Romania are already aligned with this requirement. In the bakery area, for example, paper bags are completely obtained from FSC certified manufacturers. Starting from 2018, all the labels and boxes for private label branded products purchased locally will be certified by FSC.

In the calendar year 2016, the total quantity sorted in our stores and warehouses and taken to the recycling centers amounted to 23,520.596 tons.



With the help of our colleagues, we sought to increase the waste quantities sorted in the stores and warehouses, as well as in the headquarters and regional offices.

Therefore, in order to enable their involvement in our actions aimed at reducing the environmental impact we will increase the number of waste sorting recipients in stores (kitchens), the headquarters (office building) and the regional offices.

We also know that our customers want to be able to return the purchased packaging. To this end, we will create a new type of waste sorting recipients, the same for all the branches, to be placed in an accessible spot for the customers.



## Food waste



**According to the Eurobarometer<sup>22</sup> and to FAO (Food and Agriculture Organization), one third of the annual food production across the world is wasted or lost.**

In the European Union, this quantity amounts to 88 million tons, i.e. on average 173 kg of food waste per person. The same sources estimate that 5% of this quantity is generated by the retail activity.

Across the country, Food Waste România<sup>23</sup> estimates that, overall, Romanian consumers generate, every year, 5 million tons of food waste; of these, more than 60% are fruit, vegetables and bread. According to the same source, this happens because half of the Romanian population allocates nearly 40% of the family budget to buying food products.

Despite the fact that the purchasing decision, the manner of storage and the manner of cooking the food are completely related to the consumer, as a responsible retailer we cannot ignore a problem that has a strong social and environmental impact. The colleagues in the Procurement and Stock Management departments, as well as those in the stores, are constantly working to monitor the sales, to estimate the orders as accurately as possible and to reduce, thereby, the quantities of products that are not sold.

Furthermore, we work with farms that take over the vegetable and fruit quantities not sold; we also work with associations and foundations to which we donate food (not expired) and non-food products that are not sold. In the financial year 2016, we sent to such associations and foundations more than 800 Euro-pallets with food products not subject to temperature conditions, but also non-food products (textiles, toys, furniture, detergents, etc.).

Some of the organizations with which we worked are the Association MagiCAMP, Ana și Copiii and the Association Rază de Soare Iernut. We will continue to send products to farms, associations and foundations.

We are also focusing on food waste education, which is why, next year, we will support food waste projects and begin the collaboration with the Association Banca pentru Colectarea și Distribuția Alimentelor.

Given the relatively high number of our employees, we believe that a significant step for the reduction of waste quantities sent to the landfill is also an internal awareness campaign regarding food waste. Therefore, we set out to inform all the employees with regard to waste sorting, reuse and recycling, but also with regard to food waste.

<sup>22</sup> European Parliament: <http://bit.ly/2s5BhNT>

<sup>23</sup> Food Waste Romania: <http://bit.ly/2DgOu3A>



# OUR RESPONSIBILITY

to grow together with our colleagues



EMPLOYEES



The Employees Chapter covers the following topics deemed relevant following the dialogue with the stakeholders:

**Labor conditions**

**Employee development**

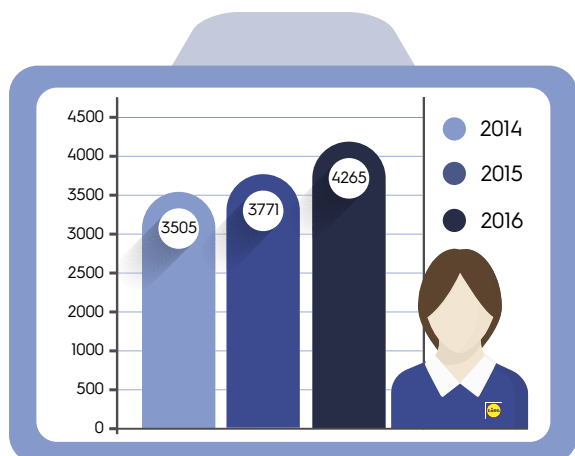
**Employee satisfaction**





Lidl is the place that challenges you to be better, more dynamic and more efficient. For this reason, we constantly invest in our staff and we motivate them. The Lidl success story is owed largely to our employees' involvement and dedication.

