



RESPONSABILI



*generations that deserve
a better future*



**Lidl Romania
sustainability report**

Reporting period:



Contents

Foreword	2
About the report.....	6
Defining the contents of this report	8
About the company.....	12
 Resources	17
 Supply chain	27
 Operations	41
 Customers.....	63
GRI table of contents	88

The fourth Lidl Romania sustainability report comes at a time when sustainability is, perhaps, more important than ever.

That is because sustainability means not only caring for the communities where we operate today, but also caring for our legacy to future generations.



Even though last year was one of challenges for the entire industry we are a part of, in this reporting period (1 March 2020 - 28 February 2021) we have continued to grow our business substantially, in line with the 17 United Nations (UN) Sustainable Development Goals. We have continued to be a responsible actor and act for a better future, through real action, focusing mainly on reducing the impact of our own operations.

Last year we have also invested in internal measures to help us reduce our company's carbon footprint, one of the most important goals of our sustainability strategy. Among the most notable achievements in that respect are those in transport and alternative energy, such as our decision to collaborate solely with transport suppliers who use Euro 5 and Euro 6 vehicles or to outfit every Lidl store built in the 2020 fiscal year with charging stations for electric vehicles. We have continued to respond with the same promptness to the needs of our customers, through significant investment in the quality of our products - from developing our relationships with local suppliers, to ensuring traceability, improving the packaging we use or reducing the impact of these products on the environment along the entire value

chain. We have made sustained efforts to increase the number of suppliers of Romanian products for the entire portfolio, as well as to diversify our range of products with sustainability certifications and to increase their share in the permanent portfolio. All these aspects will remain priorities for us in the following period.

The pandemic has brought enormous challenges for the entire society, from the pressure on the medical system to that on the supply chains for basic commodities. The year 2020 was unprecedented, and showed us all how important solidarity is and how closely linked it is with the responsibility with which we conduct our daily business.

For us, solidarity starts within the company. We are part of an industry that is simultaneously essential and exposed to the risks associated with the pandemic. Our top priority was to undertake all measures to protect the health of our co-workers in the stores and warehouses throughout the country. Thus, we have undertaken all measures so that our stores remain safe spaces for both co-workers and customers.

We have done the same in our warehouses and at our headquarters. Simultaneously, with the increasing



RESOURCES



SUPPLY
CHAIN



OPERATIONS



CUSTOMERS



pressure on supply chains, we have made efforts, together with our partners, to ensure our business continuity and to continue supplying stores with the products our customers need. We are grateful to all our co-workers and partners for these efforts. Likewise, we thank our customers for staying with us and helping us keep our stores safe destinations for shopping.

Last year we have also continued our long-term commitments, by supporting our civil society partners, even in a challenging context such as the one we were facing. We made it a priority to ensure that our programmes could continue, all the more since, in many cases, the healthcare crisis would have only deepened the differences that our civil society partners aim to remedy through their initiatives. During the reporting period we have donated RON 30M and have supported over 90 NGOs operating in communities throughout the country. At the same time, we have supported society in the key points where we could have an immediate and relevant contribution. Thus, we have assisted the Romanian healthcare system in acquiring much needed medical equipment.

Last year, in order to increase the echo of our contribution to a better future for society, we became a member of the Sustainable Romania Coalition, and we are actively participating in the work group meetings organized by the Department for sustainable development within the Romanian Government, in order to find, with the aid of our other partners, solutions to help Romania contribute to the 17 UN Sustainable Development Goals.

Last year, we have understood even better that our responsibility, both as people and as a company, must be better understood and better undertaken. Sustainability is a goal one cannot reach alone, which is why we offer our thanks once again to all those who make daily efforts with us, to create a better future: colleagues, customers, partners and all those who believe in the power of real action to change things for the better.

Marco Giudici,
President of the
Governing
Board

Olga Drăguinea,
National
Administrative
director

Dragoș Ionescu,
National Central
services and expansion
director

Mihaela Ioniță,
Human resources
CEO

Zita Szlavikovics,
National Sales
and logistics
director

Daniel Ștefănescu,
National Purchasing
and marketing
director

HIGHLIGHTS

(1 martie 2020 – 28 februarie 2021)

PAG. 31

100%

DIN CAMIOANELE CU CARE
AM TRANSPORTAT MARFA ÎN
2020 AU FOST ECHIPATE CU
MOTOARE EURO 5 ȘI EURO 6.



FAȚĂ DE **79%** ÎN 2019

PAG. 45

PESTE
46.000
DE TONE DE DEȘURI



TRIMISE
LA CENTRELE
DE RECICLARE
ÎN 2020

PAG. 46

94% ENERGIE
PROVENITĂ
DIN SURSE
REGENERABILE

PAG. 49

198 DE TONE
DE PRODUSE ALIMENTARE DONATE

90 DE TONE
DE PRODUSE NEALIMENTARE DONATE

459 DE TONE
DE HRANĂ PENTRU ANIMALE DONATE

PAG. 72

PESTE
90
DE ORGANIZAȚII
SUSȚINUTE

APROXIMATIV
30.000.000
DE LEI – BUGETUL DE INVESTIȚII SOCIALE



PAG. 66

+12% AM CRESCUT NUMĂRUL
FURNIZORILOR DE
PRODUSE DIN ROMÂNIA
PENTRU TOT SORTIMENTUL.
DE LA **380** ÎN 2019 LA **424** ÎN 2020



118.635
DE TONE
AM ACHIZIȚIONAT
LEGUME ȘI FRUCTE
ROMÂNEȘTI.

PAG. 66



56.000.000 DE EURO
ÎN 2020

AM CONTINUAT SĂ FACILITĂM EXPORTUL PRODUSELOR
FURNIZORILOR ROMÂNI CĂTRE MAGAZINELE LIDL DIN EUROPA.



Cristina Hanganu,
Head of Communication and CSR



Ramona Gabriela Vieru,
CSR Manager

Facts for a better future

We have arrived at Lidl Romania's fourth sustainability report, a document which includes information and data regarding a year marked by situations that seemed unsolvable, uncertainties and restrictions and a completely different way of working.

Nevertheless, the 2020 financial year results (1 March 2020 - 28 February 2021) prove to us that good planning, adaptability, correctness and collaboration are key ingredients in any success story.

In collecting and presenting the data in this document, we have complied, as usual, with the requirements of the GRI Standards for Sustainability Reporting and the United Nations Sustainable Development Goals (information available on page 88).

The contents of the report were defined following a consultative process described on page 8, based on the Lidl Responsibility Model. In order to make sure that both the reporting process and the information are correct, we have received the support of Denkstatt Romania, who have handled the external verification. The statement of compliance is available on page 91. In addition, we turned to the Global Reporting Initiative for the Materiality Disclosures service (page 88).

But here's how the 2020 financial year as a whole looked like:

- we have taken all the necessary steps to make sure that all our employees are safe at the work place, and that their physical and mental health is protected. Although we have had 567 cases of COVID-19 infection (for a total of 9,351 employees), we have had no recorded deaths;
- we have adapted the professional training and professional development programmes, to ensure that our co-workers' access to these opportunities remains easy, useful and in safety conditions;
- we have given special attention to the analysis of the impact generated by our activity on the processing and production chain, with particular concern for social (the rights of the employees of our local and international suppliers, their remuneration, working conditions) and environmental (water

consumption, biodiversity protection, reducing pollution of any kind) aspects;

- following the specific 2020 context, we wanted to consolidate a good collaboration with our suppliers, especially with those who have ensured our key services (transport, manufacturing of food and non-food products, security and cleaning, healthcare services) and ensure that our business practices are fair and transparent;
- the amount and number of sustainable products in our portfolio has increased. Additionally, the number of local suppliers and locally-manufactured products has also increased;
- we have sought to diminish as much as possible our negative impact on the environment, by reducing direct and indirect emissions, and we have ensured 100% renewable energy for 94% of our total consumption. Due to that effort, the amount of emissions has decreased significantly;
- we have managed to increase the amount of waste selectively collected and sent to recycling centres. In the future, we aim to further reduce the amount of landfill waste, by turning household waste into compost;
- the number of new charging stations for electric vehicles that our customers can use has tripled since last year;
- in accordance with the **REset Plastic strategy**, we have continued or started a series of projects to eliminate packaging or to reduce the amount of packaging waste;
- last but not least, we have donated 50,000 collection kits for nasal and pharyngeal swabs / viral transport medium, necessary for molecular diagnosis testing at the start of the pandemic, we have aided the SMURD and DSU Foundations with RON 1,208,000, to help them purchase the first mobile intensive care unit in Romania, intended for the treatment of patients infected with SARS-CoV-2 and in critical state, and we have donated 20 oxygen concentrators to the "Mavromati" Emergency County Hospital in Botoşani, worth 128,200 RON.

The matters briefly outlined in this section are detailed all throughout our sustainability report, which we invite you to read and send your opinions about, at csr@lidl.ro



ABOUT THE REPORT

This is the fourth Lidl Romania sustainability report, and covers the 2020 financial year (1 March 2020 - 28 February 2021).

This document was prepared according to the methodology of the GRI Standards, which are standards for sustainability reporting developed by the Global Reporting Initiative (GRI). The three previous sustainability reports can be accessed on the Lidl website, at: <https://corporate.lidl.ro/sustenabilitate/rapoarte-csr>

The present document reflects the activity of the companies comprising the Lidl group in Romania, and analyses the economic, social and environmental impacts we generate. We will continue to publish a sustainability report every year. Additionally, we also fulfil our legal obligation to publish an annual non-financial statement. This statement is available for access on the company website, at <https://www.lidl.ro/ro/catalogue/raport-non-financiar-2020/view/flyer/page/1>

The structure of the present report follows the 4 stages of our value chain, which we consider major responsibility areas (1. Resources, 2. Supply chain, 3. Operations, 4. Customers), and details the topics identified as locally relevant by our management teams and our employees on the one hand, and by our external partners consulted in that respect.

The information presented in the report refers to the activity of Lidl Romania and has been verified and validated by the Controlling and Communication & CSR internal departments. Additionally, sections of this document have also been verified by a third party, Denkstatt Romania, within an external verification process, and the result is submitted in the statement available on page 91.

The report also includes information not directly referring to the activity of Lidl Romania, such as statistical data, references to local and/or international

legislation, to analysis, studies and reports, specific initiatives, collaborative projects as well as data and information made available to us by other collaborators (usually suppliers). This information has been included in order to ensure a correct and full understanding of the sustainability context in which we operate, and has been signalled accordingly, stating the source.

The changes in the structure of our sustainability report, i.e. in the list of topics identified as material for the contents of this document, have been explained in the appropriate chapters. Apart from these updates, there are no changes to the reporting goals and limits. The way in which we apply the precautionary principle to the entire value chain has also remained unchanged from the previous report.

The current sustainability report is prepared in accordance with the GRI Standards, the "Basic" option. The table of contents on page. 88 includes references to all chapters, material areas and presentations required by the methodology.

Report limits

The term "stores" refers to the points of sale of our products. The information in this report has national coverage, except where mentioned otherwise (for example, international initiatives or purchases of products from outside Romania).

A number of services (transport, cleaning, security, occupational safety and security) are outsourced. Since we do not have complete information in this regard, the impact of these activities is partially covered by this report.

Thanks

Given the context in which our activity has taken place in the 2020 financial year, we would like to give our sincere thanks to our employees, especially those in stores and logistics centres, who contributed substantially to the results obtained and included in this document.

At the same time, we thank all those who have visited our stores as customers. We assure them that their safety has been and continues to be one of our most important concerns.

In turn, our suppliers also deserve a special mention: together with them, we were able to ensure supply continuity, managing to have the products that our customers needed or wanted on shelf, even in peak periods.

The year 2020 has brought major changes to the way in which we interacted with our partners - public authorities, non-governmental organizations, journalists. Thank you for your openness, balance, optimism and encouragement.

We thank all those involved in the processes to identify relevant topics, collect information, develop the report and create its visual identity. We are grateful for the efforts of our colleagues within all the responsible departments, the CSR BootIQ consulting team and the Sunday Morning Communication agency, without which this report would not have been possible.

Last but not least, we would like to extend our gratitude for the personal contribution of every person involved, directly or indirectly, in identifying and documenting the topics that constitute the contents of this document. The report you are reading now is further proof that we are striving to meet growing demands. Without their openness, this document would not have had substance, would not have met the expectations of those concerned about our work and would not have met all the rigours of GRI Standards.

Opinions and suggestions are welcome and can be sent to: csr@lidl.ro





ABOUT THE

Defining the contents of this report

GRI 102-46

We have arrived at the fourth voluntary sustainability reporting exercise, respecting the requirements of the most internationally used methodology - the GRI standards, and of all 10 of the reporting principles. We are carefully monitoring the development status of the new generation of GRI¹ standards, so that we can adapt our data collection systems accordingly. At the same time, we also follow the European Union debates regarding the set of sustainability reporting standards², which will be adopted and implemented in the near future. This set of standards will be applicable to all companies covered by the new EU Directive on the mandatory disclosure of information reflecting the performance of companies in terms of sustainability (CSR-D).

GRI 102-43

In order to define the contents of this report, at the end of 2020 we have organized a consultation process, with the purpose of identifying stakeholder concerns and interests in terms of sustainability. Based on the categories of stakeholders interviewed in previous reporting processes, this time we have approached the following groups: customers, employees, mass-media, suppliers, non-governmental organizations and decision makers.

GRI 102-42

Given the health restrictions of that period, the consultation was based on an online questionnaire. This questionnaire was created taking into account the Lidl responsibility model (which is a holistic structure for all strategically relevant sustainability topics in the retail sector). The answers received are as follows:

GRI 102-40

- customers – 400 de respondents;
- employees – 97 de respondents;
- mass-media – 10 respondents;
- suppliers – 5 respondents;
- non-governmental organizations – 15 respondents;
- decision makers (central and local authorities, control bodies) – 5 respondents;

All participants rated all 41 topics of the Lidl Responsibility model (LRM), hence their responses were considered valid and were used in the materiality analysis. Another step in this analysis was to review the impact that our work has on each relevant topic in the LRM. In this regard, the company's CSR managers reviewed the impacts as defined by the GRI Standards.

The process continued with 11 individual interviews, which were attended by managers and suppliers representing critical sectors of activity in 2020: security and safety, transport, food and non-food products. The role of these interviews was to ensure that both the process of data collection and the information presented in the report properly reflected the period of health restrictions we all went through.

The validation of the final list of material topics (32 topics) was done on two levels: by the CSR coordinators within the Communication and CSR department and by Lidl Romania management team, respectively.

The list of material topics that were of major interest to all stakeholder categories was correlated with the corresponding names in the LRM, updated in 2020. Additionally, because the impacts we have are significant in these areas, the following material topics were considered sufficiently relevant to be added to the final list:

Environmental Protection (OP)
Planning and constructions
Employees training and development (OP)

Hereafter, the material topics are grouped, as usual, according to the 4 stages of our value chain, which we consider major responsibility areas: Resources, Supply Chain, Operations, Customers.

GRI 102-44

¹ Global Reporting Initiative (GRI), drafts of standards under development or subject to public consultation: <https://www.globalreporting.org/standards/standards-development/>

² European Commission, Reports on developing European standards for sustainability reporting.

THE REPORT TOPICS, CHOSEN FOLLOWING THE STAKEHOLDER CONSULTATION

**RESOURCES****ECOSYSTEMS PROTECTION**

Drinking water
Raw materials
Pollution
Biodiversity

**SUPPLY CHAIN****ENVIRONMENTAL PROTECTION IN THE SUPPLY AND PROCESSING CHAIN**

Environmental Protection (SC)
Resource conservation (SC)
Transport (SC)
Circular economy

THE RIGHTS OF EMPLOYEES IN THE SUPPLY AND PROCESSING CHAIN

Fair remuneration
Occupational health (SC)
Child labour

MARKET AND SUPPLIER DEVELOPMENT

Fair business practices

**OPERATIONS****ENVIRONMENTAL PROTECTION IN THE LIDL ROMANIA OPERATIONS AND PROCESSES**

Environmental Protection (OP)
Conservation of resources (OP)
Planning and constructions
Food waste

EMPLOYEES

Occupational safety and health (OP)
Employee rights
Employee remuneration (OP)
Employee Training and Development

**CUSTOMERS****RESPONSIBLE PRODUCTS**

Sustainable products
Local fruit and
Quality products and product safety

TRANSPARENCY AT THE POINT OF SALE

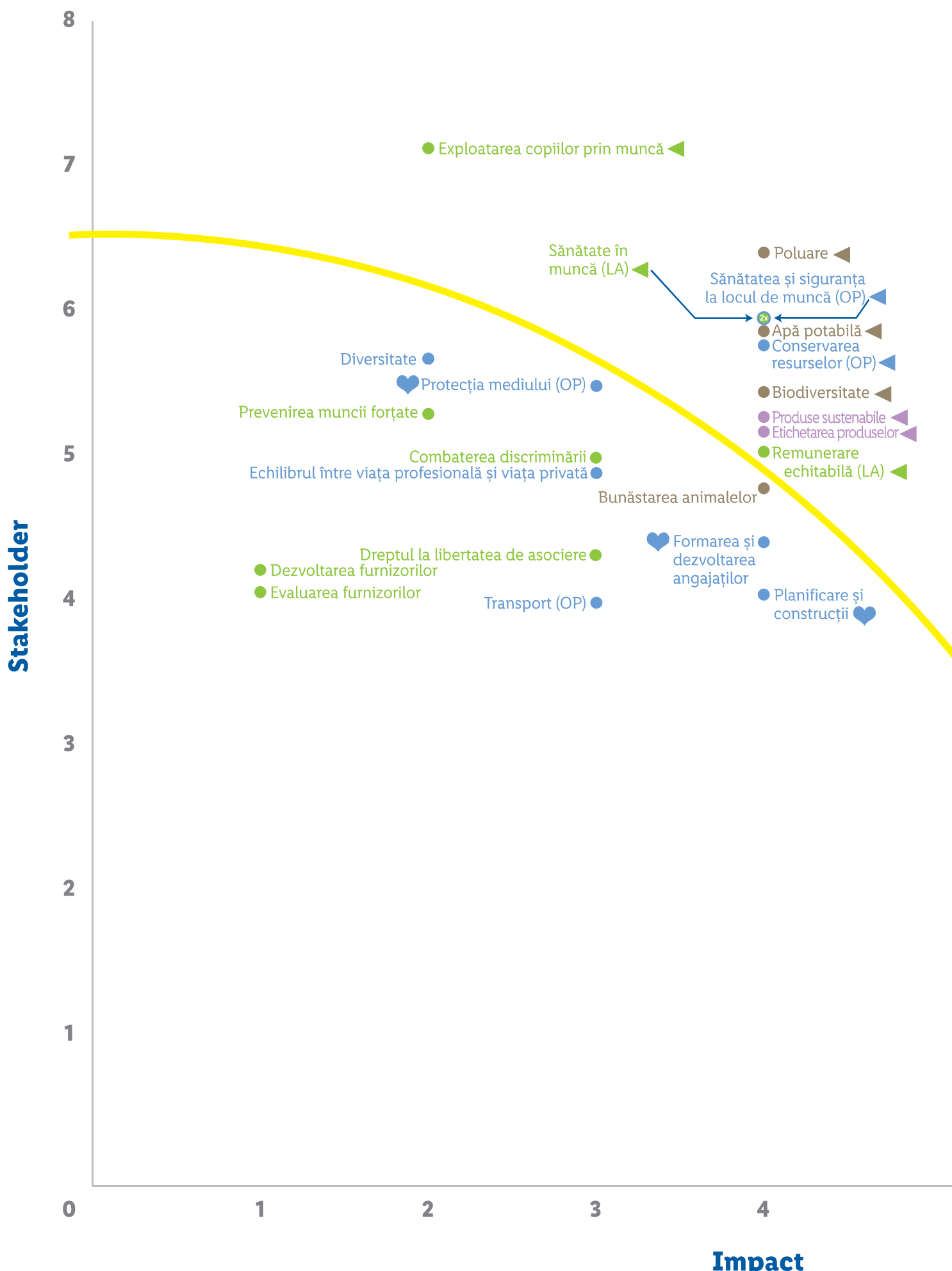
Traceability
Ingredients and nutritional information
Product labelling

CREATION OF SOCIAL VALUE

Corporate Citizenship
Compliance
Local development
Cooperation

RESPONSIBLE COMMUNICATION

Dialogue with stakeholders
Consumer information





Legend:

SC - SUPPLY CHAIN

OP - OPERATIONS

♥ - TOPICS WITH SIGNIFICANT
IMPACT IN
LIDL OPERATIONS

◀ - MATERIAL TOPICS OF
MAJOR INTEREST FOR
ALL CATEGORIES OF
STAKEHOLDERS

RESOURCES

SUPPLY CHAIN

OPERATIONS

CUSTOMERS



ABOUT LIDL ROMANIA



In the 2020 financial year, Lidl Discount has operated in 291 stores and 5 regional distribution centres in Romania. At the end of this period, the number of employees was 9,351. Lidl Romania is headquartered in Bucharest.

Our national presence, including the registered office addresses of the companies that are part of Lidl Romania and of our logistics centres, are presented on page. 11 of the sustainable report corresponding to the 2017-2018 financial years: <https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2019/view/overview/page/13>

Customers find in Lidl Romania stores a wide range of top quality products, permanently available on shelf. These include on average 3,732 individual products for daily consumption. Our permanent product range is completed with an average of 1,705 individual items, available periodically in our weekly deals. In addition to food products, our range also includes non-food products, such as cosmetics, clothing and small electrical appliances. Our own brand product range represents 76% of the total product range. Brand products represent 24% of the total product range. Over 42% of the items in our product range come from local suppliers, 167 items are organic food, and 37 items are Fairtrade certified organic products.

Lidl Stiftung & Co. KG

Lidl, part of the Schwarz Group, is one of the top companies on the food retail market in Germany and Europe. Lidl currently operates 11,550 stores and over 200 logistic centres and warehouses in 30 countries. Lidl has employees in Asia and Estonia as well. Currently, Lidl has over 341,000 employees.

Lidl Stiftung & Co. KG, headquartered in Neckarsulm, Germany, decides on the business operating framework in collaboration with the national subsidiaries. As a systemic supplier, the company is responsible for the conceptualization and design of standardized processes.

Schwarz Group

The Schwarz Group is an international retail company. Its core consists of two retail divisions, Lidl and Kaufland, headquartered in Neckarsulm, but also includes companies such as Schwarz Production, GreenCycle / PreZero and Dienstleistungen. The Schwarz Group has approximately 500,000 employees worldwide and operates over 12,900 stores and specialized stores in 33 countries.

