



RESPONSIBILITY

for new generations deserving a better future

Sustainability report Lidl Romania

Reporting period:



March 1st, 2017 – February 28th, 2018

March 1st, 2018 – February 28th, 2019





Table of contents

| | |
|--|----|
| Foreword | 2 |
| About the report..... | 6 |
| The materiality analysis and the stakeholder consultation..... | 8 |
| About the company..... | 10 |
|  Resources & agriculture..... | 17 |
|  Supply & processing chain..... | 21 |
|  Operations & processes | 29 |
|  Customers & society | 49 |
| GRI content table | 74 |



We are at a time when our personal and professional lives are influenced by the effects of climate change. There are signs that we cannot stand by and watch with indifference and for whose mitigation we must act. Our children deserve a future that we are bound to make better. This is why we, at Lidl, are committed to help reduce plastic pollution, by reducing the amount of plastic used in packaging our private label branded products by 20% by 2025.

This is just one of the measures by which Lidl aims to continue to be a responsible actor, who treats sustainability management and its impact on the environment, economy and society seriously. To illustrate how we do this, we have continued our quest for transparency, by publishing the second Sustainability Report of Lidl Romania, for the period March 1st, 2017 – February 28th, 2019.

In recent years, our company has gone through a broad process of defining the sustainable development strategy, developing a corporate behavior model adapted to the current context: the Lidl Responsibility Model. Because we know how to build on a solid foundation, this model is developed on four areas of responsibility, starting from the place where raw materials are produced, then processed and transported, to the point where the products reach our customers:



**RESOURCES &
AGRICULTURE**




**SUPPLY &
PROCESSING CHAIN**



**OPERATIONS &
PROCESSES**



**CUSTOMERS &
SOCIETY**



Our mission is to provide our Romanian customers with products of the highest quality at the best prices, daily, straight from the producers/manufacturers in a wide range, through simple and sustainable actions.

These areas help us supervise closely the processes so that we can optimize them effectively and keep our promise to provide our customers with products of the highest quality at the best prices. We are able to keep this promise owing to a principle of efficiency, which, in fact, we understand as responsibility. It is the 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.

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

I express my gratitude to all our customers who answered the on-line questionnaire or participated in the store interviews and helped us understand their expectations towards us regarding sustainability. Without their help, this report would not have touched the essence, would not have met the expectations of our stakeholders and it would not have accomplished all the requirements of the Global Reporting Initiative (GRI) standards.

I know we can be better and we aspire to find measures to do everything better and more durable. We also know that we can't reach all our targets alone. This is why I kindly invite you to read this Sustainability Report and I hope that all the information within will allow you to better understand who we are, how we work, and to discover how we can work together so that we can create a better future.

FRANK WAGNER

CEO Lidl Romania

HIGHLIGHTS *Reporting period*

(March 1st, 2017 – February 28th, 2018)

P. 24 **71%** OF THE TRUCKS USED TO DELIVER OUR MERCHANDISE IN 2018 HAVE EURO 5 AND EURO 6 ENGINES.
COMPARED TO **42.67** IN 2016



P. 26 **+24%** INCREASE IN THE NUMBER OF ROMANIAN SUPPLIERS FOR THE ENTIRE ASSORTMENT
FROM **283** IN 2016 TO **351** IN 2018



P. 27 **+44%** INCREASE IN THE NUMBER OF ROMANIAN ITEMS OBTAINED FROM LOCAL SUPPLIERS FOR THE ENTIRE ASSORTMENT.
FROM **1,539** IN 2016 TO **2,222** IN 2018



P. 31 **OVER 50,000 TONS OF WASTE** |  SENT TO THE RECYCLING CENTERS IN 2017 AND 2018.

P. 32 **ISO 50001** WE WERE CERTIFIED FOR ENERGETIC EFFICIENCY – THE HIGHEST INTERNATIONAL STANDARD FOR ENERGY MANAGEMENT.

P. 59 **OVER 60 SUPPORTED ORGANIZATIONS** | **MORE THAN 32,000,000 LEI – SOCIAL RESPONSIBILITY INVESTMENT**



P. 66 **MORE THAN 28,000,000 EUROS IN 2018**
WE CONTINUED TO ENABLE THE EXPORT OF ROMANIAN SUPPLIERS PRODUCTS TO LIDL STORES IN EUROPE.



P. 67 **80%** LOCAL GOODS AND SERVICE PROVIDERS



Cristina Hanganu
Communication and CSR Manager



Irina Lapovița
CSR Manager

Next Steps

We continued our transparency policy by releasing a second Sustainability Report, regarding the reporting periods March 1st, 2017 – February 28th, 2018, and March 1st, 2018 – February 28th, 2019. In addition to the GRI (Global Reporting Initiative) standards, we have also 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, at p. 74.

The most important phase in the writing of this report was the stakeholder consultation, as well as presenting our new Lidl Responsibility Model. Starting from stakeholders' expectations and the impact of Lidl activities on the local level, we obtained the 24 relevant topics of our new Lidl Responsibility Model, included in this report. This year also we submitted ourselves to a process of external audit, coordinated by Denkstatt România. Its results are available on our website.

In the two years covered in this report we managed to improve the results from the first Sustainability Report. For instance, our colleagues in the Purchasing department managed to considerably increase the number of local suppliers and of the articles developed with their help. In the reporting period the number of articles obtained from local suppliers increased, from 1,917 in 2017 to 2,222 in 2018. The number of local suppliers for the entire assortment also increased, from 320 in 2017 to 351 in 2018; as well as the number of articles in "Cămara noastră" ("Our Pantry") label, from 138 in 2017 to 175 in 2018.

Our colleagues in the Logistics department together with our partners managed to increase the number of trucks equipped with Euro 5 and Euro 6 engines that deliver our products to the stores; they also sent to recycling centers more than 50,000 tons of waste.

We continued to build our stores and the Roman regional center using technologies with a low environmental impact; we began to certify these buildings according to international standards (e.g. EDGE, BREEM) and we succeeded in obtaining the ISO 50001 certification for energetic efficiency, which is the highest international standard of energy management, for our stores and logistics centers.

We also continued to invest in the diversification of benefits for the employees and we offered support to more than 60 non-governmental organizations, with 32,000,000 lei. These are only a few examples of measures we took to reduce our environmental impact and to contribute to a better future.

We kindly invite you to read more examples in the following pages; we welcome your feedback at csr@lidl.ro

Acknowledgements

We want to express our gratitude to all those who were involved in the identification of the relevant topics, in the writing and creation of the visual identity of this second Sustainability Report: the CSR BootIQ team, the Sunday Morning team, all the colleagues who helped us identify the themes and gather the information, and the colleagues at Lidl International.

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



ABOUT THE REPORT

This is the second Sustainability Report of Lidl Romania, covering the financial years 2017-2018 (March 1st, 2017 – February 28th, 2018, and March 1st, 2018 – February 28th, 2019, respectively).

The document has been developed on the basis of the GRI Standards methodology, standards developed by the Global Reporting Initiative (GRI) for the writing of sustainability reports. Our first Sustainability Report can be consulted on the Lidl website.

GRI 102-49 The document reflects the work of the companies that make up the Lidl Group in Romania and analyzes the economic, social and environmental impact that we generate. The frequency with which we intend to publish such a report is annual. In addition to publishing the sustainability reports, starting with the financial year 2019, we will submit the non-financial statement annually, as required by the legislation in force.

The structure of this report reflects the Lidl sustainability strategy, that has defined four areas of responsibility (1. Resources & Agriculture, 2. Supply & Processing Chain, 3. Operations & Processes, 4. Customers & Society) and details the themes that have been identified as locally relevant by our employees and external partners consulted in this regard. You can find more information about the four areas of responsibility on the next page.

The information presented in the report refers to the activity of Lidl Romania and has been verified and validated by the internal Audit and CSR departments. In addition, the report has also been audited by means of an external audit process, according to the statement on p. 77.

The report also includes information that is not directly related to the activity of Lidl Romania, such as statistical data, references to local and/or international law, specific initiatives, collaborative projects, as

well as data and information made available to third parties (usually, suppliers). These have been included to ensure a correct and complete understanding of the sustainability context and have been appropriately signaled, with the specification of the source.

The changes in the structure of our Sustainability Report, respectively in the list of topics identified as relevant for the content of this document, have been explained in the appropriate chapters. Apart from these updates, there are no changes to the reporting targets, limits or how the data has been collected. The way we apply the precautionary principle throughout the value chain has also remained unchanged from the previous report.

This Sustainability Report is developed in accordance with the GRI Standards, the “Basic” option. The table of contents on p. 74 includes references to all the relevant chapters, topics and exposures required by the methodology.

GRI 102-54

The limits of the report

The information in this report has national coverage, except in the cases where it is mentioned otherwise (e.g. international initiatives or purchases of products outside Romania), and is related to the activities we conduct in the headquarters, logistics centers and our store network.

A range of services (e.g. cleaning, security) are outsourced; in such cases our impact is not direct. As we do not have relevant information, the impact of these services is not covered by this report.

LIDL RESPONSIBILITY MODEL





The materiality analysis and the stakeholder consultation

GRI 102-44

In preparing this Sustainability Report, we carried out a consultation process to our groups of stakeholders (stakeholders) to learn about the most important themes of the Lidl Responsibility Model which they expect to find detailed in this report. In this consultation we took into account our sustainability strategy (Lidl Responsibility Model), but also local and international contexts (e.g. the National Strategy for Romania sustainable development, the national and European legislation, the Sustainable Development Goals of United Nations, etc.).

The process started by identifying themes of Lidl Responsibility Model that are most relevant locally in a workshop attended by the CSR team members and representatives of various internal departments (e.g. Procurement, Construction, Internal audit, Human resources, Logistics, CSR team of Lidl Stiftung & Co. KG). All 43 topics included in the Lidl Responsibility Model have been analyzed, which resulted in a short list of 24 topics. The risks and market opportunities in Romania have also been taken into consideration, as well as the current and potential impact that our business has on suppliers and communities. In addition, the commitments made in the previous report were taken into account.

Subsequently, we presented to the stakeholders a short list of topics to find out if we have correctly identified the ones we considered most relevant locally, if there are other issues that should be present in the report, but also to learn their importance for them.

The 24 subjects can be found below, grouped in accordance to the Lidl Responsibility Model, and on the materiality matrix (right side chart), grouped according to their importance to the stakeholders. These 24 topics will be detailed in the following pages of the report.

TOPICS PRESENTED IN THE REPORT CHOSEN IN CONSULTATION WITH INTERNAL AND EXTERNAL STAKEHOLDERS



RESOURCES & AGRICULTURE

ANIMAL WELFARE STANDARDS

1. Animal welfare



SUPPLY & PROCESSING CHAIN

ENVIRONMENTAL STANDARDS IMPLEMENTED ON THE SUPPLY & PROCESSING CHAIN

2. Packaging
 3. Transport
- #### DEVELOPMENT OF THE MARKET AND SUPPLIERS
4. Fair business practices



OPERATIONS & PROCESSES

ENVIRONMENTAL STANDARDS IMPLEMENTED WITHIN LIDL OPERATIONS & PROCESSES

5. Environment protection
 6. Planning and construction
 7. Conservation of resources
 8. Food waste
- #### RESPONSIBILITY TO EMPLOYEES
9. Occupational safety and health
 10. Employee rights
 11. Employee training and development



CUSTOMERS & SOCIETY

PRODUCT RANGE DEVELOPMENT

12. Sustainable products
13. Quality products and product safety

TRANSPARENCY

14. Traceability
15. Ingredients and nutrition information

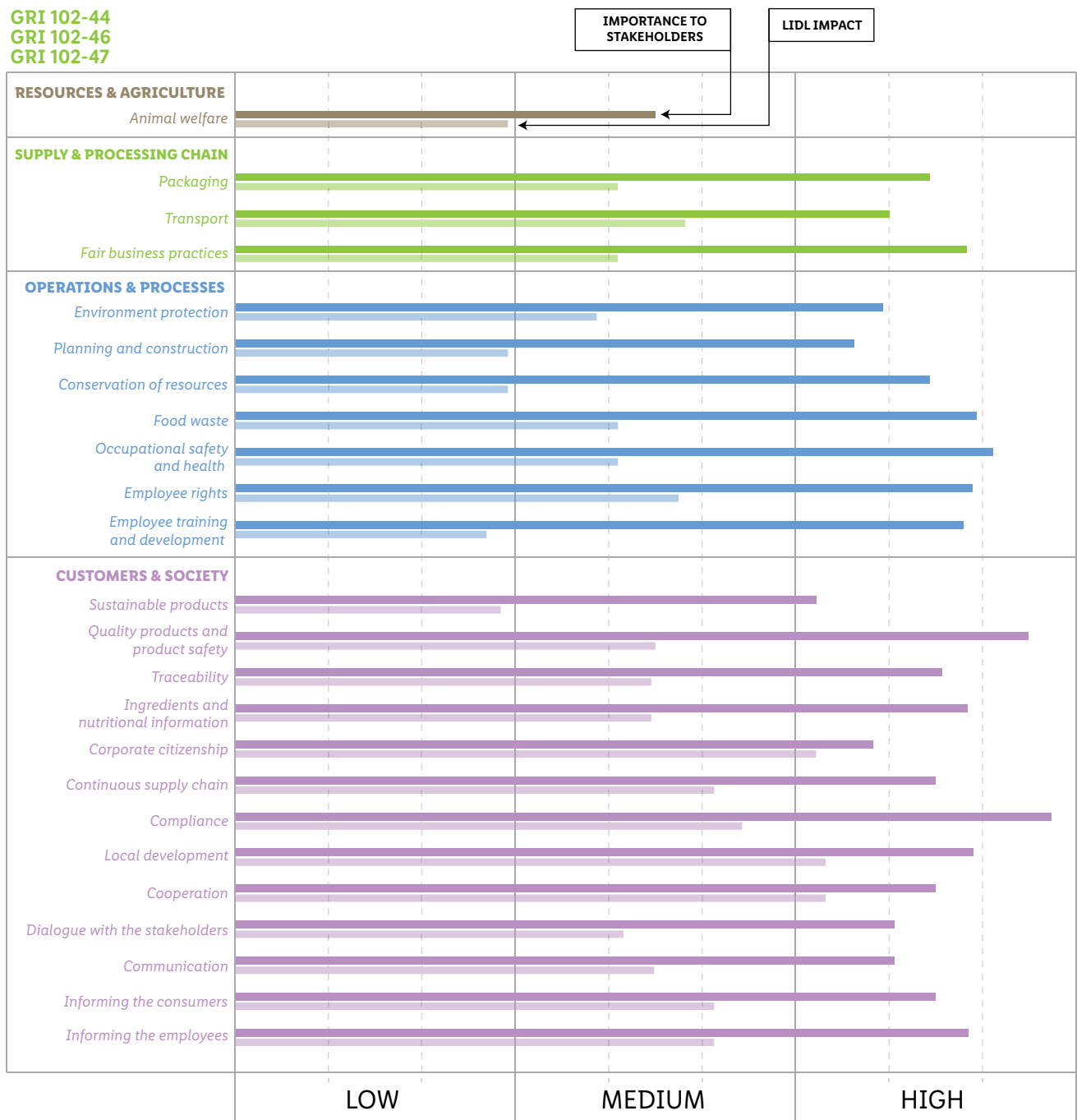
SOCIAL VALUE CREATION

16. Corporate citizenship
17. Continuous supply flow
18. Compliance
19. Local development
20. Cooperation

RESPONSIBLE COMMUNICATION

21. Communication
22. Dialogue with the stakeholders
23. Informing the consumers
24. Informing the employees

GRI 102-44
GRI 102-46
GRI 102-47



Identifying the stakeholders meant taking into consideration the parties involved in the previous report, which were determined after a review of our chain of value and the relevant impact they produce, to which we added a particularly important group for us: our customers.

GRI 102-42

THE CONSULTATION PROCESS INCLUDED:



INTERVIEWS:

- customers – 30 face to face interviews made in stores
- suppliers (goods and services) – 6 interviews
- central and local authorities – 2 interviews
- business partners – 2 interviews
- NGOs – 2 interviews
- academic environment – 1 interview
- mass-media – 1 interview

GRI 102-40
GRI 102-43



ON-LINE SURVEYS:

- 8.230 surveys completed online



ABOUT LIDL ROMANIA

Lidl, part of Schwarz group, headquartered in Neckarsulm, is one of the leading companies on the food retail market in Europe and is present in 30 countries worldwide. The company operates with more than 10,800 stores and over 150 logistics centers in 29 countries around the world¹.

During the reporting period, Lidl Stiftung & Co. KG had more than 287,000 employees, including more than 6,000 in Romania, 240 shops, four logistic² centers and a headquarter in Romania.

Lidl Romania defines its market position as a smart discounter. Since 2011, our mission is to provide daily to our Romanian customers the highest quality products at the best price, directly from producers, in a wide

range, through simple and sustainable actions.

As an international company, we take responsibility not only for good economic results, but also considering the resources of the environment, in relation to our employees, the communities where we operate and the economic environment in which we operate.

Sustainability is therefore part of our business model. Simple and customer-oriented approach, the responsible use of resources and maintaining relationships based on respect with our customers, our employees and our partners are the foundation of our daily work. These values are recorded in the principles of our company.

| | 2017 | | 2018 | |
|---|-------|--------|--------|--------|
| | MEN | WOMEN | MEN | WOMEN |
| TOTAL NUMBER OF FULL-TIME EMPLOYEES | 2,102 | 3,439 | 2,222 | 3,681 |
| TOTAL NUMBER OF PART-TIME EMPLOYEES | 80.75 | 216.50 | 110.50 | 282.75 |
| TOTAL NUMBER OF PERMANENT EMPLOYMENT CONTRACTS | 2,083 | 3,424 | 2,337 | 4,001 |
| TOTAL NUMBER OF EMPLOYEES WITH CONTRACTS OF FIXED-TERM EMPLOYMENT | 19 | 15 | 12 | 9 |

Lidl worldwide

30 COUNTRIES WORLDWIDE

OVER **10,800** STORES

OVER **150** LOGISTICS CENTERS

Lidl in Romania during the reporting period

240 STORES

4 LOGISTICS CENTERS



¹ Numbers corresponding to the reporting period (March 1st, 2017 – February 28th, 2019).

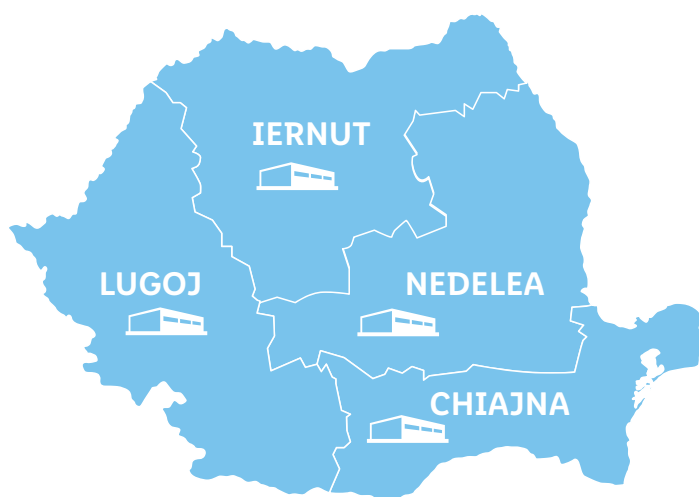
² In the reporting period, there were four functional logistics centers, the fifth (Roman) being opened during 2019.