### AVERAGE NUMBER OF LIDL EMPLOYEES IN 2014-2016<sup>24</sup>:



As of December 31<sup>st</sup>, 2016, our group of companies had<sup>25</sup> 5,096 employees; of these, 4,804 were working under a permanent employment contract and 292 under temporary contracts.

Depending on the type of contract and on the region, the following aspects applied to the staff as of December 31<sup>st</sup>, 2016:

- in the headquarters departments, we had 280 people under permanent contracts and 28 under temporary contracts;
- in the regional offices/ logistics centers, stores and regional administrative departments, we had 4,524 colleagues under permanent contracts and 264 under temporary contracts.

In the next reporting period we will start monitoring similar data also for our external employees.



<sup>24</sup> Information available on the website of the Ministry of Public Finance: <http://bit.ly/2tn6ixz>

Access to the data is possible with the sole registration code (CUI).

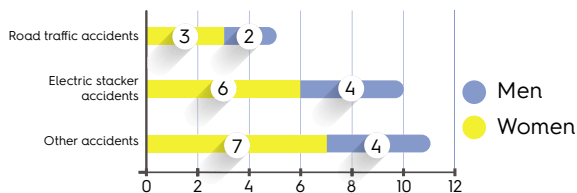
<sup>25</sup> According to the data gathered with the SAP HR tool used by the HR department.

## Labor conditions

**Our employees' safety and comfort are our priorities. Therefore, we do more than comply with the legal occupational health and safety rules; we also seek to constantly improve the conditions in which our employees are conducting their activity.**

In the reporting period, there were 25 accidents, in which 26 employees were involved (16 women and 10 men), fewer than the previous year, which had seen 41 accidents. Against an average number of 4,265 employees, this means an annual rate of 0.58 accidents per 100 employees, for 2016. None of these accidents led to fatal injuries<sup>26</sup>.

As to the types of accidents and the number of involved employees, in 2016 the situation was the following:



The total absenteeism counted 401 days, higher than in 2015, when 385 unworked days were registered. The rate of unworked days<sup>27</sup> summed up to 0.064%.

We take a number of measures for the improvement of work conditions and reduction of accident risks:

- we offer individual protection equipment to the employees in stores and warehouses, suitable for the risks they are exposed to (e.g. protective footwear, gloves);
- we monitor each employee's state of health, by medical check-ups both when they are employed and regularly thereafter;
- we organize an introductory day when we

describe in detail the characteristics of the activity, the work accident risks and responsibilities;

- we organize regular sessions and training with sales and store coordinators;
- we develop video trainings materials;
- we organize regular training and evaluations in the sector of occupational health and safety/emergencies;
- we organize regular courses for equipment handling (stacker, forklift);
- we implement projects such as the Management of health and absenteeism, by which we promote a healthy life style, healthy nourishment and physical activity for our employees.

We also evaluate workplace risks for each individual position; we monitor the number of accidents and investigate all types of labor accidents; thereafter, we let the employees know about the causes and consequences of such accidents, as well as about the measures to prevent similar situations.

We design effective actions for the improvement of the training process, such as the inclusion of a practical training session with the new employees in the stores, for their familiarization with the handling of equipment (such as the use of the electric stacker). We organize improvement courses with the employees occupying key-positions (fire prevention and extinction technical expert, first aid or OHS expert), in order to increase the number of specialized staff members able to provide support during their daily activities.

As an additional safety measure, we work only with consulting firms with nation-wide coverage, so that, should a consultant's presence be needed on site, it will occur promptly.

<sup>26</sup> Non-fatal injury = accident leading to temporary unfitness for work, of at least one working day additional to the one when the accident occurred or the disease installed.