The Schwarz Group currently covers a significant share of the food chain's value chain, ranging from production and trade to recycling. Schwarz Production produces its own brands of drinks, pastry and ice cream, as well as chocolate and dried fruit. The next step is developing the freshly roasted coffee segment. For several years, Schwarz Group has also been committed to collecting, sorting and recycling recyclable materials. The company that provides collection and recycling services at Group level is PreZero.

Our principles, which guide us in everything we do, are public and can be accessed on the company website, at: <https://corporate.lidl.ro/despre-lidl>

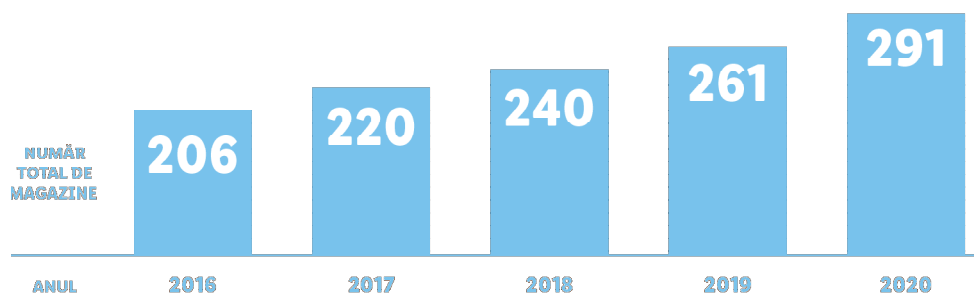
Lidl Romania consists of the following companies: Lidl Discount SRL (UIC 22891860), Lidl Imobiliare România Management SCS (UIC 15139385), Lidl România SCS (UIC 15300120), Lidl România SRL (UIC 14962609), Lidl România Digital (UIC 39216744).

The financial information of the companies that are part of the Lidl Romania group can be accessed on the website of the Ministry of Public Finances, using the Unique Identification Code (UIC) mentioned in the table below.

COMPANY	UIC
Lidl Discount SRL	22891860
Lidl Imobiliare România Management SCS	15139385
Lidl România SCS	15300120
Lidl România SRL	14962609
Lidl România Digital	39216744

GRI 102-45

2016-2020
evolution
of the total
number of
stores:



A graphical representation of our supply chain was included in our first sustainability report in 2016, on page 14. On page 15 of the same document you will also find a presentation of our brands and products. Among these, we mention: Pikok, Pilos, Chef Select, Lidl Bakery, Lidl Market, Alesto, Argus, Lupilu, Solevita, Bellarom, Cămara Noastră, Fin Carré, Orlando and Coshida.





ABOUT THE COMPANY

Company management on February 28, 2021

Frank Wagner, President of the Governing Board;

Olga Drăguinea, National administrative director, member of the Governing Board;

Zita Szlavikovics, National sales and logistics director, member of the Governing Board;

Daniel Ștefănescu, National purchases and marketing director, member of the Governing Board;

Dragoș Ionescu, National central services and expansion director, member of the Governing Board;

During the reporting period, in the context of the state of emergency, of the state of alert and of the health restrictions, a crisis cell was activated within Lidl. This cell consisted of purchasing, internal purchasing, logistics, sales, human resources, occupational safety and health, corporate organization, legal & compliance, communication & CSR and IT officers.

Affiliates

Lidl Romania is represented in the following associations and organizations (selection):

- AMRCR - Association of Large Commercial Networks in Romania;
- Romania-Germany Chamber of Commerce;
- Sustainable Romania Coalition;
- UN Global Compact.

and also collaborates as partner with the following organizations (selection):

- Marine Stewardship Council;
- Aquaculture Stewardship Council;
- Fairtrade.

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

- amfori Business Social Compliance Initiative (BSCI);
- Partner for Sustainable Textiles;
- ACT - Action, Collaboration, Transformation;
- Leather Working Group;
- international ACCORD;
- German Initiative on Sustainable Cocoa;
- Roundtable on Sustainable Palm Oil (RSPO);
- Round Table on Responsible Soy (RTRS);
- Donau Soja;
- World Banana Forum;
- Forest Stewardship Council (FSC);
- Fruit Juice Platform;
- Sustainable Agricultural Supply Chain Initiative (INA);
- Global G.A.P. and GlobalG.A.P. GRASP;
- Alliance for Water Stewardship;
- International Network Leading Executives Advancing Diversity (LEAD);
- ILO Better Work.

Through Schwarz Group, Lidl Romania is present in the following organizations (selection):

- Ellen MacArthur Foundation;
- UN Global Compact / United Nations Global Pact.

Sustainability strategy

The Lidl Responsibility Model has not undergone changes since the previous year, and our approach to the main directions has remained the same (Resources, Supply chain, Operations and Customers), while the structure of this document is also organized around it. Our priorities are public, and can be accessed at <https://corporate.lidl.ro/sustenabilitate>

Our interest in the field has increased. As we are going through a period of major changes on all three sections of sustainable development (economic, social

and environmental), our interests in the field remain constant.

Furthermore, because in the European Union as well as in Romania, sustainability has become a priority on the political and public agenda, we have all the reasons to contribute with expertise, knowledge and time, to the common effort of having a cleaner environment, of creating an inclusive, educated and healthy society and of supporting a fair economic development with as few negative impacts as possible.

Furthermore, our area of responsibility extends beyond the company. Our requirements regarding the social standards of our business partners are constantly updated and integrated into our Code of conduct, which is the basis of our business relationships, of our own processes and of our approach to sustainability along the entire supply chain. The code can be accessed at <https://corporate.lidl.ro/sustenabilitate/codul-de-conducta>

The 4 stages of the value chain which we consider major responsibility areas have maintained their specific, relevant and measurable goals, with clear terms and results that will be regularly monitored, analysed, improved and reported.

Major areas of responsibility:



RESOURCES



**SUPPLY
CHAIN**



OPERATIONS



CUSTOMERS







RESOURCES

ECOSYSTEMS PROTECTION

Drinking water

Raw materials

Pollution

Biodiversity





RESOURCES

Drinking water, raw materials, pollution, biodiversity



In 2021

Earth Overshoot Day was on July 29⁴, and Romania is now indebted to the planet, having consumed the entire year's share of resources by 21 June*.

* Source: https://ambadasustenabilitatii.ro/ziua-sustenabilitatii-in-romania/?fbclid=IwAR0-GGakOEDYxK9oYRFkSzn2OcCdZGG2JW4eOXUvfWr2h36iroIfz_F3fNc

Calculated annually, the date marks the moment when humanity begins to consume the resources of future generations, exactly the opposite of a sustainable development. Since 1970, this day has been moving further and further away from the end of the corresponding year. For the past ten years, it has been rapidly approaching the first half of each year.

In the context of massive use of fossil fuels as well as other non-renewable resources and in the context of international undertaking of the 17 UN Sustainable Development Goals⁵, the care for water, soil and biodiversity protection and pollution reduction becomes indispensable in ensuring the access of future generations to a plentiful and safe life.

As a business that integrates sustainability principles in its operations, we consider that responsibility regarding non-renewable natural resources lies in making sure that the way in which raw materials, water, soil and other natural resources are used is reasonable

and transparent, especially along the supply and production chain, where the effects are significant. This is in line with the new European Union (EU) action plan to reduce pollution to zero, which seeks, inter alia:

- 50% reduction in waste and plastic waste in the oceans and a 30% reduction in micro-plastics released in the environment;
- 50% reduction of nutrient loss and use of crop protection products;
- 25% reduction in EU ecosystems where atmospheric pollution threatens biodiversity⁶.

In this chapter we invite you to discover how we understand to take responsibility, what steps we have taken so far and what specific measures we have carried out in the 2020 financial year, regarding the 4 material areas: drinking water, raw materials, pollution and biodiversity.

⁴ <https://www.overshootday.org/newsroom/past-earth-overshoot-days/>



Drinking water

Water is synonymous with life, and is essential for our survival, for that of the ecosystems and for climate regulation. Although more than two-thirds of the Earth's surface is covered with water, less than 1% of this resource can be used by humans⁷. Furthermore, water is a finite resource, and is unevenly distributed on the planet. Taking into account these matters, in July 2010, the United Nations Organization declared access to clean water a human right⁸, considering water a vital resource.

According to the World Resources Institute, water depletion has doubled since the 1960s, the cause being increasing demand⁹, due to intensified urbanization and agricultural activities. At EU level, water scarcity (occurs where water resources are insufficient for the long-term need) currently affects around 11% of Europeans, with the distribution of drinking water sources being 50% groundwater, 36% surface water, the rest of 14% being other types of water¹⁰.

Looking closely at the whole value chain from the perspective of water use, the significant impacts we cause or contribute to are mainly in the production of own-brand items, in the process of purchasing goods, in agricultural production (from our direct fruit and vegetables suppliers), as well as in the manufacturing process of non-food products. The risks we consider in this area are on the one hand water consumption and on the other hand possible water pollution.

All these reasons have led us to consider the responsible use of water as one of the key points in our sustainability strategy. Thus, we have developed a policy on responsible water consumption in the purchase of goods¹¹, document published on the company website, which includes a description of our responsibility in this material area and which guides the way in which drinking water is used in the production and processing our food groups, fruits and vegetables, flowers and plants, near- and non-food items.

For several years now, we have made a number of decisions to ensure that we make a positive contribution to responsible water consumption, such as:

- collaboration with suppliers with certifications in the field (or supporting those we already collaborate with, so that they obtain said certifications);
- increasing the share of certified products we sell;
- identifying, with help from experts, the certifications/eco-labels (such as Rainforest¹² and Bio certifications) with high impact in protecting water as a resource, and seeking mainly products with such certifications.

In order to make sure that we are managing water responsibly, we carry out “hot-spot” analyses, to identify critical points. Based on the results, we propose goals and measures to minimize the potential water-associated risks. The efficiency and efficacy of the proposed measures are continuously verified at the implementation stage, making improvements where necessary.

⁷ https://ec.europa.eu/environment/pubs/pdf/factsheets/water_scarcity.pdf

⁸ United Nations Official Documents: https://www.un.org/en/ga/search/view_doc.asp?symbol=A/RES/64/292

⁹ <https://www.wri.org/insights/17-countries-whose-one-quarter-worlds-population-face-extremely-high-water-stress>

¹⁰ <https://www.europarl.europa.eu/news/ro/headlines/society/20181011STO15887/apa-potabila-in-ue-calitate-si-acces-mai-bun>



RESOURCES

Following such an analysis conducted in 2019 along our agricultural supply chain, we identified the categories of products with the highest negative effects on the environment. Thus, we were able to propose measures to reduce these impacts: **the most sensible use of water at the level of fruit and vegetable suppliers, and reduction in the use of crop protection products in agricultural work.**

Currently, all our fruit and vegetable suppliers (local and international) are **GlobalG.A.P.** Certified, which means that they manage water consumption responsibly, fact verified by independent audits.

For a more mindful use of water in the supply chain, we have joined the Alliance for Water Stewardship (AWS) platform. Being the first international standard in the field, it allows the measurement of water consumption in a given place based on social, economic and environmental criteria.

We offer transparent information on the results and efficacy of our measures regarding the reduction of water consumption and prevention of water pollution and we inform all those involved - from producers to customers - encouraging them to join us in this endeavour. That is why we introduced the "Save Water" label on the packaging of a series of own brand products (toothpaste, shower gels). These items will be on store shelves during the coming period. We hope that this initiative contributes to increasing our customers' awareness regarding water consumption, at the same time offering solutions for saving water in the household and other activities.

The prevention of water pollution in production processes has been our concern since 2014-2015. We mention two initiatives in this regard:

1. voluntary joining the DETOX campaign run by Greenpeace since 2014 - which aimed at removing harmful chemicals from global textile supply chains in order to exclude potentially harmful chemicals and to prevent pollution of waste waters resulting from the production process;
2. decreasing micro-plastic water pollution, a field in which we have been actively involved since 2015. Although there are currently no legal European bans on micro-plastic use (in cosmetics and others), we have established the following goal, together with our cosmetic and personal care suppliers: to eliminate micro-plastics from the list of ingredients in our own brand's cosmetic product line by the end of 2021.

Responsible management of water resources goes as far as constantly measuring water consumption in our stores and warehouses, although the impact here is significantly lower than the one assessed along the supply chain. For details regarding the measures we take in our stores to manage water consumption and for performance indicators, please read the Environmental management chapter, *Resource conservation (SC)* section, page 29.





Processed food:

- Frozen food, pastry / snacks, delicacies.
- Cultivation of raw materials with massive water consumption.
- Water consumption in processing and packaging (for product and system cleaning, steam generation and cooling system).



Fruit and vegetables, as well as flowers and plants

- Several types of fruit and vegetables, as well as rice need a lot of water.
- Artificial irrigation.
- Pollution due to the use of fertilizers and crop protection products.



Milk and cheese products

- Intensive animal husbandry leads to nitrate pollution in groundwater.
- Water consumption in subsequent processing stages.

OUR RANGE OF PRODUCTS AND THE CAUSES OF WATER SCARCITY



Textiles

- The need to use a large amount of water for the cultivation of cotton for textiles.
- The use of large amounts of water in the wet treatment of fibres.
- Residual water contaminated with chemicals due to textile dyeing and finishing.



Meat products

- Intensive animal husbandry leads to increased nitrate and phosphate pollution of groundwater and surface waters.
- Water pollution in feed production.
- High water consumption in animal husbandry.
- Water consumption in further processing.



RESOURCES

Raw materials

Our responsibility for the preservation of natural resources, for the prevention and mitigation of pollution and for diversity protection is also apparent in the raw materials that we use in the production of our own branded items.

Sustainability is the basis for our entire supply chain, from suppliers to distributors, and the key elements of responsibility in this area are: sustainable purchasing of raw materials and supplier support in cultivating them sustainably, by reducing negative impacts on people and the environment. That is why we are concerned with acquiring primary agricultural products with a reduced negative impact following their cultivation and degradation.

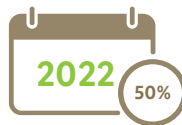
In previous reports we have extensively presented our measures and commitments to the responsible acquisition of raw materials (cocoa, coffee, tea, flowers and plants, eggs, fish and shellfish and derived products, palm oil), and our policy for a responsible portfolio as well as the Lidl policy on entrepreneurial diligence and on respecting human and environmental rights when acquiring goods can be accessed on our website: <https://corporate.lidl.ro/sustenabilitate/politici-sortiment>

We maintain our previous commitments through these documents and present below the results achieved during the reporting period. Therefore:

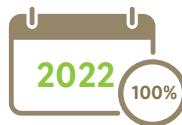
- since the end of 2020, Lidl Romania has been using only cocoa entirely coming from crops certified according to Fairtrade, Rainforest Alliance/ UTZ or BIO international standards in all own brand products;
- also since the end of 2020, 30% of coffee sold by Lidl Romania is certified according to the UTZ/ Rainforest Alliance, Fairtrade or BIO standards. (All three standards require various measures to protect water.);
- for non-food products, we have successfully transitioned to the Mass Balance certification model of the RSPO (Roundtable on Sustainable Palm Oil) from the end of 2020, as technically possible, and the products can be available in sufficient amounts.



Regarding future plans, by the end of 2022 we aim to:



- have 50% of cocoa marketed by Lidl Romania be certified;
- achieve a 50% certification rate in raw materials for plant and fruit tea, through the UTZ/ Rainforest Alliance, Fairtrade or Bio verification programme;



- obtain 100% certification of raw materials for green, black and rooibos tea, attested by UTZ/ Rainforest Alliance, Fairtrade or Bio labels, if raw materials are available at the place of origin, in the desired amount;

- to use in our own brand groceries only segregated palm (seed) oil.





CASE STUDY:

The Lidl commitment to sustainable agriculture – Cocoa¹³:

Challenge

As part of its sustainability strategy, Lidl considers the entire value chain - including the source. This approach is true particularly when it comes to raw materials originating from developing countries, such as cocoa. 40% of the cocoa produced globally comes from the Ivory Coast. 1 in 4 inhabitants of this country is directly or indirectly dependant on cultivating coffee beans - in total, 6 million people make a living from cultivating cocoa. This country is the largest producer of cocoa in the world. Cocoa is largely cultivated in small, family plantations. Production is declining due to outdated cultivation methods and dry soil, which makes the rainforest deforestation illegal, with many species losing their habitat.

Solution

As a retailer, Lidl has a major interest in ensuring that raw materials, such as cocoa, are grown sustainably. In order to be able to respond to long-term cocoa demand and to contribute to the preservation of important ecosystems such as the tropical rainforest, in 2012, Lidl has launched a project known as PROCACAO. By training farmers, they can successfully manage their own farms and, in the future, they can contribute to ensuring the global cocoa demand sustainably. Through this project, Lidl has proved that agriculture and environmental protection can go hand in hand, even when it comes to growing raw materials.

In an agricultural training centre established in 2012 in the Ivory Coast, farmers from small farms learn how to cultivate cocoa in more environmentally-friendly ways, such as, without using crop protection products. By using modern methods, they can protect biodiversity and, at the same time, can obtain better crops from the same agricultural area. The use of sustainable farming methods results in farmers being less exposed to climate change and price fluctuations and providing a source of income and livelihood for future generations. Over 18,000 farmers have already undergone training programs, and many of them transmit their knowledge to others. The school became so successful, that it has been self-financing since 2019, and has become a model for other agricultural products.

Organization

Responsibility for PROCOCOA lies with the CSR Procurement Department of Lidl Stiftung. Lidl implemented this project together with Deutsche Gesellschaft für Internationale Zusammenarbeit [German Society for International Cooperation (GIZ)] and the National Agency for the Support of Rural Development (ANADER) from Ivory Coast. PROCOCOA is managed independently by ANADER and the government since 2019. Using its own policy, Lidl has consolidated its demand for a more sustainable acquisition of cocoa, and has defined its principles for that purpose: <https://www.lidl.ro/ro/catalogue/politica-lidl-cacao-2021>





RESOURCES

Pollution



According to EEA Report No. 21/2019: Healthy environment, healthy lives¹⁴, at EU level, every 8th annual death is caused by pollution, leading to cancer, coronary heart disease, obstructive pulmonary disease, mental and neurological disorders, diabetes and many more. In addition, pollution is one of the main factors in the decline of biodiversity.



The EU Action Plan "Towards zero air, water and soil pollution"¹⁵, a key result of the European green deal, focuses precisely on fighting and preventing all forms of pollution, so that by 2050 we can live in a world where pollution has been reduced to levels that no longer endanger the health of humans and natural ecosystems. Reducing water and soil pollution and reducing pollution caused by agriculture are among the interventions supported by this plan.

Since it is the nature of our business to sell items whose production has an impact in terms of pollution, we have considered mitigating these negative effects as much as possible. Thus, as of 2006, in collaboration with fruit and vegetable producers, Lidl has undertaken a target goal, i.e., to substantially reduce the use of

crop protection products, establishing one third of the legally permitted maximum value¹⁶ as a reference limit for any active ingredient residue.

In order to achieve this joint goal, we have launched the Lidl programme to reduce crop protection products, within which, together with a committee of experts, we have drafted and published a strategic list of active ingredients for fresh fruit and vegetables. The list contains substances classified as candidates for substitution, based on risk parameters.

In recent years, we have collaborated and continue to do so, with our fruit and vegetable suppliers, to make sure that by May 2021, the use of these substances will be completely avoided. Through this gradual reduction, we offer our producers the possibility to assess their demands, to find adequate alternatives for plant cultivation and to apply them, in partnership with us. This way, we reduce the amount of crop protection products in the environment and contribute to reducing soil and water pollution.

The water pollution reduction measures we implement have been described previously in this chapter in the *Drinking water* section, page 19.

Biodiversity

Loss of biodiversity **threatens the very survival of mankind**, not only that of endangered species. The most recent report of the European Environment Agency on the "State of nature in Europe" indicates an insufficient progress to achieve the goals established by the EU Biodiversity strategy by 2020. The most

protected habitats and species were in an inadequate conservation state¹⁷. This requires an immediate intervention from all public, private and civil society actors.

Our responsibility in this area relates in particular to the relationship with our fruit and vegetable suppliers.

¹⁴ <https://www.eea.europa.eu/publications/healthy-environment-healthy-lives>

¹⁵ https://ec.europa.eu/environment/pdf/zero-pollution-action-plan/communication_en.pdf

Hence our concern for preserving the diversity of ecosystems, of species and of their genetic diversity, which leads us to encourage sustainable and certified farming practices and soil fertility and natural ecosystems conservation activities. We achieve this by expanding the range of organic products in our stores, by developing our own Bio Organic brand, as well as supporting our fruit and vegetables suppliers in obtaining the GLOBALG.A.P certification. We invite you to read details about these activities in the *Transparency at the point of sale* chapter, on page 70.

At the end of the 2020 financial year, together with specialists from the food and agricultural field, we have begun developing the first agricultural standard for biodiversity protection and conservation in conventional fruit and vegetable production.

This standard will complement the GLOBALG.A.P certification which we require from all our fruit and vegetables suppliers, and will be available by the end of 2021. Applicable across the entire production chain - from producers to distributors - and in line with the Integrated Farm Assurance (IFA) standard, this supplement will support producers, including via specialized courses, to adopt environmentally responsible agricultural practices.