Lidl Romania consists of the following companies:

GRI 102-45

| COMPANY, CUI (UNIQUE IDENTIFICATION CODE) | TURNOVER CALENDAR YEAR 2017 (LEI) | TURNOVER CALENDAR YEAR 2018 (LEI) | NET PROFIT FOR THE CALENDAR YEAR 2017 (LEI) | NET PROFIT FOR THE CALENDAR YEAR 2018 (LEI) |
|---|---|---|---|---|
| Lidl Discount SRL CUI 22891860 | 6,510,008,485 | 7,788,918,595 | 352,766,100 | 412,253,463 |
| Lidl Imobiliare România Management SCS CUI 15139385 | 29,434,855 | 31,080,783 | - 7,147,797 | -30,979,270 |
| Lidl România SCS CUI 15300120 | 133,188,419 | 171,426,374 | -11,245,597 | -207,495,133 |
| Lidl România SRL CUI 14962609 | 0 | | - 24,928 | -26,199 |
| Lidl România Digital ³ CUI 39216744 | 0 | 16,869,428 | 0 | -1,350,191 |
| Group Total | 6,672,631,759 | 8,008,295,180 | | 175,103,052 |

The financial information of companies belonging to the group Lidl Romania for the calendar years 2017 and 2018 can be accessed on the website of the Ministry of Finance, based on the unique identification code (CUI) specified in the table.



The headquarters are located in Bucharest, Capitan Aviator Alexandru Șerbanescu Street no. 58A.

Our logistics centers* are located in:

- Chiajna (Ilfov County);
- Nedelea (Prahova County);
- Iernut (Mureș County);
- Lugoj (Timiș County).

The address of the stores currently forming our network can be found on our website: <https://www.lidl.ro/cautare-magazin>

Our registered offices are located in:

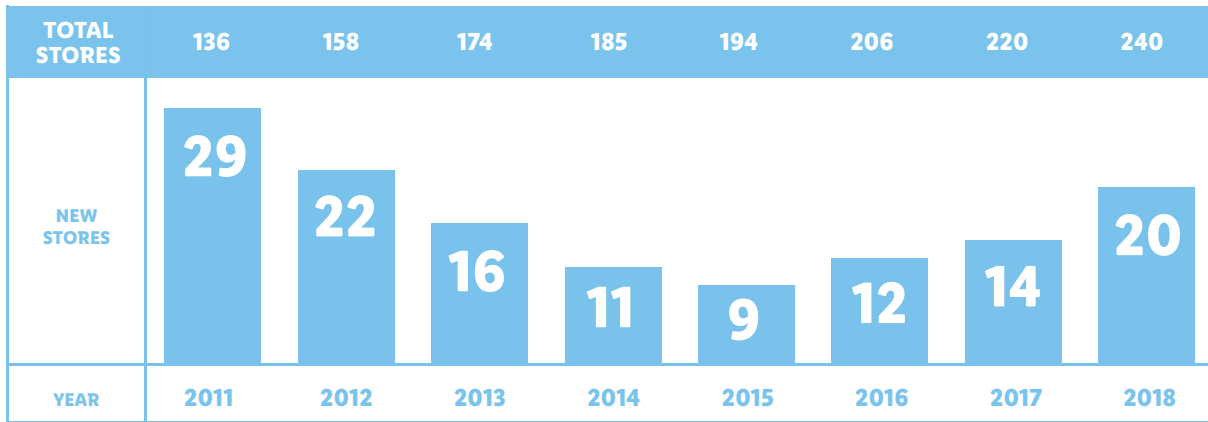
- Nedelea, Aricestii Rahtivani, DN 72, Crângul lui Bot, km 73 + 810, Prahova County (Lidl Discount SRL and Lidl Imobiliare România Management SRL);
- Chiajna, Chiajna village, Ilfov County, Industry Street no. 19, et. 1 (Lidl Romania SCS and Lidl România SRL);
- Bucharest, bd. Dimitrie Pompeiu no. 6E (Lidl România Digital).

* Our logistics center in Roman was opened after the reporting period.

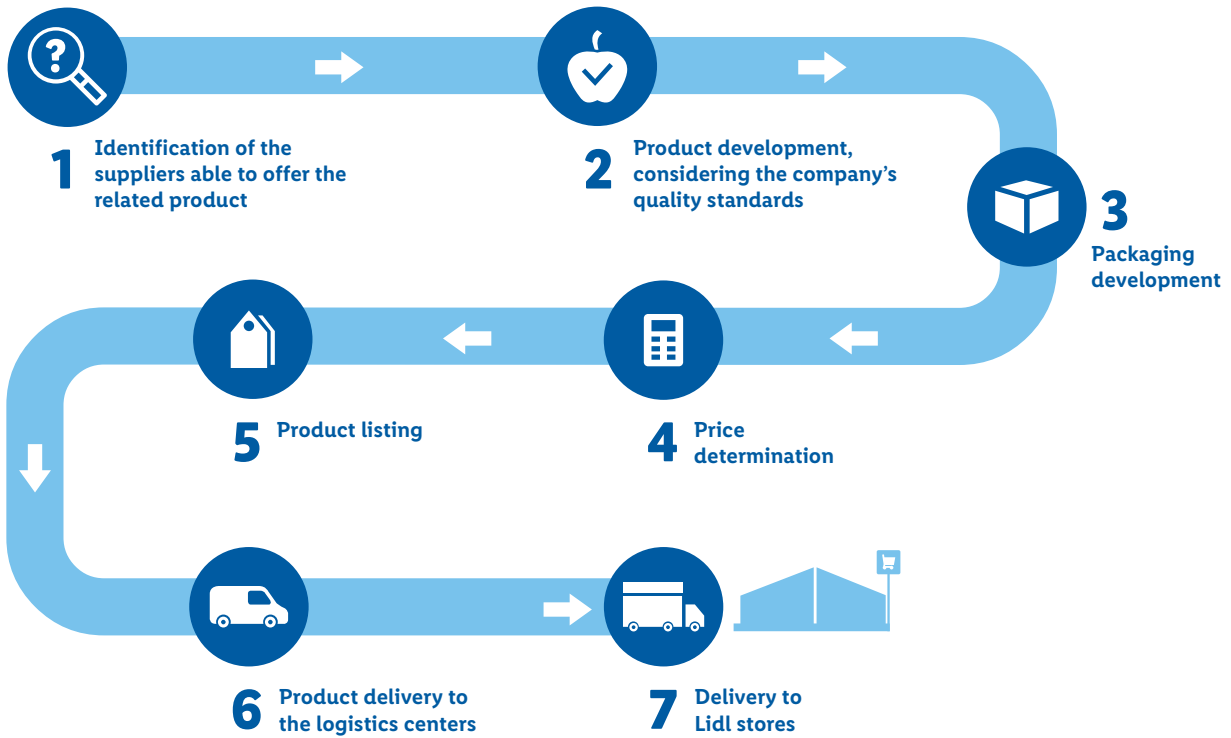
³ Lidl Romania Digital was founded in 2018; tax registration code is 39216744 and its main activity is software products editing.



The evolution of the number of stores 2011 – February 28th, 2019



A description of our supply chain was included in our first Sustainability Report, 2016-2017, p. 14. For the development of our products we follow the following steps:



Private label brands in Lidl Romania portofolio



Cold cuts



Cosmetics



Cleaning products



Breadstuffs, pastries and sweets



Walnuts, peanuts, nuts, seeds, dried fruit



Chocolate and coffee



Articles for children



Ice cream



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



Chocolate



Soft drinks



Beer

Our principles

We respect the plurality of cultures and appreciate diversity in values and traditions. In everything we do we are guided by the following principles:



Our work is geared towards customer satisfaction.



In our daily activities, we take economic, social and environmental responsibilities.



We grow through the expansion and continuous improvement of our store network.



Fairness for all employees is imperative.



Being a store chain, we operate as a systematic set.



We respect and support each other.



Quick decisions and simple procedures ensure our success.



We reach our objectives in a climate of mutual trust.



We respect the law and internal procedures.



Appreciation and recognition must characterize the daily work climate.



We have well-trained employees, filling a post being provided for each department.



Our mission is to provide daily to our Romanian customers the highest quality products at the best prices, directly from producers, in a wide range, through simple and sustainable actions.



Company management on February 28th, 2019

Frank Wagner, CEO

Joachim Klaus Grabert, Country Administrative Manager, Management Board Member

Anca Marcu, Executive Director Human resources, Management Board Member

Zita Szlavikovics, Country Director for Sales and Logistics, Management Board Member

Daniel Ștefanescu, Country Director Purchasing and Marketing, Management Board Member

Dragoș Ionescu, Country Director, Expansion and Central Services

During the reporting period, the company management also included:

Ionuț Preda, Country Director Sales and Logistics, Management Board Member

Marco Giudici, Country Director Purchasing and Marketing, Management Board Member

Avril O'Hehir, Country Administrative Manager, Management Board Member

Affiliations

AMRCR – Romanian Association of Large Business Networks

German-Romanian Chamber of Industry and Commerce

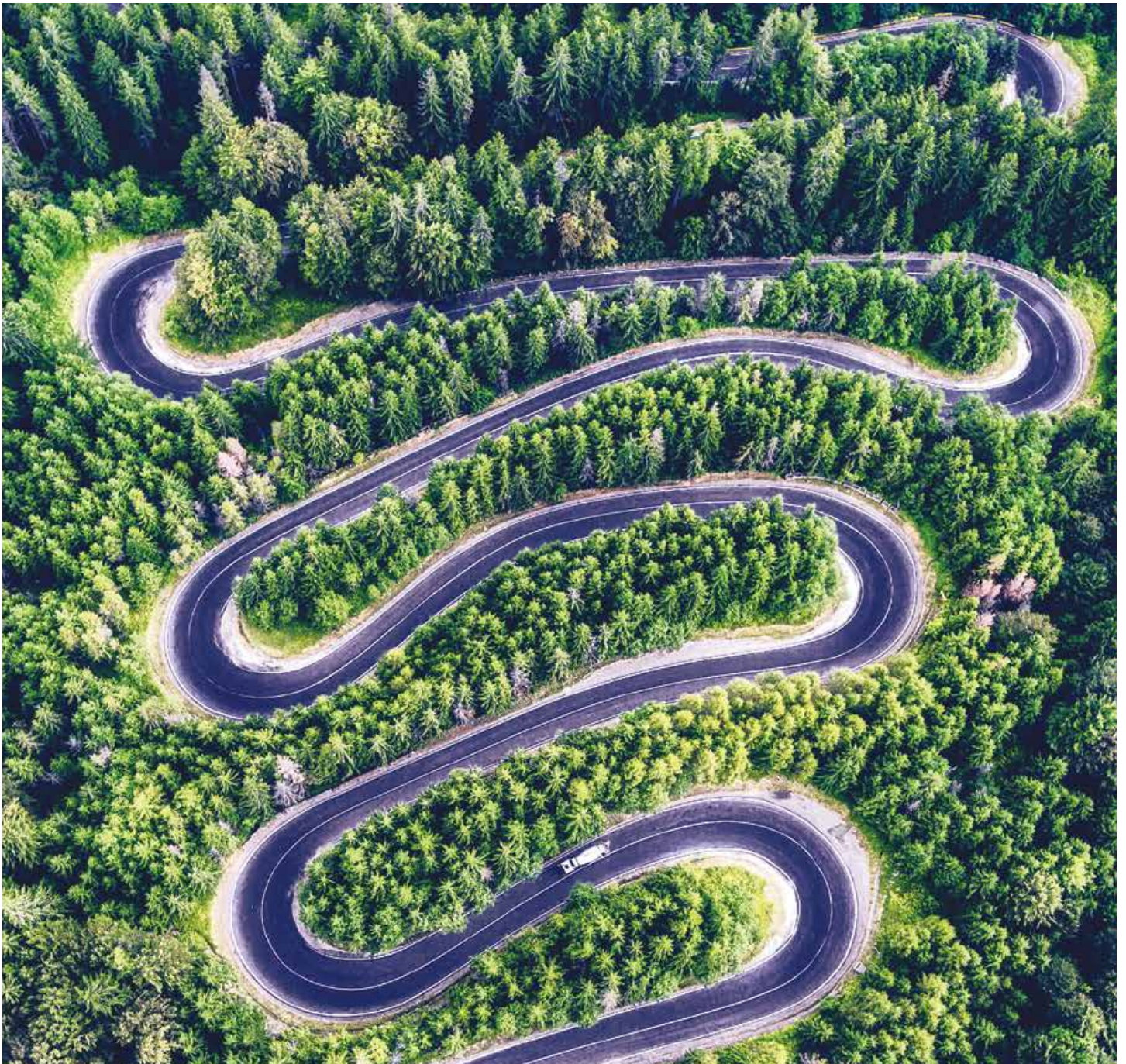
UN Global Compact

In addition, through Lidl Stiftung & Co. KG, Lidl Romania is represented in the following associations and organizations:

- German Commerce Chamber
- EuroCommerce
- CSR Europe
- Business Social Compliance Initiative (BSCI)
- Alliance for Sustainable Textile
- Forum for Sustainable Cocoa
- Round Table on Sustainable Palm Oil (RSPO)
- GLOBALG.A.P. and GLOBALG.A.P. G.R.A.S.P
- Forum for more sustainable protein feed
- Diversity Charter



Sustainable
Strategy



Acting sustainably is our way to keep our promise every day on delivering products of the highest quality at the best prices. We are constantly learning to become better and to optimize our internal processes, not only to save resources, but also to assist suppliers and ensure the company's viability in the future.

We are aware that our work has a direct impact (in the headquarters, the headquarters of Lidl Digital, logistics centers and stores) and indirectly (the entire supply chain, from farm to home customers and the impact of waste generated by customers). For this reason, we need a 360° mapping of our impact

and a correct understanding of it, a segmental analysis (local, regional or international impact) and appropriate measures to reduce or eliminate the risks and potential adverse effects. Thus, we established five pillars of sustainability: Assortment, Environment, Society, Employees and Partners. In order to go into the details of these five pillars and how we intend to act sustainably, we have defined a group strategy, which we call the Lidl Responsibility Model. This responsibility model includes 43 specific topics that we keep in mind when we define sustainability actions. The 43 subjects are shown at p. 7.







RESOURCES & AGRICULTURE

Animal welfare



Animal welfare

Our concern at Lidl for animal welfare comes, on the one hand, from understanding the impact we have in this area, by selling animal products, and, on the other hand, the increased attention that customers pay to the effects of animal products consumption, not only in terms of their environmental impact, but also on how the animals are treated and slaughtered.⁴



Therefore, we select our suppliers also based on their concern for the welfare of animals and do not accept animal products from suppliers who do not meet the legal criteria on the raising, transport and slaughter of animals.

We defined our criteria on animal welfare by also taking into account the five directions set by the Farm Animal Welfare Committee (FAWC).

- 1** Providing a constant source of food and water: the animals have constant access to fresh water and sufficient healthy food.
- 2** Suitable growth: the animals are kept in appropriate and adequate spaces.
- 3** Avoid pain, injury and disease: applying preventive measures, immediate diagnosis and providing treatment that ensures a high level of animal health.
- 4** Freedom to express natural behavior: the animals have sufficient space and adequate facilities.
- 5** Fear and stress free growing: reducing the exposure of animals to conditions of stress and anxiety.



⁴ The Special report no.31 of the European Court of Auditors: The welfare of animals in EU: bridging the gap between ambitious targets and implementation: <https://bit.ly/2wb5Ghj>



In addition to complying with the legislation, there are also measures that we take additionally. For example, in 2016, we removed from our range eggs that came from caged hens. Also, since 2018 we removed these types of eggs from the recipes of the items purchased from Romanian suppliers. Currently all eggs sold by Lidl Romania come from hens kept in sheds on the ground (eggs category 2), which have outdoor access all day (eggs category 1) or organic eggs from hens kept in organic farms and fed with feed containing no animal protein flour, additives, preservatives or synthetic dyes (eggs category 0).

- 0 EGGS FROM HENS RAISED IN ORGANIC FARMS.
- 1 EGGS FROM HENS RAISED WITH CONTINUOUS ACCESS TO OUTDOORS.
- 2 EGGS FROM HENS KEPT IN SHEDS ON THE GROUND



Another example is Lidl Stiftung volunteering to join the Fur Free Retailer initiative. We are committed to not sell in our stores textiles, shoes or accessories that use fur originating from mink, foxes, coyotes and rabbits, and we will continue in the future not to sell such products.

We will continue to work only with suppliers that comply with current legislation on animal welfare and we will continue to promote products certified MSC, ASC Dolphin Safe or BAP (for fish-based products and shellfish farmed in the following categories: fresh fish and fish specialties), certifications which ensure compliance with the standards for sustainable fishing and production of fish products and seafood.





SUPPLY & PROCESSING CHAIN

*Packaging
Transport
Fair business practices*



Packaging

As a member state of the European Union, Romania has committed to a number of requirements on waste management⁵ and the implementation of European legislation at national level. We have complete respect and compliance with local and European⁶ law, carefully watching national and EU level debates, in order to be able to adapt to future requirements relating to the waste and packaging management.

At the same time, the company's priorities and respect for the environment help us make clear commitments, using all our procedures to meet and respect them. We play an active role as a responsible actor in the industry, but also at local economy level.

In all our stores, customers have at their disposal boxes for the selective collection of packaging materials. All our stores and warehouses have a compacting press for foil and cardboard and secondary packaging collected in our stores and warehouses are sent to recycling centers. During the reporting period we sent to recycling centers 1,199 tons of foil and plastic collected in stores, warehouses and headquarters in 2017. In 2018 the amount sent to recycling was of 1,315 tons.

One of logistics solutions with increased efficiency which we used regards the reusable pallets provided by our partner, CHEP. They can be used together with our suppliers and help reduce the required quantity of pallet needed in the packaging, transport and storage operations.

According to the certificate of sustainability issued by CHEP Romania, through the

process of pallets reuse we have managed to contribute to saving 226 trees, reduce the pollution degree by 290,579 kg eCO₂ and reduce the amount of waste by 27,668 kg, during the period from November 2016 to December 2017. The figures for 2018 are the following: 342 trees saved, reduction of the pollution degree by 426,485 kg eCO₂ and reduction of waste by 38,494 kg, according to the sustainability certificates from CHEP.



All packaging and collective cellulose cases for our private label branded products purchased from the local market are FSC certified, a measure taken during the reporting period. The FSC logo found on the packaging contains a unique identification code, specific to each printing house; thus, it is possible to check the origin of the packaging online.

568
TREES SAVED

2,514
TONS OF PLASTIC FOIL
COLLECTED IN STORES,
WAREHOUSES AND
HEADQUARTERS IN THE
REPORTING PERIOD



⁵ Information about the issue of plastic waste at EU level is available on <https://tinyurl.com/yx39kh9>

⁶ For an update on the European waste management efforts, visit <https://tinyurl.com/ydm7btm>



MEASURES TO REDUCE THE USE OF PLASTIC



Since the publication of our first Sustainability Report and up to the publication of the second, we were able to collect data to illustrate that transparency requires not only openness, but a sustained effort and a lot of collaboration.

All Lidl initiatives for reducing the amount of plastic waste are part of the REset Plastic program of the Schwarz Group. Through this program, the Schwarz Group has developed an integrated strategy, comprising five areas of action: from reducing the quantity of plastic in packaging and rethinking their design, to recycling and completely eliminating this material, to innovation and education in the field. Through this approach, the vision of a circular economy of plastic can become a reality. More information is available on Lidl Romania website www.reset-plastic.com

During the reporting period we have taken a number of measures:

- The unit weight for PET bottles for the “Freeway” range articles of 2 L locally negotiated was decreased from 42 g to 33.8 g, resulting in an annual plastic economy of 24.5 tons that have not been placed on the market and have not become waste anymore.
- We have replaced the undervest bags available at the cash registers, according to the legislation, with bags of 50 microns; we have introduced recycled plastic and the cotton bags for shopping as a sustainable alternative for the shopping bag.
- We dropped selling bio bananas in plastic bags, the current tape label helping us not to market 12,981.6 kg of plastic in 2018.
- The new packaging in the “Alesto” 200 g products range (Brazil nuts, raw almonds, cashew natural, mixes) helped us to save another 4,562 kg of plastic annually (a reduction of over 8% compared to the packaging in the past).
- We have placed smaller size bags in the bakery area, reducing the consumption of plastic and paper.