<sup>27</sup> Calculated as number of unworked hours in relation to the total number of hours worked by the employees involved in work accidents.





We also invest in the improvement of work conditions and in the diversification of employee benefits. One such example is the construction of the new building of Lidl Headquarters, equipped with a number of facilities, such as fitness hall, restaurant, parking for bicycles, shower units, etc.

We want all our employees to work with pleasure; for this reason, we pursued the modernization of the recreational spaces in the stores and regional offices, to provide our colleagues with better work conditions; or the construction of sports fields near some of our regional offices (e.g. the Lugoj warehouse).

To ensure a balance between the professional life and the family life, we are permanently making sure we observe working hours, annual leaves and days off.

We communicate important information via Intranet; for the year 2020, we intend to create a portal through which all employees can have permanent access to their personal data and update it whenever necessary. By using it, the employees will be able to calculate their days off or to complete their annual leave request forms.





## Employee development

Together with our collaborators and partners, we are aware that our current and, especially, future success depends on the quality of the human resources of Lidl. For this reason, we are constantly investing in employee training and development; in order of them to have all the opportunities to reach their professional fulfilment and to build the career of their dreams.

One of our specific features as employer regards the onboarding period for the new employees; it is a professional initiation in the Lidl activity, whereby the employees who work at the headquarters spend time in all the company departments, in line with their responsibilities. Thus, they have the opportunity to know both the specific aspects of the company's activity and the working environment, which later

facilitates significantly their interaction with the other departments.

At the same time, depending on their responsibilities, Lidl employees may take part in professional development programs and sessions, in German language classes, while those in management positions may attend programs and sessions for the improvement of their management and leadership skills.



Furthermore, in the reporting period, the following programs were conducted in the company:

**1. A rotation program**, to enable the professional growth of Lidl employees. The participants are able to learn by practicing in another country, thus also gaining international experience.

The program takes 12-to-24 months and it includes 3 months of intensive German language study.

**2. Talent Management**, the program evaluates all employees and identifies those with development potential, who want to be promoted. The program involves a transparent evaluation of the employee's result and the development of a career plan.



**3. Talent Academy**, the program allows Lidl colleagues to gain experience in the Sales Department and offers the opportunity to get promoted and work in one of the following departments: Logistics, Sales, Stock Management.



**4. Management Championship**, a management stage for students in their last year of study, offers an 18 months paid internship in all departments, in Lidl stores and warehouses. At the end of the program, provided they pass evaluation, they are employed in one of the departments.

**5. Junior Purchaser**, a 12-month management stage in the Procurement department, for students in their final years of study, offers the possibility of employment within the department, based on the end-of-stage assessment.



In order for new store employees to learn and to adapt more easily to the work conditions, we will improve the training program by implementing the Leon project, an online learning platform with two goals: enabling the learning of Lidl processes and procedures by the new employees and enabling the access to information for the employees who want to improve their skills and knowledge and to grow in the company. The average number of training hours per employee is 9.89. Starting with the next reporting period, we intend to develop training programs better suited to the employees' profile.

Apart from the aforementioned training hours,

which include the development of specific skills (e.g. negotiation methods, project management, assertive communication) and German language classes for the colleagues in the headquarters and regional offices, the colleagues in the stores also receive specific training programs, depending on the position they will occupy.

The colleagues in the stores received 115,719 training hours.

Starting with 2019, we will monitor both the number of training hours per employee and the distribution by gender and by type of employment contract.



## Employee satisfaction

Regardless of the type of employment contract (permanent or temporary, full or partial time), our employees have a number of benefits. The benefit programs are based on the analysis of the market, of our employees' needs and on their responsibilities.

We offer private health insurance to all our employees who work in our company for more than three months. As of 2018, additional to the private health insurance, all the employees will also receive accident insurance. Parental leave is granted according to the legislation in force. We also offer bonuses, vouchers, we ensure transport depending on our employees' location and we offer them the possibility of taking sabbatical leaves.