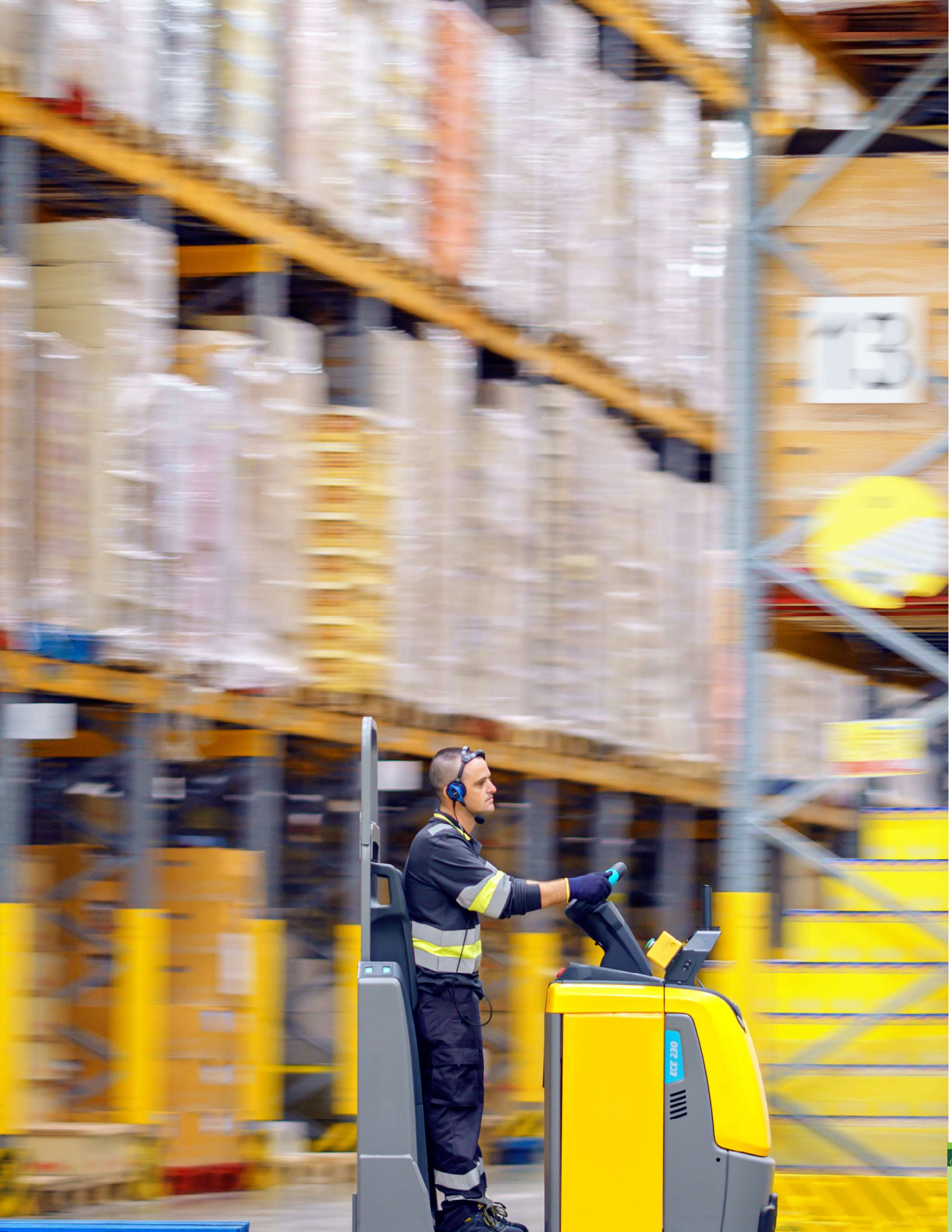
Through this initiative, we want to actively promote biodiversity protection, providing all our fruit and vegetables suppliers with the opportunity to develop their products under conditions of low impact on the environment.



Details on this standard can be found on our company website:

<https://corporate.lidl.ro/pentru-media/comunicate-de-presa/lidl-dezvolta-primul-standard-pentru-conservarea-biodiversitatii-in-agricultura-conventionala-printr-un-nou-modul-al-certificarii-globalg.a.p>







SUPPLY CHAIN

ENVIRONMENTAL PROTECTION IN THE SUPPLY AND PROCESSING CHAIN

Environmental Protection (SC)

Resource conservation (SC)

Transport (SC)

Circular economy

THE RIGHTS OF EMPLOYEES IN THE SUPPLY AND PROCESSING CHAIN

Fair remuneration

Occupational health (SC)

Child labour

MARKET AND SUPPLIER DEVELOPMENT

Fair business practices



Environmental Protection (SC)

In order to claim that our activity has a **real positive impact**, we have to know and assess the negative impacts registered in our supply and production chain. Our interest in this area has increased in recent years, as international organizations have begun to conduct impact studies and develop policies in the area of due diligence obligations.

A study¹⁸ carried out by the European Union recommends companies with significant impacts in the supply, processing and distribution chains, to consider the following **diligence mechanisms**: aligning their own policies with the international standards; assessing the potential impacts of climate change; optimizing resources; protecting biodiversity

The measures we have considered over time have been discussed in detail with our suppliers. When the decision-making process was completed, we communicated to our partners which are the conclusions that were reached (during the constant collaboration we have had with them) and what effects our decisions will have; afterwards, we included specific clauses in the procurement contracts. Additionally, in order to allow unrestricted access of all stakeholders (including customers) to information that helps them understand how we aim to assess and reduce negative impacts together with suppliers, we have published the relevant policies on the company website¹⁹:



From the perspective of environmental protection in the supply and production chain, the priority issues we consider at Lidl are:

- optimizing the consumption of electricity used by our suppliers' production equipment;
- reducing the consumption of electricity used by our suppliers for lighting the production units and warehouses;
- refrigerating food;
- using natural refrigerating agents.

On pages 5 and 6 of the Lidl policy on entrepreneurial diligence²⁰, those interested can find a detailed presentation of the way in which we assess and manage environmental risks in the supply and production chain, and on page 10 of the same document, we present the 3 environmental risks we consider when acquiring products. These are: biodiversity, climate vulnerability and water risks. In addition to explaining how we manage each of these topics, the document includes case studies and objectives to be achieved by 2025.

Moreover, the Resources chapter of the present document contains substantial information regarding our concern for the material topics of Drinking water, Raw materials, Pollution, Biodiversity, all in connection with the way in which we manage environmental protection in the supply and production chain.



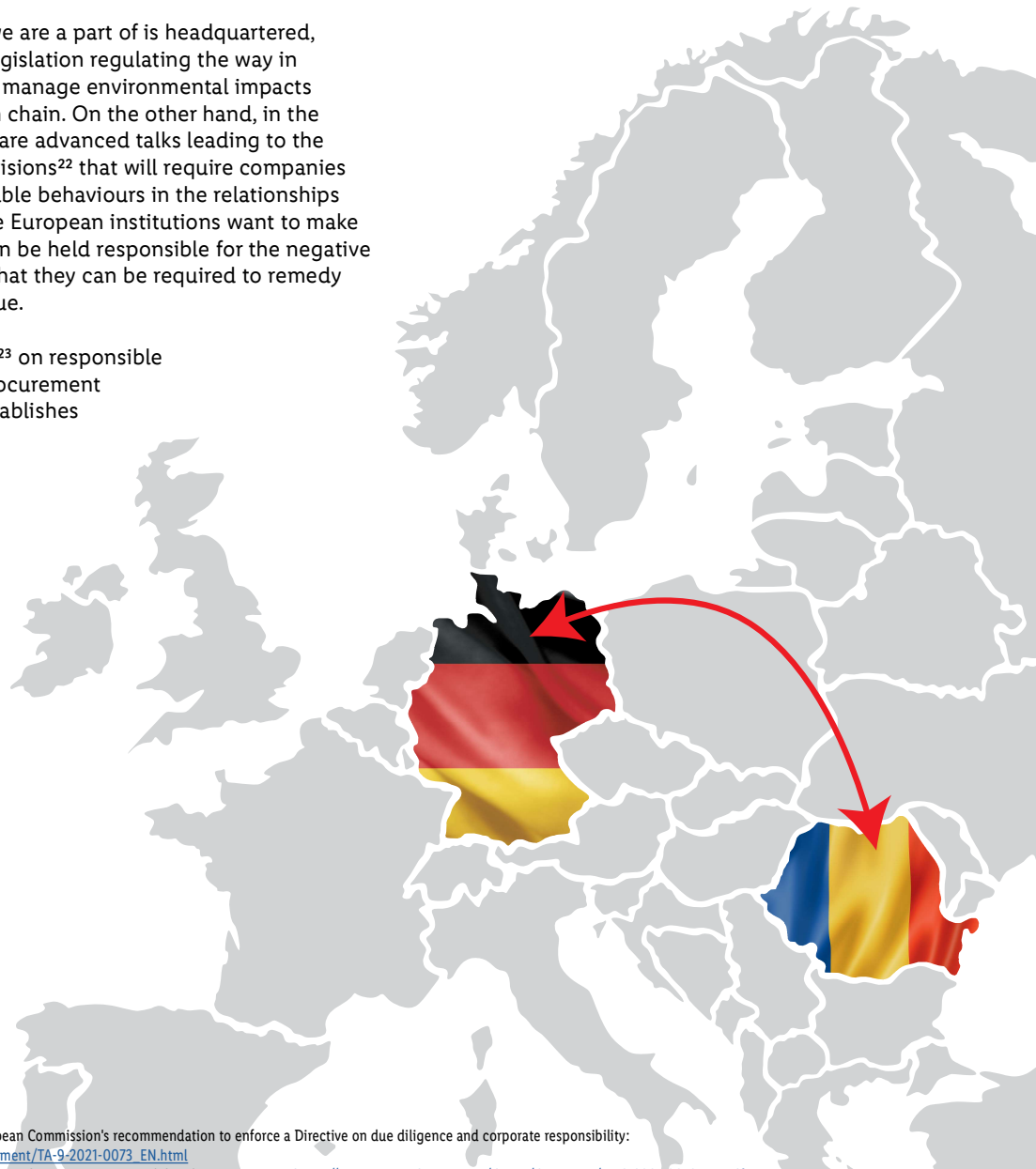
¹⁸ Publications Office of the EU, Study on Due Diligence Requirements Through the Supply chain:
<https://op.europa.eu/en/publication-detail/-/publication/8ba0a8fd-4c83-11ea-b8b7-01aa75ed71a1/language-en>

Resource conservation (SC)

Prevention of losses in agricultural crops, efficient use of resources, reduction of the water amount used in production, improvement of waste water quality, reduction and recycling of operational waste generated by the processing activity - these are the aspects leading to the identification of this subject as material for Lidl.

Germany, where the Group we are a part of is headquartered, has already elaborated the legislation regulating the way in which large companies must manage environmental impacts in the supply and production chain. On the other hand, in the European Parliament²¹ there are advanced talks leading to the implementation of legal provisions²² that will require companies to adopt ethical and sustainable behaviours in the relationships with their suppliers. Thus, the European institutions want to make sure that large companies can be held responsible for the negative impacts they generate, and that they can be required to remedy said impacts at their true value.

At Lidl level, there is a Policy²³ on responsible water consumption in the procurement process. Among others, it establishes the measures we take in our supply chain; this issue is detailed in the Resources chapter, *Water* section. Regarding our efforts to reduce and recycle operational waste generated by the processing activity, we invite you to access the *Circular economy* section, page 32 of this document.



²¹ European Parliament, resolution on the European Commission's recommendation to enforce a Directive on due diligence and corporate responsibility: https://www.europarl.europa.eu/doceo/document/TA-9-2021-0073_EN.html



SUPPLY CHAIN

Transport (SC)

The main impact of the transport activity is felt in air quality, which is regulated in Romania by Law 104/2011²⁴. The law states that the development of programmes to reduce pollutant emissions in the atmosphere as a result of transport is among the attributes and responsibilities of the central public authority.

Seeing as how concern in the field is increasing both in the European Union and broadly in Romania, the topic has remained important for us, and for our stakeholders.

That is why, in recent years, we have been making constant and sustained efforts to limit the effects of air pollution and to reduce population exposure to polluting emissions, which affect the urban population especially.

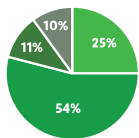
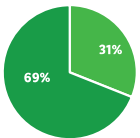
We, Lidl Romania, **treat the problem of transport from two perspectives**: on the one hand, we have the section concerning the transfer of products from warehouses to stores, and on the other, the transport of our employees. The latter section is detailed in the *Management of environment-related issues in our own operations* chapter (see page 43).

Concerning the transport of goods between the 5 warehouses and 291 stores in the Lidl network, we are giving special attention to 3 mechanisms with which we can reduce our indirect, unintentional and medium and long-term negative impacts: increasing the efficiency of routes and of the way in which transportation is used, transition to less and less polluting transportation and route optimization. The transport service is carried out using specialized suppliers, and from this perspective, our relationship with them is permanent and close. Not only do we

require them to respect the quality standards that Lidl adheres to, but together, we also seek solutions to lead us to common results.

In the reporting year, there have been no major changes at the organizational level, the relevant departments within Lidl continuing their activity with the same role and responsibilities. What is significant, however, is that Lidl standards have been aligned to European policies on sustainable development and emission reduction goals.

The commitments undertaken in previous years, i.e., identifying suppliers and contracting transport services with Euro 5 and Euro 6 vehicles have continued to be pursued. Furthermore, we are at the stage of contracting transport solutions that use **alternative fuel**.

	2019	2020	VARIAȚIE 2019/2020
Număr de furnizori de servicii de transport	26	27	4%
Număr de camioane utilizate	187	198	6%
Motoare	<div> <div>EURO 6</div> <div>EURO 5</div> <div>EURO 4</div> <div>EURO 3</div> </div> 	<div> <div>EURO 6</div> <div>EURO 5</div> </div> 	<div>24%**pp</div> <div>28%**pp</div> <div>-100%**pp</div> <div>-100%**pp</div>
Emisii totale* în tone CO ₂ (camioane)	28.704	33.091	

* The average emission factor is 3.1859 kg CO₂/l and it is calculated using the "well-to-wheel" study (from fuel source to vehicle).
** Percentage points.

Quintiq, our transport management solution, has been extended to all warehouses, times and distances being the main indicators when planning routes.

	2019	2020
Distanța medie depozit-magazin (km)	114	115



Regarding future plans, a solution we are working on is transporting goods with trucks that use **compressed natural gas (CNG)**. If it proves viable, we will set up CNG stations in one of our logistics centres.

Circular economy

Lidl manages this material field in order to **avoid, mitigate and remedy negative impacts**, deriving mainly from the amount of material used in packaging production and from the amount of packaging waste we put on the market.



In our previous report (see pages 20-23), we detail the way in which we manage this material field and the goals undertaken. Also, on page 45 of the present report, we have included a detailed presentation of the amount of collected waste, by category, and how these amounts varied in the 2019 and 2020 financial years.

Subsequently, we would like to present the measures we are taking for our products, in order to avoid plastic, especially **plastic micro-particles**, from reaching the environment or polluting river, sea and ocean water.

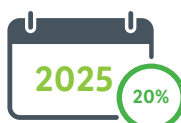


By the **end of 2021**, in most of the range of cosmetics available on shelf in Romania, customers will no longer find micro-plastic on the list of ingredients.



In order to easily identify these products and increase the transparency level at the point of sale, Lidl will place the “no micro-plastics recipe” logo on the labels of cosmetic and personal care products.

Lidl has set out to eliminate micro-plastics from the composition of our products. Together with our cosmetic and personal care product suppliers we have begun steps to exclude type A primary solid micro-plastic from our own-brand product network. Solid plastic particles smaller than 5 millimetres with abrasion effect, such as solid non-biodegradable synthetic polymers, with gel consistency (dissolved or solid) will no longer be used. Aside from eliminating primary micro-plastics, we are seeking solutions to identify substitutes with the same properties, but whose negative impact is significantly smaller, easier to identify and then to remedy.



As a part of the **REset Plastic** strategy to reduce the use of plastic materials, Lidl has pledged to decrease the amount of plastic in the packaging of our own brand products by 20% by **2025**, and to take steps so that all packaging of our own brand products be recyclable as much as possible. Additionally, we aim to use on average 25% recycled material in the plastic packaging of our own brand products.



Additionally, by the **end of 2021**, we aim to stop using black plastic in the packaging of our own brand products and to significantly increase the recyclability of this packaging.

The next products for which we are seeking similar solutions are 250g cherry tomatoes and 300g clustered cocktail tomatoes.

During the aforementioned period, the measures taken in accordance with the **REset Plastic** strategy (detailed on page 20 of our previous report) have led to the following results:

- ✓ we reduced the foil density for the packaging of croissants with 240 g nougat filling by 14%;
- ✓ we introduced the 100% R-PET bottle for the 750ml vegan drink Vemondo (recycled material);
- ✓ we replaced the plastic mesh used for Bio 500g lemons with cellulose mesh (100% reduction);
- ✓ we reduced the density of carrot packaging from 17g to 8g (53% reduction);
- ✓ the density of the parsley root packaging decreased from 12g to 7g (42% reduction).



Another significant packaging change we have worked on during the reporting period concerns over 90 items from the permanent product range and from in-and-out discounts. The collaboration with local meat product suppliers is essential, because the new types of packaging (air-tight containers) will lead to achieving some common goals: on the one hand, reducing plastic from this packaging (reduction varies from 17% to 40% compared to previously used solutions) is part of our **REset Plastic** strategy; on the other hand, the solution will help local suppliers achieve their own goals. Furthermore, by completely eliminating the absorbent included in the packaging of chicken and turkey products and by replacing the absorbent in the packaging of red meat products (beef, sheep, pork) with cellulose, we will also reduce the total amount of waste on the market.





SUPPLY CHAIN

Fair remuneration

Article 23.3 of the Universal Declaration of Human Rights states that everyone who works has the right to just and favourable remuneration ensuring for him/herself and his/her family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection²⁶.

Comparative data available in the European Union for 2017 present great inequalities in income distribution, 20% of the population with the highest income having a 5.1 times greater income than 20% of the population with the lowest income. The ratio varies considerably between Member States, and Romania is among the countries with the highest inequality²⁷: 20% of the population with the highest income in Romania earned an income 6.5 times higher than 20% of the population with the lowest income²⁸.

The latest data published by Eurostat on the progress of European Union countries in the field of Sustainable Development Goals indicates that, in 2019, Romania had the largest share of the employed population over 18 years old at risk of poverty (15.7%), while the EU average was 9%. This means that, although they have a regular income, these people are not protected against poverty²⁹.

For Lidl, this aspect (as well as other human rights aspects such as occupational health and child labour in the supply chain) has always been a concern. We have analysed our entire production and supply chain and have identified the following social risks related with the business sectors with which we have business relationships³⁰:

Forced labour: human trafficking, coercion, applying pressure or failing to respect wage payment, increasing tasks, e.g., through higher fees for employment agencies.

Insufficient rights for employees: salaries below the poverty line, health damage due to inadequate professional safety, restriction of the right to association, inhuman work schedule as well as workplace discrimination, harassment or abuse.

Discrimination: any distinction, exclusion or preference, inter alia, based on gender, religion, skin colour or origin, which leads to unequal treatment or negative impact.



To quantify the risks (and the actual and potential effects), we have defined criteria and indicators for all areas of action. These factors make the risks measurable and comparable.

Based on these criteria and indicators, as well as on the related procurement volumes, we develop models that indicate the particularly risky supply chains, the level of added value with the highest risks for small workers and farmers and where we have the highest impact.

In order to manage these risks, to avoid and limit the current and potential negative effects at supplier level, as well as in their supplier chains, we have developed a policy on entrepreneurial diligence, in order to respect human and environmental rights in goods procurement³¹, a document also published on our website.

We consider the implementation of this policy to be a dynamic process, whose purpose and model are being continuously assessed and reviewed together with our stakeholders: employees' representatives, manufacturers, suppliers, distributors or civil society organizations.

Because our own brands represent over 80% of the products sold at Lidl, we are channelling our efforts into reducing and/or avoiding associated risks, first of all while producing our own brand products, followed by an expansion of the area of applicability to our suppliers.

With regard to fair remuneration, by "salary/income that ensures existence" we understand a salary/income that is sufficient so that the workers and their families can have a decent life. A salary/income that ensures existence should cover costs regarding: basic food, water, home, education, medical care, transport, clothing and other basic needs, including savings for unexpected events.

²⁶ https://www.ohchr.org/en/udhr/documents/udhr_translations/rom.pdf

²⁷ <https://ec.europa.eu/eurostat/en/web/products-eurostat-news/-/ddn-20190718-1>

²⁸ The countries with the smallest difference between income levels (3,4) at EU level in 2017 were the Czech Republic and Slovenia; the country with the highest income level ratio (8,2) was Bulgaria, followed by Lithuania (7,3) and Spain (6,6).

²⁹ <https://ec.europa.eu/eurostat/cache/digpub/sdgs/index.html?country=RO&goal=SDG1&ind=3&chart=bar>

Regarding fair remuneration along the supply chain, as of 2006, Lidl has made public its goal to offer salaries that ensure a decent livelihood, succeeding, through our own brand products with Fairtrade certification, to support offering better salaries in the supply chain.

By belonging to the amfori BSCI³² international network, together with other companies, we have undertaken a voluntary commitment to ensure that the food providers in our supply chains respect their own workers' right to an income that ensures their existence.

Aside from increasing transparency in the supply chain, through which we can better understand the influence of our actions (via our own brand products) on the salaries and income of our workers and partners, we aim to identify risks and segments in the supply chain that are at very high risk. These actions allow us to carry out analyses on the income and salary levels among high-risk producers in our global supply chains.

Our challenge remains to identify ways to collaborate with other responsible entities, to increase the extent of these efforts, helping more people from the supply chains to earn a sufficient income for a decent life.



With the creation of the **WayToGo** chocolate in 2019, Lidl has a direct impact on greater incomes of cocoa farmers in Ghana. In 2018, their income covered only about 52% of the income needed to ensure existence.

Through our partnership with Fairtrade, the Kuala Kokoo farmers' cooperative and the NGO Rikolto, Lidl pays a premium in Ghana for every ton of cocoa used in The WayToGo chocolate, which exceeds the premium granted by Fairtrade. This money is transformed into projects that **bring additional and sustainable improvement** to the income situation of small farmers. In the first year, the project will reach 440 small shareholders, a quarter of them being women.



We are among the **first retailers** to join the ACT (Action, Collaboration, Transformation) initiative - the first global agreement aimed at zone contracts for the textile industry in manufacturing countries. The salaries negotiated in this context are supported by the responsible purchasing practices of the participating companies. ACT has also developed a mechanism to assess the impact of this initiative: the textile manufacturers and representatives of the employees assess the efficiency of companies in respecting their obligations, which allow correspondingly higher salaries. The countries covered by ACT are Cambodia, Myanmar, Bangladesh and Turkey.



Occupational health (SC)

In the agricultural sector, workers are exposed to safety risks caused by the unprotected or untrained handling of harmful substances or hazardous instruments. In the textile sector, women workers are exposed to harassment, including sexual harassment at work. Those working in this sector are also exposed both to the risks caused by handling harmful chemicals without proper protection and training, and to those caused by ineffective fire protection or unsuitable buildings they are forced to work in.

Article 7 of the International covenant on economic, social and cultural rights³³ states that the party states recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular:

- safe and healthy working conditions
- rest, leisure and reasonable limitation of working hours.