MEASURES WE PLAN TO IMPLEMENT BEGINNING WITH THE FOLLOWING REPORTING PERIOD ONWARDS:

- We will eliminate from our stores all plastic disposable single use items such as plastic cups, deep and flat plates, but also cutlery and straws.
- Lidl we will introduce compostable bags instead of those existing for the products on the Lidl Market and we will replace the plastic window of the paper bags from the Lidl Bakery with one made of compostable material. Thus, until the end of 2019, the bags for fruit and vegetables, as well as those for bakery products will be completely replaced. In addition, in order to reduce even more the impact on the environment, we will begin the testing of a reusable bag solution for weighing and transport of fruit and vegetables.
- By **2025**, all plastic packaging used for our private label branded products (accounting for approximately 80% of the entire range of products) will be **100% recyclable** and so **we will reduce by at least 20% the amount of plastic** used in the total quantity of marketed products.

We will further analyze the packages, and we will adjust the parameters where the strength or size of the cardboard has been over-calibrated. We will do the same in the case of packages for transporting fresh products (meat, fish), where we will seek solutions to identify universal landmarks and optimize transport space.

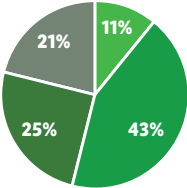
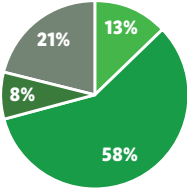


To mark the packaging that will be improved, we have created the “Sustainable Packaging” logo. This logo represents a confirmation that these packages meet a series of criteria, such as: the recycling rate (e.g. over 80%), the recycled material content (e.g. over 30%), the use of alternative material (e.g. “This packaging is made of corn starch”), the rate of reduction in the volume or weight of the package (e.g. over 10%).

Transport

We are aware of the impact that the transport of our products has on the environment. That is why the age of our suppliers' car fleet for the transport services is an important factor in our decision to collaborate with them. We are looking, as much as possible, depending on the local context, to collaborate with suppliers whose trucks have Euro 5 and Euro 6 engines.

In order to ensure that we do not travel to greater distances than necessary, we permanently analyze the distances traveled by the drivers, but also the degree of loading of the trucks and optimize them through our transport application.

| DETAILS ON TRANSPORT FLEET | 2017 | 2018 | VARIATION 2018/2017 |
|---|--|---|---|
| TOTAL NUMBER OF TRANSPORT SERVICE PROVIDERS | 37 | 37 | - |
| TRUCKS | 193 | 193 | - |
| ENGINES |  |  | 18.18% 34.88% -68.00% - |

In our first report, we intended to reduce the average distance per warehouse, implicitly the fuel consumption and the amount of emissions generated. The average transport distance was of 151 km and we estimate it will decrease to 116 km (with 23%) after the opening of the Roman logistics center.⁷

During the period covered by this report, we have not recorded any deviations from the rules and we have not received any information from our suppliers regarding any fines for exceeding the weight of the transport.

In the next reporting period, we will test a new route planning and routing application, in order to optimize more the transport services.

In addition to the measures we take to reduce the impact generated by the transport of our products, we offer our customers and business partners the opportunity to freely charge their electric cars, to encourage greener transport methods.

At this moment, Lidl has **18 electric vehicle charging stations** (a part of them "fast charging" and a part of them standard) at our administrative offices in Bucharest and Lugoj, and in the stores in Bucharest (Captain Alexandru Șerbănescu Street no. 58A), Dumbrăvița, Reșița and Timișoara. Some stations offer the possibility of simultaneously supplying two vehicles.

⁷ Roman Warehouse opened after the reporting period. We will report the resulted decrease in our next sustainability report.



Fair business practices

The success of our company relies on our colleagues, who work daily to offer fresh and qualitative products to the customers. It relies on those who come to us to select from our shelves the products they trust. And it relies on the suppliers we support and with whom we build correct relationships, based on mutual respect, which we try to help grow and develop permanently. More details about the relationship with our suppliers are available in the following pages, but also in our first Sustainability Report (p. 60-65).

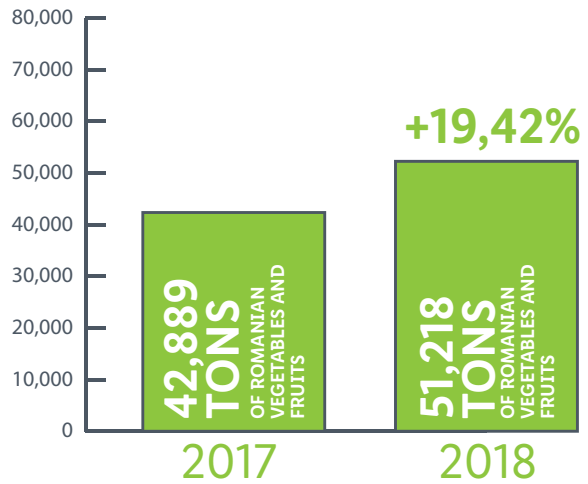




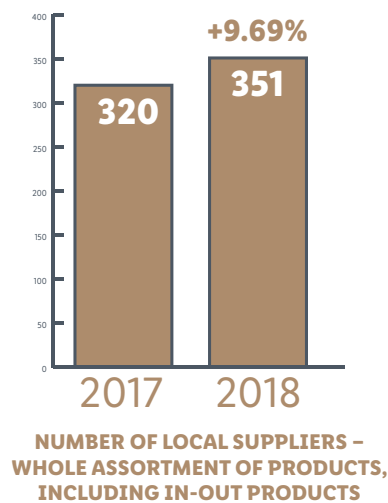
SUPPLY & PROCESSING CHAIN

| | 2017 | 2018 |
|--|-------|-------|
| Total percentage of local suppliers of goods and services | 82% | 80% |
| Total percentage of external suppliers of goods and services | 18% | 20% |
| Total number of suppliers of goods and services | 8,567 | 8,421 |

Lidl stores have been a market for the Romanian fruit and vegetable producers. From the 42,889 tons of Romanian vegetables and fruits purchased by us in the financial year 2017, we reached a 19.42% higher quantity in 2018 (51,218 tons).



We have increased the number of the suppliers for our products, as follows:

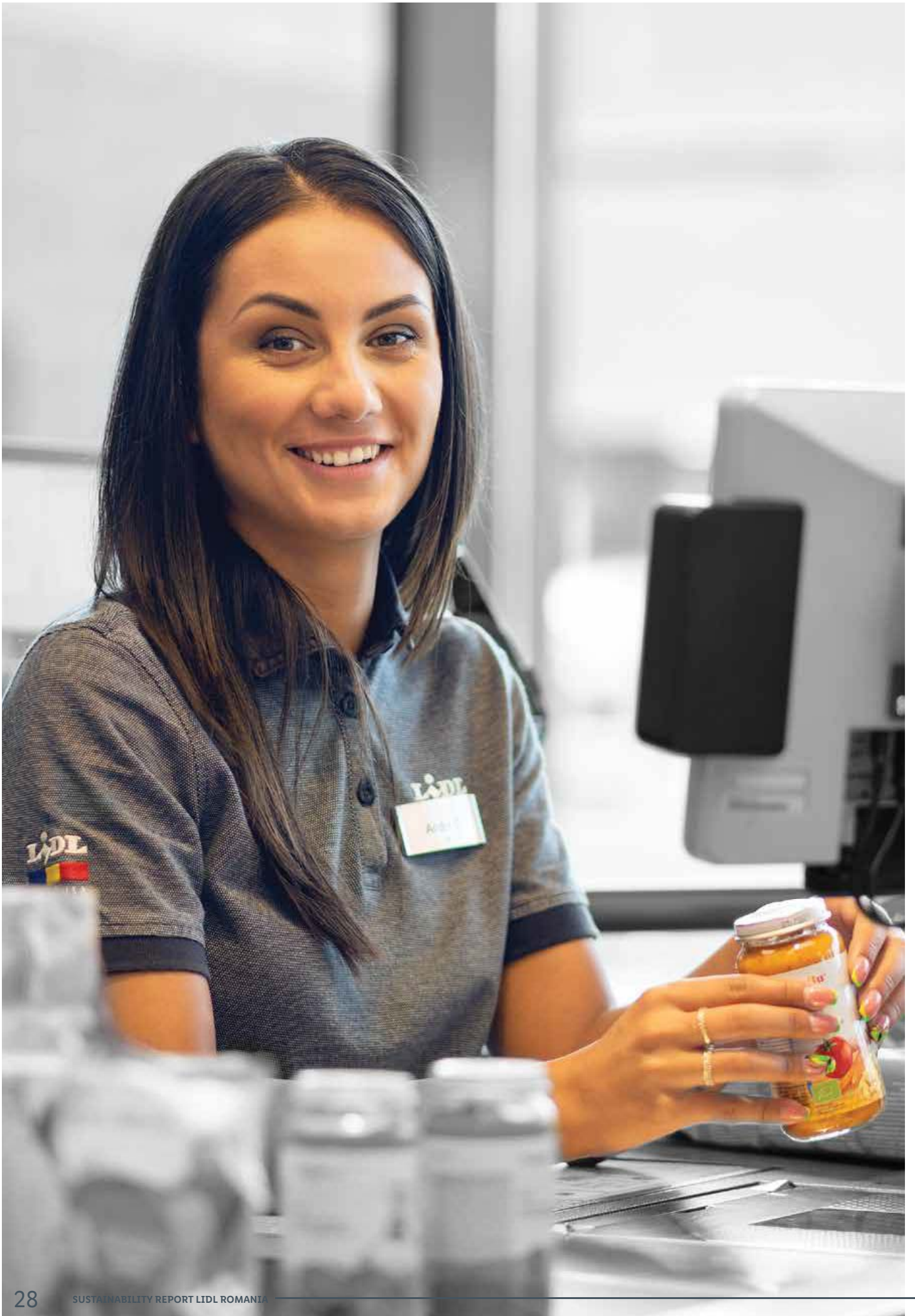


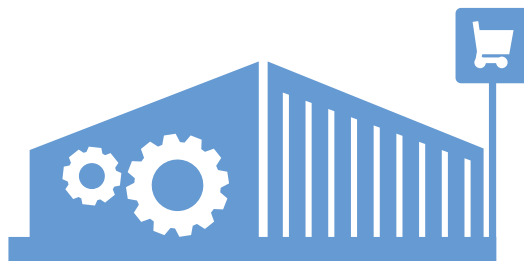
Together with the University of Agronomic Sciences and Veterinary Medicine (USAMV) Bucharest, with whom we have strategic partnerships, we have continued to support the development of the local producers and the increase of the quality of local products, by offering specialized consultancy. Within this project we have also succeeded to increase the number of articles purchased from them.

| Year | Budget ratio allocated to local suppliers for the permanent assortment: | Budget ratio allocated to local suppliers for the entire assortment: |
|-------------|---|--|
| 2018 | 47.33% ↗ | 43.03% ↗ |
| 2017 | 45.35% | 41.18% |

During the reporting period we have increased the value of the merchandise purchased from the local suppliers for both the permanent assortment and the “in-out” assortment (this assortment includes both food items that can be found in our stores only during the thematic weeks, e.g. the “Italian Week”, as well as non-food items, e.g. clothing, gardening articles, school supplies, etc.).







OPERATIONS & PROCESSES

Environment protection
Planning and construction
Conservation of resources
Food waste
Occupational safety and health
Employee rights
Employee training and development



Environment protection

Our concern for the environment is demonstrated in all the measures we have taken and we continue to take to reduce the amount of emissions with negative effect on the environment, emissions caused by our activity (direct negative impact) and by our efforts to ensure the assortment of products (indirect negative impact).

This is the reason why the responsibility for this topic is assumed at the highest level, the objectives being pursued and met by all our departments.

In order to have as clear and close to reality a view as possible regarding the indirect impact, we guide ourselves by the requirements of internationally accepted rules or principles, of which we mention:

- the ISO 26000⁸ standard – which contains operational principles, recommendations and guidelines regarding the behavior that each organization considering itself socially responsible should adopt
- The Detox campaign⁹ of the Green Peace organization, by which the impact of textile production on the environment is measured
- BREEAM standard for constructions
- ISO 50001 standard for the energy efficiency
- ISO 14000 standard for the environment protection

Depending on the specificity of the product we develop together or that of the service we purchase from them, our suppliers must comply with the Code of Conduct¹⁰, which includes legal environmental provisions, or must have a number of certifications, ISO 14001¹¹ being one of them.



⁸ For more details on the principles and norms for applying ISO 26000, visit: <https://bit.ly/2mkW10D>

⁹ For more information on Detox campaign, visit: <https://bit.ly/1udOxgg>

¹⁰ The Code of Conduct is available on our company website and can be accessed at <https://bit.ly/2krWRgy>

¹¹ Drawn by the International Organization for Standardization (ISO), ISO 14001:2015 includes the requirements for environmental management systems. The standard can be used by the organizations which want to manage their environmental risks in a systemic manner and want to increase their environmental performance, thus contributing to sustainability.

¹² OTR = organization of responsibility transfer, companies authorized to take over the responsibility of the economic agents towards the environment duties, or OTER = organizations implementing the obligations regarding the extended producer responsibility.

Our compliance management system allows the reporting of breaches of the existing provisions, as well as of the internal policies.

Our customers can appeal to a dedicated settlement mechanism by contacting a specialized lawyer by telephone, email or post:

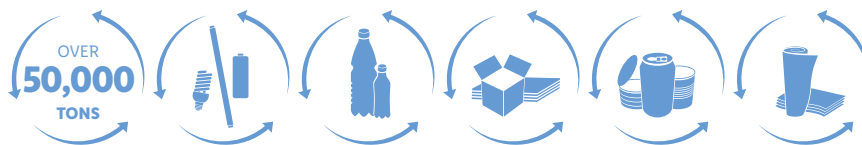
Compliance Responsible
Lidl Discount SRL, Captain Av. Alexandru Ștefănescu
Street no. 58A, 014295
Sector 1, Bucharest
Tel.: 0374819315
E-mail: compliance@lidl.ro
The reports are sent to the responsible purchasers and suppliers and can influence our future decisions.

Given that in Lidl Romania the subject of “Environment Protection” is transversal (it covers several segments of our activity), we invite you to go through the other chapters of this report, as well as our first Sustainability Report, to discover our policies and the measures we have taken so far and plan to take in the future.

The waste originating from packaging has a very big impact on the environment. In order to achieve the annual targets for collecting and recycling of packaging waste, electrical and electronic equipment and batteries reported to the entire quantity placed on the market, we cooperate with OTR¹² through the transfer of responsibility. During the reporting period, we have achieved our selective collection targets. More details about the measures we take to reduce the amount of packaging you can read at p. 22-23.



In the reporting period, the total amount of waste sorted and collected in our stores and warehouses, and sent to the recycling centers was as follows:



| 2017 | | 2018 | | VARIATION 2018/2017 |
|--|----------|--|----------|---------------------|
| MATERIALS | QUANTITY | MATERIALS | QUANTITY | |
| Total foil, plastic, cardboard, paper, iron, wood, fluorescent tubes, batteries sent to recycling (tons) | 26,570 | Total foil, plastic, cardboard, paper, iron, wood, fluorescent tubes, batteries sent to recycling (tons) | 30,698 | 15.54% |
| Foil and plastic (tons) | 1,199 | Foil and plastic (tons) | 1,315 | 9.66 % |
| Cardboard and paper (tons) | 22,884 | Cardboard and paper (tons) | 27,420 | 19.82% |
| Metal (tons) | 814 | Metal (tons) | 305 | -62.55% |
| Wood (tons) | 1,539 | Wood (tons) | 1,490 | -3.14% |
| WEEE (waste electrical and electronic equipment) (tons) | 130 | WEEE (waste electrical and electronic equipment) (tons) | 165 | 26.78% |
| Batteries (tons) | 4 | Batteries (tons) | 3 | -5.33% |



Another impact on environment is caused by the pollution with the substances used in cooling systems. In order to reduce this impact, we have started to replace the refrigeration units for frozen products from our stores. The new refrigerators have improved environmental performances, because they use less pollutant cooling agents.

Planning and construction

In our first Sustainability Report (p. 37) we listed the measures we will take to ensure that our work space is designed and built at the highest standards; now we are able to provide a number of conclusive results in this respect:

- We have obtained the **ISO 50001** certification for energy efficiency, the highest international management standard on energy. The recognition comes from the certification body **DEKRA Certification GmbH**, and applies to the 4 logistics centers and 219 stores that we coordinated at the time of receipt of the certification.

- All our stores and warehouses are in the process of obtaining the **EDGE certification**; over a quarter of the stores are already certified. We estimate the completion of the process for the entire stores and warehouses network in the next reporting period. The EDGE certification attests that a building is at least **20% more efficient than a traditional local market building in terms of building materials used, energy consumption and water consumption.**

- Some of our buildings (including the administrative offices in Bucharest and the Lugoj warehouse) **are undertaking a BREEAM** certification procedure or are to be subject to such certification. The BREEAM certification is the most recognized standard of sustainability and efficiency in this domain, by which the impact of buildings on the environment is measured.

In addition to the measures taken so far, we aim to ensure a building insulation coefficient higher than the norms provided by the law, the close monitoring of consumption and to identify a supplier providing 100% renewable energy.



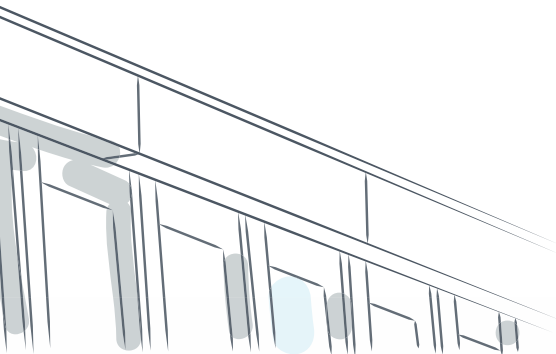
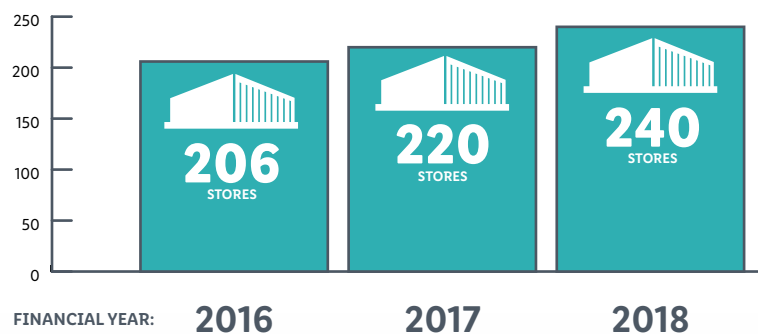
Our new logistics center in Roman, Neamț County, opened after the reporting period, has been designed to have a low carbon footprint, the economy resulting from the adoption of some technical solutions (such as the recovery of energy from the refrigeration system and its use in the heating process) and high energy efficiency standards of the building.



In building of our stores and logistic centers:

- ✓ we use sustainable materials
- ✓ we use advanced technologies to ensure an efficient heat insulation of the buildings in which we operate and we introduce insulation under the baseplates (which offers up to 30% insulation efficiency)
- ✓ we have adopted the LED lighting system in order to reduce the electricity consumption; currently all our warehouses work with this system and in the next reporting period we will ensure 100% LED lighting in all our stores and parking lots
- ✓ we recover heat from ventilation systems and cooling units (+75% energy efficiency)
- ✓ the energy efficiency of the stores has also increased by resizing the surfaces and modernization of the ventilation and cooling systems
- ✓ we know that the energy efficiency must start in the design phase of our buildings. As a result, the construction projects take into account the optimization of energy consumption, and we make sure that our staff is trained in the sense of saving energy, for a good energy balance. For stores older than 10 years, we have a plan to replace them to become more efficient from the point of view of resource consumption.