We analyze regularly the wages and benefits present on the market, to make sure that we maintain a competitive salary threshold. Subsequently, we develop salary policies higher than the market median value, so that we continue to rank among the top employers offering the best wages.







## EMPLOYEES



We stimulate our store employees, who are the most numerous and particularly important to our activity, by the fact that we close our stores on the first and second days of Christmas and Easter; thus, they have the possibility to spend the holidays with their loved ones. We are the sole retailer who offers two days off to their store employees on these holidays.



Starting with 2018, we will introduce flexible hours, by allowing work from home and the short Friday.



We know that management has an important role in the training of teams and their performance and, implicitly, in the employees' satisfaction. Therefore, starting with the next fiscal year, we will initiate the program **"De la Autor la Antrenor"**.

Aimed at all employees within the Directors Department, the program will focus on the development of team leadership and management skills, on the improvement of the collaboration among the directors of various departments, by the integrated approach of all the issues concerning human resource coordination, with direct application to the business activity.



We want to be connected with our employees at all times and we want to identify the areas of improvement with regard to their daily activity and work environment; for this purpose, we have coordinators who are in permanent contact with the employees.

They examine the aspects relating to their colleagues' satisfaction from the head-start until they leave the company. Thus, we organize interviews when employees who consider leaving the company – a constantly improved process, to better understand the reasons why a coworker is leaving and, if applicable, to be able to take measures.



To identify the satisfaction of the employees, we will implement a company-wide employee satisfaction assessment questionnaire.



# FOR OUR RESPONSIBILITY



to commit to dedicated partners



PARTNERS





The Partners Chapter covers the following topics considered as relevant following the dialogue with the stakeholders:

**Local suppliers**

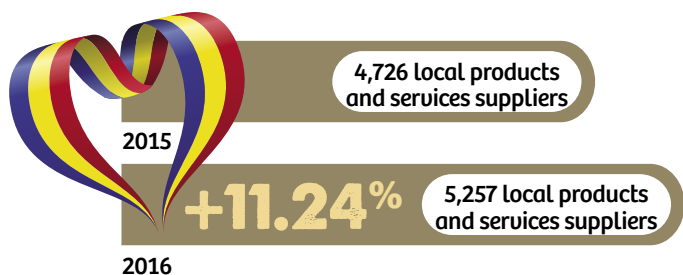
**Partnership with suppliers**

**Dialogue with stakeholders**



## Local suppliers

Local suppliers and the partnership with them are two key-aspects of our activity; this was also confirmed during the consultation with our partners and collaborators, as well as with our employees.



The number of local suppliers of products and services with whom we worked in the reporting period was 5,257, 11.24% more than in 2016, when we worked with 4,726 local products and services suppliers. The number of external suppliers went down by 3.69% in 2016 as compared with 2015, i.e. from 1,519 to 1,463 external suppliers with whom we worked in the reporting period.

Number of local suppliers for the products in the regular assortment:



Number of local suppliers for the products in the whole assortment, including "in-out":



The local suppliers with whom we work for product development offer two types of items:

1. Articles 100% made with main raw materials originating from Romania. This category includes items such as the products branded "Cămară Noastră" or products with a longer validity (e.g. walnuts).
2. Articles based on raw materials originating either exclusively from other countries, or from other countries and Romania. For example, sweets manufactured in Romania by local suppliers are products with ingredients originating both from Romania and from other countries (e.g. cocoa).

Number of items acquired from local suppliers for products in the regular assortment



Number of items acquired from local suppliers for products in the whole assortment, including "in-out":



We seek to develop the local market and to provide our consumers with fresh Romanian products. For this reason, we started to build strong bridges of collaboration with Romanian growers, to help them become Lidl suppliers. One example is the project **Cultivat în România, specific românesc**, a multi-party partnership intended to support Romanian vegetables and fruit growers. Under this partnership, we provide free advice to those who need to use sustainable production practices, but also to overcome the technical or procedure hindrances stemming from the legal framework or from the requirements of the collaboration with an international retailer, so they are able to deliver products in our stores. Therefore, we work together with research centers, with related institutes and with the Bucharest University of Agronomical Sciences and Veterinary Medicine to promote and grow Romanian varieties, adapted to local pedoclimatic conditions, to the national production specific characteristics and to the organoleptic properties to which the Romanian consumer is used.