A Eurofound and International Labour Organization (ILO) report³⁴ published in 2019 indicates that ensuring safe working conditions remains a **global challenge**, in spite of the progress over the past few years. As for EU countries, 1/6 of workers work more than 48 hours a week, with 10% working also in their free time. At EU level, 1 out of 3 workers are involved in intense work (tight schedules and high working speed). Between 20 and 40% of workers do emotionally stressful work. Exposure to physical risks is also frequent, more than half of the workers reporting that they are exposed to repetitive (hand and arm) movements, and a quarter of them claiming they are exposed to high/low temperatures at the workplace.

Among the social risks identified in the aforementioned analysis of the supply chain, there are also the health damages due to inadequate professional safety, this being a form of insufficient employee rights.

With regard to our product range, we are focusing on the product groups with the highest risks of human rights violation (including right working conditions, occupational safety and health), monitoring primarily the agricultural, textile and electronic sectors, known for being among the most dangerous from the occupational health and safety perspective and offering precarious working conditions.

Because we are concerned with making a positive contribution to respecting human rights along the entire supply chain, we have focused our efforts on goods acquisition. Thus, we constantly pursue:

- increasing our portfolio by expanding the certified products range;
- including products in the Lidl range of products with certifications such as Fairtrade, which ensure compliance with fair commercial and working conditions;
- ensuring that all our suppliers respect the Code of conduct;

- ensuring the traceability of raw materials throughout the supply chain.

The following certifications contribute to the promotion of human rights:

Fairtrade Standard

relevant for: many product groups

area: southern hemisphere

Rainforest Alliance Sustainable Agriculture Standard

relevant for: many product groups

area: southern hemisphere

GLOBALG.A.P. GRASP

relevant for: many product groups

area: global

MSC

relevant for: wild-caught fish

area: global

ASC

relevant for: farmed fish

area: global

Cotton made in Africa

Relevant for: cotton

Area: Africa

Fairtrade Cotton

Relevant for: cotton

area: global

Made in Green (by Ökotex-Gemeinschaft)

relevant for: textiles

area: global

Amfori BSCI

Relevant for: non-food products

area: global

Certifications cannot guarantee that no human rights violations will occur, but we consider that they represent an element of entrepreneurial responsibility, ensuring a better transparency regarding the activities carried out along our supply chain, as well as the existence of a set of minimum standards to be respected. That is why we strive to include in our portfolio products from certified suppliers.

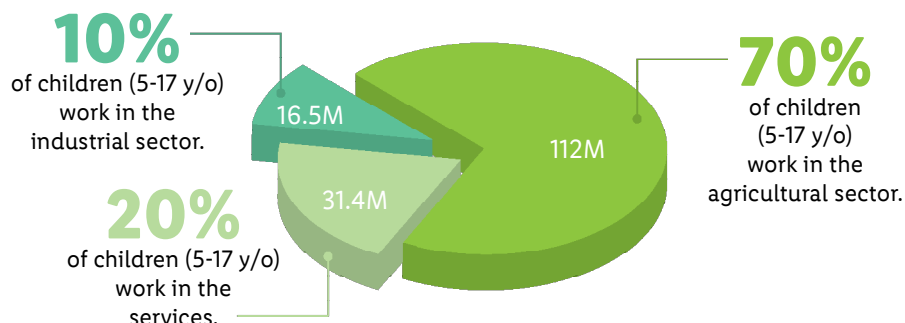
In addition, at international level, Lidl carries out human rights impact assessments (HRIA) in high-risk supply chains. By 2025, Lidl INT will carry out 3 such assessments annually and will make their results and the action plans resulting from these analyses public.

³³ https://irido.ro/irido/pdf/079_ro.pdf

Child labour

Over the last 4 years, the number of children forced into child labour globally has increased by 8.4 million, reaching a total of 160 million children who carry out activities that threaten their health, education or physical or mental development. The COVID-19 pandemic has increased the risk of children being exposed to this type of exploitation.

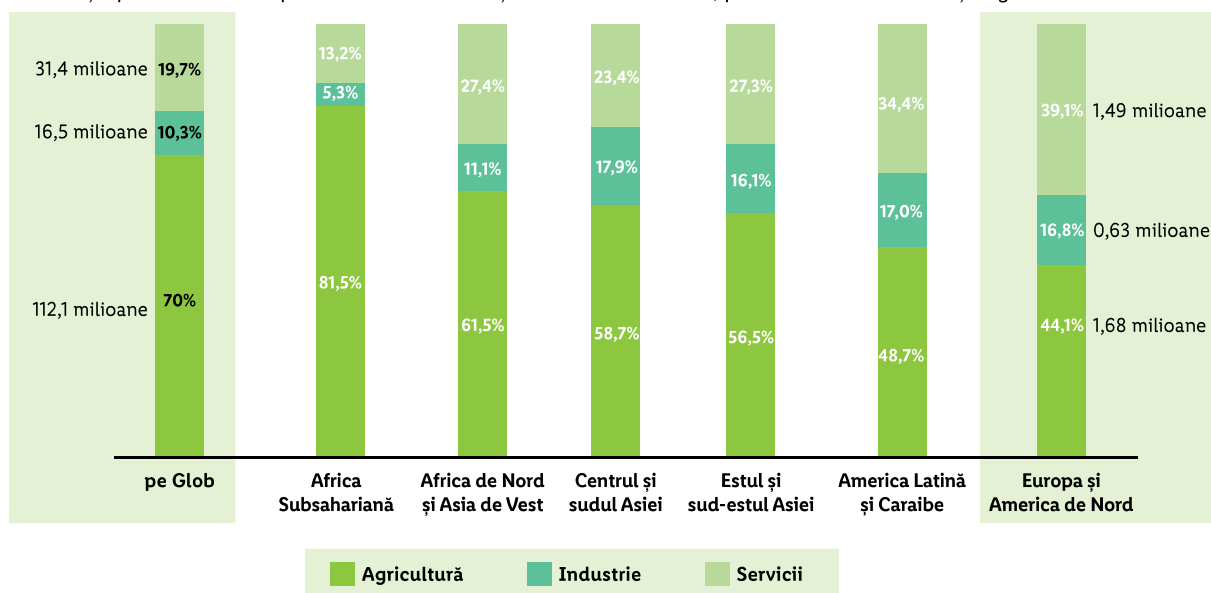
According to the International Labour Organization and UNICEF³⁵, 70% of working children worldwide are in the agricultural sector (112 million), 20% in services (31.4 million) and 10% in the industrial sector (16.5 million).



In Europe, (and North America), 3.8 million children are forced into child labour, most of them involved in agricultural work (44.1%) and services (39.1%). While globally children in the rural environment are 3 times more exploited through work than those in the urban environment, in Europe (and North America), children in the urban environment are more exposed to this form of exploitation (52.7% of children in cities compared to 47.3% of children in rural areas).

Compoziția sectorială a muncii copiilor variază considerabil între regiuni

Distribuția procentuală a copiilor cu vârste între 5 și 17 ani care muncesc, pe sectoare economice și regiuni



In Romania as well, even though there is a legislative framework which **protects children** from child labour as well as institutional structures with attributes in the field, this phenomenon is a reality for children, especially in rural areas. A study carried out in 2020 shows that 8% of children aged between 12 and 19 sometimes or always miss school because they are working, and 17% of them feel tired because they work before or after school.³⁶



SUPPLY CHAIN

Under these conditions, child labour has made its way into the areas considered to be relevant for our company, both in terms of the (current and potential) impacts that we have, and in terms of importance for our external stakeholders.

Our responsibility regarding this issue derives from the growing scale of the food and non-food production and supply chains, on the one hand, and from the complexity that retail is gaining year after year, on the other hand.

We are systematically analysing potential human rights violation risks in our business processes and in the manufacturing of our own brand products. Based on the results of these analyses, we propose measures that tackle the potential associated social risks, such as child exploitation, an aggravating factor being when children are forced into labour in conditions that

can threaten their health. And, because procurement processes play a key role in our activity, we have developed an entrepreneurial diligence policy in order to respect human and environmental rights in goods procurement. This document, made public on the company website³⁷, guides the way in which we operate in these processes, so as to ensure that we limit to a halt our contribution to phenomena such as child labour.

Often, combating risks in case of an infringement of prohibitions regarding child labour (and other forms of work exploitation) can only be carried out using systemic solutions. That is why we work with public authorities, other companies, suppliers and civil society organizations to identify and implement effective solutions.




We have a **zero tolerance policy** regarding forced labour and child labour.

As a measure at organizational level, we have developed the **Schwarz Code of conduct** for business partners, a document that is the foundation of the way in which we operate, an integral part of the contracts with our direct partners, who are also required to implement it in their own supply chains.

Through this code, we require our local fruit and vegetable suppliers to ensure that they take all the steps, along their supply chains, and that they apply its provisions in their collaboration with their own suppliers.



So far, in Romania we have not carried out impact assessments on human rights apart from the GLOBALG.A.P. certification processes, undergone by all our local suppliers. In the next reporting period, we will continue to implement all the aforementioned measures.



Extract from the Code of Conduct

1.7. Child labour and protection of minors

The business partner will not engage in child labour and will comply with the regulations on the protection of minors. The minimum age of employment must not be below the age at which compulsory school ends. Under no circumstances may employees be under 15 years old (or 14 years old if permitted by national law under ILO Convention No. 138). National regulations and international standards for the protection of minors must be observed. In addition, adolescents (young people) will not be allowed to perform night work.

Fair business practices

Ensuring a smooth, transparent and honest relationship with our suppliers, a common net success, manifested through sustainable development of local businesses, as well as through the permanent availability of an optimum product range for our clients, is a **solid argument** that deemed this topic material for the current reporting process.

Our success is the result of the joint efforts made by each of our colleagues and by each supplier and partner with whom we collaborate every day, so that customers who decide to cross our threshold can always choose fresh and quality products. Positive results arise only as a result of business relationships based on trust and built over time, correctly and solidly. We invite you to read about our collaboration projects, as well as about our relationships with our suppliers in this report, in the *Clients* chapter, *Local suppliers* (page 65) and *Local development* sections (page 79), as well as in the *Supply chain* chapter, *Fair remuneration* section (page 34).

Developing our business also involves challenges, whether we mean sufficiently available products, so we can offer access to these products in all our stores, regardless of city or county, demands deriving from our extremely strict quality standards or the innovative nature of the product range we offer. All these can be answered only through sustained investment and commitments honoured by all parties involved. Only in this way can we develop a relationship based on ethics and fairness, predictability and trust.

We have the opportunity to have entered into business relationships with partners who help us stay in the avant-garde of the local market development, by successfully implementing standards such as IFS Higher Level for all our food or near-food suppliers, GLOBALG.A.P. and, recently, the GRASP module (for fruit and vegetable suppliers).

The investment decisions of the Romanian producers in partnership with Lidl, as well as the numerous long-term contracts developed with local suppliers, are proof of a healthy business model, in which the interests of all parties are respected, having as general objective the satisfaction of our customers.

Any business relationship is built primarily on legal grounds, then on ethical and contractual clauses negotiated individually with every supplier, through our legal department. The negotiations do not concern

solely price, but also the terms and conditions that the contract will be carried out upon or the development of joint projects. We are aware that each correctly executed step can be successfully replicated by a supplier and that our procedures, adopted correctly and coherently, can help our suppliers including in their business relationships with other customers.



The results of our efforts are manifested as follows: we have entered into long-term partnerships (at least 5 years) with a significant percentage of our local suppliers; regular (annual) negotiation of conditions, thus allowing local suppliers to update their prices in response to new market conditions and business profitability; in certain situations, Lidl foregoes its initiative for a contractual right in order to allow our suppliers to increase profitability and grow; Lidl makes available to our suppliers good quality forecasts, thus contributing to collaborative budgeting; delivery terms are established together with the producers; the system we use to pay bills allows suppliers to find out when payments are processed, being able to better manage their financial resources and their own payments.





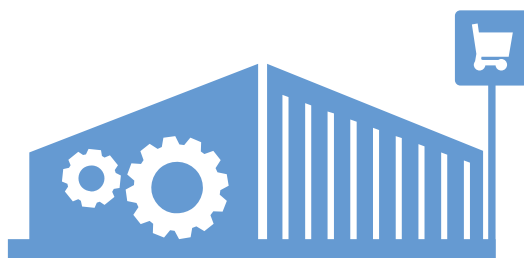
Noi facem #BUCURIALIDL
posibilă, zi de zi.
Hai și tu în echipa noastră!

meriți
să fii
surprins

NU SE SMURDURESC
PE PAVAJUL DE LA
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OPERATIONS

ENVIRONMENTAL PROTECTION IN THE LIDL ROMANIA OPERATIONS AND PROCESSES

Environmental Protection (OP)

Conservation of resources (OP)

Planning and constructions

Food waste

EMPLOYEES

Occupational safety and health (OP)

Employee rights

Employee remuneration (OP)

Employee Training and Development

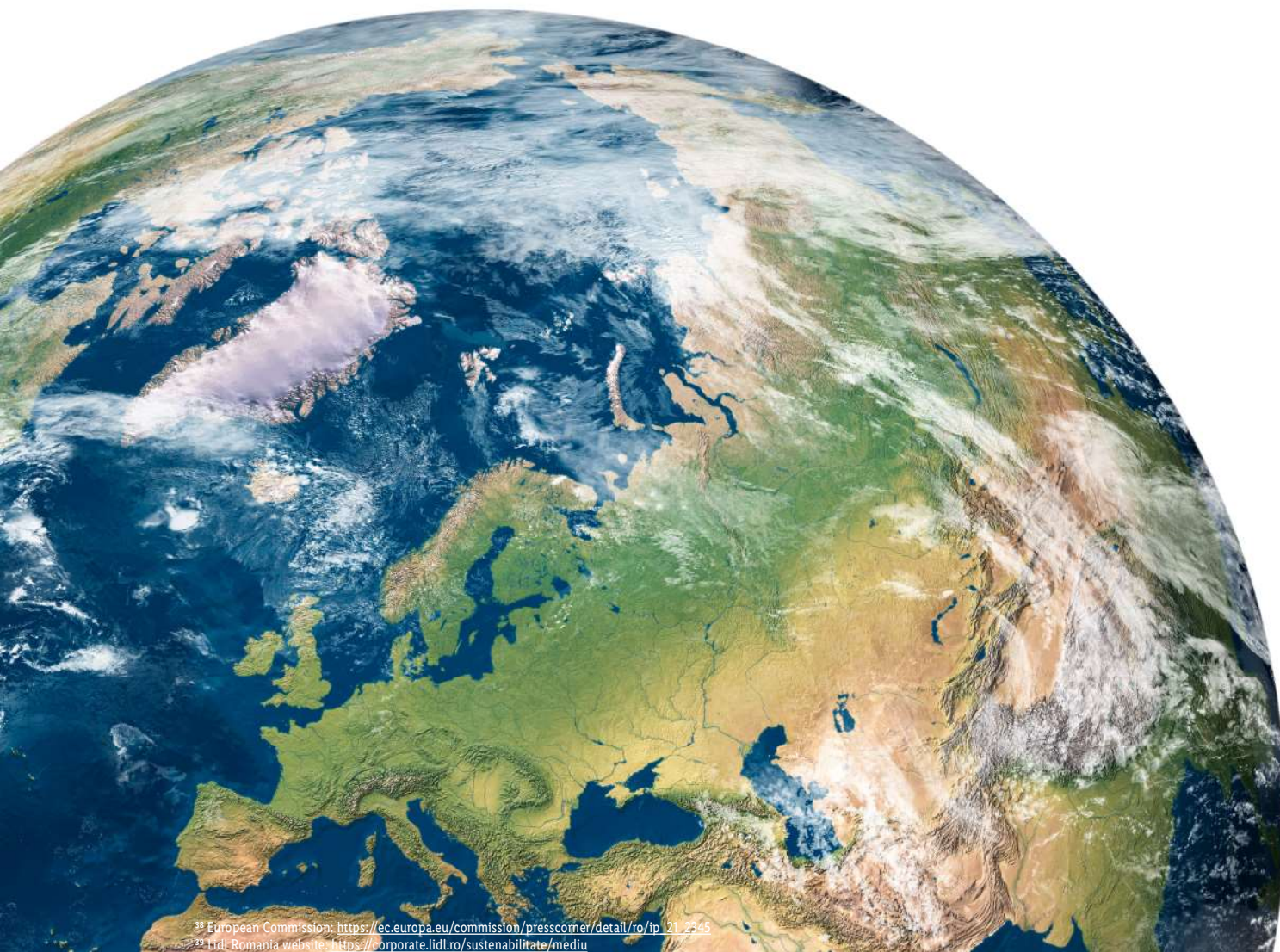


ENVIRONMENTAL PROTECTION IN THE LIDL ROMANIA OPERATIONS AND PROCESSES

The European green deal³⁸, whose main purpose is to transform Europe into the “**first climate-neutral continent by 2050**” includes extremely ambitious goals: reducing air, water and soil pollution to zero; protecting biodiversity; energy-efficient buildings.

From the perspective of the responsibility we have and of our concern for the environment, our business principles and policies³⁹ are substantially aligned with the European goals. Part of these can be easily accessed on our website, having been made available to all stakeholders. At the same time, our operating procedures, the steps we take and our performance in the field are detailed in our sustainability reports⁴⁰. On page 30 of our previous report⁴¹ (corresponding to the 2019 financial year) we have presented the extended framework in which we address the environment issue.

In the following pages we invite you to discover what measures we have taken in the 2020 financial year, what the result was and what we propose for the coming years for each of the four material areas covered by this chapter: *Environmental protection, Resource conservation, Planning and constructions, and Food waste.*



³⁸ European Commission: https://ec.europa.eu/commission/presscorner/detail/ro/ip_21_2345

³⁹ Lidl Romania website: <https://corporate.lidl.ro/sustenabilitate/mediu>



Environmental Protection (OP)

For European citizens⁴², the environmental issue becomes a concern both on individual level and on the level of their expectations from public (authorities) or private (business environment, especially large companies) actors. **More than 75% of EU citizens believe that environmental problems have a direct effect on their life and health.**

In our sustainability strategy, environmental protection concerns the following aspects: power consumption at the level of all our buildings (stores, logistics centres, data centres and headquarters), employee transportation and work trips as well as green energy (solar panel systems for our own consumption and for electric vehicle charging stations).

At a general level, our policies in this area have not undergone significant changes since the 2020 financial year. We continue to operate based on voluntary standards (of which we mention BREEAM, ISO 14001:2015, ISO 26000:2010, ISO 50001:2018) and in full compliance with the legal requirements, expanding our concern for the environment to our suppliers. Management systems have been revised so that environmental performance continues to be at its highest level.




242 + 5
stores 83% logistics centres 100%

With regard to our **store network**, which has continued to expand (details in the *Planning and constructions* section), all stores opened during the 2020 financial year have been equipped with charging stations for electric vehicles. **Our commitment is to continue this process, keeping a constant pace of expansion .** Employee work travel has amounted to 16,013,824 kilometres in the aforementioned period. According to our estimations, the emissions associated with said travel amounted to 3,490 tonnes CO₂.

	2019	2020
Număr de kilometri parcurși de angajați în interesul serviciului	16.276.509	16.013.824
Emisii (tone CO ₂)	3.775	3.490

For the transport of our employees from our headquarters, we aim that the vehicles purchased for that purpose be equipped with **engines that pollute as little as possible**, this measure contributing to a 17% reduction in carbon emissions. During the period we are referring to, the fleet intended for the use of all our employees was as follows:



	2019	2020	2019	2020
	Autoturisme		Procent din total	
Benzină	266	333	41%	44%
Motorină	390	354	59%	47%
Hibrid	0	65	0%	9%
Total	656	752		

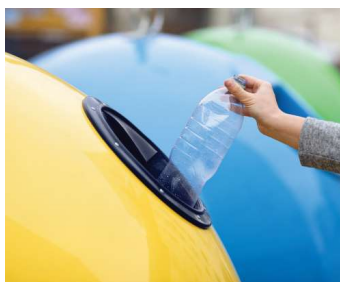
Together with our fuel supplier, we have started a project to offset carbon emissions by refuelling with climate-neutral fuel. The solution lies in **paying a contribution for every litre of fuel used**, the collected amounts to be used in carbon offset programmes.

Our core business (selling food and non-food goods) also involves a significant amount of packaging. For this reason, our concern for their collection, sorting and recycling remains constant.



Our clients have noted that **their receipts are now different from the ones they were used to**. The paper that we now use for receipts is made without chemical dyes, is more resistant to sunlight, water and grease and does not lose its physical properties (readability) over time. Moreover, the paper comes from the processing of a wood grown in a sustainable forestry system, with FSC certified management. The receipt is recyclable, and customers can safely collect it along with other paper waste. The transition to the new type of receipt has helped us reduce the negative impact resulting from using the receipt paper rolls and their plastic wrappers.

The effort also contributes to the goals undertaken through the **REset Plastic** strategy adopted by the Schwarz Group, which aims to **reduce the amount of plastic used at Group level by 30 tonnes yearly**.



During this document's reporting cycle, we have implemented a project to improve the internal **selective waste collection** flow, which aims to facilitate the understanding by store employees of the process of correct waste management. Thus, in the temporary waste storage areas, each type of waste (cardboard, foil, PET, household waste) was marked using dots, according to the related colour codes, in order to make it easier to see the correct way to collect waste selectively and separately. Thus, we are making sure that we can increase the quality of the recyclable waste and reduce the quantity of household waste.



HÂRTIE / CARTON



PLASTIC / METAL



STICLĂ



REZIDUAL

The packaging waste generated by our own activity is handed over to authorized recyclers and collectors for its recycling and capitalization, in accordance with the legislation in force.

The amount of waste that has been collected, by category of material, is as follows:

	2019	2020
Folie și plastic (tone)	1.605	2.054
Carton și hârtie (tone)	32.413	39.701
Fier (tone)	242	588
Lemn (tone)	2.680	3.928
DEEE – deșeuri de echipamente electrice și electronice (tone)	277	196
Baterii (tone)	9	36
Total (tone)	37.226	46.503

As future plans, in our warehouses, we aim to launch a project to turn food returned from stores and which cannot be donated (vegetable, fruit, pastry) into compost. Once sorted, we would like this organic waste to no longer be destroyed as household waste, but to end up at a composting and bio-gas station, to be turned into a product which can be reintroduced into the value chain, depending on its nature.