EVOLUTION OF THE STORES



Conservation of resources

Through regular energy audits, we continuously monitor the energy consumption in the stores and logistics center. The GLT system, which includes meters for each consumption category, allows us to see in real time how much energy each unit consumes.

Among the actions designed to save electrical energy, implemented or about to come into effect, we mention the use of better performing freezers in the stores, from an energy efficiency point of view.



| | 2017 | 2018 | VARIATION 2018/2017 |
|--|---------|---------|------------------------|
| TOTAL ENERGY CONSUMPTION (MWh) | 111,073 | 118,961 | 7.10% |
| ENERGY CONSUMPTION PER SURFACE (kWh/m ²) | 217 | 214 | -1.39% |

The LED lighting solutions have brought us significant energy savings. For example, installing LED spotlights in 132 stores has led to savings of 8,284,281 kWh/year and the installation of LED spotlights in the vegetable and fruit areas in 90 stores has led to savings of 347,352 kWh. We also implemented this lighting system in our warehouses and the annual energy savings resulted from energy efficiency measures reached 2.52 GWh. In the next reporting period we will complete the switch to 100% LED lighting in all our stores, warehouses and parking lots.

The primary energy sources (according to the energy label provided by the energy supplier) were:

| PRIMARY ENERGY SOURCES | 2017 | 2018 |
|--|--------|--------|
| Renewable energy (according to the energy label) | 34.93% | 43.67% |
| Coal (according to the energy label) | 26.19% | 31.52% |
| Nuclear (according to the energy label) | 18.82% | 11.93% |
| Natural gas (according to the energy label) | 18.88% | 12.39% |
| Oil (according to the energy label) | 0.55% | 0.02% |
| Other conventional sources (according to the energy label) | 0.63% | 0.46% |

The amount of emissions derived from the energy consumption detailed above was of 333.95 g/kWh in 2017 and 307.74 g/kWh in 2018.

IN 2018:

43.67% RENEWABLE ENERGY



In our previous report (p. 39-41), we have explained at length the way we approach water consumption. In order to constantly reduce our environmental footprint, in all our centers (headquarters, logistics centers and stores) we act as to reduce resource spending (e.g. water) and thus our negative impact on the environment. The operating processes are constantly being improved and the technologies are used so that they ensure the best efficiency.

We monitor water consumption so as to detect the accidental losses, to quickly detect any technical failures that have appeared on the supply route (pipes) and to intervene with urgency in case of damage. We also work at implementing a system that offers us remote access to all data in real-time. Through this system we will be able to intervene quickly and we will thus reduce resource spending (e.g. the waste of water generated by the break to a pipe). In the medium run, we plan other measures to identify such cases in which malfunctions and water losses occur (installation of devices on the pipe in certain areas).

| TYPE OF WATER | 2017 | 2018 | VARIATION 2018/2017 |
|------------------------------------|---------|---------|---------------------|
| WATER CONSUMED (CUBIC METERS) | 259,452 | 317,095 | +22.2% |
| COLLECTED RAINWATER (CUBIC METERS) | 391,321 | 411,396 | +5.13% |

Food waste

According to a study ordered by the European Parliament, the total waste of food has reached 88 million tons, representing on average 173 kg per EU citizen; approximately 5% of this quantity comes from the retail activity. On p. 47 of our first Sustainability Report, we have provided extensive information on this issue, including the estimates of the Food Waste Romania initiative.

Therefore, it is natural for this issue to concern us, all the more since Romania is ranked the 9th in the European Union at food waste. For us, fighting food waste is a responsibility.

That is why we carefully plan product stocks. In 2018 we implemented a new system in our Nedelea warehouse by which we generate the orders from the stores, which helps us with the optimization of stocks. It will be extended in 2019 to the other warehouses (Iernut, Roman, Lugoj and Chiajna).



Although we take measures to reduce food waste, there are situations when a lot of food and non-food product quantities are not sold for various reasons and which we donate to a number of associations. In the reporting period we have donated more than 300 tons of food and non-food products to associations such as the Bucharest Food Bank, the Cluj Food Bank, Rază de Soare Iernut Association, Cireșarii Association, Ana și Copiii Association, or Robi and Kola Kariola associations, to which we donated animal food.

In addition to the measures we take in our warehouses and stores, we have actively involved and supported the establishment of two food banks, one in Bucharest (inaugurated in 2016) and the other in Cluj-Napoca (inaugurated in 2018). These are developed according to the model of the specialized organizations in the European Union and in accordance with the principles of the European Federation of Food Banks (EFFB). As a founding member, we have contributed to the initiative both with products from our stores and warehouses, as well as with funds (for the purchase of cars, the renting of warehouses, the payment of wages, etc.).

In order to raise awareness of this problem and to diminish its negative effects, we aim in the next reporting period to support the creation of other food banks in cities such as Brașov, Roman, Timișoara, Craiova and Brăila. We hope that in this way we will take all the necessary steps to set up the National Food Banks Federation in Romania, which will become part of the European Federation of Food Banks.

In regard to the concrete results, the two food banks from Bucharest and Cluj have managed to help nearly 18,500 persons, as follows:

THE BUCHAREST FOOD BANK:

- over 250 tons net weight of foods have been taken over and redistributed
- the goods have reached over 18,000 beneficiaries in Bucharest, Ilfov and Prahova counties
- over 72 non-profit organizations
- 20 main suppliers
- the market value of the products is estimated at 700,000 euros.



THE CLUJ FOOD BANK:

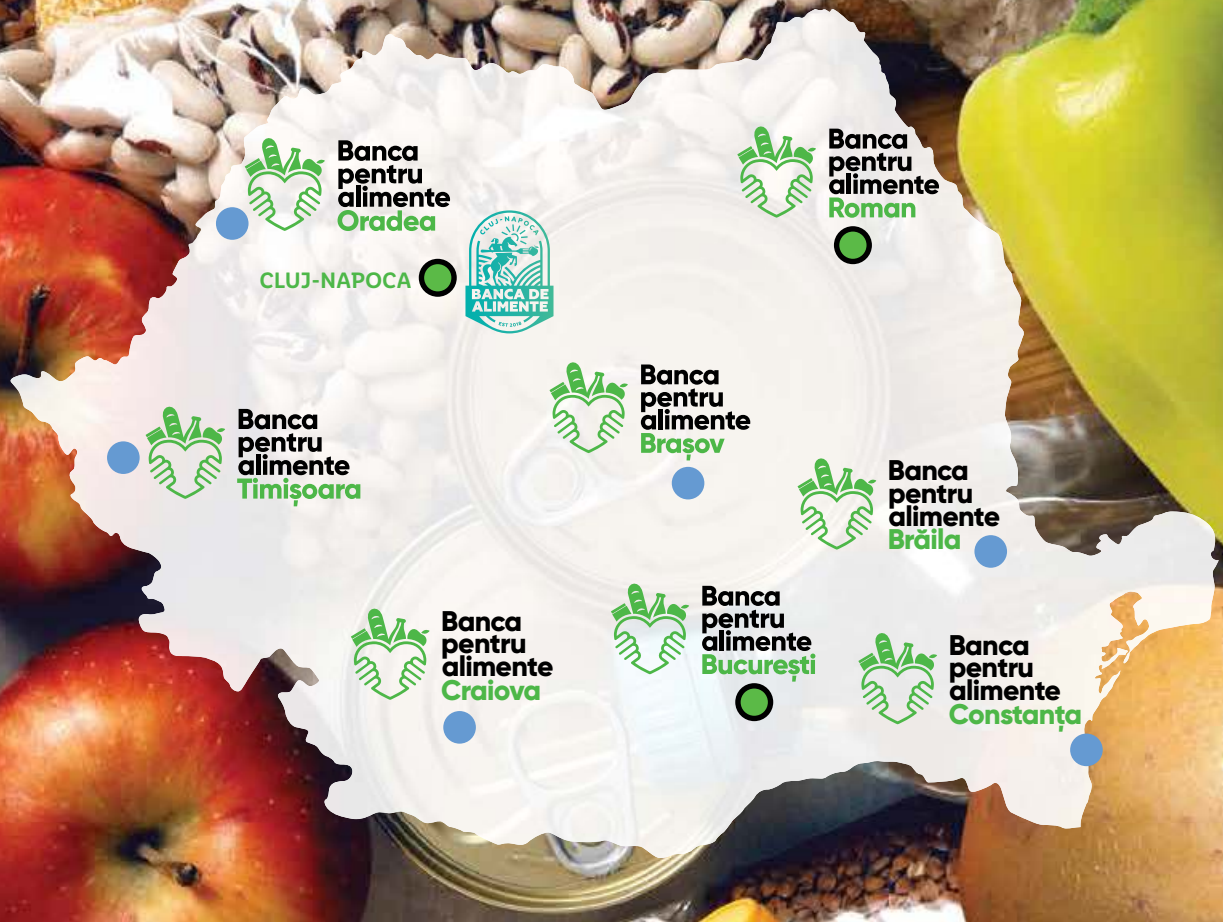
- over 16 tons of foods
- 450 recurrent beneficiaries
- 6 non-profit organizations
- 4 main suppliers



The total net quantity of foods that has not reached the landfill was of 266 tons.

Furthermore, together with the Mai Mult Verde Association, we have conducted a donation campaign via the donation boxes located at the store cash registers from April 1st to July 30th, 2018. The sum collected from the customers was of 17,000 euros and was doubled by our company. Among the activities carried out by Mai Mult Verde was the organization of a national caravan for the reduction of food waste and the development of a section dedicated to organizations that have the capacity to take over and distribute food approaching the expiration date.

For the next reporting period we have set ourselves to donate the unsold bakery products in our stores at the end of the day, to continue donating animal food, but also to further donate to the food banks.

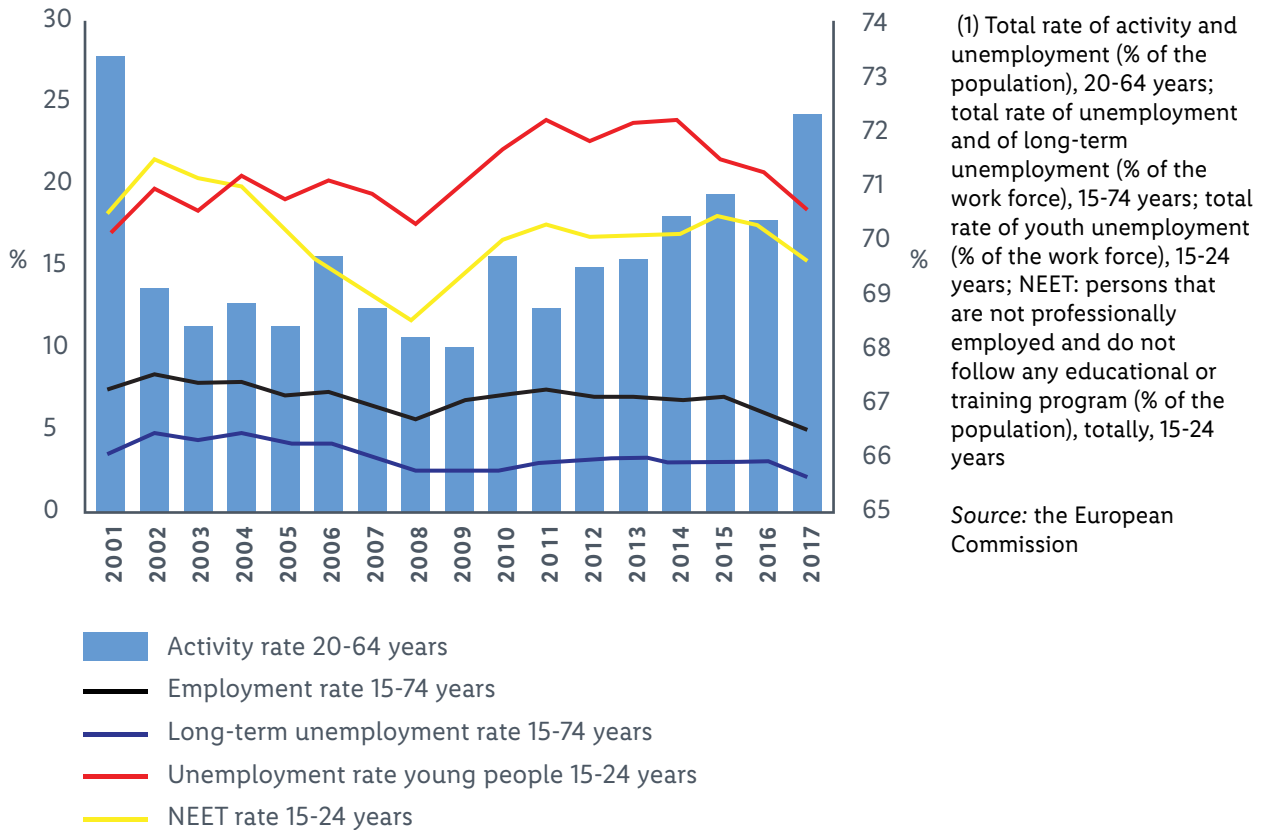


● opened
● opening soon

Occupational safety and health

In Romania, the employment rate has steadily increased over the last five years¹³, leading to the lowest unemployment rate registered in the last decade (3.8%).

Overview of the labor market in Romania¹⁴:



Despite these positive trends, the domestic labor market continues to face a reduction in the work force, caused by the rapid aging of the population, a low birth rate and a high emigration. Hence the difficulties encountered by employers in finding the right skills needed to fill the vacancies.

As a sector of activity, trade provides 16.8% of the jobs in the national economy of Romania¹⁵, ranking second in the classification of the employers sectors, after the manufacturing industry. In contrast, the commerce industry has experienced a higher growth rate in recent years, reaching in 2017 a total of 889,415 individual employment contracts¹⁶.

In these conditions, in a labor market that is facing a shortage of workforce and in an activity sector with a high growth rate, the responsibility towards our employees becomes a major priority for Lidl.

¹³ The Country Report from 2019 regarding Romania, including an in-depth review referring to the prevention and correction of the economic imbalances: <https://bit.ly/2E8YtSD>

¹⁴ Idem 1.

¹⁵ Study regarding the dynamics of the labor market at the level of the main employing industries in Romania during 2016-2017, Patronatul Investitorilor Autohtoni - Local Investors Employers Organization (PIAROM): <https://bit.ly/2YAtnrl>

¹⁶ Idem 3.



The safety of each Lidl employee is imperative. We concern ourselves daily with offering our employees safe working conditions, regardless of whether they carry out their activity in stores, warehouses or headquarters. We carefully monitor the demands and needs of the employees and offer them programs that lead to the improvement of their health. Lidl's commitment to these aspects can be found in each decision taken and in every implemented action. As for the leased workers, which are not a significant number compared to the number of Lidl employees, we aim to offer them the same safe working conditions as to our employees.

Because we want the safest possible environment in which to carry out our activity, we focus on creating and promoting a culture of occupational safety and health, based on clear norms, rules and procedures, which all our employees respect and are committed to.

All the specific instructions respect totally the legislation in force¹⁷; the training in this field is compulsory for all our employees and it is carried out periodically.

For certain categories of employees, we organize specific training sessions in the following fields: hygiene, equipment handling, hazard and risk points analysis.

The measures applied include all the employees and are adapted to the specific of the activity performed by each and every employee.

- ✓ We have an education and training plan in the field of occupational safety and health, a procedure of investigating accidents and one for keeping the necessary records and documents.
- ✓ We carry out inspections and evaluations periodically and develop procedures for correcting the unsafe and unhealthy conditions at the workplace.
- ✓ We have a system that ensures the compliance of employees with the safe working practices.

¹⁷ <https://www.inspectiamuncii.ro/86>

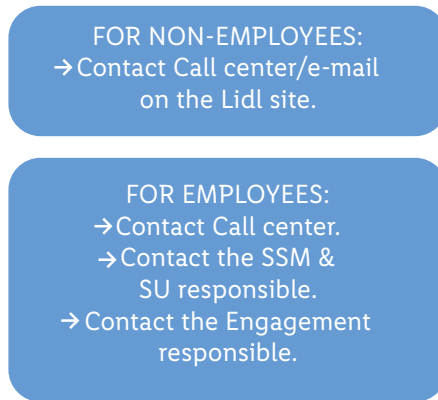
Within Lidl, the coordination of the occupational safety and health (SSM) and occupational hazard (SU) activity at the company level is provided by the Occupational Safety and Health Coordinator. He reports directly to the Country Director, Central Services and Expansion, who is a member of the Lidl Board of Directors. Within the company there is also an SSM committee, of which the following are members: the warehouse managers, the managers of the regional offices, employees from the regional offices, the Country Director, Central Services and Expansion. The committee meets quarterly; after the meetings, the issued reports are subsequently transmitted to the Territorial Labor Inspectorate (ITM).

We also benefit from an external service on the prevention and protection in the field.

**THE MECHANISM FOR
MANAGING THE WORKPLACE
ACCIDENTS IN LIDL ROMANIA**



**THE MECHANISM FOR MANAGING
THE COMPLAINTS
IN LIDL ROMANIA**

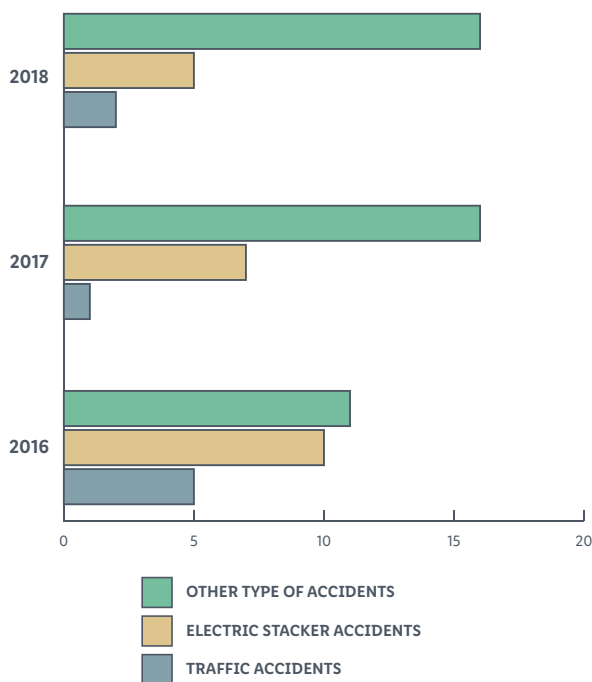


In the reporting period, some of the measures we have taken to prevent work accidents are:

- ✓ individual protective equipment to all the employees in our stores and warehouses, suitable for the risks they are exposed to, which includes: protective shoes, gloves, reflective jackets, padded clothing for the employees who work in the cold rooms
- ✓ a video material about the occupational hazard evacuation procedure
- ✓ posters with instructions regarding the safety of handling certain technical equipment in the stores
- ✓ posters with instructions regarding the use of the automated external defibrillator exhibited at our headquarters and in warehouses
- ✓ organizing first aid courses for the employees in stores, in regional offices, as well as in the headquarters.

You can read more details on how we manage this topic in our first Sustainability Report, p. 52.