**BUZĂU 1600**  
**TOMATO**

found in all Lidl stores from summer of 2017

**BUZĂU**  
**RED ONION**

found in all Lidl stores  
as of September 2017

The first developed product is the **Tomato Buzău 1600**, found in all our stores starting from summer 2017, all throughout the season, followed by the **Buzău red onion**, marketed since September 2017. Apart from this partnership, we also work with Romanian vegetable and fruit growers to increase the number of Romanian vegetables and fruit in our stores.

In the reporting period, the vegetable-fruit category included 94 articles obtained in part or in full from local suppliers, and we intend to increase this number. Some of the procured Romanian vegetables are potatoes, yellow onion, white cabbage, dill, celery, lettuce, carrots, tomatoes, eggplants, peppers. Some of the procured Romanian fruits are apricots, plums, watermelon, cantaloupe, green apples, peaches, cherries. There are, however, situations in which, on the Romanian market, there are not sufficient raw materials to ensure the required volumes. For this reason, we have to work with Romanian suppliers who also use raw materials from other countries. Since we are present in all Romanian counties, with more than 200 stores, when we list a new product, we need large quantities of it, so that all our customers can benefit from the same product, at the same time.





# 100%

## LOCAL SUPPLIERS FOR "CĂMARA NOASTRĂ" RANGE



"Cămara Noastră" ("Our Pantry"), our Romanian food product brand, developed 100% with local suppliers, based on authentic recipes purchased from them, saw a significant growth in the reporting period.

We launched the project in October 2015 with 43 items and, by the end of the financial year 2016, we had 98 items; the trend is also ascending. We intend to continue developing Romanian products branded "Cămara Noastră". By the closing of the following reporting cycle, we intend to increase by at least 20% the number of Romanian articles developed in our "Cămara Noastră" range.



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ITEMS / ITEMS

### The value of goods purchased via local suppliers

Of the total value of the goods acquired for the permanent (regular) assortment in the reporting period, 45.34% came from local suppliers (i.e. a growth of 13.2% from 2015), and 40.07% of the worth of the goods purchased for the whole assortment (including "in-out" goods) was obtained via local suppliers (a growth of 14.31%).







**In relation to our local suppliers, we committed ourselves to helping them grow and also we continue to provide them with a platform for export opportunities; until now, the partnerships created with the local suppliers all follow this direction.**

We also enabled the export of Romanian products to Lidl stores in Europe. The worth of the products exported in 2016 exceeded 21 million euro. Some of these products are sunflower oil, biscuits, beer, breadstuffs, pasta, hard cheese. We will continue to enable the export of Romanian

products in Lidl stores found in other countries. Thus, Romanian products (corn meal, zacuscă – a traditional vegetable spread, beer, salami, etc.) will reach Lidl stores in other European countries, such as The Netherlands, Belgium, Bulgaria, Spain, UK, Greece, Germany, Sweden, the Czech Republic, Ireland, Finland and Switzerland, as part of a new Lidl thematic week (the **Balkan Week**).

**LIDL ROMANIA ENABLED  
FOR THE LOCAL SUPPLIERS  
THE EXPORT OF ROMANIAN  
PRODUCTS TO LIDL STORES  
IN EUROPE**

**> 21,000,000  
EUROS**





The international affiliations of Lidl helped us to enable, for the local suppliers, the export of products on the aforementioned market. By affiliation to AMRCR and, implicitly, to EuroCommerce, Lidl has aligned its business practices to the principles described by the Supply Chain Initiative; their purpose is to promote correct practices as the foundation for the business agreements in the food supply chain, as well as to create a fair and transparent business environment for all the players, at local, regional and European levels.