Conservation of resources (OP)

The beginning of this century has shown us that economic development can occur under conditions of reducing resource consumption and significantly reducing pollution. European Commission data⁴³ confirms that between 2000 and 2017, EU GDP increased by 32%, while polluting emissions decreased by 10% up to 70%. Instead, looking at the last half-century, we will find that the economy has eroded much of the environment-associated value.

Whether we refer to energy, water, materials and equipment used in administrative activities (paper, toner, electric and electronic devices) or to packaging waste, **resources are valuable** and we cannot afford to waste them. Efficient use, reduction of consumption, selective collection and reduction of the amounts of waste are aspects that we are looking at very carefully.

Our interest is even greater since we want the value we produce with our activity to be constant and with a negative impact as low as possible. We have explained in detail, in our previous report⁴⁴ (pages 30-37), the way

in which environmental issues are managed within Lidl Romania.

From this perspective, the most important results achieved by us in the 2020 financial year are obtaining the ISO 50001:2018 recertification a (process that will continue in 2021) and identifying a supplier that provides us with **100% renewable energy for 94% of our total energy consumption**.



94% electricity from renewable sources

ENERGIE	2019	2020
Consum total de energie electrică (MWh)	136.852	154.632
Din care: energie electrică provenită din surse regenerabile	0%	94%
Din care: energie electrică provenită din surse convenționale și regenerabile	100%	6%
Emisii CO ₂ la nivelul României (g/kWh) – conform etichetei de energie electrică de la furnizor	231	213,7
Total emisii indirecte CO ₂ (t CO ₂) – valoare estimativă	31.558	1.979



⁴³ European Commission, official commune of the Towards Zero Pollution for Air, Water and Soil EU action plan of 15 May 2021: https://ec.europa.eu/environment/pdf/zero-pollution-action-plan/communication_en.pdf

Started in 2018, the process of replacing refrigerated display cases operating on R404 refrigerant continued in the 2020 financial year. In total, since the beginning of the process, 69 stores have introduced modern refrigerated display, which run on the **natural R290 refrigerant**, which is non-toxic and has a low environmental impact. It is important to mention that the R290 refrigerant has a global warming potential of 3, while the same factor is 3,922 in the case of the R404 refrigerant. For the coming year we plan to replace the refrigerated display cases in another 25 stores.



Water consumption, early identification of water loss and immediate damage rectification for minimal loss, are constant concerns in our work. In the financial year we are referring to, we managed to connect over a third (34%) of our stores to the remote water consumption monitoring system. The process will continue as we open new stores and, depending on the context and the potential for reducing consumption, we will also extend it to the level of existing stores.

APĂ	2019	2020
Consum total de apă (mc)	378.675	442.064
Apă pluvială canalizată conform normelor în vigoare (mc)	430.311	537.644



640
trees saved

Together with our partner CHEP, we have continued our collaboration regarding sharing reusable pallets. According to the sustainability certificate issued by CHEP Romania, through the pallet reusing service we have obtained the following results: we have saved 640 trees from being cut down (compared to 459 the previous year), we have reduced the pollution level by 798,298 kg eCO₂ (compared to 569,987 kg eCO₂ over the same period) and we have reduced the amount of waste by 71,928 kg (compared to 50,965 kg in the same reference period).

-71,928 kg
of waste

-798,298 kg
eCO₂

Planning and constructions

The Lidl store network has expanded with another 30 units, reaching 291 stores at the end of the reporting period. We have started work on a new logistics centre and, simultaneously, we have modernized 6 stores from the already existing network, reducing the negative impact of these buildings on the environment.

EVOLUTION OF NUMBER OF STORES

	2019	2020
Număr de magazine (total)	261	291
Număr de magazine nou deschise	21	30



EVOLUTION OF CHARGING STATIONS

At the end of the 2020 financial year, our customers had 90 charging points for their electric vehicles in our store parking lots. Additionally, in the logistics centres and at our headquarters we have another 14 such points.

	2019	2020
Număr de stații noi puse la dispoziția clienților	33	104





Food waste

The United Nations Environment Program (UNEP⁴⁵) estimates that in Romania, food wasted resulting annually from the sale of food and food products exceeds **248,000 tonnes (13kg per capita)**. At the level of household consumption, volumes are worrying: about 1,353,000 tonnes per year (70kg per inhabitant).

Effective product inventory planning and product inventory management help us properly manage the problem of food waste. Additionally, we are making constant efforts to collaborate with the National food banks network in Romania, with farmers as well as with employees from stores and logistics centres, to help them gain awareness of the overall problem. Through the Idea club initiative, the inventory management department encourages and accepts solution proposals to reduce food waste.

In order to reduce this waste, we have continued to donate certain bakery products that have not been purchased at the end of the day, in 10 of our stores in Bucharest.

Over the next reporting period, the effort will continue with the expansion of the product categories we will introduce in our stores in the price discount loop, and will include other bakery items, vegetables and fruits. We will continue to support the Food banks network and we will communicate better with our customers, encouraging them to adopt a responsible consumption behaviour.

Last but not least, both as part of the efforts to fight food waste and in order to support a series of social initiatives, we have donated 198 tonnes of food, 90 tonnes of non-food products and 459 tonnes of animal food to the Romanian Food banks network and to NGOs that manage animal shelters.



**Rețeaua
națională
a băncilor
pentru
alimente**

*Împreună împotriva risipei alimentare,
împreună împotriva sărăciei.*



**KOLA
KARIOLA**

EMPLOYEES

The COVID-19 pandemic has caused a setback in achieving global sustainable development⁴⁶, first and foremost with its significant impact on the state of health of the population, as well as on the economy, the latter caused by the limited mobility and movement of people and goods. In these circumstances, the progress made in the pre-pandemic period with regard to Sustainable Development Goal 8 (SDG 8) – Decent work and economic growth, suffered a slight deterioration in 2020, and the Eastern European states have faithfully followed the evolution at international level⁴⁹.

With regard to Romania, this last year's performance with regard to achieving SDG 8 has seen a moderate improvement⁴⁸, determined, among others, by an evolution of the unemployment rate, of guaranteeing work rights and of work accidents ending in death.

In 2020, the employment rate of the population aged 20 to 64 has continued to exceed the national target of 70% established in the context of the Europe 2020 Strategy⁴⁹, with a value of 70.8%, in very slight decline from the previous year (when it was 70.9%⁵⁰). The active population was 8.973 million and had the following structure:



⁴⁶ SDSN and IEEP, 2020. The 2020 Europe Sustainable Development Report: Meeting the Sustainable Development Goals in the face of the COVID-19 pandemic. Sustainable Development Solutions Network and Institute for European Environmental Policy: Paris and Brussels - <https://bit.ly/3gNih21>

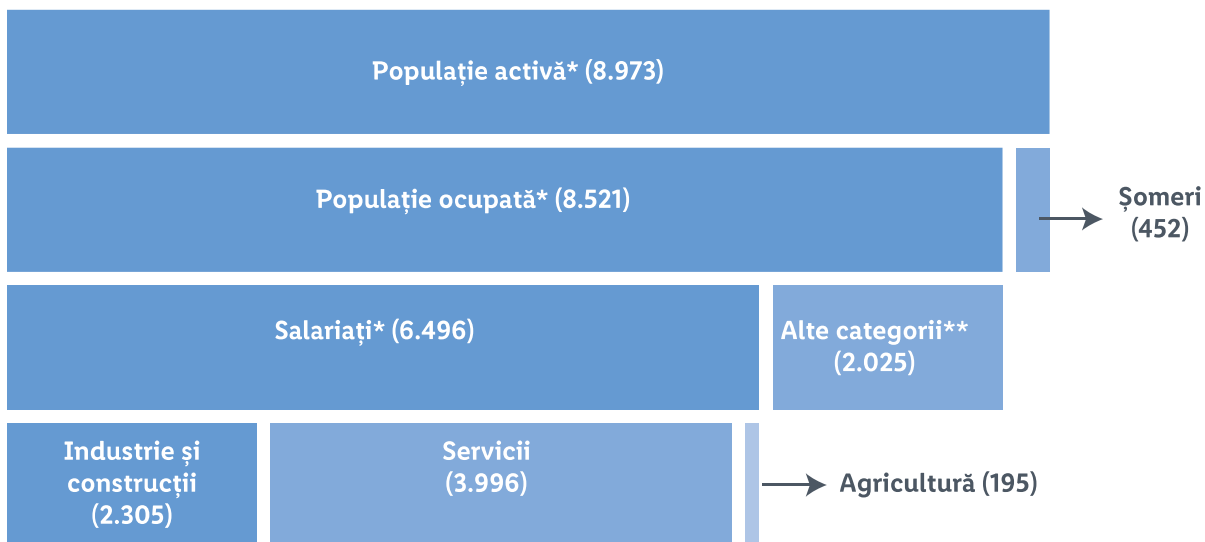
⁴⁷ Sustainable Development Report 2021, authors: Jeffrey Sachs, Columbia University, New York, Christian Kroll, SDG Index,Guillame Lafortune, SDG Index, Grayson Fuller, SDG Index, Finn Woelm, SDG Index: <https://bit.ly/3xK2syP>

⁴⁸ Idem

⁴⁹ In May 2021, the Romanian Government has adopted the 2021-2027 Employment Strategy and the 2021-2027 Action Plan for its

Categorii de populație în anul 2020

– mii de persoane –



* Inclusive forțele armate și asimilați și persoanele care lucrează în sectorul informal și la negru.

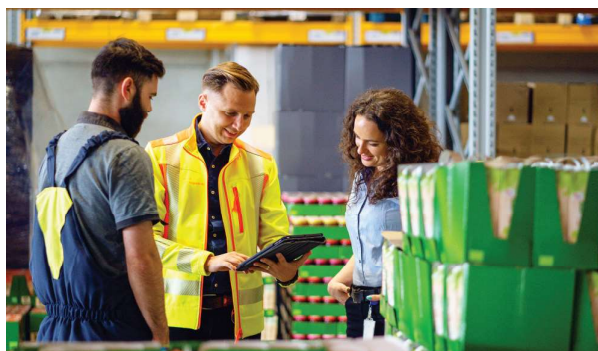
** Alte categorii: patroni, lucrători pe cont propriu, lucrători familiari neremunerați și membri ai unei societăți agricole sau ai unei cooperative neagricole.

In 2020, the proportion of people employed in commercial activities (of the population employed in non-agricultural activities) was 19.3%, which places this branch of business in second place in terms of importance on the Romanian labour force, after the processing industry (22.7%) and before constructions (10.9%). This aspect is also consolidated by the fact that, while the number of people employed in the processing industry has fallen compared to 2019, commercial activities have increased significantly. Thus, in 2020, the number of people engaging in commercial activities has grown by 38.7 thousand compared to 2019, the highest growth in a branch of business.

The above trends could lead to an intensification of competition between commercial employers in attracting and retaining talent. For Lidl Romania, this development also comes as a confirmation of our constant concern for employees. Our goal in terms of the workforce remains to consolidate the positive impacts among our employees, offering them better and better working conditions, a safe environment in which to carry out their activity and a payroll and benefits system that correctly rewards performance.

Occupational safety and health (OP)

Caring for the health and safety of our colleagues, as well as the constant concern for working conditions are fundamental values for us and are necessary for the development of Lidl, and the challenges of 2020 have only emphasized once again the importance of these issues.



The healthcare crisis of 2020 brought new challenges on several levels for all organizations, regardless of their industry, geographical area or number of employees.

However, there have been a few sectors more exposed to these challenges, among which the retail sector. Despite the uncertainty and volatility of the context in which we have operated, we have tried to stay true to our mission - to offer Romanians the best quality products at the best price, every day - and to that end we took into account the following points:

✓the health and safety of our colleagues in the stores and logistics centres, to ensure continuity in store operations, so that our customers have access to much-needed products both during the state of emergency and during the times of mobility restrictions that followed;

✓the health and safety of the customers who crossed our threshold, so that they could feel protected and could do their shopping in the safest environment possible;

✓the health and safety of business partners, be they manufacturers (e.g. for Lidl Market) or service providers (e.g. transport), in order to limit possible difficulties in the supply chain.

In order to keep all our colleagues (employees and contractors who work for Lidl) safe at their workplace, immediately after the state of emergency was declared we have taken a series of steps, first of all for all our colleagues in the Sales department, in stores and in logistics centres, because they continued their activity at the workplace, and thus were the most exposed to infection:

✓we have ensured daily sanitation of the work spaces, machinery, desks and we have disinfected and sanitized the work spaces where we had employees who tested positive for COVID-19;

✓we have ensured permanent access to protective equipment and materials (protective masks, protective gloves and disinfectants);

✓we have installed protective acrylic panels for our colleagues at the cash registers and for employees in warehouses who carried out activities at reception desks and freight forwarding;

✓we have constantly broadcast audio messages mentioning the protective measures that must be respected;

✓we have carried out epidemiological triage at the entrance on shifts and we have organized work in fixed shifts or, as applicable, we have delayed the work schedule at the offices, so that coming from / going to the workplace was performed in conditions of maximum safety;

✓in logistics centres, as an enhanced protective measure, both our suppliers' drivers and the employees coming into contact with them received disposable masks and gloves, and we have installed microphones at the offices where goods were received, in order to minimize direct human contact;

✓also in the logistics centres, in the spaces transited by drivers, spacers and information posters were installed, in order to help them keep a safe distance from other people;;

✓we have carried our training to promote occupational safety and health and we have distributed information material with the protective measures against COVID-19 infection;

✓we have immediately instated working from home for employees at our headquarters and the regional headquarters whose activity could be carried out from home.



Additionally, we have carried out an internal communication campaign, to constantly bring to our employees' attention the latest official information on the evolution of the pandemic in Romania, from symptoms and prevention to the decisions of authorities or measures implemented by the company. We communicate with them both using formal channels such as internal briefing or posters in stores or employee areas, as well as by means of the We Are Lidl app, the main communication channel with our over 7,500 employees at Lidl Romania registered on the app at the end of the reporting period.

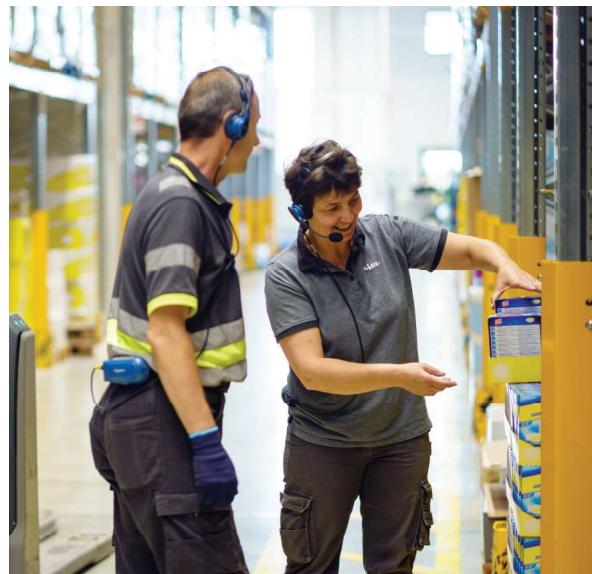
As of April 2021 employees who needed it had access to voluntary testing settled by the company through a contract with a private health care provider.

All these measures have remained in place and will be kept as long as the infection rate and/or restrictions imposed by the government require it.

Our general goals in terms of occupational health and safety have been and remain to protect the health of our employees, their safety and that of our partners, in order to avoid and remedy unsafe situations and actions which may lead to workplace accidents. Thus, simultaneously with the response to the pandemic situation, in 2020 we have allocated resources and identified the necessary solutions to achieve our previous commitments:

- ✓ we have continued to train our employees on occupational safety and health (OSH), but also on emergency situations (ES);
- ✓ we have developed training materials on the causes of work accidents and on measures to reduce and eliminate the risk of injury, which we have sent to colleagues in shops and warehouses;

- ✓ we have posted graphic material on manual manipulation of loads in all our regional headquarters, in order to eliminate situations that lead to accidents during such manoeuvres;
- ✓ we have introduced the "observational audit" form, which must now be filled out after each work accident by the representative of our external partner at the workplace where the accident took place;
- ✓ we carried out 3 occupational health and safety inspections in all Lidl stores, and the results were communicated to all colleagues with responsibilities in the field, including those from regional offices, in order to be able to follow the measures taken later;
- ✓ we have continued the installation of "lifeline" systems on the roofs of our stores (systems aimed at protecting personnel working temporarily on the roof - internal personnel or contractors carrying out activities for Lidl). During the reporting period, 40 such systems were installed.



Both the OSH and ES courses planned in the financial year 2020, as well as those for new employees took place online, for the safety of the employees. We used training materials in PowerPoint format, as well as videos to show them the situations discussed. At the end of the training, we organized tests on the topics covered, to make sure that the knowledge we wanted to pass on was accumulated.

Regarding the occupational health and safety (OSH) management system, it has continued to cover both the Lidl Romania employees and the contractors carrying out activities for Lidl. The way in which we identify dangers at the workplace and we analyse risks for such situations, as well as the way in which we communicate the work incidents/accidents or dangerous situations have **remained unchanged**⁵¹. The procedures governing all these matters have remained in place. The only changes that occurred regarding the health surveillance of our employees and contractors working for Lidl concerned the pandemic aspects described above. Additionally, in this period, the Occupational safety and health committee has operated the same as in previous years, but the activity was carried out online, on the platforms used by the company

(Microsoft Teams/ Cisco Webex). Through repeated checks, the hierarchical superiors have ensured that all our colleagues have understood and respected the safety measures taken during the pandemic. In the 2020 financial year we have had 567 cases of COVID-19 infection among our colleagues, none ending in death.

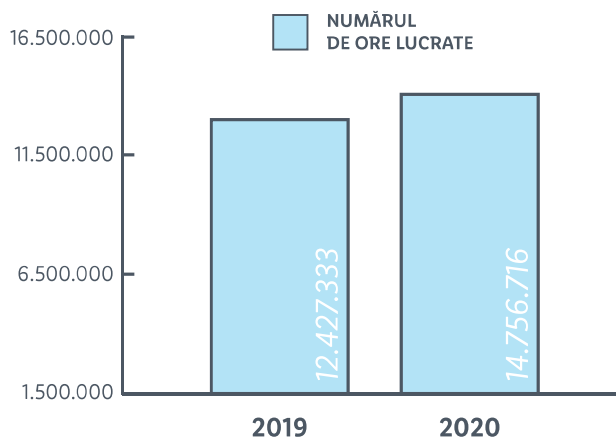
Over the same period, we have had no recorded work accident ending in death or in severe consequences, among our employees. The total number of work accidents among employees has been 45, with a rate of recordable work accidents of 3.05⁵², on the decline compared to the previous reporting period, when it was 3.29.



The main types of work accidents, in descending order of the number of cases were the following:

- inappropriate manoeuvring during the use of the electric pallet truck (18 cases);
- on-route accidents (7 cases);
- failure to respect the In-house occupational safety and health instructions (IOSHI) (6 cases);
- failure to respect the IOSHI - ICE CONTAINERS / larger number of ice packs (4 cases);
- ground-level falling due to slipping / tripping (4 cases).

⁵¹ You can find details regarding the ways of identifying and analysing risks in our sustainable report for the 2017-2018 financial years, on pages 40-42:



We have not recorded any work accidents ending in death or in severe consequences among the contractors carrying out activities for Lidl either. However, we have recorded a work accident among them, the rate of recorded work accidents being 0.34⁵³. For this category of workers, the main type of accidents has been ground-level falling due to loss of balance.

The number of hours worked by the contractors who carry out activities for Lidl during the reporting period has been 2,971,601 hours.

We are also making sure that we eliminate work accident risks for the contractors who carry out activities for Lidl, by using hierarchy control and OSH and ES training for all those who supervise employees: store managers, group managers, department heads, warehouse directors.

As of 2021, we will be carrying out OSH and ES training for all contractors who carry out activities for Lidl, and we will repeat this training as often as necessary.



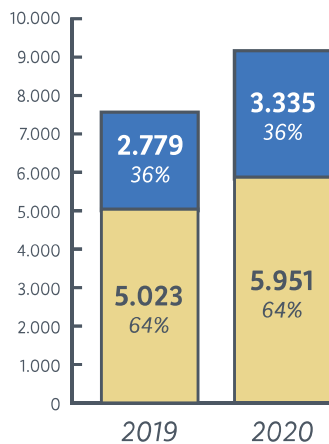
Employee rights

Another important aspect in order to continue being top employers, but also from the perspective of our external stakeholders' expectations, has to do with **respecting our employees' rights**. Monitoring the relationship we have with them is a basic principle in our work.

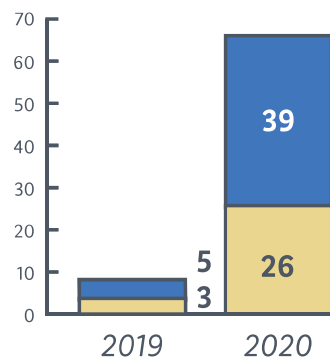
Within Lidl Romania there are a few mechanisms through which our colleagues can offer feedback or propose ideas, such as: via trusted people (social issues coordinator - employee with a neutral position in problems regarding the workplace, and who has his

colleagues' well-being in mind), via management or the *We Are Lidl* internal app, to which all employees have access and which they use to constantly communicate all important aspects regarding the company, work environment, department projects, responsibilities and activities.

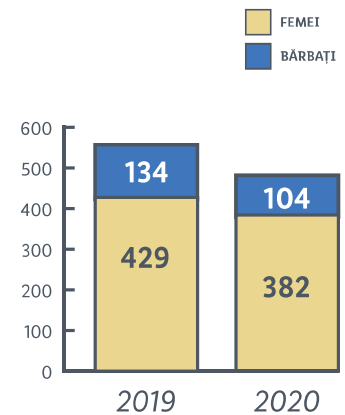
All information is collected by specialized departments, which take it into account, proposing new measures of compensation, benefits or internal projects and programs addressed to employees.



NUMBER OF EMPLOYEES WITH A **PERMANENT LABOUR CONTRACT**



NUMBER OF EMPLOYEES WITH A LABOUR CONTRACT FOR A **FIXED PERIOD**



NUMBER OF **PART-TIME EMPLOYEES**



All our employees, regardless of their type of Labour contract (permanent or for a fixed period, full-time or part-time) receive:

- ✓ life insurance;
- ✓ health insurance;
- ✓ coverage for disability and incapacity;
- ✓ parental leave;
- ✓ participation in the pension fund – 2nd Pillar.

During the 2020 financial year, influenza vaccination campaigns were organized and preventive medical services were offered, free of charge or at advantageous prices. At the same time, the salaries of employees working in our stores and warehouses have increased. Also, an exceptional bonus was offered to all employees, and the amount of the Christmas bonus increased.