Due to the safety measures we have taken, during the last two years we have registered a smaller number of work accidents compared to the previous reporting period. Thus, there have been recorded 24 work accidents in 2017 and 23 in 2018, compared to 2016, when 26 accidents have been recorded. As to the types of accidents and the number of involved employees, the situation was the following:



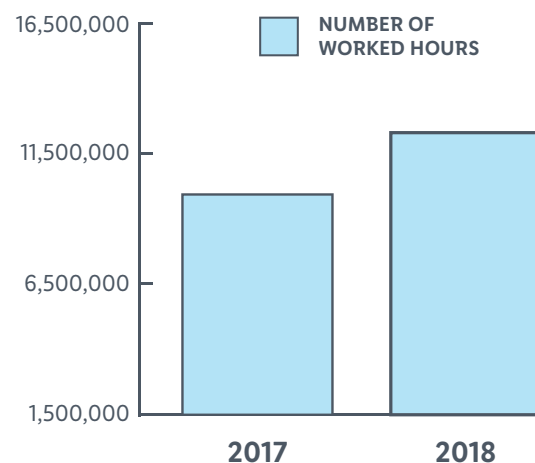
A total of 24 people have been involved in the work accidents recorded in 2017, of which 14 women and 10 men, compared to a number of 23 people involved in 2018, of which 17 women and 6 men.

None of the recorded accidents resulted in death. The rate of work accidents with serious consequences¹⁸ was 0.96 in 2017, when one such case was recorded. In 2018 no work accident with serious consequences was recorded.

Regarding the number of accidents among the leased workers, any such accident occurred on company grounds is mandatorily announced to the managers of the respective job sites. No such accidents have been recorded during the reporting period.

In 2017 we had a recorded 19 work accidents rate of 2.3, decreasing to 1.93 in 2018.

As a result of these accidents, we have registered an absenteeism of 573 days in 2017 and of 374 days in 2018, with a rate of unworked 20 days of 0.03 in 2017 and 0.02 in 2018 respectively, decreasing compared to that of 2016, when it was 0.064.



We continued to be proactive in providing safe working conditions. Thus, together with an external consultant, we have analyzed the dangers in relation to the types of activities performed by the Lidl employees, as well as those to which our leased workers or our visitors (customers, suppliers, control bodies, audit body representatives) can be exposed.

¹⁸ Calculated per 1,000,000 worked hours.

¹⁹ Calculated per 1,000,000 worked hours.

²⁰ Calculated as the number of not worked hours reported to the total number of hours worked by the employees involved in accidents at work.

As a result of these analysis, the main types of risks identified to which our employees, leased workers or visitors can be exposed were as following:

| MECHANICAL RISK FACTORS | THERMAL RISK FACTORS | ELECTRICAL RISK FACTORS | WRONG ACTIONS |
|--|---|---|---|
| Cutting or prickly surfaces | Contact with high temperatures surfaces | Electrocution by direct contact as a consequence of the accidental deterioration of the electrical equipment insulations (power cables with degraded insulation, plug connectors and defective sockets) | Falling at the same level by slipping, stumbling, unbalancing |
| Handling the cutter or other sharp working equipment | Contact with low temperatures surfaces | Electrocution by indirect touch or the appearance of earth grid tension at the deterioration of the circuits for connection to the earthing installation | Performing operations which are not provided in the job description |
| Contact with moving machine parts | Causing a fire start in the case of the open fire working | Electrocution by indirect touch as a consequence of the contact with leakage of liquids in contact with the live electrical conductors | Failure to follow the instructions in the field of occupational safety and health |

The evaluations carried out in our stores and warehouses indicate a global risk level between 2.39% for employees and visitors to the warehouse and stores and 2.84% for leased workers. The calculated global risk levels fall into the category of low risks²¹. In the case of introducing new technologies, we will organize new risk assessments for the employees, leased workers, as well as for the visitors.

In terms of improving the health status of our employees, in addition to the occupational health checks organized twice a year in both the regional offices, stores, as well as the headquarters, starting in May 2018, we have improved the medical analyses and investigations package covered by the health insurance, by including many other services which are covered by means of the insurance system. It is offered to all our employees.

In addition,

- ✓ we offer healthy snacks (fresh fruit) in the reception area and in the waiting area next to the meeting rooms to the employees from the headquarters and from the administrative area of the regional center
- ✓ all our employees are encouraged and have the opportunity to participate in sports activities (Lidl covers the costs related to these participations in various competitions and organizes annually the SuperCupa Lidl, a sports competition which in the reporting period, in total, has engaged 978 people).

The environment in which our employees work is extremely important and we strive to improve the working conditions, by modernizing the work and

relaxation spaces in stores and regional offices or by offering sports fields near some of our regional centers. In 2018, we have inaugurated the new Lidl headquarters, in a modern building, which benefits from top technology, fitness room, restaurant, cafe, relaxation space, terrace, bicycle parking, showers.

For the next period, we will continue to make sure that we meet all the conditions necessary to ensure a safe working environment. Among the specific measures that will be applied in 2019, there are:

- ✓ supplementing the security signaling in our warehouses
- ✓ installing road mirrors in warehouses to ensure a better visibility of the employees working in warehouses on forklifts and on electric dollies
- ✓ organizing first aid courses for the employees from the stores, from our regional centers and from the headquarters
- ✓ putting together training material referring to the causes of work accidents and to the measures for reducing and eliminating the risks of accidents
- ✓ developing and using a feedback form about the protective equipment
- ✓ inclusion in the SSM contractor inspection form of a section on behavior, in order to track the work style in the regional centers (stores and warehouses)
- ✓ making a video about health and safety regarding the possible risks of injury in our stores
- ✓ making materials to be used by the local coordinators in the periodic training
- ✓ inspections regarding the occupational safety and health carried out by external contractors in the stores,

²¹ The low risks are under the tolerance limit of 3.5. The method of calculation is used according to the methodology of evaluating the risks of accident and professional illness at the workplace.



communicating the results to the colleagues in the regional centers and follow-up on the measures taken as a result of these inspections

- ✓ informing all relevant people about the type of work accidents recorded
- ✓ installation of defibrillators in all stores through a partnership with Foundation for SMURD.
- ✓ organizing periodical fire drills in the headquarters.

Employee rights

The cooperation with our employees is based on trust, fairness and respect, their degree of retention, satisfaction and motivation to work with and for Lidl being priority issues in the conduct of our activity and in the development of the company.

Our objective is to maintain our leading position in the retail market and to offer salaries above the market average to our employees. For this, we have a wage policy in stages, with annual salary increases, guaranteed in the first three years after employment.

Starting with the fiscal year 2019, all our employees will receive increased income, and the salary increases of the new employees will be guaranteed in the first four years after the employment.

Starting from March 1st, 2018, we offer all our colleagues life insurance, in addition to the private health insurance (which has been improved) that they have benefited from. The members of their families have access to free medical offers or packages for certain medical services, at several clinics and hospitals in the country.

The annual leave is calculated in a progressive system: the number of vacation days increases gradually in the first years of activity in Lidl. We continue to offer two public holidays to our colleagues.

In the effort to maintain a high level of employee engagement, we have committed to introduce the flexible working time, work from home and short Friday, starting from 2018, thus:

- flexible hours for all employees working in the headquarters and from the regional offices whose specific activity allows for this type of schedule. The established daily work schedule runs from 7:30 a.m. to 6:30 p.m., with due observance of the legal working time of 8 hours a day
- working from home for all employees working in the headquarters, the expansion offices and regional administrative offices who have a company (Lidl) laptop, within two days a month
- short Friday is the reduced work hours to 6 hours on Fridays, as long as the legal commitment of 40 hours per week is fulfilled.

We are committed to implement a company-wide employee satisfaction survey and on June 4-29, 2018, we launched such a survey (which will have an annual frequency). In regard to the job satisfaction as declared by its employees, Lidl Romania achieved a score of 74%. 3,377 of our colleagues have answered to the survey.

Simultaneously, we have intensified direct dialogue with our employees and through focus-group sessions organized nationwide.

As a result of these types of consultation we outlined the company's priorities in terms of collaboration, teamwork and working relationships:

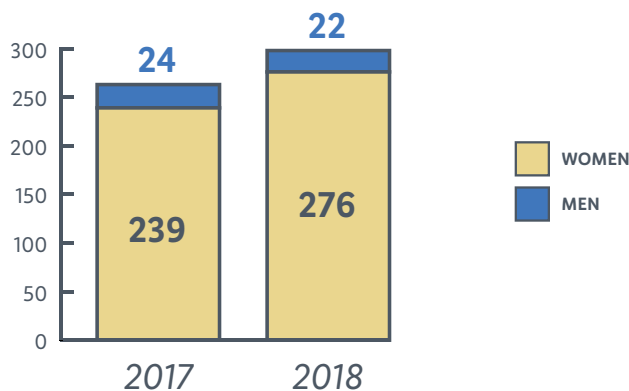
1. Monitoring of the teamwork atmosphere
2. Increase and develop management and leadership skills in line with the five Lidl Leadership Principles
3. Encouraging collaboration and improving communication within the organization.

All Lidl employees, regardless of the type of contract (full-time or part-time), benefit from:

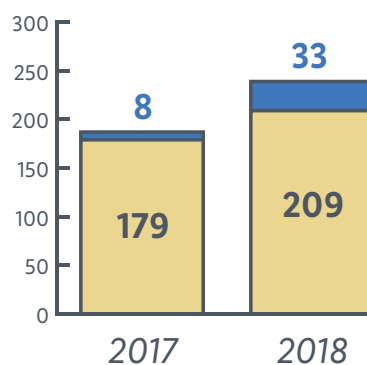
- ✓ LIFE INSURANCE
- ✓ HEALTH INSURANCE
- ✓ INVALIDITY OR DISABILITY INSURANCE
- ✓ PARENTAL LEAVE

Additionally, our employees benefit from: 7 Card and World Class sports subscriptions; gifts for the employees' children on the first day of school; customized programs for our colleagues on March 8th; gifts offered on Saint Nicholas Day; birthday present; package for celebrating 10 years in the company; Easter and Christmas bonuses; organizing events for employees working in the headquarters and regional offices (e.g. Family Day); sabbatical leave; rented sports grounds for employees; employee development programs; German language courses.

Because we are concerned about our employees' workload and we want their work schedule to be complied with, this is one of the key performance indicators that is being used. During the reporting period we took the following measures: each store and every warehouse prepares a two-week work plan. Changes made to the work plan and the reasons for these changes are being monitored; regional offices prepare weekly and monthly reports that monitor compliance with legal and internal working regulations. In cases where employees are likely to work overtime, we make sure that any extra minute worked is counted and shall be compensated with free paid hours/paid after 60 days, and the reasons for the overtime will be analyzed and measures to eliminate them will be taken.



EMPLOYEES ON PARENTAL LEAVE



EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE



Within the company there is a person responsible for monitoring employee rights observance. In the event of violation of the employee rights, every situation is managed individually. Every complaint is reviewed by the Engagement responsible who takes the first measures to address the situation. Depending on the nature of the situation, there are also other decision makers involved from the following departments: Human resources, Legal or Compliance. All complaints received are centralized and reported monthly to the management team.

Employee training and development

We believe in the development potential of each colleague and therefore we do our best to offer the best quality conditions to increase individual skills and achieve a high level of performance.

We offer our colleagues the chance to build their own retail career, being aware that the training and development of our employees is in line with our organizational development and the success of our company. We want our employees to evolve with the company and we build development programs that are based on the company's core values: performance, evolution, team and fairness.



We are guided by the following leadership principles:



We believe in leadership based on communication.



We support employee development.



We are performance-orientated and continuous evolution-driven.



We act correctly and rely on mutual trust.



We take responsibility and we are a model for others.

The development and training programs we provide our employees with are customized to their skills and professional background, as well as to their training needs. These programs address to all categories of employees and provide opportunities for development in both the short and the long term.

“We have colleagues who have started their careers in the company as cashiers and who, with dedication and motivation, have become department managers. They are personal examples that surprise us and deserve all our admiration and we are pleased to be able to share the Lidl story from the perspective of our outstanding colleagues.”

Frank Wagner,
CEO
Lidl Romania

In 2017 and 2018, we implemented training programs for all levels of management in the company; we have issued a development and training guidebook customized to our business needs that are available to all colleagues in the company; we have succeeded in transforming the Talent Management program into a day-to-day practice through training sessions on feedback culture organized with managers and employees; we continued the Rotating Schedule as a professional development measure for colleagues with lateral development potential; we have implemented online learning platforms.

Among the personal and professional development programs run in 2017 and 2018, we mention:

Direction of LidlShip – “From author to coach” Academy – the first leadership program developed for department managers. The purpose was the translation of the Leadership Principles into daily practice by the 60 participants. They have used individual knowledge tools and have benefited from experiential learning courses, a gamification platform, coaching sessions, and have been exposed to new socialization and experience-sharing contexts. The implementation of this program has led to the formation of a community around the Academy, a better understanding of the activities of other departments, the improvement of leadership skills and the awareness of their impact on the development of the working environment.

internal promotion process.

Sales Leadership – is a program for colleagues in the Sales department, especially sales managers and sales leaders, in order to develop the leadership skills, by identifying current styles and developing them.

Sales Entrepreneur – is a continuation of the “Future Store Manager” project launched in 2015, which responds to our priority for developing entrepreneurial behavior among employees who are heads of stores. The goal is to transform the role of store manager into a director one, who takes care of both the operational activities in the unit and the training, development and motivation of the team they work with.

DIRECTION of **LidlShip**
ACADEMIA LIDERILOR

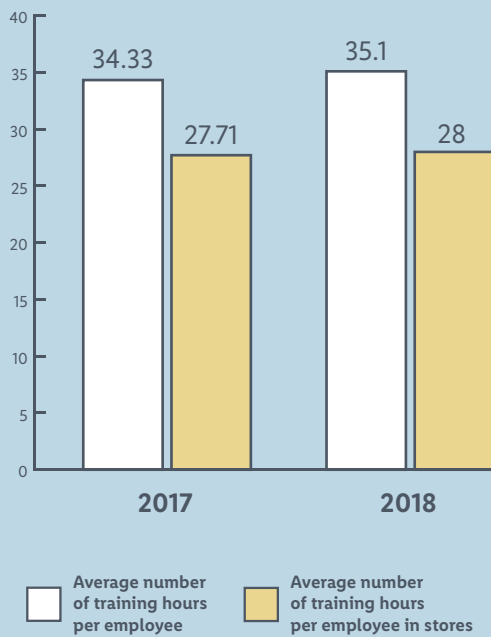
Talent Management – we have continued the implementation of this program, by improving the processes for assessing employee performance, by identifying their potential, by setting a career path, and developing an appropriate development plan. All managers in the company attended a detailed training course regarding the importance, benefits and impact of the talent identification process in the company. All the steps in this process are based on a digital platform that ensures transparency and continuity. This program aims the transition from the classical process of performance evaluation to talent management, based on: objectives, qualitative performance, potential assessment, promoting a feedback culture, and encouraging employees to be responsible for their own development. Additionally, we managed the lining up of this process with the

The LidlShip Foundation Academy – launched in 2018, is a development program dedicated to the managers as a result of the need identified in the organization to address this employee category. The pursued objectives are: the provision of a solid knowledge of working with people; building a community whose members understand and fully assume their role in the organization, exchange experience and good practice. The program emphasizes the development of emotional intelligence among participants, leading to the development of relationships based on trust in departmental and interdepartmental teams.

FOUNDATION of **LidlShip**
ACADEMIA LIDERILOR

Logistics Leadership – is the development program dedicated to Lidl warehouses heads of department. In order to meet the needs generated by the role of warehouse department head, this program includes development modules also for the colleagues with whom the heads of department interact in the warehouse: group managers and warehouse directors. The goal is to improve collaboration between departments and warehouses.

LEON – an online learning platform implemented during 2018 at all Lidl stores. It allows the training of new employees and their familiarization with the company principles and processes, while facilitating the blending of theoretical knowledge with practical activity in stores, in the first two months of employment. The platform may also be accessed by the more experienced colleagues who want a knowledge update.

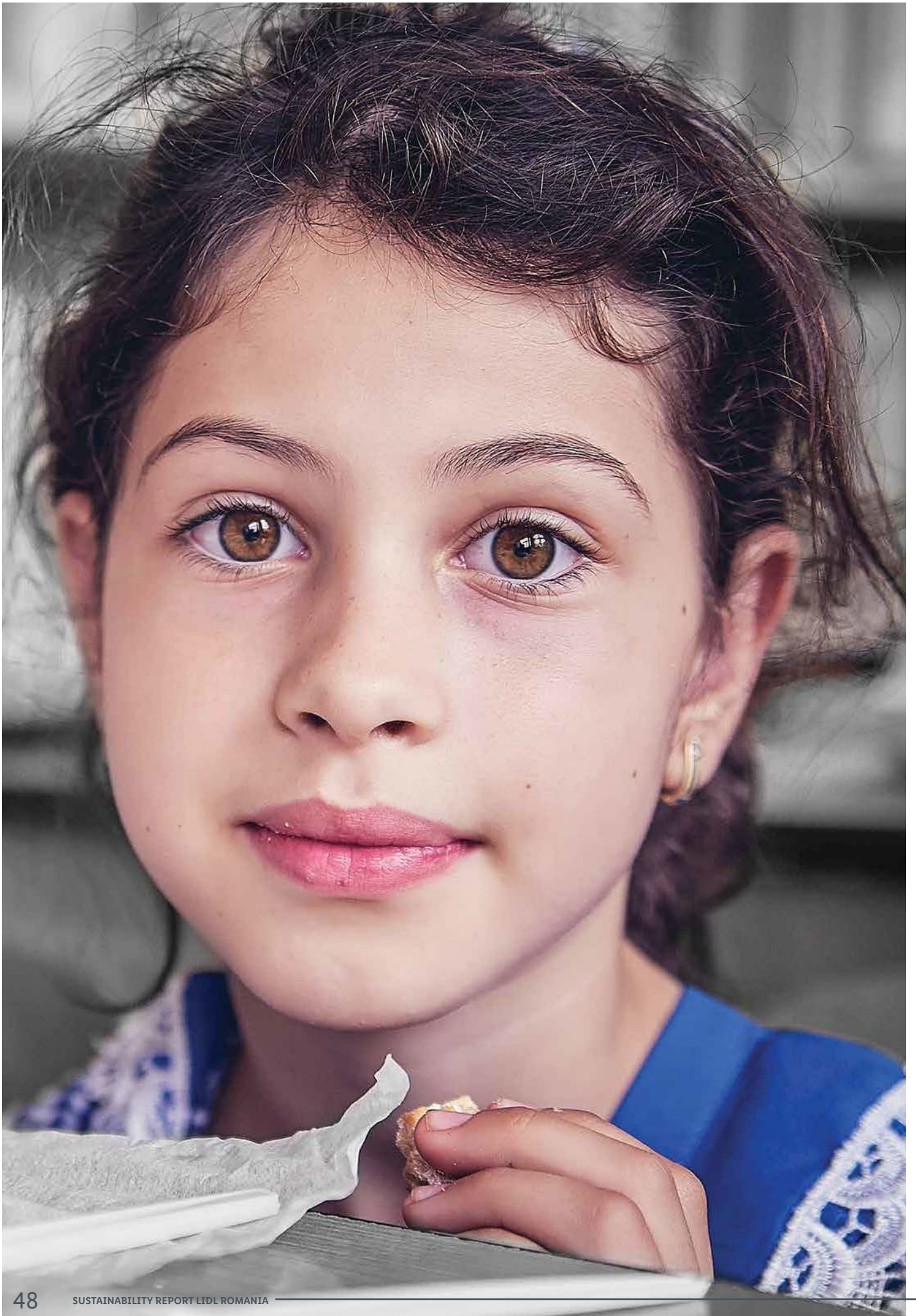


The objectives of our training programs are: the development of a leadership-oriented mindset at all the levels with impact on our organizational culture and the improvement of skills by new methods and concepts, for an improved experience for our employees.

In 2019, we intend to develop new tools for the Talent Management program, to promote a culture of feedback at all levels of the company, and to raise accountability for the individual plans of development.

We will continue to implement all academies under the LidlShip umbrella for all new colleagues who will take over key roles in the company, seeking to align the implementation of the company's leadership principles.