These principles become even more important when we note that their drafting took into account the important role of SMEs in the food supply chain. By adhering to the Supply Chain Initiative, Lidl has also agreed to accept various litigation settlement options, strengthening the foundation of the partnership-based business relations.

Fair collaboration has been a constant endeavor of Lidl and it is stipulated in the company's operating principles and also observed in our relationship with our business partners.

As shown in the chapter Assortment, since 2006, Lidl has also been a member of BSCI (Business Social Compliance Initiative); this initiative supports companies that intend to create supply chains based on international business principles and observe the rights of the employees and correct labor practices. Subsequently, Lidl drafted its own Code of Conduct. Under this Code, Lidl does not allow suppliers to engage in any labor involving children or to breach human rights throughout the production process. Moreover, all of our suppliers shall comply with the legal regulations regarding animal welfare. We ask that all of them draft an internal strategy regarding social and environmental responsibility and develop procedures and processes that help them implement the Code of Conduct requirements, both in their own companies and within their value chain.



## Dialogue with stakeholders

Until now, we have consulted with our customers with regard to the buying experience in our stores; we have also undertaken the task of assessing the extent of employee satisfaction. The frequency of these consultations was different.










































































































































The full mapping of all stakeholder groups in relation with the company and a process of wide consultation with them were both conducted under the present reporting process.

The detailed description of all stakeholder groups, as well as of the manner of the consultation, including the instruments used, can be found in the chapter About the report.

The relevance of the sectors specific to our activity, as foretold by each of the consulted groups, is shown in the following table.

The color code is in line with the one shown within the matrix of the 5 fields of corporate social responsibility (CSR) of Lidl (Assortment, Employees, Environment, Society and Partners).



RELEVANT TOPIC	GROUP OF STAKEHOLDERS								
	Employees	Coordinators, heads of stores	Management	Product suppliers	Service providers	Local authorities	Control authorities	NGOs	Business associations
Local suppliers									
Energy efficiency increase									
Partnership with suppliers									
Labor conditions									
Employee development									
Expansion of chain stores									
Sales and business goals									
Traceability, origin, certification of food products									
Standards for means of transport									
Sustainable procurement									
Warehouse fleet and transport of employees									
Recycling and waste sorting									
"Plus" stores modernization									
Social actions and campaigns, sponsorship									
Food waste									
Healthy food									
Quality assurance									
Employee satisfaction									
Logistics (warehouse-store transport of goods)									
Renewable energy									
Buying experience									
Dialogue with stakeholders									

Given the interest expressed by the external and internal partners alike with regard to an open and transparent dialogue, we intend to further pursue the consultation with the stakeholders.



#### Limited assurance conclusion\*

According to the procedures we conducted and the records we obtained, we did not identify any aspects likely to make us believe that the analyzed indicators, for the period March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017 and for the period January 1<sup>st</sup>, 2016 - December 31<sup>st</sup>, 2016, shown in the Sustainability Report, were not prepared in relation to all significant aspects, in accordance with the GRI criteria.

PricewaterhouseCoopers Audit SRL

\* The full opinion is available at <https://bit.ly/2luZFU0>



## GRI standard INDEX + Sustainable Development Goals (SDGs)

Lidl Romania undertook the integration of the Sustainable Development Goals of the United Nations and of the UN Global Compact principles for its business strategy. In line with this decision, where possible, we correlated the GRI standard descriptions with the specific Sustainable Development Goal targets.