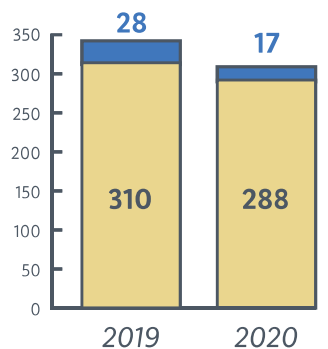
We have continued to offer bonuses on different occasions as well (Easter, reaching a certain seniority with the company, bonuses for our employees' children at the start of the school year or baby kits for our employees' newborns). We will continue to follow the market trend and identify new benefits for our colleagues.

As a result of the annual process of reviewing the compensation and benefits package and taking into account the pandemic context, we have improved the methods of reporting and calculating costs and we have introduced new benefits for employees. Among them we mention:

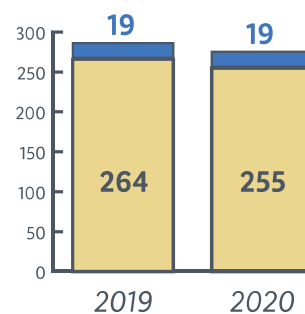
- ✓ access to the Bookster⁵⁴ platform;
- ✓ rapid tests for COVID-19;
- ✓ access to Telemedicine services;
- ✓ psychological support in crisis situations;
- ✓ preventive medical services (valid only for the 2020 financial year).

The total number of employees who were entitled to parental leave in the 2020 financial year was 531, of which 339 were women and 192 men. Of the total number, 305 opted for this right. In the previous financial year, their number was 522 (319 women and 203 men) and 338 employees have already exercised that right, compared to the 2018 financial year, when their number was 298.

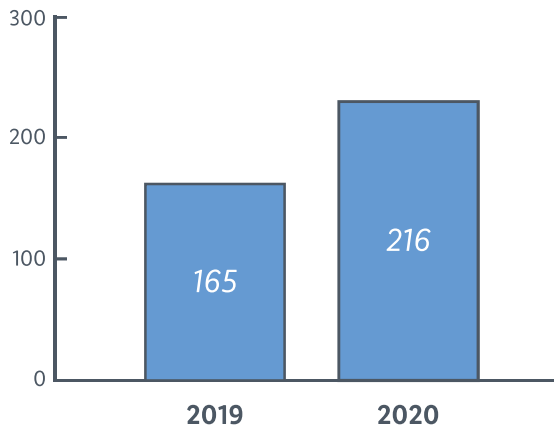
In the period we are referring to, the number of employees who returned to work after the end of parental leave was 274. In the financial year 2019, a number of 283 employees returned to work.



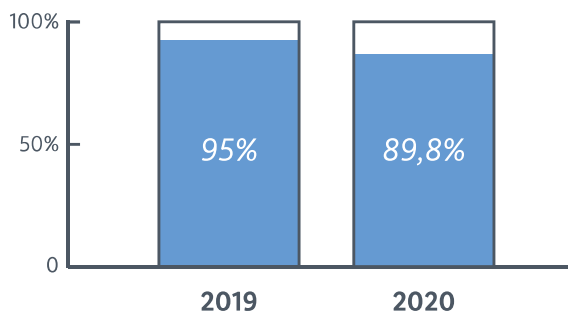
EMPLOYEES ON MATERNAL/PATERNAL LEAVE



EMPLOYEES RETURNED FROM MATERNAL/PATERNAL LEAVE



In the reporting year, the total number of employees who returned to work after the end of parental leave and who are still employed 12 months after returning to work is 216 (205 women and 11 men). In comparison, in the previous reporting period, a total of 165 employees returned to work in 2018 were still our colleagues.



The rate of return to work for the 2020 financial year was 89.8%, compared to the 2019 financial year, when 95% of employees returned to the workplace. The retention rate of employees who benefited from parental leave was 76.3% in the reporting period. In 2019, the calculated retention rate was 68.1%.



Employee remuneration (OP)

This area emerged as being of interest both from the perspective of the impact generated by Lidl and for its importance in the decisions and the way in which external stakeholders evaluate the performance of our company

The principle of equal pay for equal value work is the foundation of all the measures we implement regarding remuneration, being an important pillar in attaining equality of opportunities between men and women, as well as in respecting human rights.

The financial and benefits offer is an important topic and a strong motivator for future employees. Thus, the aspects covered by compensations and benefits have effects during the employee's entire journey, from joining the company to leaving it or retirement.

Because we are aware of the importance of this aspect, especially from the perspective of the impact on our employees' experience, we have always aimed to offer our employees above market average salaries⁵⁵. We manage to attract and retain talents in the organization by offering them a competitive salary and benefits package at the level of the Romanian labour market as a whole, not only at the level of the retail activity.

We want to remain a top employer, and this also implies a continuous improvement of the offer to our employees. In order to maintain our competitive position, we are constantly following the evolution of remuneration and benefits on the labour market. We contract external suppliers that facilitate our access to data on the evolution of the labour market. We also use market studies carried out by specialized companies, at least annually. Based on all this information, we perform comparative analyses in terms of remuneration and benefits, our proposals taking into account market developments and the needs and experience of our employees.

Once internal decisions are made, we allocate financial, human and technical resources to ensure that we implement the approved measures within the legal deadlines. The following departments are involved in this process: Compensations and Benefits, Remuneration, Labour Law (where their counsel is needed), Legal (when introducing new benefits and for verifying contracts with suppliers), Controlling (when collecting information and using it in the budgeting process), Business departments (all areas are involved in sending feedback, in the budgeting process, by offering information on planning the number of

employees).

The process is collaborative and its results affect all our colleagues during their entire experience as employees, through the services they receive (health and life insurance), through proposals to increase the compensation and benefits package (aimed at increasing the basic salary package or implementing variable salary elements). All this is possible through the direct involvement of Lidl Romania's management, the final decision taking into account all the proposals made in this regard.

Currently, together with our Group colleagues and from other countries, we are developing a plan to monitor a set of specific indicators in this field.



Employee Training and Development

The quality of our performance is intrinsically determined by the contributions of all colleagues, and the fact that we remain a top employer is due to them to a great extent.

That's why we constantly make sure that our employees evolve with the company. Although the limitations brought by the pandemic context, working from home and the lack of face-to-face interaction, also meant challenges at the level of training and development of our colleagues, we managed to find appropriate solutions so that each colleague could continue the professional and personal development path they had set out on.

Several components of our training programs have been made available online (professional and personal development measures from the training catalogue, workshops and webinars from the **Lidlship Academy** programme, welcome events, development days) and we have implemented a new programme, **Learning**, an online development platform for employees. Through this tool, all Lidl employees have constant and transparent access to the entire range of development measures available. By accessing the platform, they can enrol in courses, can see their progress and the history of the development measures they have covered and can access e-learning sessions or measures that involve developing their skills in daily activities. The creation of the training catalogue was based on

the principle of 70-20-10 learning, which combines experiential and formal learning. This platform comes to ensure a unitary framework at national level for the development of each colleague in the company.

As we have committed ourselves, we have continued to develop new e-learning content on various topics of interest. We have introduced new modules dedicated to employees in management roles in stores, which address topics in the operational area, as well as topics related to professional relationships, such as team coordination.

In order to ensure that our employees' psychological comfort is not forgotten, we have carried out courses tackling the emotional side of the pandemic context, we have organized **Dialogue on Leadership and emotions** webinars for managers and short video learning interactions (*Video Learning Pills*) for all our colleagues.

We have focused on constantly adapting to the specific needs and trends in the market, to ensure the continuation of the development journey of all colleagues.

Regarding our commitment to provide each colleague with the right contexts to continuously grow and reach their personal and professional potential, in 2020 we have continued the usual plan for organizing internal development programmes.



We have continued the **LidlExpress** programme, largely in an online format, through which

we identify future sales leaders and help them grow in an accelerated manner, using learning camps, shadowing and mentorship, on-the-job training and working on projects with operational topics and with a business impact. The programme started in past years, involving junior-manager and store manager participants, and in 2020 we have also included the category of head of sales employees. We evaluated the progress made by the participants at the end of the year through a specialized development centre. These results, together with other criteria, will form the basis for promotion decisions in the future.

We have fulfilled our commitment to organize final training modules for colleagues in the **Leadership in sales** programme and the final module, **Efficient organization and planning**, for colleagues in the **Sales entrepreneur** programme. Both programmes continued in the 2020 financial year.

The **Leadership in sales** programme continued online, focusing on taking responsibility and being aware of the importance of their role as managers of the Sales Department, following three pillars: trust, appreciation and autonomy (delegation). Meanwhile, the programme has moved into the stage of impact measuring, a part of this stage consisting of organising a development centre to measure the participants' progress with respect to the skills intended by this programme. The results will be used to build a plan to continue

professional development next year.

The **Sales entrepreneur** programme continued in online format as well, with more focus on developing an entrepreneurial behaviour in our store manager colleagues. The main topic was **Entrepreneurial planning and organization**, clarifying the entrepreneur profile, the ways in which the company supports an entrepreneurial behaviour and the tools for process optimization. The programme will continue in 2021 with the impact measurement phase.

We have identified and supported the development of our colleagues with growth potential by expanding our target-group (aside from store managers, we have also included heads of sales) and we have adjusted the programme so as to encourage them to take responsibilities for their personal and professional development.



All programmes of the academies under the **LidlShip** umbrella have been successfully continued, as we intended

in the previous report. The participants' interactions took the shape of webinars, and the creation of the **LidlShip** community and the development of skills were completed with different tasks fulfilled throughout the entire academy. In the fall of 2020 we launched a new edition.

The Direction of LidlShip Academy, dedicated to company directors, continued online. The key goals of the programme were redefining the role of middle management in accordance with the company strategy, developing the team of coordinate managers and improving the strategic thinking ability. The skills developed within the "leadership journey" were: emotional intelligence, delegation and coaching skills, entrepreneurial and strategic thinking. The programme also included individual coaching sessions, which aimed to integrate new knowledge into the daily activity and find solutions to the problems encountered by the participants in coordinating their own department.

The participants' feedback and the results obtained at the end of the programme will be the foundation of new learning experiences dedicated to the next edition, starting in 2021.



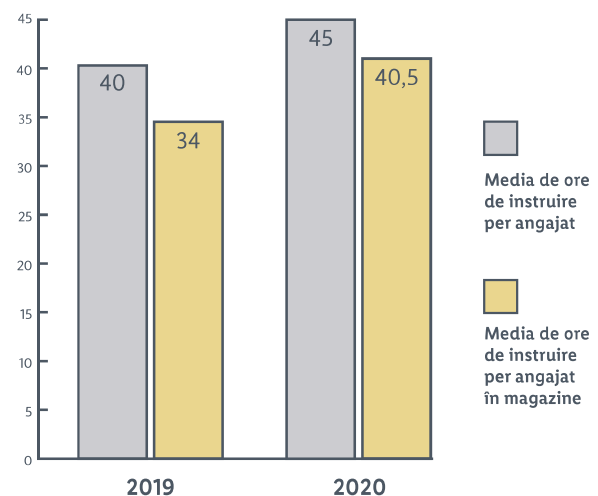
Foundation of Lidlship @Logistics continued online as well. In addition to developing leadership skills among the heads of department in Lidl warehouses, the programme has contributed to a better assumption of the role and responsibilities that such a function entails, as well as to a better collaboration between our warehouses. At the end of the 2020 calendar year, the programme ended by organizing a development centre to measure the participants' progress with respect to the skills intended by this programme. The results

will be used to build a plan for further professional development in 2021.

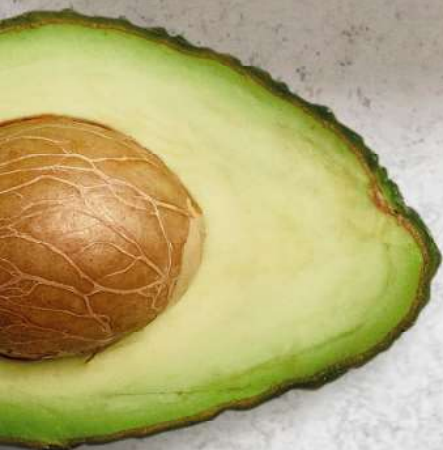
The **New trainer concept** programme is a project started in our stores at the end of 2019, which we have continued in 2020 in the 5 Lidl logistic centres. Thus, we have created a transparent process for selecting, developing and motivating all colleagues who take the role of trainer. Trainers are the main pillars in the process of integration and schooling of the new colleagues, and through this concept we have improved the experiences of newcomers in the company.

Additionally, from the middle of 2020, the **Welcoming event**, dedicated to all new colleagues, took place 100% online, being transformed into an interactive experience of integration and getting to know the company. The goal of this event is to transmit the Lidl identity from the very beginning, by getting to know the main activities or projects carried out, as well as by connecting with the colleagues in HR, stores, warehouses or other key departments with which the colleagues will be working in the future.

Annually, we assess our employees' performance through the **Talent Management** process, which also establishes the development and growth direction of skills, and in the reporting period, this process was updated and enriched. The focus was on the quality of the talks between managers and employees and on their development process. At the same time, the promotion process was updated with the image of the desired profiles for key roles in the organization and was adapted to the online context.



The average number of hours covered by Lidl employees in the 2020 financial year was 45 hours per employee, with a total of 17,997 hours spent in webinars and training interactions online. We continue searching for an optimal digital solution to help us monitor the number of professional training hours, the gender and labour contract type distribution, but we are working with our Group-level colleagues to that end.





CUSTOMERS

RESPONSIBLE PRODUCTS

Sustainable products
Local fruit and
Quality products and product safety

TRANSPARENCY AT THE POINT OF SALE

Traceability
Ingredients and nutritional information
Product labelling

CREATION OF SOCIAL VALUE

Corporate Citizenship
Compliance
Local development
Cooperation

RESPONSIBLE COMMUNICATION

Dialogue with stakeholders
Consumer information





RESPONSIBLE PRODUCTS

Sustainable products

The number of customers who want to find organic products, items from certified sources (Fair-Trade, MSC etc.) and non-food items produced responsibly on shelf in the Lidl stores **is growing**. It is a dynamic which we have noticed over the past few years and which is accelerating as the standard of living and the degree of awareness in Romania are increasing.

Furthermore, 92% of European Union citizens⁵⁶ consider that ensuring a safe and stable food supply chain should be a priority for both authorities and the private sector.

The customers' attention to such details is also reflected in the legislative initiatives of EU institutions, which are considering elaborating an action plan⁵⁷ to develop eco-friendly production. Therefore, in order to protect consumers from the so-called *greenwashing*, the European Commission is considering creating a

labelling framework⁵⁸ that includes, aside from the nutritional characteristics, environmental and social aspects of foodstuffs.

Naturally, the increase in proportion of sustainable products in our product assortment has become a **priority** for our respective departments. On pages 52-53 of our sustainability report corresponding to the 2019 financial year, we have explained where our concern lies with respect to the way in which food and non-food products are produced, and we have included a representation of the framework through which we are making sure that our procurement strategy is applied consistently. Additionally, the section in our website dedicated to *Policies for a responsible portfolio*⁵⁹ is updated constantly, our customers being able to access it easily on any device connected to the internet.

The way that we have fulfilled our commitment to make more sustainable products available to our customers every year is presented on the right:



The values reported are calculated the same as last year, taking into account all the different varieties of the same item. For example, if a BIO-certified product has more than one alternative, the value is multiplied by the number of alternatives.

* The differences arise from the fact that Organic Cotton products migrated under GOTS items.

Tip de articole produse în mod responsabil	2019	2020
Articole BIO (inclusiv legume și fructe)	333	413
Articole FSC	188	194
Articole UTZ	258	299
Articole Organic Cotton	1.115*	573
Articole MSC	63	80
Articole GOTS	783	1.235
Articole Dolphin Safe	7	4
Articole Rainforest	7	15

Total

2.697

2.739

⁵⁶ 2020 Eurobarometer on the common agricultural policy: https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/cap-glance/eurobarometer_en

⁵⁷ European Commission, Organic Action Plan: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming/organic-action-plan_en

⁵⁸ European Commission, Organic Farming logo: https://ec.europa.eu/info/food-farming-fisheries/farming/organic-farming_en

Furthermore, we have respected our commitment to transition by the end of 2020 to the Mass Balance³¹ certification model of the Round Table for Palm Oil (RSPO) initiative for products not marked with our own

brand (near food: cleaning products, cosmetics, etc.). A mention in that respect was included in the *Resources* chapter, *Drinking water* section, on page 19.

Local fruit and

The Romanian consumers' wish, to be able to buy local, seasonal, fresh products, from the short supply chain (from Romanian suppliers) is very strong.

It is communicated to us either through Customer Service, social media platforms, or through discussions with our colleagues in stores. Thus, it is only natural that the effort we put in to satisfy the needs of those who shop in our stores be equally strong.

	2019	2020
Număr de furnizori de produse și servicii – locali	6.325	4.450
Număr de furnizori de produse și servicii – externi	1.523	1.611
Total	7.848	6.061



49% of the products were purchased locally throughout the 2020 financial year. Of these, 72% in the July-August 2020 peak production season.

Out of a total of 95 suppliers, 87 were based in Romania. 156 items of the entire product range (285 items) have been partially or fully produced in Romania.

49% products on the Lidl Market purchased locally

91.5% local fruit and vegetable suppliers

During the 2020 financial year, the amount of fruit and vegetables produced locally and available during the season (March-September) reached 68%. The number of local suppliers who saw Lidl as a market opportunity

was 20% higher compared to the previous year. By increasing the share of the local products, we reduced the total transport distance with about 500,000 kilometres.

+20% local producers

-500,000 km



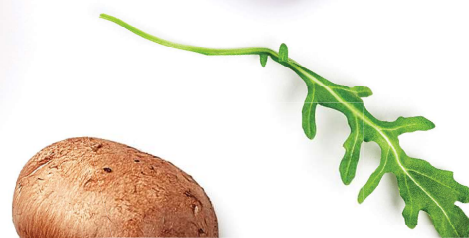
CUSTOMERS



Aside from high quality and a balanced nutritional content, our customers want to purchase local (grown in Romania) and very fresh fruit and vegetables. These properties can only be ensured if the transport distance and the time from harvesting to display on the shelf are very short.

The 120+ local fruit and vegetable suppliers we work with, satisfy the needs of Lidl customers every day, in season. Due to their location - as close as possible to our logistics centres - we manage to reduce our CO₂ footprint (by reducing transport distance), support local development (by ensuring a permanent market and indirectly creating jobs) and keep fruit and vegetable prices at a satisfactory level for all parties involved.

	2019	2020
Creștere valoare marfă achiziționată de la furnizorii români pentru sortimentul permanent de produse (%)	32%	30%
Valoarea mărfii achiziționate de la furnizorii români pentru tot sortimentul de produse (% din total)	45%	46%
Creștere valoare marfă achiziționată de la furnizorii români pentru tot sortimentul de produse (%)	33%	32%
Cantitatea de legume și fructe românești (tone)	92.057	118.635
Facilitare export produse ale furnizorilor romani (milioane EUR)	59	56



Cultivat în România

SPECIFIC ROMÂNESC

Despite restrictions, we have continued two programmes which mean a lot to local suppliers, to our clients and to us as well:

- **Cultivat în România** (Romanian-grown) - in which we bring Romanian varieties to our shelves, such as the Buzău 1600 tomato, the Buzău onion, the Potaissa pepper, the Jovial hot pepper and the Burebista watermelon;
- **Switch to fresh** - through which our customers discover more about local fruit and vegetable suppliers. The products are available in our stores in the Lidl Market area, and information about the producers can be obtained by scanning the QR code placed on the labels on the product boxes in stores. For those who do not have the necessary scanning tools, on our website we created the special surprise.lidl.ro/TreciPeProaspat section

In that same period of time, we continued and developed the *Cămara noastră* (Our pantry) initiative, in which we offer support to small suppliers who are just starting out but who have ambition and are decided to market quality products.

	2019	2020
Numărul furnizorilor din România – sortimentul permanent	290	314
Numărul furnizorilor din România – întregul sortiment	380	424
Numărul de articole românești – sortimentul permanent	1.452	1.278
Numărul de articole românești – întregul sortiment	3.492	3.093
Numărul de articole Cămara noastră	211	165

Food by the book is a campaign whose goal is to introduce customers to local suppliers - through filming in their production units, which give local consumers the chance to see how their favourite foodstuffs are made, presented on <https://surprise.lidl.ro/camaranoastra>

Furthermore, the campaign promotes authentic Romanian products at the level of quality our customers are used to. Some of the suppliers in the 2020 campaign were Transilvania Lactate, Goodies and Deltaica Tulcea.

During the next year, we plan to continue such initiatives in which we document the continuous process of how Romanian products are created and produced, complying with the sustainability principles that define us.





Quality products and product safety

Our activity is oriented towards customer satisfaction, and all our efforts strive to ensure that we accomplish our mission to provide the best quality at the best price. **Therefore, we pay special attention to the quality of our products.**

We know that a healthy life means an active lifestyle and a diet in which quality is a key factor. That is why, **reducing the amount of salt and sugar**, as well as other unhealthy ingredients in foodstuffs, availability

and accessibility of products with an appropriate nutritional value, eliminating certain ingredients that could endanger health from the production process and avoiding the use of preservatives or artificial dyes are aspects we pursue in all our procurement decisions.

The health restrictions in the financial year 2020, prevented us from carrying out audits at factories with the same frequency as in the previous years. However, we continued this tasks.

	2019	2020
Numărul de audituri în fabrici	85	29
Procentul fabricilor care au obținut oricare dintre certificările pe care le solicităm	96%	11%

During the pandemic, the recertification of the factories whose certificate had expired at the end of the reporting period was not possible. Thus, the validity period of the certifications of these factories was extended until the recertification audits could take place (during financial year 2021).

During a year when the safety of everyone, be they employees or customers, was a priority, we took great care that **products be manufactured in maximum safety conditions, respecting all the norms**. In order to give extra comfort to those who chose to shop in our stores, we continued to conduct food analyses.

	2019	2020
Numărul de analize ale produselor Lidl (alimentare)	1.505	1.873
Procentul de produse care au necesitat îmbunătățiri după analize	7%	6%

One of the activities in which we interact closely with our customers - product tasting - and where they can express their opinion in a relaxed environment, was stopped for obvious reasons.