CUSTOMERS & SOCIETY

Sustainable products
Quality products and product safety
Traceability
Ingredients and nutrition information
Corporate citizenship
Continuous supply flow
Compliance
Local development
Cooperation
Communication
Dialogue with the stakeholders
Informing our consumers
Informing our employees



Our mission is to provide our Romanian customers with products of the highest quality at the best prices, daily, straight from the producers/manufacturers, in a wide range, through simple and sustainable actions.

We are aware of our impact on our customers' life, given the size of Lidl operations on the Romanian retail market and the fact that more than 80% of the products we are selling are developed under Lidl's private label. We undertake the responsibility relating both to the type of products we are marketing and to the way in which they are manufactured; we focus on the whole production chain: from the raw materials we use and the country of origin for the ingredients, to the recipe and presentation.

Our mission pushes us to meet our consumers' wishes to make available a wide range of products that we manufacture as sustainably as possible, in safety conditions, and delivered to our stores in a way that leaves a carbon footprint as small as possible.

Sustainable products

We continue to ensure a careful management of the resources, so that they are available on a term as long as possible; we obtain this objective also owing to our constant efforts engaged in the promotion of responsible purchases.

Thus, at the end of the reporting period, policies have been defined and published on the Lidl website, for the following raw materials and products:

- ✓ cocoa
- ✓ coffee
- ✓ tea
- ✓ flowers and plants
- ✓ eggs
- ✓ fish, shellfish and derived products
- ✓ palm oil

In the next reporting period we will also publish Lidl policies on cellulose, a conscious diet and due diligence in the purchase of goods.

Each document encompasses our efforts to date, as well as our commitments regarding the following aspects:

- responsible choice of the type of products;
- origin, transparency, and traceability;
- cultivation/growth;
- environmental impact;
- application and promotion of standards in the specific sector.

Our objectives regarding the purchase of the above-mentioned raw materials and products are indicated below:

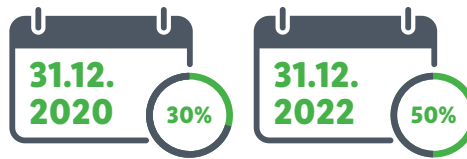


Lidl Romania will use exclusively certified cocoa, in a 100% share, in all private label branded articles containing cocoa. **Deadline:** end of the year 2020.





COFFEE Certification



30% of the coffee sold in Lidl Romania will be certified according to UTZ, Rainforest Alliance, Fairtrade, or Bio standards.

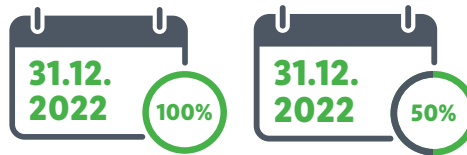
Deadline: end of the year 2020.

50% of the coffee sold in Lidl Romania will be certified according to UTZ, Rainforest Alliance, Fairtrade, or Bio standards.

Deadline: end of the year 2022.



TEA Certification



100%



Green Tea



Black Tea



Rooibos

50%



Plant Tea



Fruit Tea

Obtaining the certification of **100%** of the raw materials for green tea, black tea and rooibos, by Fairtrade, Rainforest Alliance, Bio, or UTZ. The condition is that the raw material should be available in the locality of origin and in the desired amount.

Deadline: end of the year 2022.

Obtaining the certification of **50%** of the raw materials for the herbal and fruit teas by Fairtrade, Rainforest Alliance, Bio, or UETB/UTZ. The condition is that the raw material should be available in the locality of origin and in the desired amount.

Deadline: end of the year 2022.



FLOWERS AND PLANT Certification



By the end of 2019, we seek the certification of 100% of the flowers and plants we sell, by GlobalG.A.P, Fairtrade or Milieu Sierteel Project²².

Deadline: end of the year 2019.



85%



of the flowers and plants sold by Lidl Romania had a GlobalG.A.P, Fairtrade certification by Milieu Sierteel Project at the end of 2018.

²² Project developing and managing certifications of the products and systems in agriculture <https://www.my-mps.com/en/>



Our policy regarding the development of the egg assortment in a responsible way demands that all eggs purchased by Lidl Romania to come only from chickens raised in on the ground halls (eggs category 2), from chickens that have outdoor access throughout the day (eggs category 1), from chickens raised on organic farms and fed with fodder that does not contain protein flour of animal origin, additives, preservatives or synthetic dyes (eggs category 0). This measure has been implemented since May 2016, when we gave up on selling eggs from hens raised in batteries (eggs category 3).

In addition, from 2018 we have eliminated from the recipes to the items purchased from the Romanian suppliers these types eggs.



For fish, shellfish, and fish derived products under Lidl private label brand in the permanent range, our long-term objectives are:

- the increase of the number of MSC certified products for wild fish-based and wild shellfish-based products in the following categories: frozen fish, canned fish and fish specialties;
- the increase of the number of ASC, Global Gap, Best Aquaculture Practices Certification (BAP) certified products for the products based on farmed fish and shellfish for the following categories: fresh fish and fish specialties.



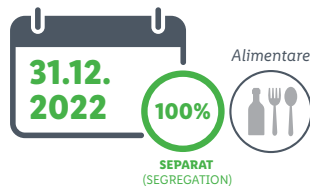
We increased the number of MSC certified products, from 11 in 2016 to 19 in 2017 and to 28 in 2018, respectively.



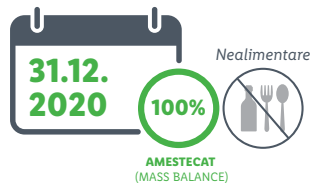
All the tuna cans sold by our company through Lidl Stiftung are from companies complying with the measures of responsible and sustainable maintenance and exploitation in the fishing sector, as provided for by the International Seafood Sustainability Foundation (<https://iss-foundation.org/who-we-are/about/>).

We are concerned about responsible fisheries and aquaculture, which ensure the sustainable management of marine wildlife and protecting ecosystems and allowing people living in fisheries to benefit in the long run from this. We put together the assortment of products by concentrating on non-endangered fish and seafood and we set out not to provide fish which is either from areas where fishery sources are over-exploited or put in danger, on the verge of extinction or comes from areas or a population that cannot be evaluated, due to the lack of data.

We distance ourselves from illegal, unreported and unregulated fishing, as well as illegal fishing methods (IUU Fishing). We ask our suppliers to exclude the use of raw materials from illegal, undeclared and unregulated fishing. For fishing, suppliers must use only fishing vessels which are not exploited below flag of complacency or not on the "blacklist" of the EU.



By the end of the 2022, Lidl Romania intends to implement the exclusive use of segregated palm (kernel) oil in the production of private label food²³.



By the end of 2020, Lidl Romania intends to effect the transition to the certification model Mass Balance²⁴ of RSPO²⁵, for own private label branded non-food items (to the extent where this is technically possible and the certified flows of merchandise are available in sufficient amounts).



For additional details on the specific measures for each of the mentioned raw materials and products, please see the section Policies/Range on our website:









<https://corporate.lidl.ro/sustenabilitate/politici-sortiment>

²³ Palm oil from certified sources is stored separately across the whole supply chain
²⁴ Palm oil from certified sources is mixed with conventional oil in the supply chain.
²⁵ Round Table of Sustainable Palm Oil (<https://rspo.org/certification/supply-chains>).


Since our previous report, we focused on the increase of the number of sustainable products.

We have developed a series of new environment-friendly products. One such example is the “Cien Nature” range, which uses ingredients (pomegranate seed oil, rosehip seed oil, calendula, lemon balm, common witch-hazel) obtained from controlled environment-friendly agriculture.

As mentioned in our first Sustainability Report (p. 26-28), we seek to market certified products and to work with certified companies implementing quality standards in their sector. The certifications and attestations mean strict requirements and controls, and the companies, both in the process of certification and later, are audited by independent entities, specifically for the strict compliance with these requirements.

| TYPE OF ITEMS MANUFACTURED SUSTAINABLY | 2017 | 2018 |
|--|------|------|
|  Bio products | 169 | 179 |
|  FSC products | 184 | 154 |
|  UTZ products | 143 | 127 |
|  Organic cotton products | 107 | 93 |
|  MSC products | 19 | 28 |
|  GOTS products | 16 | 39 |
|  Dolphin safe products | 7 | 6 |
|  Rainforest products | 3 | 4 |






High quality products and product safety

We are constantly focusing on making available for our customers products at the highest standards of quality and safety, in exchange for fair prices, by adjusting the product range in order to increase our customers' satisfaction level.


As to our quality and food safety assurance strategy during the manufacture process (from the identification of the ingredients, the recipes and the selection of the additives, to the manner of preparation, storage and shelf presentation), we have established specific objectives.



The development of private label product recipes relies on quality criteria, considering both the current social developments and the new discoveries in the sectors of health, science and technology. The products undergo continuous testing and the decision to modify the recipes also considers the customers' opinions, their requests and needs.



**GLOBALG.A.P.
FOR
LIDL ROMANIA**

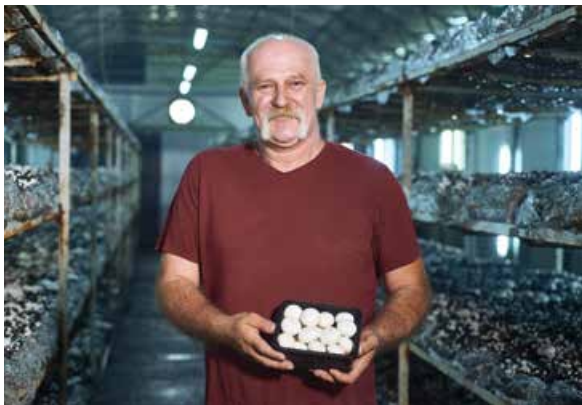


We committed to deliver to our customers only GLOBALG.A.P. certified vegetables and fruit, regardless of whether they are Romanian or imported products. We are proud to say that our products come from manufacturers attested under GLOBALG.A.P., the most prestigious international quality and food safety certification.

For us, this certification is the guarantee of the quality of the local system of manufacture and a confirmation of the correct selection of the producers with whom we collaborate. For the consumer, it means healthy vegetables and fruit, grown safely and responsibly.

We identify the producers individually, visit them and evaluate them. Then, together with the University of Agronomic Sciences and Veterinary Medicine of Bucharest, we advise them to ensure that they can apply and comply with all requirements provided by GLOBALG.A.P.

At Lidl Romania, ensuring product quality begins with the supplier. For this reason, we ask all our suppliers and manufacturers of food products to be certified in accordance with the prestigious Food Safety Standard (IFS) or with the globally applicable standard of the British Retail Consortium (BRC). Thus, both in 2017 and 2018, more than 98% of these manufactures with which we work had this certification.



We work closely with our suppliers to ensure and improve the manufacturing methods. Accredited, independent institutions conduct regular audits. In the reporting period, we conducted 84 such audits in 2017, while in 2018 there were 69. Audits performed were both at the suppliers we already work with and the suppliers we intend to start a collaboration with. The number of audits also varies depending on the risk analysis of products, which determines their frequency.

In the reporting period, we conducted 2,061 tests in 2017, respectively 2,042 in 2018. After these tests, 7% of the products required improvements in 2017 and 5% in 2018, respectively.

We also organize tastings where consumers can evaluate the sensory properties of our products (e.g. taste, appearance, smell or consistency). The results provide us with the information necessary for the future development of Lidl brands.

As to the private label brands of Lidl, our Quality Assurance department performs wide quality controls. Additional to these controls, we work with experts of independent testing certified laboratories. The laboratories ensure the sampling during the manufacturing process, for the performance of complete quality and food safety tests.

Our approach: the more sensitive a product, the greater the care it should receive during the manufacturing process, transport, and selling, and the tests are even more intense.

In case we find a problem with a product and the withdrawal from the marketing is necessary, we choose to communicate this transparently to our customers, including on our Facebook page.

The limitations applicable to Lidl own brands are often even stricter than the legal provisions. For instance, we ask our fresh fruit and vegetable suppliers that the percent of pesticide residues should be under 33% of the legal limit admitted in Europe.

| | 2017 | 2018 |
|--|-------|-------|
| Number of products tasted by customers | 177 | 240 |
| Number of customers who tasted Lidl products | 2,093 | 2,762 |



Traceability

In our previous report, which covered the period March 1st, 2016 – February 28th, 2017, we included a wide description of our policies regarding this topic, the transparency policy regarding the origin of the products marketed in our network of stores, as well as the certifications of our products or those obtained by our suppliers.

In the reporting period, we launched the project “The Traceability label”, regarding the fresh fruits and vegetables obtained from suppliers from Romania for the Lidl Market. It intends to provide the local consumer with access to information about the whole circuit of the products, from the manufacturer to the store. In this project, in the reporting period, we designed a platform of information for the customers: #TreciPeProaspăt (#GoFresh). On this platform, our customers may find accurate information about the origin of the fruit and vegetables we are selling, about the certification of quality control, from the planting phase to the phase where the product is ready for consumption, about who our fruit and vegetable suppliers are across the country and about their story. Our customers can use their mobile phone to scan the QR code available on each crate of fruit and vegetables from Lidl Market to find information about the varieties at the shelf, the specifications of the fruit and vegetables, their cultivation, their nutrition facts and their season. The QR code is also available on the majority of wooden crates which don't have the “Lidl Market” inscription.

Moreover, we will provide our supplier with the possibility of presenting the products they deliver to the Lidl Market, as well as with details about what it means to be a Lidl supplier. We are aiming that in the future this information project regarding the traceability of the products to be extended gradually to other merchandise groups.

We already mentioned that, starting from the end of 2018, all the canned tuna fish sold by Lidl Romania comes from companies who comply with the measures required by the Seafood Sustainability Foundation (ISSF). We make sure that we purchase these products solely from suppliers who were audited first and, as a result, were granted the ISSF certification.

Non-food products (from clothing and footwear to garden tools and implements) come from the international markets from suppliers selected under strict requirements, who need to observe the Lidl Code of Conduct (which includes requirements under the Business Social Compliance Initiative). All these products are tested in independent German laboratories.

To find out more about how we understand transparency, please read the following pages and see additional information about the origin of the ingredients in the food products, the content of substances that may have a social or environmental impact, as well as the reasons why our products can be consumed safely.





Ingredients and information about nutrition qualities

The World Health Organization (WHO) adopted a number of measures²⁶ applicable, until 2020, at the European level; they concern the quality of the ingredients and their nutrition value. The objective of WHO is to reduce substantially the number of people who suffer from non-transmissible diseases (such as obesity, diabetes or malnutrition) directly associated with the diet and the lifestyle.

For correct and informed decisions regarding the choice of food, our customers can access the labels, which include information about the ingredients used and about the nutrition qualities of the products they choose to buy.

We know that sugar, salts and fats are savory and have an important influence on the way in which the human metabolism works, which is why they need to be dosed and consumed carefully. For this reason, our objective is to reduce by up to 20% the weighted means of the consumption of sugar and salt added in our own range of products. This measure is especially important in the case of the products intended for the daily consumption by children. The time horizon for the full implementation of our initiatives is the year 2025. By then, we will decrease gradually the amount of sugar and salt.

As for the assortment of vegetables and fruits, we collaborate permanently with the suppliers to ensure that they respect the legal rules first and foremost, then our quality standards (mentioned in our previous report on p. 23-25).



-20% BY 2025
SUGAR AND SALT

In the following reporting period, we will publish on our website a document describing in detail our policy regarding a healthy and responsible diet and we will implement our strategy regarding the reduction of the quantity of sugar and salt from Lidl private label products.

Another objective is to offer food products as healthy as possible, with ingredients as safe as possible. For this reason, all our suppliers sign an appendix on the quality of products they supply to us, which includes the substances they may or may not use in the recipes.

Regarding the quantity of pesticides in vegetables and fruit, we request our producers that the share of pesticide residues be lower than 33% of the legal limitation admissible in Europe. To make sure that this actually happens, in 2018 we conducted 1,676 tests of pesticide residues. This means that the products are carefully tested, assessed and sold according to a monitoring system tested and applied responsibly.

The results of these tests showed that more than 95% of the analyzed products followed the European legislation and more than 80% submitted to Lidl internal requirements (those which were 1/3 below the legal limitation).

In the following reporting period, we intend to continue the verification steps of the suppliers and products that we offer to our customers.

The consumers who want to send proposals, claims or complaints have different solution mechanisms: the Lidl call center, with the number (0800 896 622) displayed in all of our stores.

²⁶ Source: World Health Organization, European Food and Nutrition Action Plan, 2015-2020. The document is available at <https://tinyurl.com/hokbp5f>



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Corporate citizenship

During the reporting period, we have continued to develop projects together with our partners. The social investment budget was of 10,000,000 lei in 2017 and beyond 22,000,000 lei in 2018.

We have supported over 60 organizations that have implemented projects in the fields of education, environment and health. You can read more details about our criteria and strategy in our first Sustainability Report, the chapter Society.

MORE THAN
32,000,000
LEI – THE SOCIAL INVESTMENT BUDGET
IN THE REPORTING PERIOD

MORE THAN
60 ORGANIZATIONS
SUPPORTED



Donation campaigns in our stores

We have continued to involve our customers in the causes we support through the donation urns from the cash registers in all Lidl stores. During the calendar year 2017, the organizations for which we raised funds were the New Horizons Foundation, Greenpeace, the Leaders Foundation and the National Organization of Romanian Scouts. 550,000 lei were collected in the urns and we doubled the sum.

In the calendar year 2018, the organizations for which we raised funds were Mai Mult Verde, Step by Step, Romanian Ornithological Society and Gifted Education Association. 570,000 lei were collected in the urns and we have doubled the amount. The funds have been spent to protect the virgin forests and for non-formal education projects dedicated to the environment and community development, to support gifted children, etc.

During the reporting period, we have also organized four social marketing campaigns through which we

have donated 1 leu for each item sold from the offers of school supplies and toys. We have organized together with Teach for Romania the campaign for school supplies in 2017 and 2018 respectively, for which we have donated 2,000,000 lei, and the Christmas campaign together with UNICEF, for which we have donated 2,140,000 lei. The UNICEF supports the transition of students from the secondary school to high school, and Teach for Romania prepares teachers who go to vulnerable communities.

IN 2018 WE HAVE COLLECTED IN OUR STORES URNS:

1,120,000

LEI FROM OUR CUSTOMERS AND LIDL DOUBLED THE AMOUNT.





1,226 CHILDREN BENEFIT DAILY FROM AFTERSCHOOL ACTIVITIES AND A HOT MEAL.

Partnerships



We have continued to support the **Bread and Tomorrow** program ran by World Vision and we have increased the number of children

who benefit daily from afterschool activities and a hot meal. Currently, 1,226 children are enrolled in the program. For the next reporting period we intend to support the children from Bonțida, the locality where the Electric Castle festival takes place, a festival sponsored by our company as main partner.



Another national project started in 2011 is **Green for Traffic Education**, organized together with the Romanian Police, which we have also organized during the reporting

period. Through this program, at the beginning of every school year we organize a road safety lesson in all our stores.



In the series of long-term partnerships, it is included the one with **SMURD** (Mobile Emergency Service for Resuscitation and Extrication). In 2016, we purchased five urban intervention motorcycles for Bucharest. During the reporting period, we have purchased

another 8 urban intervention motorcycles for cities of Cluj, Constanța, Iași and Timișoara. For the next period we will continue the partnership by implementing a new national project through which we will place defibrillators in the public places in the country and in the Lidl stores, and also by purchasing urban intervention motorcycle for other cities.