### General information

GRI standard	Explanations	Correlation of GRI standards with Sustainable Development Goals (SDGs)	Page	Omissions
102-1	Name of the organization		10	
102-2	Types of activities, trademarks and products		10, 15	
102-3	Headquarters location		11	
102-4	Main operations location		11	
102-5	Legal form of organization and type of property		10	
102-6	Markets on which the organization is active		11	
102-7	Size of the organization		10, 11, 50	
102-8	Information about employees and workers	SDG 8, Target 8.8	50	
102-9	Value chain	SDG 8, Targets 8.2 & 8.3 & 8.4	14	
102-10	Substantial changes affecting the company and the value chain		N/A. This is our first sustainability report.	
102-11	Precautionary principle	SDG 13, Target 13.3	8	
102-12	International initiatives to which the company adhered	SDG 17, Targets 17.10 & 17.15	13, 24, 26, 27	
102-13	Affiliations		13	
102-14	Foreword from the company's highest representative		2, 3	
102-16	Values, principles, standards and rules of conduct	SDG 16	12	
102-18	Management structure		13	
102-40	List of stakeholder groups	SDG 17, Target 17.17	5, 6	
102-41	Collective employment agreements	SDG 8, Target 8.8	The share of employees subject matter of collective employment agreements is zero.	
102-42	How stakeholders were identified and selected	SDG 17, Target 17.17	6	
102-43	How the consultation process was conducted		6	
102-44	Main topics and subject matters discussed in the consultation process		7, 67	
102-45	Entities included in the consolidated financial statements		The financial statements of Lidl companies in Romania are available on the website of the Ministry of Public Finance at <a href="http://bit.ly/1x3NLGD">http://bit.ly/1x3NLGD</a> . For access to the information, enter the sole registration code of each company and click on the View button.	
102-46	Definition of the report contents and limits of relevant topics		9, 67	
102-47	List of relevant topics for the reporting process		7	
102-48	Corrigenda or differences from similar previous documents		N/A. This is our first sustainability report.	
102-49	Changes in the reporting process		N/A. This is our first sustainability report.	
102-50	Reporting period	SDG 12, Target 12.6	Cover 1, Cover 4	
102-51	Date of the most recent sustainability report	SDG 12, Target 12.6	N/A. This is our first sustainability report.	
102-52	Reporting cycle	SDG 12, Target 12.6	8	
102-53	Contact address for questions on the content of the report		5	
102-54	Declaration on the level of conformity with GRI Standards		8	
102-55	GRI index		68	
102-56	Declaration on external verification		67	

### Economic

GRI standard	Explanations	Correlation of GRI standards with Sustainable Development Goals (SDGs)	Page	Omissions
GRI 103	201 – Economic performance	SDG 8, SDG 9	3, 14	
201-1	Direct generated and distributed economic value	SDG 8, Targets 8.2 & 8.3 SDG 9, Targets 9.1 & 9.B	4, 10	Information such as the total value of the salary benefits and the total taxes and dues transferred to the state budget was not included, but we intend to include it in the next report.
GRI 103	Procurement practices. Local suppliers	SDG 12	62	
GRI 204-1	Share of the procurement budget allocated for the partnership with local suppliers	SDG 12, Target 12.7	62	
GRI 103	Relationship with suppliers	SDG 8	4, 60	
	Annual rate of increase of the number of local suppliers	SDG 8, Targets 8.2 & 8.3	22-25	

GRI 103	Sustainable procurement	SDG 8, SDG 12, SDG 13, SDG 14, SDG 15	22-25
	Number of articles procured from Local suppliers	SDG 8, Targets 8.2 & 8.3 SDG 12, Targets 12.4 & 12.6 & 12.7 & 12.8 SDG 13, Target 13.3 SDG 14, Targets 14.4 & 14.7 & 14.8 SDG 15, Target 15.7	60, 62