	2019	2020
Număr de produse degustate	241	-
Procentaj produse care au necesitat îmbunătățiri după degustare	6%	-
Număr de clienți care au degustat produsele	2.561	-

Such actions will be resumed as and when the health rules allow us to.

With regard to the caloric content and the ingredients used in our foodstuffs, we invite you to discover more by reading the *Ingredients and nutritional information* on page 70.

During the reporting period, 351 individual items were withdrawn from the shelf, upon 408 withdrawal notices (one item may have several withdrawal notices). Products unsuitable for consumption were destroyed in the warehouse, and those suitable for consumption were either returned to the supplier, or donated to food banks.





TRANSPARENCY AT THE POINT OF SALE

Traceability

Ingredients and nutritional information

Product labelling

Our Labels

The front side of the label contains a clear and well defined title describing the product, meant to help the consumer make a correct purchasing decision. Also on the front side there are logos and mentions regarding the quality of the ingredients, such as the percent of meat, the Clean label logo - for products that eliminated preservatives or additives from their recipe, logos corresponding to various certifications of the ingredients or for responsible packaging.

Year after year, our external stakeholders' concern for these issues **gains importance**, aligning itself with the increased attention we pay to aspects of product traceability, quality and **labelling**. This is happening also against the backdrop of the legal developments in the European Union, which will require increased transparency from producers. Such a legal framework is the *European green deal*, which encourages, among others, adopting digital solutions that offer information on the origin, composition and reconditioning and recycling possibilities of foodstuffs.



Additionally, specific logos, from Fairtrade to Öko-Tex, attest to correctly marketed items and responsible products. Whether we mean fish from sustainable fish farms, UV protection fabrics or non-stick layer electronic devices, not only does Lidl make promises, but we also keep them. For the full list of certified products, please access the *Sustainable products* chapter, *Responsible products* section, on page 64 of this document.

As a means of meeting our customers and partners' expectations regarding these areas, **we are constantly trying to be transparent** about the origin of our products, their manufacturing method and the ingredients used. One of the measures was to obtain a certification in accordance with the ISO9001:2015 Quality assurance standard, a certification which we have obtained last year for the entire Quality department of Lidl Romania.

The packaging of Lidl's own-brand products provides clear information in an accessible language. Additionally, the weekly magazine and our website offer a series of information for easy access to details regarding our policies and products sold.

During the development phases of a new product, suppliers provide us with insights on its ingredients and complete traceability information.

We welcome our customers by developing packaging with appropriate design, images and colours for easy identification and differentiation.

In each group of goods, our customers find Lidl's own brands, which stand out through their design and colour, highlighting the quality of our products and ingredients used.

Special item manufacturers, such as those in the organic or fair trade sector, need additional certifications⁶⁰. In order to constantly guarantee the safety of the manufacturing process of our products, our suppliers are regularly audited by independent organisms.



Regarding the impact of the purchasing decision on consumers, we have collaborated and continue to do so, with the WWF organization for the information and education campaign on responsible fishing, through which our customers hear about the MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) certifications and about the benefits of responsible fishing not just for the environment but also for the fishermen's lives, who depend on the existence of fish as a long-term resource.



The labels also contain information on the geographical indication. For example, we use the Made in Romania logo for all items produced in Romania, with 100% Romanian ingredients.

The back of the package includes data on ingredients, allergens, heat treatment, nutritional information, weight, storage and cooking methods, best before date, manufacturer/distributor data, and recycling icons for the packaging used.

For sustainable packaging, through which we contribute to reducing the use of plastic and re/using recyclable/sustainable materials, we use logos indicating these matters. Here are a few examples:



Regarding the traceability of the products we offer our customers, you can find extensive information on our initiatives to be as transparent as possible regarding product origin, country of origin or manufacturers (GLOBALG.A.P certification of our suppliers, traceability label), on pages 58-60 in our previous report. Also there, you can find information on our policy on a mindful diet, available on our website at <https://www.lidl.ro/ro/cataloge/politica-lidl-dieta-constienta-2021/view/flyer/page/1>.

All these initiatives continued in 2020 and will continue in the next period, and the undertaken objectives will still be our priority.

During the reporting period, no complaints have been recorded regarding the Lidl Discount commercial communication, according to the report obtained from the RAC (Romanian Advertising Council)



CUSTOMERS

CREATION OF SOCIAL VALUE

Corporate Citizenship

We are a company that focuses on long-term social investment. Our involvement in this area is conducted under the slogan *For a better future* and follows four strategic directions: **Environment, Education, Emergency services, Strategic programmes**, using financial support for NGOs that develop key, long-lasting and national-scale programmes.

In this area, we aim to contribute to solving the real needs of the Romanian society. Together with the organizations we work with, we monitor the fulfilment of our set goals, and when they need to be adapted to the current context, such as was the case during this past year, we support organizations through the reorganization process. At the end of activities / projects / programmes, the implementing organizations submit us a narrative and financial report, which allows us to follow the implemented

activities.

During the reporting period we have donated over RON 30M and have supported over 90 NGOs (35 through direct financing and 59 through grant programmes) operating in communities throughout the country. Despite the fact that, in the context of the pandemic, certain projects of the NGOs we support have been delayed, postponed or even reconsidered, we have continued to offer our support throughout this entire period. It was a priority for us to make sure that the projects can continue, even in pandemic conditions.

Because in our previous report, on pages 61-67, we presented each project supported by Lidl, below we include details on the results achieved last year, as well as the new initiatives and programmes we decided to support.



We have supported: **>90 NGOs** throughout the country.

We have donated: **30 million** RON.

Environment



In addition to the defined measures we take in our business operations meant to reduce plastic waste, we also support programs where we partner with NGOs, designed to reduce the nationwide presence of plastic in the environment.



Such a programme is With clean waters, carried out in collaboration with the MaiMultVerde Association, in partnership with the Resource Centre for Public Participation (CeRe), the Association for Community Relations (ARC) and Bloc0, detailed in our previous report, on page 62. The programme targets both traditional pollution, through actions to collect the current plastic waste from the riverbed, and measures to prevent and fight against future discharges.

Among the results achieved in the first two years of activity (May 2019 – May 2021):

- ✓ 150 tonnes of plastic waste collected in the designed premises (prevention);
- ✓ 26 tonnes of plastic collected during sanitation (control) actions; 15 tonnes were collected during 30 greening actions, and 11 tonnes using technological solutions (Waste Shark, Trash Catcher, Flotation Boom);
- ✓ approx. 62,500 residents of cities along the Danube and its tributaries informed about waste management;
- ✓ approx. 53,000 tourists exposed to the #cuapelecurate message;
- ✓ approx. 3,000 participants to community events;
- ✓ approx. 2,000 volunteers participating in sanitation actions;
- ✓ 100 broadcastings of themed films;
- ✓ 40 community events organized;
- ✓ 25 high schools involved;
- ✓ 10 Danube-adjacent spaces equipped with plastic waste collection system;
- ✓ 10 trained and active local community groups;
- ✓ 5 #cuapelecurate murals, amounting to 1,020 square metres.



The projects financed under the granting programme which took place in the last financial year continued to be implemented during 2020, according to the new rules brought upon by the pandemic. The programme continued with a second round in 2021, by financing 15 projects that contribute to fighting plastic contamination of the Danube waters.



In order to contribute to the **REset Plastic** strategy of the Schwarz Group, together with **The Institute Foundation**, we have launched **ASAP** (The Army of Careful Selection of Plastic), a national educational programme for youth (14-20 y/o), through which they learn useful things about the responsible use of plastic and its impact, about solutions to keep it away from nature and also about how they can adopt a responsible behaviour

towards the environment. All these topics are presented in the first online magazine dedicated to this topic, launched on the www.asap-romania.ro platform. Also within the programme, in November 2020, we launched a national petition requesting the creation of a functional selective waste collection infrastructure, applicable in all educational institutions in Romania. At the end of the reporting period, the petition had already collected around 20,000 signatures.

As a result of this petition, ASAP, the Bucharest Sector 6 City Hall and the Bucharest School Inspectorate initiated a selective collection pilot programme in the 69 schools and high schools in Sector 6. This was a first step towards the development of a functional and efficient model for selective recyclable waste collection in schools across the country, which is the long-term objective of the programme.

Banca pentru alimente

With the help of our customers, over **11 tonnes of food** were collected and distributed by means of **7 regional banks** to approximately **5,000 people** in Bucharest and Arad, Bacău, Braşov, Bihor, Cluj, Constanţa, Iaşi, Ilfov, Maramureş, Neamţ and Timiş counties.

Since the creation of the first food bank in Bucharest, in 2016, we have continuously supported, financially and through donations of products in our warehouses, the development of the National food banks network, created in accordance with the principles of the European Food Banks Federation. At the end of the reporting period, there were eight functional regional food banks, in Bucharest, Braşov, Cluj-Napoca, Constanţa, Craiova, Oradea, Roman and Timişoara. As of September 2020, the food banks have joined the Romanian Food Banks Federation.

Between December 7 and December 20 2020, in collaboration with the Food banks network, Lidl carried out, for the second consecutive year, the food collection campaign in support of people in need.

11 tonnes
of food
5,000 beneficiaries
report



Over the past 5 years, the network has grown fast and consistently and currently has over 113,000 direct beneficiaries. And it has proved its usefulness once again at the beginning of the pandemic. Thus, by means of the food banks functioning at the time, 2,500 food packages and hygiene products donated by Lidl for Easter, with a total value of RON 120,000, reached the beneficiaries of the most in need centres at the time, and the people who were isolated or in inaccessible areas.

We promote joint efforts among retail companies, in order to increase the amount of donated goods, thus increasing the ability of food banks to offer support to vulnerable people. Food banks can receive donations from any retailer, seller, manufacturer, supplier or distributor in the country.

Education

We consider that education is one of the most important areas that can contribute to a society's sustainable development, so we have continued to invest in this area with the help of organizations focused on quality inclusive education. We have continued to finance all areas of education, from early education to programmes in schools and high schools, including actions aimed at teachers and school principals in vulnerable communities in Romania. Among our partners are **UNICEF**, **Teach for Romania**, **World Vision** and **Salvați Copiii**, but also local NGOs such as **Asociația pentru Valori în Educație** or **Step by Step**.



Step by Step Centre - early education

The first initiative in Romania to promote the benefits of early education on child development was launched in January 2021 at the Step by Step Centre for Education and Professional Development. The *Early education is love!* Campaign is part of an extensive project to promote child development in early childhood, to increase awareness of the importance of the first 1,000 days in the life of every child and to ensure fair and inclusive access to early education services and resources.

On that occasion, the online platform www.educatietimpurie.net, was launched, a complex and free information source, where the public can delve into the concepts of childhood and early education.



WorldVision – Bread and the future

Results in the 2019-2020 school year compared to the start of the programme:

- 70% of children got better grades;
 - 70% of children achieved better results in the Romanian language;
 - 67% of children improved their mathematics results;
 - all children benefiting from this programme improved their communication and socio-emotional skills.
- News during the pandemic:
- introduction of digital literacy activities

to develop the ability to use digital tools and resources, via the School in a suitcase platform;

- implementation of school counselling activities for children, parents and teachers, for the early identification of specific learning disorders (dyslexia, dyscalculia) and to optimize children's school efficiency using group activities;
- parent involvement in school / community projects.



Books and crafts school

Within the Books and crafts school programme, in 2020, practical activities were once again carried out online, on the *Learning* platform. The programme was created in 2017 with the support of the Romanian-German Chamber of Commerce and Industry (AHK Romania), and aims to offer secondary school graduates in Romania retail education, specializing in retailer-selling. In 2020, it has continued online for the **64 participants**, from 3 different generations.



Salvați Copiii

In 2020 we have assisted in the implementation and development of the *Access to education for a better life* programme, carried out in Sector 1 Bucharest, Cluj and Târgoviște. Thus, children in these communities had access to after-school or school continuation programmes for those who had dropped out, leisure and extra-curricular activities, material support or social counselling. The programme also included parental counselling activities in order to prevent and reduce school drop-out.



Emergency services



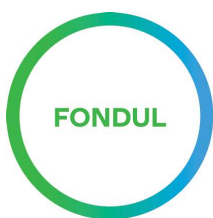
Last year, health became a priority for everyone, with organizations trying to ensure that they are carrying out their activities safely, both for their own employees and for the other partners and stakeholders. Solidarity proved to be a universal human value in that period, bridging organisational, geographical or industrial gaps. In this context, we have remained united and have focused our efforts on offering support to the medical system, by becoming involved in the COVID-19 efforts as follows:

- ✓ we have donated **50,000 collection kits for nasal and pharyngeal swabs** / viral transport medium, necessary for molecular diagnosis testing at the start of the pandemic;
- ✓ we have aided the SMURD and DSU Foundation with **RON 1,208,000** for the purchase of the first mobile intensive care unit in Romania, aimed at treating patients infected with SARS-CoV-2 or those in critical state;
- ✓ we have donated **20 oxygen concentrators** to the "Mavromati" Emergency County Hospital in Botoșani, worth RON 128,200;
- ✓ we have donated **RON 48,000** during the Romanians Together telethon, to equip the intensive care units in Romania.



As mentioned in our previous report, together with SMURD and the National Emergency Service, in 2019 we launched a comprehensive programme to educate the population to perform first aid in medical emergency cases. The purpose of the programme was to install high performance first aid and emergency equipment in countrywide busy public spaces, and also in all Lidl stores. These can be easily used in emergency situations until the emergency teams and the ambulance arrive. Unfortunately, due to the pandemic, the first aid equipment could no longer be placed in busy public spaces. If the situation allows it, we intend to continue the effective implementation of the programme in the second half of 2021.

Strategic programs



pentru un
viitor mai bun
în comunități

The Fund for a better future in communities - the Federation of Community Foundations in Romania

In 2020, together with the Federation of Community Foundations in Romania, we launched the *Fund for a better future*, which aims to support local initiatives launched / carried out by non-governmental organizations and local civic initiative groups from communities throughout the country, where we have stores. In partnership with the community foundations in these areas, during the first year, the programme offered mentorship and financial support (amounting to RON 1,187,500) to a number of 49 projects aimed at meeting the local educational and environmental challenges in Brașov, Brăila, Buftea, Cluj-Napoca,

Oradea and Vaslui. Among them, there are 3 projects implemented for the first time in communities: the first community vegetable garden in Oradea, the first school equipped with solar panels in Vaslui and the first digital literacy course in Pata Rât, Cluj. The programme will continue with a new funding round in 2021, in 10 other cities and communities across the country.



Bucharest prepared - Bucharest Community Foundation

Together with other financing organizations we offered support to organizations implementing initiatives aimed at preparing for earthquakes and other major disasters. So far, the programme has materialized in education and simulation actions in case of earthquake in schools, first-aid courses and disaster preparedness, as well as technological equipment (software and hardware equipment for the Radio alert transmission system).



We have continued the **strategic partnership with the Sustainability Embassy** to promote sustainable development of communities, and together we launched the

Romania of a single face project. It aims to measure the existing gaps between the urban and rural environments using statistical analysis, in order to indicate where an accelerated contribution is needed in order to meet the United Nations Sustainable Development Goals.



Code for Romania

Code for Romania

In the 2020 financial year, we have continued to support the Code for Romania mission, during this challenging period, meant to identify and develop technological solutions to the most urgent problems in the Romanian society.

Results:

- 96 digital solutions projected in 5 different areas: Health (Support for the gravely ill), Education (Abilities for a real life), Environment (Measuring and reducing pollution), Vulnerable groups (Diaspora closer to home) and Civic participation (A strong civil society and A better citizen-state relationship).

Campaigns carried out with customers

Cause-related marketing campaign: Beginning of the School Year

Institution: Teach for Romania — fourth year

Between 17-30 August 2020, for every product in the *School in happy colours* range purchased, we donated RON 1 to the educational Teach for Romania programme (RON 1,300,000 in total). With the help of our clients, for the fourth consecutive year, we managed to support the recruitment and training of teachers from 28 vulnerable communities, in order to provide quality education to the more than 2,500 children who benefited from the project. In 2021, we aim to support them by expanding the programme to the region of Moldova and opening a regional Teach for Romania office in Iași.



1,300,000 RON

Boxes at cash registers

During the campaign which started in January 2020, together with our customers, we managed to donate RON 400,000 for the Edu Networks programme, aimed at offering access to quality education for over 64,000 children, by facilitating the collaboration of over 100 rural schools throughout the country with education and business specialists.

Edu Networks

Proiectul Național de Transformare a Educației în România

400,000 RON

Cause-related marketing campaign: Christmas
Institution: UNICEF

We have invested RON 815,000 in the *Quality inclusive education for students transitioning from secondary to high school education* programme, managed by UNICEF. The amount was collected during the campaign carried out in Lidl stores throughout the country, between November 9 and 13 December 2020. This initiative supports children from vulnerable communities to continue their studies.



pentru fiecare copil

815,000 RON

Institution: WorldVision

Between 1 July and 31 December 2020, customers were involved in supporting the World Vision Romania organization, in the donation campaign at cash registers. The amount collected was more than RON 96,000, which was increased up to RON 195,000, intended for refurbishing the schools in less-favoured areas.



195,000 RON

Institution: Step by Step Centre

As of January 2021, the new fund-raising campaign is meant to support the *Early education* programme. The amount collected will be used to develop and distribute educational resources to parents and to train early education professionals.





CUSTOMERS

Compliance

Through our annual training programmes, we make sure there is an understanding and knowledge of our company's principles and policies on this topic, on all levels of our organization, our colleagues at the headquarters and regional offices participating annually in training programmes on compliance and data protection. Therefore, all the employees working at the registered office, regardless of category, participate in an educational programme including sessions dedicated to areas of compliance, taking place both during the welcome event and afterwards, throughout the working relationship. On this occasion, they are being presented the Lidl compliance principles and our anti-bribery policies.

Our activity follows two clear and mandatory principles: unconditional and immediate compliance with legal requirements and elimination of any form of corruption, both within the Lidl company and in the supply chain.

During the period covered by this document, there have been no changes to the approach to the compliance system or to the department structure or function of the compliance officer, as these were presented in our previous sustainability reports, on page 68 (report corresponding to the 2019 financial year), and on page 64 (report regarding financial year 2017-2018).

In order to prevent the related risks, our main concern in 2020 was to provide regular training to employees. We have developed online course programmes, so as to facilitate every employee's access to information regarding the compliance programme, as it was adapted to the context of health restrictions.

All contracts we enter into with our business partners contain the general compliance clause, as well as the appendix on our Code of Conduct, a document publicly accessible on our company website, including the main rules of business conduct, our agreed group principles on integrity, fairness and compliance with the law.

We have also nationally developed the process of due diligence of business partners in order to ensure that each partner complies with Lidl ethical principles, thus preventing or mitigating compliance risks.

In the above mentioned situations, the number of confirmed corruption incidents during the reporting period was zero. No colleague has been fired or held accountable for corruption acts. No contract was terminated or has not been renewed due to acts of corruption. No case of corruption was brought before

the local courts against the organization or any of our colleagues.

The above mentioned strengthen our confidence that the compliance system (consisting of anti-corruption, anti-fraud, anti-bribery mechanisms, personal data protection and competition law) is functional and effective.

Risk analysis regarding our activity is conducted periodically, and the risk management system is integrated into our business practices. Thus, we ensure that potential risks are identified early and that procedures are developed in such a way as to enable us to test their usefulness, applicability and continuous improvement.

Also in 2020, with the revision of the risk analysis, we have assessed the efficacy of anti-corruption and anti-bribery measures. No additional or major risks have been identified in this regard, the current measures being deemed as sufficient, adequate and effective in eliminating or mitigating the compliance risks.

We have tried to deliver on the commitments we made in the previous report. Thus, regarding the organization of courses on specific compliance topics, throughout 2020, we have organized trainings for our colleagues at headquarters and regional offices, which included the following pillars: anti-corruption, anti-fraud, data protection and antitrust. We have managed to develop online training programmes so that every employee can have easy access to information on the compliance programme and data protection. Approximately 90% of our colleagues have participated in both e-learning modules, with the following distribution by employee category: headquarters and regional offices - 91%, stores - 92%.

All members of the Board of Directors were communicated our anti-corruption policies and procedures, for adoption and implementation at company level. The results of the risk analysis are communicated to them at least annually, and the implemented measures and their efficiency ad-hoc and quarterly. In the 2020 financial year, all company members of the board were instructed regarding the Lidl compliance principles, the anti-corruption company policies and the data protection principles.

We have implemented the annual communication plan, in order to consolidate our colleagues' awareness of these topics that have a strong impact on our organization's activity.

The communication plan includes communication sessions through the *IntraNet* portal to all Lidl

employees, which present the rules on the management of gifts, invitations or other benefits, rules on managing conflicts of interest, channels to notify compliance incidents, information on national compliance days or the International Anti-Corruption Day and other specific topics.

In order to make sure that there are notification channels for possible compliance breaches, at company level we have developed numerous whistleblowing channels, through which our employees and third parties can bring the possible compliance violations

to company's attention. These channels include the possibility to send a notification to the national compliance officer (at compliance@lidl.ro) or to the trusted lawyer (at lidl.consultanta@hotca.ro). For those who want to remain anonymous, there is the possibility to send a notification anonymously using the BKMS application, which can be accessed directly from www.lidl.ro. All these channels are public, on our website, they are direct and permanently open. They are also communicated to all employees during compliance training, as well as on the *IntraNet*.

Local development

The success of a business depends largely on the development level of the communities where it operates, on the existence of a network of small and medium businesses which guarantee the survival of a long term economy, protecting it against shock.

Together with cooperation and maintaining fair business relationships, our contribution to the local development of the communities in which we operate is part of the way we operate as a responsible business.

Part of the contribution to a positive local impact is represented by the support and promotion of local fruit and vegetable suppliers, through initiatives which have already been in place for a few years, and which lead to

job creation and generation of revenue invested in the local and national economy.

This year, we have once again honoured our commitments to our local suppliers, to support them in their growth. Whether we mean small and ambitious manufacturers, who are just starting out, or productively mature manufacturers, our efforts to stand by them are the same. Details on the way in which we support local suppliers and the corresponding performance indicators can be found in this report in the *Responsible products* chapter, *Local suppliers* section, page 65.





PIATA
Lidl
PROȘTEȚIME, ZILNIC



Lidl Market is such an initiative. We continued the campaign for local fruit and vegetables suppliers during 2020 as well, by promoting our partners. We aim to continue supporting local suppliers during the next reporting period, from the perspective of communication and marketing, through new video materials with our suppliers, whether they are new collaborators or have been with us for a long time.