Another two strategic projects we support are the **Școala de carte și meserii** (School of learning and crafts) and the **Duales Studium Program**. The School of learning and crafts is part of the dual vocational education in Romania and was initiated in 2017 in collaboration with the Romanian-German Chamber of Commerce (AHK), through which the students of the 10th and 11th grade have the opportunity to practice in our stores and get acquainted with the activities of a commercial worker. Duales Studium is a program created for the high school graduates by which we offer them the opportunity to study in Germany and prepare for a sales management position.



pâine și mâine



We intend to develop **the first network of food banks in Romania** that would become a member of the European Federation of Food Banks. During the development periods, we have supported the Banks in Bucharest and Cluj. More details can be read in the chapter Food waste.



In the next period, depending on the economic context in which we pursue the activity, we aim to increase the social investment budget by 10% and to support projects and organizations strategically connected with the activity of our company. We will continue to support education and environment projects and the strategic partnership with SMURD. Three of the strategic projects that we will support will be focused on diminishing the impact that plastic has at a national level and on early education, an essential factor for a sustainable society.

The Program

Împreună cu



pentru un viitor mai bun

We have facilitated financing programs for organizations in 2017 and 2018, together with our two strategic partners, the Association for Community Relations and Envision. The total budget was of 6,200,000 lei for the following organizations:

The Association De-a Arhitectura, Ecostuff Association, Green Echoes Association, Greeninitiative Association, Mioritics Association, Romanian Debates Association, Oratory and Rhetorical Association (ARDOR), Slow Food Turda Association, EFDEN – Solar Decathlon Association, Step by Step Association, STUP Association (Social Trading Urban Place), Leaders Foundation, New Horizons Foundation, National Organization of Romanian Scouts, Concordia Organization, World Wide Fund for Nature (WWF), Aviation Quarter Association, Teach for Romania, Coalition Natura 2000 Federation, Văcărești Natural Park Association, Human Ecology “Oasis” Foundation, ARDOR, VOLUM Federation, JCI Cluj, Value School, Carpathians Mountain Association, Romanian Ornithological Society, Bank for Collecting and Distributing Food, GAL Berceni, MiniMASS Association.



In total, the projects had over **300,000 direct beneficiaries** and over **500,000 indirect beneficiaries**. Among the supported projects were:

EcoStuff – “Zero Waste School” and “Zero Waste Summer Camp”

Project summary:

We have implemented a project-competition model, as an extracurricular activity, which contributes to the increase of the students and teachers’ involvement in solving environmental problems in their communities, replicable in all schools in Romania.

- ✓ **205 educational institutions** have conducted extracurricular environmental projects and implemented projects for the benefit of the community
- ✓ **1,000 teachers** have acquired knowledge about recycling, afforestation, environmental protection and teamwork to implement projects for the benefit of the community
- ✓ **20,517 students** have acquired knowledge about recycling, afforestation, environmental protection and teamwork to implement projects for the benefit of the community
- ✓ **89,507** is the total number of school students exposed to the message of the project.



Over **160 activities** organized by students and teachers have had an impact on:

- ✓ cleaning and recycling of waste – 93 actions
- ✓ planting – 65 actions
- ✓ reducing pollution – “Bike to school”, “Day without paper at school”
- ✓ permaculture – “Grow your own food”

New Horizons Foundation – “Green Service Learning”

Project summary:

The promotion in schools and the exposure of students and teachers to the “service learning” method. It is a strategy for developing the competences of an environmentally responsible citizen.

53 educational institutions have participated, out of which 25 schools benefited from the enrichment of the extracurricular activities for the students by the mini-grants offered for the implementation of some environmental projects.

The National Organization of Romanian Scouts – Involved in the community



Project summary:

Involved in the community it set out to create an educational framework for promoting and applying the principles of sustainable development as a proactive measure in creating sustainable communities. The project ensured the formation of competences from the field of environmental education among **360 young people** between the ages of 15 and 24 from a minimum of 20 communities, forming a minimum of 30 communities and their mentoring in finding sustainable solutions for the challenges related to the environment, as well as increasing the degree of information and awareness regarding the individual social responsibility.

Coverage:

28 counties: Vâlcea, Tulcea, Timiș, Teleorman, Suceava, Sibiu, Satu Mare, Prahova, Neamț, Mureș, Mehedinți, Iași, Hunedoara, Harghita, Gorj, Giurgiu, Galați, Dolj, Constanța, Cluj, București, Brașov, Brăila, Bistrița-Năsăud, Bihor, Bacău, Arad, Alba.

The Carpathians Mountain Association – The mountain for everybody, everybody for the mountain

Project summary:

The project consisted of restoring the mountain tourist routes from the Bucegi Natural Park to higher standards, both with actions of cleaning up the trekking paths and with the launching of a mobile application that would allow the tourists to become an active part of the process of monitoring the problems encountered, from issues related to the touristic infrastructure to the signaling of pollution incidents or the acts of illegal environmental aggression that they capture in their voyage.

Coverage: **4 counties:** Prahova, Dâmbovița, Brașov, Argeș

Nature 2000 Association – Lawyers for the nature

Project summary:

Trying to stop the abuses on the protected areas, Natura 2000 Coalition Romania faced the lack of professionals in Environmental Law. In the faculties of Law one does not learn about the legal regimen of the forests or waters, the conservation of biodiversity, the legal reports between the factors in the sector. The only local master program focuses on Waste and Pollution and does not offer practice.

For these reasons, the Natura 2000 Coalition Romania has carried out a series of activities to prepare the young generation of legal experts (legal advisers, lawyers). The approach is an innovative one and has been developed at national level in 7 university centers in Romania. A university curriculum has been created that develops and completes courses/ modules in the Environmental Law, offered by the most important universities in the country. The course support was uploaded on an e-training platform and applied in 7 workshops (Brașov, Bucharest, Iași, Cluj, Craiova, Constanța, Timișoara). The e-training platform is accessible to all students in Romania.

Coverage: national, by workshops in Brașov, Bucharest, Iași, Cluj-Napoca, Craiova, Constanța, Timișoara.



Continuous supply flow

In order to ensure the consumers' wide access to these products, we focused on the extension of our store and logistic center network, but also on the increase of the number of suppliers and the goods and services purchased from them.

We will continue to increase the number of stores in the following reporting period. The expansion involves a complex effort, the development plans depend on the local context, on the availability of human resources and of the suppliers' ability to deliver quality products on time, in accordance with the agreed amount of goods and at prices accessible for the consumers.

The annual extension rate will keep the pace of at least 15 new stores, the range of products will be improved and developed permanently together with our suppliers, and our procedures and processes will be analyzed in a way that should eliminate the potential losses or delays in the supply flow.

Compliance

Our activity follows two clear and mandatory principles: unconditional and immediate compliance with the legal requirements and the elimination of any forms or acts of corruption in Lidl and the supply chain. We take pride in the fact that, in the reporting period, the total number of corruption incidents brought to our attention or reaching the courts of law was zero, the number of incidents resulting in the removal or liability of our employees was zero, and the number of contracts with business partners which were terminated or no longer renewed because of corruption was also zero.

To prevent the associated risks, we perform audits of our business partners, we train our employees periodically and we have internal procedures in place regulating the benefits, gifts and conflict of interests. Despite the fact that we have multiple channels for the reporting of any breach of rules (whistleblowing policy, national compliance coordinator who can be reached at compliance@lidl.ro, BKMS application on

the lidl.ro website, allowing the anonymous reporting, or the appointed lawyer who can be reached at lidl.consultanta@hategan.ro), in this case, too, there were no incidents.

All the members of our Board of Management are informed about our anti-corruption policies and procedures and they receive annually the results of the risk analyses. All the employees in our headquarters benefit from specific training, during which they familiarize themselves with the company's respective principles and policies. In October – November 2018, on the Law and Compliance Day, a training was organized at the regional offices, and the topics covered the compliance in all the areas of our compliance management system.

All the above-mentioned examples are a confirmation of the fact that this system (made from anti-corruption/anti-fraud mechanisms, personal data protection and competition law) is functional and efficient.

Our goal is to ensure a very good understanding and knowledge of the principles and policies of the company, which is why the colleagues from the headquarters and regional offices are trained annually on our compliance and data protection policies.

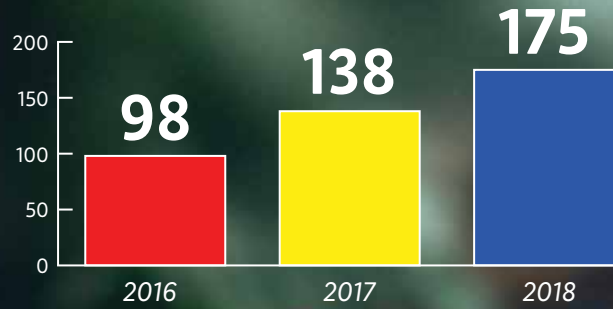
Regarding personal data protection, we comply with the General Data Protection Regulation (GDPR) and the applicable local laws. We collect data in order to respond to complaints or claims filed by our customers and to provide them with information about how their requests can be solved. With the customers' agreement, we send their data to the manufacturer, to be able to solve the requests rapidly (for example, aspects relating to product warranty). The concept of data protection continues to be analyzed for the comprehension of the real dimensions of the continuously changing implications and for our continued full transparency in relationship with the customers.





Local development

In our first Sustainability Report, we took the commitment to help the local suppliers grow, by establishing a 20% target for the number of Romanian items developed in the “Cămara noastră” range. We managed to increase the number of items in this range from 98 in 2016 to 138 in 2017 and 175 in 2018.





CUSTOMERS & SOCIETY

We continued to facilitate the export of our Romanian suppliers' products to the European Lidl stores. The combined value of these products exceeded 20 million euro and in 2017 and 28 million euro in 2018. The first Romanian products (Timișoreana beer, Romanian cornmeal, zacusca and Sibiu salami) arrived at the shelves of Lidl stores in Europe in the thematic "Balkan Week". The above-mentioned products reached countries like Belgium, Bulgaria, the Czech Republic, Cyprus, Greece, Ireland, the UK, the Netherlands, Poland, Spain, Slovakia, and Hungary. Other Romanian products, such as dairy products, oil, juice, and snacks, are also available on the European markets.

We promised our consumers that they would find, in our stores, fresh Romanian products and that we would increase, every year, the numbers of items partially or fully obtained from the local suppliers of vegetables and fruit. Thus, in the Lidl Market, fruit and vegetables come from more than 75 direct partners who are manufacturers, farmers, co-ops and groups of local producers or agencies collecting for us safe and healthy products from nearly 200 local producers, all of them audited and certified under GLOBALG.A.P. The objective for 2019 is that in the peak of agricultural

season in Romania, on the Lidl Market we should have 70% vegetables and fruits from Romanian suppliers, to the extent that their variety is pedo-climatically adapted in our country.

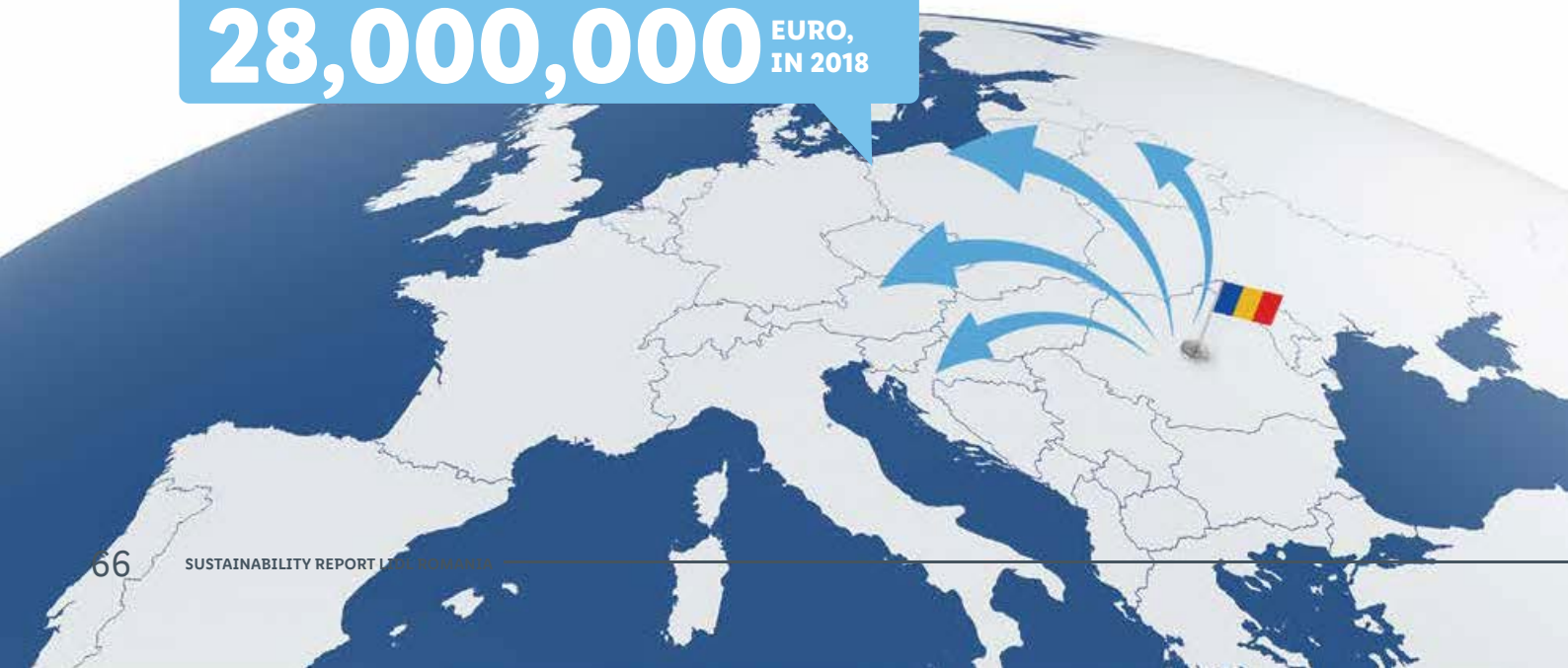


| | 2017 | 2018 | VARIATION 2018/2017 (%) |
|--|-------|-------|-------------------------|
| Number of suppliers from Romania – permanent range | 255 | 276 | 8.24% |
| Number of suppliers from Romania – whole range | 320 | 351 | 9.69% |
| Number of Romanian items – permanent range | 962 | 983 | 2.18% |
| Number of Romanian items – whole range | 1,917 | 2,222 | 15.91% |

WE CONTINUED TO ENABLE THE EXPORT OF OUR ROMANIAN SUPPLIERS' PRODUCTS TO THE EUROPEAN LIDL STORES.

MORE THAN

28,000,000 EURO, IN 2018



| | 2017 | 2018 | VARIATION 2018/2017 |
|--|-------|-------|------------------------|
| Total number of local suppliers of goods and services | 82% | 80% | -2% |
| Total number of external suppliers of goods and services | 18% | 20% | 2% |
| Total number of suppliers of goods and services | 8,567 | 8,421 | -1.73% |

The 100% Romanian products in the “Cămara noastră” range represent as many occasions to promote the local suppliers, just as we do it in the thematic “Romanian Week” period.

At present, more than 98% of the suppliers with whom we work obtained one of the IFS or BRC certifications and we intend to help all our suppliers obtain one of these certifications.

In 2017 and 2018, we visited dozens of households across the country, to find the most delicious culinary treasures kept by the Romanians in their pantries. This initiative aligns with the efforts of Lidl to provide the Romanians not only with locally prepared products, but also with products obtained by using authentic Romanian recipes. The selected recipes underwent a rigorous selection and production before they reached the shelves of our stores.

2017 The **Museum of the Romanian Pantries** is the place where our Căutătorii de Cămări (“Pantry Hunters”) have collected the most delicious Romanian recipes – a special exhibition where the visitors could taste the best on the Romanian gastronomy. It was open in Bucharest, on the premises of Cotroceni National Museum, in Timișoara, Sibiu and Cluj.

2018 The *rătavîță* recipe was discovered by the **Pantry Hunters** at Ms. Adriana Dumitru, after dozens of taste tests, and is one of the products in “Cămara noastră” range.

In the reporting period, at no. 46 on Calea Victoriei in Bucharest, we opened the **Museum of Hidden Culinary Goods**, a temporary gastronomic exhibition for the conservation of culinary traditions, which connected the visitors with authentic local recipes.



Our impact on the local development is also due to the extension of our network of stores and the opening of new warehouses. Each new store means the creation of at least 20 jobs in Lidl, as well as enabling the development of the local manufacturers and suppliers/providers of goods and services, by establishing cooperation relationships at the local level.



Cooperation

For our improvement and the improvement of our performances, we need to strengthen the collaboration and cooperation with our national and international partners, so that we continue to be a reliable partner and provide products meeting our customers' expectations

Such a collaboration is the "Cultivat în România, specific românesc" ("Grown in Romania, Romanian specialty") project, developed in partnership with the Bucharest University of Agronomic Sciences and Veterinary Medicine. This ample project of investment in the Romanian agriculture is a contribution to the sustainable development of Romanian producers. Our project seeks to revitalize the local varieties, but also to develop a sustainable agricultural production. Under this initiative, we organize actions to support the producers: meetings and workshops, free specialized advice and audit sessions and support in solving the producers' technical problems.

For the projects seeking to reduce the amount of salt and sugar in the recipes, as well as for other initiatives, we consulted with a number of experts and decision-making factors, which provided us with their know-how and experience, so that we are sure that we make correct and informed decisions.

Cultivat în **România** SPECIFIC ROMÂNESC



Our objectives for the next reporting period include, on one hand, cooperation with the suppliers for the improvement of the transport fleet and compliance with the recycling requirements, and, on the other hand, cooperation with international organizations for educational campaigns (e.g. WWF, MSC), but also with some NGOs, for the support of projects that have social and environmental impact.

Dialogue with the stakeholders

For the responsible management of the impact of our activity, we need an open and ongoing dialogue with our employees and with company management, as well as with our suppliers, collaborators, and business partners, with the central and local authorities, with the academic environment and with the non-government sector.

Thus, in the reporting period, in partnership with the Bucharest University of Agronomic Sciences and Veterinary Medicine, we organized regular meetings with our suppliers of vegetables and fruit, regarding the sustainable development of the local producers and the increase of the quality of local products.

We also conducted more than 100 annual visits at the local suppliers, to discuss with them, in detail, the specific aspects of their work, from the viewpoint of sustainable development, of the measures required for the sustainable use of the resources and the product quality guarantee.

Regarding the dialogue with our employees, detailed information can be found in this report in the chapter Employee rights, at p. 43.

GRI 102-40
GRI 102-42
GRI 102-44

To determine the content of this report, Lidl conducted a separate process of consultation with their stakeholders, which included: consumers, suppliers of goods and services, central and local authorities, business partners, NGOs, academic environment, media and Lidl managers. Details about this consultation are in the chapter The materiality analysis and the stakeholder consultation in this report, at p. 8. The perception among the stakeholders we consulted regarding the relevant (material) sectors for Lidl activity in Romania is shown in the table below, by sector and by group of stakeholders.

| GROUP OF STAKEHOLDERS | | | | | | | |
|-----------------------|-----------|-----------|-------------------------------|-------------------|------|----------------------|-------|
| Lidl managers | Consumers | Suppliers | Local and central authorities | Business partners | NGOs | Academic environment | Media |

| MATERIAL SECTORS | Packaging | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
|-----------------------------------|---------------------------------------|---|---|---|---|---|---|---|---|
| | Fair business practices | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Environment protection | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Transport | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Food waste | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Occupational safety and health | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Employee rights | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| | Quality products and product safety | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Traceability | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Ingredients and nutrition information | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Corporate citizenship | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| | Continuous supply flow | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| | Compliance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Local development | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Cooperation | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Communication | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| | Dialogue with the stakeholders | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Informing the consumers | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| | Informing the employees | ✓ | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| | Planning and construction | ✓ | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| Employee training and development | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | |
| Sustainable products | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | | |
| Conservation of resources | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | |

Communication

In order to make visible the Lidl focus on sustainable development and the implications of sustainability in our everyday activities, we committed to an open and assumed communication both with our employees and with our suppliers, consumers, local and central authorities, or NGOs.