## Environment

GRI standard	Explanations	Correlation of GRI standards with Sustainable Development Goals (SDGs)	Page	Omissions
GRI 103	301 - Materials. Recycling and waste sorting	SDG 12	45	
301-1	Quantity of packages used	SDG 12, Targets 12.2 & 12.5	46	
GRI 103	302 - Energy	SDG 7, SDG 12, SDG 13	40, 41	
302-1	Company energy consumption	SDG 7, Target 7.2 SDG 12 Targets 12.1 & 12.8	40	The information required under GRI Standard 302-1 a, b and d does not apply in this context.
302-4	Reduction of energy consumption	SDG 7, Target 7.2 SDG 13, Target 13.3	40, 41	
GRI 103	Renewable energy	SDG 7	40, 41	
	Share of renewable energy in total used energy	SDG 7, Targets 7.2 & 7.3	40	
GRI 103	303 - Water	SDG 6	39	
303-1	Water supply	SDG 6, Targets 6.4 & 6.5.1	39	
GRI 103	Foodwaste	SDG 12	47	
	Quantity of food products without temperature conditions donated to NGOs	SDG 12, Target 12.3	47	
GRI 103	306 – Effluents and waste	SDG 6, SDG 12, SDG 13	45, 46	
306-2	Types of waste and sorting methods	SDG 6 Targets 6.3 & 6.4 SDG 12, Targets 12.4 & 12.5 & 12.8 SDG 13 Target 13.3	46	The information required under GRI Standard 306-2 a does not apply in this context.
GRI 103	Transport – Pilot sector supplement for transports	SDG 9, SDG 13	42, 43	
	Standards for means of transport	SDG 9	43	
	Share of merchandise transport vehicles equipped with non-polluting or weakly polluting engines	SDG 9, Target 9.4.1	43	
	Warehouse fleet and employee transport	SDG 9, SDG 13	43	
	Total fuel consumption	SDG 9, Target 9.4.1 SDG 13, Target 13.3	42	
	Logistics (warehouse-store transport of goods)	SDG 9	42	
	Average distance on the warehouse-store route	SDG 9, Target 9.4.1	42	
GRI 103	Modernization of old sites – GRI sector supplement	SDG 9, SDG 15	36	
	Number of modernized old stores	SDG 9, Target 9.4 SDG 15 Target 15.9	36	
GRI 103	Expansion of the chain stores - GRI sector supplement	SDG 9, SDG 15	37	
	Number of new stores opened	SDG 9, Target 9.4 SDG 15 Target 15.9	11	

## Social

GRI standard	Explanations	Correlation of GRI standards with Sustainable Development Goals (SDGs)	Page	Omissions
GRI 103	403 - Labor conditions. Occupational health and safety	SDG 3, SDG 8	51	
403-2	Types and rate of work accidents, occupational diseases and absenteeism and number of fatal accidents at the workplace	SDG 3, Target 3.6 SDG 8, Target 8.8	51	
GRI 103	404 - Employee development	SDG 4	53, 54	
404-1	Average annual number of training hours per employee	SDG 4, Target 4.3	55	The way in which we gathered the information required under GRI 404-1 will be improved starting from 2019.
GRI 103	401 - Employee satisfaction	SDG 8	55	
401-2	Benefits granted to full time employees	SDG 8, Targets 8.5 & 8.8	55	
GRI 103	417 - Traceability, origin, certification of food products	SDG 12	23	
417-1	Specific requirement on product labelling and information	SDG 12, Target 12.8	23	We do not have the specific information under GRI 417-1 b.
GRI 103	416 – Consumer's health and safety (Healthy food and Quality assurance)	SDG 12, SDG 13, SDG 16	20, 21	
416-1	Evaluation of the impact of products on health and food safety	SDG 13, Target 13.3	20, 21	
	Breaches regarding product quality	SDG 12, Target 12.8 SDG 16 Target 16.10.1	21	
GRI 103	Social actions and campaigns, sponsorships	SDG 1, SDG 2	30, 32	
	Value of financial contributions to non-governmental organizations	SDG 1, Targets 1.1. & 1.5 SDG 2, Target 2.1	30	
GRI 103	Enjoyable and safe buying experience		15	
GRI 103	Dialogue with stakeholders	SDG 12, Target 12.8	6, 66	



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## Sustainability Report

Reporting period:  
March 1<sup>st</sup>, 2016 - February 28<sup>th</sup>, 2017