EC

Another initiative is support for local manufacturers during the Electric Castle (EC) event. For obvious reasons, edition 2020 could not take place. However, Lidl continued to support local manufacturers, bringing the products from the EC theme week back in shops in July. Our partners in the local festival industry have also enjoyed our support, through joint projects such as launching an EC film, broadcast both on the Electric Castle Youtube channel and on Netflix, or a creative camp for artists in different fields of interest, which took place in Tuzla during the summer. The 2021 edition of the festival took place in a special form that we will present in the next report.

We also directly contribute to local development through opening new stores and logistics centres in the country, constantly and consistently increasing the number of jobs and ensuring we constantly train our workforce. Directing the taxes to the state budget also adds to our contribution to development.





Cooperation

The fact that we have bold results as a business and we succeed in making a positive contribution to achieving sustainable development is mostly due to our collaboration and cooperation relationships with our local and international partners, with whom we have been developing joint projects and initiatives for several years now.



The results of these sustained efforts as well as the commitments we make in this respect are also presented in this report, in different chapters, which reflects the fact that collaborative projects are a way we do things. They are presented in the following chapters:

- the *Cultivat în România*⁶¹ (Romanian grown) project, developed in partnership with the University of Agronomic Sciences and Veterinary medicine (USAMV), in the *Responsible products* chapter, *Local suppliers* section, page 67;
- the *Cămara Noastră* (Our pantry) project, developed in collaboration with our local suppliers, in the *Responsible products* chapter, *Local suppliers* section, page 67;
- initiatives to improve the transport fleet, in the *Environmental protection in the supply and processing chain*, *Transport* section, page 30;
- initiatives to incorporate the principles of circular economy in our operating mode, in the *Environmental protection in the supply and processing chain* chapter, *Circular economy* section, page 32.



Responsible communication

Dialogue with stakeholders

For us, our constant and systematic dialogue with our stakeholders helps us be more efficient, more responsible and meet the needs and expectations of our customers, employees and business partners, sometimes by starting new projects or by developing new products. We place great value on the feedback received from our interactions with all categories of stakeholders and we try to remain an open, transparent and accountable partner.

Throughout the 2020 financial year we have kept an open dialogue with employees, suppliers, customers, public authorities and civil society. In view of the health restrictions, we have adapted the communication channels to the new context, continuing to engage in the local initiatives that we support. We have detailed this aspect in the *Corporate citizenship* section.



In order to measure our employee satisfaction level, this year we have once again launched the **Employee survey**, which also monitors communication and workspace quality and the way in which the relationship between the employee and his team and the management team takes place. Following the survey, the calculated eNPS score (Employee Net Promoter Score) increased in 2020 by 17% compared to the previous year. Based on the information obtained, we have continued talks within focus-groups organized in our stores as well as at our headquarters, in order to monitor our colleagues' areas of interest and to analyse the initiatives and programmes with the best results or the aspects that we can improve. In the last stage, we have defined and assumed the improvement measures for the next period.



In order to assess our company's reputation among the Romanian population, in July 2020 we carried out a reputational audit, in collaboration with the British independent institute The RepTrak Company. The study involved a sample of 700 people aged 18 to 64, familiar with Lidl and its main competitors on the local market. Its results demonstrated that Lidl has an excellent reputation in Romania, the company obtaining a higher score than all the retailers analysed. The driving principle of Lidl Romania's reputation are the products and services offered, showing once again the company's commitment to offering Romanians concepts that are unique on the local market, such as themed weeks, as well as a wide range of products loved by Romanians in its permanent portfolio, from our own brands, which represent approximately 80% of the total products on shelf, to fruit and vegetables in the Lidl market, all at a better price-quality ratio.





We conducted targeted surveys among customers and employees. The *#YourOpinion* section of our website recorded in the 2020 financial year a number of 57,517 comments from clients. Our colleagues responded to 596 of them, representing customer complaints. We are happy that the other 99% have expressed their satisfaction with their experience in the Lidl stores.



Even before the first case of SARS-CoV-2 appeared in Romania, we set up a crisis cell which constantly monitored the evolution of the spread of the virus and took the necessary measures to protect employees and customers. As part of the continuity plan, we worked with process scenarios that targeted the operational flow from warehouses and shops under special conditions.

In accordance with the COVID-19 evolution in Romania and with the recommendations of authorities, we have gradually taken a series of steps to protect both our customers and our employees, measures which we have constantly communicated. Throughout the state of emergency, we have limited the external communication to messages useful to our customers in the context of the pandemic, temporarily stopping the commercial communication.

In the previous report we have undertaken the implementation of a new consultation process with our internal and external stakeholders, to help us finish our materiality analysis, to respond to the new sustainability context determined by the evolutions of this field within our organization. At the end of 2020, we carried out a special survey dedicated to identifying sustainability themes of national interest. Customers, employees, mass-media representatives, suppliers, non-governmental organizations and authorities (central, local, control bodies) participated in this endeavour. This process and its results have been detailed in this document in the *About the report* chapter, on page 6.

In terms of our objective to translate legislative requirements into operational practices as soon and as easily as possible, we are now making sure that the relevant legislative requirements are integrated into all our contracts. Our major goal is to be able to implement as soon and as simply as possible the legal requirements into operational practices, by collaborating with our suppliers to identify possible problems in advance.







Consumer information

Responsible communication is an important area for Lidl Romania for two reasons: customers expect to find the information they consider important on our communication platforms and, at the same time, we have undertaken the role to put at their disposal information beyond what they can find on the shelf. Our concerns are also in line with the evolution of European legislation, such as the **European green deal**⁶², which recognizes the importance of informing consumers in order to encourage responsible consumption decisions.

Through our efforts in this area, we aim to contribute to strengthening the positive impacts and to reducing the negative ones, such as those caused by food waste or by the use of plastic, by helping the customers to make well-informed and responsible purchasing and consumption decisions. In the sustainability report for the 2019 financial year, on page 76, we presented our themes and campaigns.

In 2020 we have continued our efforts to inform, communicate and educate our public on the most relevant areas of sustainability for our business: food waste and selective waste collection. In addition to the actions undertaken by Lidl in these areas, in our generated content we also provided consumers with information, advice and tricks for a sustainable lifestyle.

In communication activities we rely both on information generated within the organization and on data sources elaborated by experts and specialized organizations in these fields. We use several communication channels - dedicated content on our website and on social media, influencer campaigns, social media activities and special media projects - in order to increase our coverage and the probability that our messages reach the public.

Additionally, we maintain constant communication with all those who write to us, either on social media pages - Facebook, Instagram, Twitter, LinkedIn -, or using the contact form on the lidl.ro website or via the call centre. In the *Dialogue with stakeholders* section we have also referred to the comments received from customers on the Lidl website in the *#YourOpinion* section.

Of the campaigns we carried out in 2020, we mention communication campaigns on Facebook, promoting responsible food consumption. We have added a new section on our website called *Responsible recipe* (<https://www.lidl.ro/sanatate-si-nutritie/stop-risipa/reteta-responsabila>), to inform and educate our

customers on the importance of fighting food waste. In this section, we offer advice and tricks on how to store food to keep it fresh for a longer period of time, as well as ways to prepare and reuse food to produce a minimum amount of waste.



We celebrated the International Day of Awareness of Food Loss and Waste with our Community of more than 2,1 million fans on Facebook, with a 24-hour educational campaign. The concept of the campaign started from one of the philosophies of the brand - responsibility begins with each of us - and aimed to show Lidl fans how each of us can make fighting food waste our personal, daily mission. The campaign started at noon on September 28, and ended on the very International Day of Awareness of Food Loss and Waste on September 29. The content was personalized according to the time of day and the activities that normally take place at that moment of the day, so that people see in real time how they can apply the information found on the Lidl Facebook page.

Additionally, the year 2020 also meant continuing the communications about our Bio assortment, through a new series of the *Bio with you* show. Through this show, consumers understand the importance of a healthy diet and of responsible consumption, in a creative and entertaining way.

In order to make sure that we contribute to the efforts of all responsible organizations to reduce the transmission of the SARS-CoV-2 virus, aside from implementing measures to ensure the health and safety of our shopping customers, throughout the entire pandemic period we have broadcast (and we continue to do so) information on the protection measures in our stores.



In November 2020, once the third sustainability report was launched, we had a campaign dedicated to communication, in order to increase the Romanian public's awareness of sustainability. The initial, teasing part was intended to draw the attention of the public to the worrying statistics on sustainability in Romania, followed by the presentation of the measures undertaken by Lidl to improve this situation. The launch campaign is supplemented with a year-long educational action, in partnership with Romanian influencers, called *365 Facts for a Better Future*. The campaign talks about the small things that each of us can do to have a sustainable life and be more friendly with the planet.



GRI standards table of contents

Within the Materiality Disclosures service (the materiality requirements verification service), GRI analysed whether the GRI table of contents is correct and if the references to presentations 102-40 - 102-49 can be found in the corresponding sections of this document.



GRI standard	Statement	Linking GRI standards to Sustainable Development Goals (SDG)	Page, URL link or other sources	Omissions
GRI 101: 2016 Foundation				
GENERAL STATEMENTS				
GRI 102: 2016 General statements	102-1 Name of the organization		12	
GRI 102: 2016 General statements	102-2 Activities, brand, products and services		12, 13, https://corporate.lidl.ro/calitate	
GRI 102: 2016 General statements	102-3 Headquarters address		Lidl 2017-2018 sustainability report (page 11), https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2019/view/flyer/page/1	
GRI 102: 2016 General statements	102-4 Places of business		https://www.lidl.ro/cautare-magazin and Lidl 2017-2018 sustainability report (page 11), https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2019/view/flyer/page/1	
GRI 102: 2016 General statements	102-5 Shareholding and legal form of establishment		12, 13	
GRI 102: 2016 General statements	102-6 Markets served		Lidl 2017-2018 sustainability report (page 11), https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2019/view/flyer/page/1	
GRI 102: 2016 General statements	102-7 Size of the organization		12, 13	
GRI 102: 2016 General statements	102-8 Information on the employees and other workers	SDG 8, Target 8.8	56	
GRI 102: 2016 General statements	102-9 - Supply chain	SDG 8, Targets 8.2 & 8.3 & 8.4	13	
GRI 102: 2016 General statements	102-10 Significant changes within the organization or along the supply chain		During the reporting period there were no significant changes in the organization or the supply chain.	
GRI 102: 2016 General statements	102-11 The principle of prudence or prudential control	SDG 13, Target 13.3	Lidl sustainability report in 2019 (page 6), https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2016/view/flyer/page/1	
GRI 102: 2016 General statements	102-12 External initiatives	SDG 17, Target 17.10 & 17.15	14	
GRI 102: 2016 General statements	102-13, Affiliations		14	
GRI 102: 2016 General statements	102-14 Statement from the leader of the organization		2, 3	
GRI 102: 2016 General statements	102-16 Values, principles, standards and behavioural norms	SDG 5, SDG 8, SDG 16	https://corporate.lidl.ro/despre-lidl/principiile-companiei	
GRI 102: 2016 General statements	102-18 Management structure		3, 14	
GRI 102: 2016 General statements	102-40 List of stakeholder groups	SDG 17, Target 17.17	8	
GRI 102: 2016 General statements	102-41 Collective Labour Agreement	SDG 8, Target 8.8	The percentage of the employees that are part of a Collective Labour Agreement is zero.	
GRI 102: 2016 General statements	102-42 Identification and selection of stakeholders	SDG 17, Target 17.17	8	
GRI 102: 2016 General statements	102-43 The consultation process		8	
GRI 102: 2016 General statements	102-44 Themes and topics of interest in the consultation process		8, 9	
GRI 102: 2016 General statements	102-45 Entities included in the consolidated financial statements		13. The financial information for each of the entities covered in this report can be accessed at https://mfinante.gov.ro/apps/agentcod.html?pagina=domenii using the unique identification code (UIC).	
GRI 102: 2016 General statements	102-46 Defining the report contents and topic limits		8. According to the GRI 103 standard: Management approach in 2016, each material theme includes an explanation of its limit.	
GRI 102: 2016 General statements	102-47 List of material topics		11	
GRI 102: 2016 General statements	102-48 Errata, updates		In the report corresponding to the 2019 financial year, the indicators "Number of local product and services suppliers" and "Number of external product and services suppliers" were collected and reported incorrectly, doubling the sole suppliers, following a technical error (SAP). As the resulting deviation is high, we have proposed and documented the recalculation of these indicators, with the correct values being contained in this document in the relevant areas.	
GRI 102: 2016 General statements	102-49 Modifications in the reporting process		There are no modifications in the reporting process.	
GRI 102: 2016 General statements	102-50 Reporting period	SDG 12, Target 12.6	1 March 2020 - 28 February 2021	
GRI 102: 2016 General statements	102-51 Date of the most recent similar report	SDG 12, Target 12.6	2020	

GRI 102: 2016 General statements	102-52 Reporting cycle	SDG 12, Target 12.6	Annual (1 March 2020 - 28 February 2021)
GRI 102: 2016 General statements	102-53 Contact address for information on this report		csr@lidl.ro
GRI 102: 2016 General statements	102-54 Statement on the conformity of the document with the GRI Standards		6
GRI 102: 2016 General statements	102-55 GRI content table		88
GRI 102: 2016 General statements	102-56 External verification		91

STATEMENTS SPECIFIC TO MATERIAL TOPICS

RESOURCES

Ecosystems protection

Drinking water, raw materials, pollution, biodiversity

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 6, SDG 13, SDG 14	18-24 18-25 https://corporate.lidl.ro/sustenabilitate/politici-sortiment
GRI 308: Assessment of the suppliers based on the 2016 environmental criteria	308-1 New suppliers that have been assessed based on the environmental criteria. a. Percentage of new suppliers that have been assessed based on the environmental criteria.	SDG 6, Target 6.3 SDG 13, Target 13.2	20

SUPPLY CHAIN

Environmental protection in the supply and processing chain

Environmental protection (SC) and Resource conservation (SC)

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12, SDG 13	28, 29 28-29 https://www.lidl.ro/ro/catalogue/politica-lidl-diligenta/view/flyer/page/1
GRI 308: Assessment of the suppliers based on the 2016 environmental criteria	308-1 New suppliers that have been assessed based on the environmental criteria. a. Percentage of new suppliers that have been assessed based on the environmental criteria.	SDG 12, Target 12.5 SDG 13, Target 13.2	20

Transport

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 13	30-31 31 31
	Non-GRI: Percentage of the total vehicles in the freight fleet equipped with Euro engines	SDG 13, Target 13.2	31

Circular economy

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	32 32-33 33
GRI 301: 2016 Materials	301-1: Materials used for the packaging of own-brand goods, by weight or by volume	SDG 12, Target 12.5	33

The rights of employees in the supply and processing chain

Fair remuneration, Occupational health

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 8, SDG 10, SDG 16	34-36 34-36 https://www.lidl.ro/ro/catalogue/politica-lidl-diligenta/view/flyer/page/1
GRI 414: The assessment of the suppliers based on the 2016 social criteria	414-1 New suppliers that have been assessed based on the social criteria. a. Percentage of new suppliers that have been assessed based on the social criteria.	SDG 8, Target 8.5 & Target 8.8 SDG 10, Target 10.3 SDG 16, Target 8	No data available.

By 2025, Lidl will carry out 3 annual assessments of the impact on the human rights and will reveal the results .

Child labour

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 16	37-38 38 https://www.lidl.ro/ro/catalogue/politica-lidl-diligenta/view/flyer/page/1
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GRI 408: 2016 Child labour	408-1 Operations and suppliers that could pose a significant risk to cases of child labour	SDG 16, Target 16.2	No data available.
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In the next reporting period we will continue to implement the measures mentioned on pages 37-38.

Market and supplier development

Fair business practices

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 8	39 39 43
GRI 203: 2016 Indirect economic impacts	203-2: Significant indirect economic impacts	SDG 8, Target 8.3	39

OPERATIONS

Environmental protection in the Lidl operations and processes

Environmental Protection (OP)

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	42, 43 43-45 44
GRI 306: 2020 Waste	306-1: Waste generation and significant impacts 306-2: Management of significant impacts of waste 306-3: Waste (management type and method)	SDG 12, Target 12.5 SDG 12, Target 12.5 SDG 12, Target 12.5	43-44 44, 45 45

Conservation of resources (OP)

GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 6, SDG 7, SDG 12	46-47 46-47 46-47
GRI 302: 2016 Energy	302-1 Energy consumption at the level of the entire organization	SDG 7, Target 7.2 SDG 12, Target 12.2	46

GRI 303: 2018 Water and effluent	303-1: Water, a common resource 303-2: Managing water evacuation impacts 303-5: Water consumption at the level of the entire organization	SDG 6, Targets 6.3 & 6.4 SDG 6, Targets 6.3 & 6.4 SDG 6, Targets 6.3 & 6.4	18 47 47	
Planning and constructions				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 9	48 48 48	
	Non-GRI: Policies and procedures for the sustainability criteria used in the planning and modernization of buildings (warehouses and shops)	SDG 9, Target 9.4	48	
Food waste				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	49 49 49	
	Non-GRI: Amount of food that has not been sent to the landfill	SDG 12, Target 12.3	49	
Employees				
Occupational safety and health				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 3, SDG 8	51 52-55 53-54	
GRI 403: 2018 Promoting health and safety at work	403-1 Occupational safety and health system	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	54	
GRI 403: 2018 Promoting health and safety at work	403-2 Risk identification and assessment, incident analysis	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	54, 55	
GRI 403: 2018 Promoting health and safety at work	403-3 Occupational health services	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8		53. https://www.lidl.ro/ro/catalogue/raport-de-sustenabilitate-2019/view/overview/page/42
GRI 403: 2018 Promoting health and safety at work	403-4 Employee involvement and consulting, as well as communication of occupational safety and health measures	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	53-54	
GRI 403: 2018 Promoting health and safety at work	403-5 Employee training in occupational safety and health	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	53, 54	
GRI 403: 2018 Promoting health and safety at work	403-6 Health promotion among employees	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	52, 53	
GRI 403: 2018 Promoting health and safety at work	403-7 Prevention and reduction of impacts regarding occupational safety and health directly connected to business relationships	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	52, 53, 54	
GRI 403: 2018 Promoting health and safety at work	403-9: Work accidents	SDG 3, Targets 3.6 & 3.8 SDG 8, Target 8.8	54, 55	
Employee rights				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 3, SDG 8, SDG 10	56 56-58 57	
GRI 401: 2016 Employees	401-2 Benefits granted to employees under a permanent contract, but which are not granted to fixed-term or part-time employees	SDG 3, Target 3.8 SDG 8, Targets 8.5 & 8.8	57	
GRI 401: 2016 Employees	401-3 Parental leave	SDG 10, Target 10.4	57, 58	
Remuneration of employees				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 8	59 59 59	
	Non-GRI: Percentage of the total number of employees paid above the average wages for the sector of activity.	SDG 8, Target 8.5	No data available.	Currently, together with our Group colleagues and those from other countries, we are developing a plan to monitor a set of specific indicators in this field.
Employee Training and Development				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 4	60 60-61 60-61	
GRI 404: 2016 Training and education	404-1 Average number of professional training hours per employee	SDG 4, Target 4.3	61	
CUSTOMERS				
Responsible products				
Sustainable products				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	64 64-65 https://corporate.lidl.ro/sustenabilitate/politici-sortiment	
	Non-GRI: Total number of items produced responsibly out of the total range (food and non-food)	SDG 12, Target 12.4	64	
Local fruit and				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 2, SDG 8	65 65-67 66-67	
GRI 204: 2016 Procurement practices	204-1 Proportion of the budget allocated to local suppliers	SDG 2, Target 2.4 SDG 8, Targets 8.2 & 8.3	66	
Quality products and product safety				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	68 68-69 68, 69	
GRI 416: 2016 Consumer health and safety	416-2: Incidents relating to non-compliance of products	SDG 12, Target 12.8	69	
Transparency at the point of sale				
Traceability, Ingredients and nutritional information, Labelling				
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	70-71 70-71 70-71	

	Non-GRI: Clear and complete information on ingredients and nutritional characteristics of foods	SDG 12, Target 12.8	70, 71
GRI 417: 2016 Marketing and labelling	417-3 Incidents relating to non-compliance with commercial communication rules	SDG 12, Target 12.8	71
Creation of social value			
Corporate Citizenship			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 1, SDG 2	72 72-77 72-77
	Non-GRI: Voluntary social involvement of the company (philanthropy) and supporting the recognized social actors in the market	SDG 1, Targets 1.1 & 1.5 SDG 2, Targets 2.1 & 2.2	72-77
Compliance			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 16	78 78-79 78
GRI 205: 2016 Anti-corruption	205-2 Communication and training in the field of anti-corruption policies and procedures	SDG 16, Target 16.5	77, 78
GRI 205: 2016 Anti-corruption	205-3 Confirmed acts of corruption and measures taken	SDG 16, Target 16.5	78
Local development			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 2, SDG 8	79 79-81 65
	Non-GRI: Total number of suppliers of goods and services in Romania from the total number of suppliers	SDG 2, Targets 2.3 & 2.4 SDG 8, Targets 8.2 & 8.3	65, 67
	Non-GRI: The total number of items produced locally from the product range	SDG 2, Target 2.4 SDG 8, Targets 8.2 & 8.3	65, 67
Cooperation			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 17	82 82 82
	Non-GRI: Cooperation with local and international partners selected according to Lidl's core activity	SDG 17, Targets 17.14 & 17.15 & 17.16	82
Responsible communication			
Dialogue with stakeholders			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	83 83-84 83-84
	Non-GRI: Systematic and regular dialogue with partners on sustainability issues	SDG 12, Targets 12.3 & 12.8	83, 84
Consumer information			
GRI 103: 2016 Management approach	103-1 Explanations regarding the material topic and its limit 103-2 Management approach and its components 103-3 Management approach assessment	SDG 12	86 86-87 86-87
	Non-GRI: Communication initiatives aimed at information, awareness and promotion of responsible consumption behaviours	SDG 12, Targets 12.3 & 12.8	86, 87



Independent verification statement

Following the activities we have carried out during the Audit, we have not identified anything to suggest that the information presented in the *Responsible products* chapter of the Sustainability report for the 2020 fiscal year is inaccurate or contains factual errors. The errors or uncertainties identified during the audit mission were corrected prior to the publication of the Report.

The full statement can be read on the Lidl website.



#pentruunviitormaibun



Lidl Romania sustainability report

Reporting period:
March 1, 2020 - February 28, 2021