We use various channels of communication, to make sure that our messages reach where and when they are needed. For this reason, we use blended methods of online or call center communication with face-to-face meetings and printed materials.

We try to use environment-friendly channels of communication and to limit the printed material. Nevertheless, we are not yet at the point where we are able to drop the Lidl magazine or the printed catalogues.

We strived to create a wide community of consumers with whom we interact on Facebook and who count more than 2 million people. We answer to each individual customer and, to enable this, we invested in a solid communication team.

2,000,000+   

We are committed to keeping the communication as open as possible with our customers in the future, too, and to ensure our optimal availability, we will engage, in addition to the colleagues in the Communication and Marketing departments, our colleagues in the Customers relations department, who will also begin to use other channels of communication with the customers.

Informing the consumers

We seek a constant communication with our customers, on sustainability, in general, and responsible consumption, in particular. We take it to be our responsibility to inform them correctly and transparently about specific topics regarding sustainability, which are less known among the general population; in this way, the purchase and consumption decisions they make can be informed ones.

We generate original content on sustainability topics, which we communicate by: Lidl magazine, catalogues, our Facebook page, our own YouTube channel, LinkedIn, company website, press releases, direct mailing, or special campaigns.

Thus, we manage to communicate to our consumers information about:

- ✓ what sustainability means
- ✓ responsible consumption
- ✓ certified products, what these certifications (ASC, MSC, Dolphin Safe, ISSF, FSC, etc.) mean and their implications on environmental protection
- ✓ what bio food products are, and the products included in our “Bio” food range
- ✓ the labels they should follow for the sustainable products.

Our policies on sustainable purchase of cocoa, coffee, tea, flowers and plants, eggs, fish, shellfish, fish-based products, and palm oil have become public, so that all consumers have access to this information.



In the reporting period, our company's website was fully reorganized to reflect at an actual scale the importance of sustainability in our company. Additional to our sustainable purchase policies or the sustainability reports, on the website our customers can find information about nutrition, about our measures for packaging improvement or about sustainable products from local producers. Even some of the packages of our products contain information about sustainable consumption.

Using various campaigns, we are drawing our consumers' attention to the limited resources and their use.



One such example is the campaign promoting the range of MSC and ASC certified products. Conducted together with WWF in 2017, the campaign explained what the MSC certified fish products are, what this certification means and our desire to make available to the consumer as many such products as possible. To strengthen the messages on responsible fish and fish-based product consumption, the campaign was reprised in 2018.



“Oul bun după găină se cunoaște” (“You know a good egg by the hen that lays it”) was another campaign by which we let our customers know about the elimination of eggs of category 3 and the improvement of the recipe of products with egg contents.

In this campaign, we conducted a study to find out to what extent Romanians know the meaning of the numbers written on the eggs and we described the meaning of the numbers and the conditions in which the egg-laying hens are raised, for each type of egg, for the consumers’ better understanding of such information.



Another campaign by which we tried to direct our customers’ attention toward issues of sustainability was the one in which we promoted our first sustainability report; for this, we developed a series of short videos in which local influencers spoke about everyday practical aspects regarding sustainability.



A special communication project, conducted together with **Newsweek**, was the sustainability campaign. One of the topics was that of food waste, that also introduced the opening of the **Cluj Food Bank**.

Furthermore, in the reporting period, we organized in our stores a campaign on food waste, as well as dedicated weeks for the promotion of bio food products.

We will continue to inform our customers about sustainability and to expand the level of awareness to as large a number of consumers as possible. In the financial year 2019, we will organize a TV campaign on the topic “You too are responsible”, by which we will encourage our customers to adopt a responsible consumer behavior.

Informing the employees



We make sure that our efforts of external communication regarding sustainability are doubled by similar efforts of raising awareness among our colleagues.

To this end, we are using a series of communication strategies, which include in addition to the intranet platform, sustainability-oriented activities. Thus, after we launched our first Sustainability Report, we created the “Responsibility” game. It includes both definitions on sustainability and information on the company’s specific actions in the sustainability sector. We organized an internal competition between the department teams, who competed to win the “Responsibility” game. All Lidl employees received this game.

The campaign “Oul bun după găină se cunoaște” was also organized among our employees. Thus, they found out about the Lidl decision to only sell eggs from free-range hens.

We will continue the information campaigns in the next reporting period and we will launch our first mobile app for employees.





GRI Standards INDEX + Sustainable Development Goals (SDGs)

| GRI Standard | Disclosure | GRI Standards corelated to Sustainable Development Goals (SDGs) | Page | Omissions |
|---|--|---|--------------------------------------|--|
| GENERAL DISCLOSURES | | | | |
| GRI 102: General Disclosures 2016 | 102-1 Name of the organization | | 11 | |
| GRI 102: General Disclosures 2016 | 102-2 Types of activities, trademarks, products and services | | 10-12 | |
| GRI 102: General Disclosures 2016 | 102-3 Headquarters location | | 11 | |
| GRI 102: General Disclosures 2016 | 102-4 Main operations location | | 11 | |
| GRI 102: General Disclosures 2016 | 102-5 Shareholders and legal form of organization | | 10-11 | |
| GRI 102: General Disclosures 2016 | 102-6 Markets on which the organization is active | | 11 | |
| GRI 102: General Disclosures 2016 | 102-7 Scale of the organization | | 10-11 | |
| GRI 102: General Disclosures 2016 | 102-8 Information on employees and other workers | SDG 8, Target 8.8 | 10, 11, 39 | |
| GRI 102: General Disclosures 2016 | 102-9 Supply chain | SDG 8, Targets 8.2 & 8.3 & 8.4 | 12 | |
| GRI 102: General Disclosures 2016 | 102-10 Substantial changes affecting the company or the supply chain | | | Our company recently redrew its sustainability strategy. Lidl Responsibility Model is explained on p. 7. |
| GRI 102: General Disclosures 2016 | 102-11 Precautionary principle | SDG 13, Target 13.3 | 6 | |
| GRI 102: General Disclosures 2016 | 102-12 External initiatives | SDG 17, Target 17.10 & 17.15 | 14 | |
| GRI 102: General Disclosures 2016 | 102-13 Affiliations | | 14 | |
| GRI 102: General Disclosures 2016 | 102-14 Statement from the company's highest representative | | 2-3 | |
| GRI 102: General Disclosures 2016 | 102-16 Values, principles, standards and rules of conduct | SDG 5, SDG 8, SDG 16 | 13 | |
| GRI 102: General Disclosures 2016 | 102-18 Management structure | | 14 | |
| GRI 102: General Disclosures 2016 | 102-40 List of stakeholder groups | SDG 17, Target 17.17 | 9, 69 | |
| GRI 102: General Disclosures 2016 | 102-41 Collective employment agreements | SDG 8, Target 8.8 | | Percentage of employees who are part of a collective agreement is zero. |
| GRI 102: General Disclosures 2016 | 102-42 Identifying and selecting stakeholders | SDG 17, Target 17.17 | 9, 69 | |
| GRI 102: General Disclosures 2016 | 102-43 Approach to consultation process | | 9 | |
| GRI 102: General Disclosures 2016 | 102-44 Key topics and subject matters discussed in the consultation process | | 8-9, 69 | |
| GRI 102: General Disclosures 2016 | 102-45 Entities included in the consolidated financial statements | | | 11. The financial statements for each entity included in this report are available at http://www.mfinante.gov.ro/agentiCod.html?pagina=domenii with the unique identification code (UIC). |
| GRI 102: General Disclosures 2016 | 102-46 Defining the report content and topic boundaries | | | 8-9. According to GRI Standard 103: Management Approach, each relevant topic contains an explanation regarding its limit. |
| GRI 102: General Disclosures 2016 | 102-47 List of material topics | | 9 | |
| GRI 102: General Disclosures 2016 | 102-48 Errata or differences from similar previous documents | | N/A | |
| GRI 102: General Disclosures 2016 | 102-49 Changes in reporting | | 6 | |
| GRI 102: General Disclosures 2016 | 102-50 Reporting period | SDG 12, Target 12.6 | 6 | |
| GRI 102: General Disclosures 2016 | 102-51 Date of the most recent report | SDG 12, Target 12.6 | 2018 | |
| GRI 102: General Disclosures 2016 | 102-52 Reporting cycle | SDG 12, Target 12.6 | Biannually (01.03.2017 – 28.02.2019) | |
| GRI 102: General Disclosures 2016 | 102-53 Contact point for questions regarding the report | | 5 | |
| GRI 102: General Disclosures 2016 | 102-54 Claims of reporting in accordance with the GRI Standards | | 6 | |
| GRI 102: General Disclosures 2016 | 102-55 GRI content index | | 74 | |
| GRI 102: General Disclosures 2016 | 102-56 External assurance | | 72 | |
| RELEVANT TOPICS SPECIFIC DISCLOSURES | | | | |
| RESOURCES & AGRICULTURE | | | | |
| Animal welfare | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. 103-2 Management approach and its components 103-3 Evaluation of management approach Non-GRI: Policies and procedures regarding the methods of manufacturing animal-based items (without causing pain to animals) | SDG 2, SDG 14 SDG 2, SDG 14 SDG 2, SDG 14 SDG 2, Target 2.5 SDG 14, Target 14.4 | 18-19 18-19 18-19 18-19 | |
| SUPPLY & PROCESSING CHAIN | | | | |
| Packaging | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. 103-2 Management approach and its components 103-3 Evaluation of management approach | SDG 11 SDG 11 SDG 11 | 22-23 22-23 22-23 | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight and volume | SDG 11, Target 11.6 | 23 | |

| Transport | | | |
|--|--|---|---|
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 12 | 24 |
| | 103-2 Management approach and its components | SDG 12 | 24 |
| | 103-3 Evaluation of management approach | SDG 12 | 24 |
| | Non-GRI: Percentage of fleet equipped with Euro engines | SDG 12, Target 12.2 | 24 |
| Fair business practices | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 8, SDG 9 | 25-26 |
| | 103-2 Management approach and its components | SDG 8, SDG 9 | 25-26 |
| | 103-3 Evaluation of management approach | SDG 8, SDG 9 | 25-26 |
| GRI 203: Indirect Economic Impacts 2016 | 203-2 Relevant indirect economic impacts | SDG 8, Target 8.3 SDG 9, Target 9.3 | 26-27 |
| OPERATIONS & PROCESSES | | | |
| ENVIRONMENT PROTECTION | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 12 | 30 |
| | 103-2 Management approach and its components | SDG 12 | 30 |
| | 103-3 Evaluation of management approach | SDG 12 | 30 |
| GRI 306: Effluents and Waste 2016 | 306-2 Waste (by type and disposal method) | SDG 12, Target 12.5 | 31 |
| Planning and construction | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 9 | 32-33 |
| | 103-2 Management approach and its components | SDG 9 | 32-33 |
| | 103-3 Evaluation of management approach | SDG 9 | 32-33 |
| | Non-GRI: Policies and procedures regarding the sustainability criteria used for planning and modernizing buildings (warehouses and stores) | SDG 9, Target 9.4 & 9.B | 32-33 |
| Conservation of resources | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 6, SDG 7, SDG 12 | 34-35 |
| | 103-2 Management approach and its components | SDG 6, SDG 7, SDG 12 | 34-35 |
| | 103-3 Evaluation of management approach | SDG 6, SDG 7, SDG 12 | 34-35 |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | SDG 7, Target 7.2 SDG 12, Target 12.2 | 34 |
| GRI 303: Water and Effluents 2018 | 303-5 Water consumption within the organization | SDG 6, Targets 6.3 & 6.4 | 35 |
| Food waste | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits. | SDG 12 | 35-36 |
| | 103-2 Management approach and its components | SDG 12 | 35-36 |
| | 103-3 Evaluation of management approach | SDG 12 | 35-36 |
| | Non-GRI: The amount of food not shipped to landfill | SDG 12, Target 12.3 | 36 |
| Occupational safety and health | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 3, SDG 8 | 38-42 |
| | 103-2 Management approach and its components | SDG 3, SDG 8 | 38-42 |
| | 103-3 Evaluation of management approach | SDG 3, SDG 8 | 38-42 |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8 | 40 |
| GRI 403: Occupational Health and Safety 2018 | 403-2 Hazard identification, risk assessment, and incident investigation | | 40-43 |
| GRI 403: Occupational Health and Safety 2018 | 403-3 Occupational health services | | 40, 42 |
| GRI 403: Occupational Health and Safety 2018 | 403-4 Worker participation, consultation, and communication on occupational health and safety | | 40 |
| GRI 403: Occupational Health and Safety 2018 | 403-5 Worker training on occupational health and safety | | 39-40, 43 |
| GRI 403: Occupational Health and Safety 2018 | 403-6 Promotion of worker health | | 39, 43 |
| GRI 403: Occupational Health and Safety 2018 | 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | | 38-43 |
| GRI 403: Occupational Health and Safety 2018 | 403-9 Work-related injuries | SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8 | 41 |
| Employee rights | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 3, SDG 8, SDG 10 | 43-45 |
| | 103-2 Management approach and its components | SDG 3, SDG 8, SDG 10 | 43-45 |
| | 103-3 Evaluation of management approach | SDG 3, SDG 8, SDG 10 | 43-45 |
| GRI 401: Employees 2016 | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | SDG 3, Target 3.8 SDG 8, Targets 8.5 & 8.8 | 44 |
| GRI 401: Employment 2016 | 401-3 Parental leave | SDG 10, Target 10.4 | 44 |
| | | | In the next reporting period we will collect data regarding the number of employees who came back after parental leave and who are in the company 12 months after returning, and the rate of retention and of return to work after completion parental leave. |
| Employee training and development | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 4 | 45-47 |
| | 103-2 Management approach and its components | SDG 4 | 45-47 |
| | 103-3 Evaluation of management approach | SDG 4 | 45-47 |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | SDG 4, Target 4.3 | 47 |
| | | | Starting with the next reporting cycle, we will break down the specific data according to gender. |

Sustainable products

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 2, SDG 12 | 50-54 |
| | 103-2 Management approach and its components | SDG 2, SDG 12 | 50-54 |
| | 103-3 Evaluation of management approach | SDG 2, SDG 12 | 50-54 |
| | Non-GRI: Total amount of products manufactured responsibly per total assortment (food and non-food) | SDG 2, Targets 2.4 & 2.5 SDG 12, Target 12.4 | 52,54 |

Quality products and product safety

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 3 | 55-56 |
| | 103-2 Management approach and its components | SDG 3 | 55-56 |
| | 103-3 Evaluation of management approach | SDG 3 | 55-56 |
| GRI 416: Customer Health and Safety 2016 | 416-1 Assessment of the health and safety impacts of product and service categories | SDG 3 | 56 |

Traceability

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 2, SDG 13 | 57 |
| | 103-2 Management approach and its components | SDG 2, SDG 13 | 57 |
| | 103-3 Evaluation of management approach | SDG 2, SDG 13 | 57 |
| GRI 417: Marketing and Labeling 2016 | 417-1 Requirements for product and service information and labeling | SDG 2, Target 2.4 SDG 13, Target 13.3 | 57 |

Ingredients and nutrition information

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 3 | 58 |
| | 103-2 Management approach and its components | SDG 3 | 58 |
| | 103-3 Evaluation of management approach | SDG 3 | 58 |
| | Non-GRI: Clear and complete information about ingredients and nutritional value of food products | SDG 3, Target 3.4 | 58 |

Corporate citizenship

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 1, SDG 2 | 59-63 |
| | 103-2 Management approach and its components | SDG 1, SDG 2 | 59-63 |
| | 103-3 Evaluation of management approach | SDG 1, SDG 2 | 59-63 |
| | Non-GRI: Voluntary social involvement of the company (philanthropy) and supporting recognized social actors on the market | SDG 1, Targets 1.1 & 1.5 SDG 2, Targets 2.1 & 2.2 | 59-63 |

Continuous supply flow

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 2 | 64 |
| | 103-2 Management approach and its components | SDG 2 | 64 |
| | 103-3 Evaluation of management approach | SDG 2 | 64 |
| | Non-GRI: Extending access to high quality products at accessible prices, thus ensuring the consumer's satisfaction | SDG 2, Target 2.C | 64 |

Compliance

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 16 | 64 |
| | 103-2 Management approach and its components | SDG 16 | 64 |
| | 103-3 Evaluation of management approach | SDG 16 | 64 |
| GRI 205: Anti-corruption 2016 | 205-2 Communication and training about anti-corruption policies and procedures | SDG 16, Targets 16.5 & 16.6 & 16.7 | 64 |
| GRI 205: Anti-corruption 2016 | 205-3 Confirmed incidents of corruption and actions taken | SDG 16, Targets 16.5 & 16.6 & 16.7 | 64 |

Local development

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 2, SDG 8 | 65-67 |
| | 103-2 Management approach and its components | SDG 2, SDG 8 | 65-67 |
| | 103-3 Evaluation of management approach | SDG 2, SDG 8 | 65-67 |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | SDG 2, Targets 2.3 & 2.4 SDG 8, Targets 8.2 & 8.3 | 27 |
| | Non-GRI: Total amount of Romanian suppliers from the total amount of suppliers | SDG 2, Targets 2.3 & 2.4 SDG 8, Targets 8.2 & 8.3 | 67 |
| | Non-GRI: Total amount of locally manufactured items from the total assortment | SDG 2, Target 2.4 SDG 8, Targets 8.2 & 8.3 | 65, 66 |

Cooperation

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|-----------------------------------|--|---------------------------------------|----|
| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 17 | 68 |
| | 103-2 Management approach and its components | SDG 17 | 68 |
| | 103-3 Evaluation of management approach | SDG 17 | 68 |
| | Non-GRI: Cooperation with local and international partners selected with respect to Lidl core activity | SDG 17, Targets 17.14 & 17.15 & 17.16 | 68 |

Dialogue with stakeholders

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 12 | 68-69 |
| | 103-2 Management approach and its components | SDG 12 | 68-69 |
| | 103-3 Evaluation of management approach | SDG 12 | 68-69 |
| | Non-GRI: Dialogul sistematic și constant cu partenerii pe teme de sustenabilitate | SDG 12, Targets 12.6 & 12.8 | 68 |

Communication

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 12, SDG 16 | 70 |
| | 103-2 Management approach and its components | SDG 12, SDG 16 | 70 |
| | 103-3 Evaluation of management approach | SDG 12, SDG 16 | 70 |
| | Non-GRI: Ongoing dialogue with partners on sustainability topics | SDG 12, Targets 12.6 & 12.8 SDG 16, Target 16.7 | 70 |

Informing the consumers

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 12 | 70-71 |
| | 103-2 Management approach and its components | SDG 12 | 70-71 |
| | 103-3 Evaluation of management approach | SDG 12 | 70-71 |
| | Non-GRI: Communication initiatives aiming to inform, to raise awareness and to promote responsible consumer attitudes | SDG 12, Target 12.8 | 70-71 |

Informing the employees

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| GRI 103: Management Approach 2016 | 103-1 Explanations about the relevant topic and its limits | SDG 4 | 72 |
| | 103-2 Management approach and its components | SDG 4 | 72 |
| | 103-3 Evaluation of management approach | SDG 4 | 72 |
| | Non-GRI: Communication initiatives aiming to inform, to raise awareness and to promote responsible employees attitudes | SDG 4, Target 4.3 | 72 |



Limited assurance conclusion

According to the procedures we conducted and the records we obtained within the audit, we did not identify any aspects likely to suggest that the information shown in Lidl Romania's Sustainability Report 2017-2018 would be inaccurate or would contain material errors.

The full option is available to read at Lidl website address.



#pentruunviitormaibun



Sustainability report Lidl Romania

Reporting period:

March 1st, 2017 – February 28th, 2018

March 1st, 2018 – February 28th, 2019