



The Good Food Report

Sustainability Report, Lidl GB 2017/18





Our vision Making Good Food accessible for everyone

As one of the UK's fastest-growing food retailers, we are proof that Big on Quality, Lidl on Price is not only good for British families, but it is also good for our producers and the UK economy.

Whether it's investing in British farming or protecting the rights of workers in our supply chains; tackling childhood obesity or avoiding food waste and plastic – over the next 40 pages, we share our journey over the last two years as we work in partnership to tackle some of the UK's most pressing social and environmental challenges.

Reporting standards and assurance

This report covers the operations and activities of Lidl GB Ltd (Lidl GB) for the financial year 2017 (1st March 2017 to 28th February 2018) and 2018 (1st March 2018 to 28th February 2019). It has been developed in accordance with the Global Reporting Initiative (GRI) Standards Core option: EY has provided limited assurance over selected data within this Report – see the assurance statement on [page 42](#).

Our vision for Good Food is...

...food produced, sold and consumed in ways that benefit producers, people and the planet.

In developing our plans for Good Food we've spoken to and listened to our customers, communities, employees, business partners and topic experts to understand the issues they care about most that also impact the long-term sustainability of our business.

At the foundation of our plan are three themes: producers, people and the planet. For each, we've mapped priority issues and set clear ambitions. Measurable targets are now part of day-to-day roles for many colleagues – helping us on our path to Good Food.



Good for producers



Sourcing in a fair and sustainable way which improves the lives of people and animals, promotes long-term food production and strengthens relationships.

Supplier relationships – To enable producers to grow with us, working together to ensure transparent, sustainable supply chains, with a focus on local sourcing.

Human rights and ethical trade – To apply proactive, preventative measures to protect those who work in our supply chains and adapt to emerging challenges.

Animal welfare – To work with farmers who share our commitment to livestock health and wellbeing through independently assured standards.



Good for people



Making safe, affordable and nutritious food accessible and caring for our colleagues and communities.

Healthy eating – To make healthy food accessible for families.

Charity and community partnerships – To support organisations working to tackle the issues most important to the communities we work in.

Supporting our colleagues – To create an environment that allows colleagues to maximise their potential.



Good for our planet



Promoting the sustainable and efficient use of resources and minimising losses across the food system.

Climate change – To promote a low carbon economy, following a science-based trajectory for our business and work with our suppliers to do the same.

Food waste – To minimise food loss across the value chain from farm to fork.

Plastic – To eliminate unnecessary plastic in our products and packaging and support a shift to ensure all plastic can be recovered and recycled.

Deforestation – To source all timber-based products and packaging from sustainable sources.

Raw materials and seafood – To source all our raw materials and seafood from sustainable sources.

A word from our CEO

“This report, part of our wider sustainability communications, is designed to be completely transparent about the numbers and what they say. We are honest about where we need to go further and faster.”



Christian Härtnagel, CEO, Lidl GB (right) with Chris Rose, Commercial Controller, Asplins (left)

This year we're celebrating 25 years since we opened our first stores in Great Britain. During this time, our business has helped to create a huge shift in the way that consumers shop, with households discovering that good food doesn't need to cost the earth, both in terms of price and sustainability.

The Discounter model is inherently sustainable. That's because we are always striving to be cost efficient which naturally leads us to reducing our wider impact. Examples of this are where we have introduced LED lighting in our stores and installed doors on our meat and poultry cabinets, which reduce our energy consumption (and our costs), or where we fill all our lorries to maximum capacity in order to save on food miles and keep our emissions low (and also reduce our costs). Being efficient is part of our DNA as a discounter and a central part of our core values as a sustainable retailer.

As I reflect back on the last 12 months alone, and the challenges that this country and economy has faced, I'm so incredibly proud that Lidl has continued to buck the trend and experience strong growth. That's not to say we're immune to, or complacent about the very real challenges that both food producers and households are facing. But, thanks to the relentless dedication of our 22,500 colleagues, strong support from our supplier partners and ever growing commitment from our customers and communities, we've achieved record sales, close to a million more customers a month, and have opened 50 new stores and two distribution centres.

We recognise that, whilst our brand promise – to be 'Big on Quality, Lidl on Price' – is clear, it's not always clear that we fulfil this promise by acting in a fairer, more responsible and increasingly sustainable way. We're doing this through our purpose and strategy – 'making good food accessible for everyone'. For us, this means embedding ambitious, measurable goals and focussed programmes within our company to help us build a better business and respond to the issues that our customers care most about. We've taken some significant steps over the past couple of years – from increasing our fruit and veg range by a fifth, and reducing the amount of plastic product packaging by 8% since 2017, to committing to invest over £15 billion in British food, farming and production over the next 5 years. But we know that there is still much more to do. Within this report we will provide a deeper insight into how we are achieving our vision, and how **Good Food** is adding value to **producers, people** and the **planet**.

Over the next few years, it's likely that households will look for further ways to reduce their outgoings. At the same time, issues such as ethical trade, climate change, plastic and human rights will be even more firmly on their radar. By investing in our own business, and in our suppliers across the country, we can ensure that more and more producers share the rewards of good food, while protecting the ecosystems on which we unequivocally depend.

Christian Härtnagel

Chief Executive Officer, Lidl GB
October 2019

Growing for 25 years

Since opening the first Lidl GB store back in 1994, we have now grown to more than 760 stores nationwide, employing 22,500 people. As part of the Schwarz retail group, we are part of a global affordable food movement.

In 2018 alone we opened 50 new stores, two distribution centres and saw a record 15.2 million¹ customers turning to us for affordable, nutritious food.

Our high quality, low price promise means that customers don't have to compromise on the issues they care about.

What's next?

We have plans to invest £1.45bn in expanding our operations and open up 50 new stores a year. Coupled with a commitment to spend £15bn with British businesses over 5 years, we are on course for continued rapid growth. This investment demonstrates a serious commitment to make good food accessible to communities across Britain.



2,300

products from British suppliers in our stores

8%

reduction in our plastic footprint per £ sales



British Free Range
Birds live in safe, comfortable housing with access to the outdoors for a minimum of 8 hours a day.

Industry pioneers

Trialled an industry-first method of **production labelling**

Published **Human Rights and Responsible Recruitment Policies**

14.3%

reduction in food waste per store since 2016

At the end of the 2018/19 financial year:

£6.6bn

Gross sales

22,500

Employees

13

Distribution centres

760

Stores

Wellbeing

Launched our new employee wellbeing initiative, **Feel Good Five**



>3m

meals donated to community groups



16%

cut in our carbon emissions

£2m

raised through our partnership with NSPCC which started in 2017

20%

increase in sales of fruit and veg, selling more than any other supermarket by basket proportion in the last two years



Key

- Good for producers
- Good for people
- Good for our planet

FY 2017–2018
(unless otherwise stated)

Food in the UK is changing...

New patterns of production and consumption are emerging in the UK, reflecting global geopolitical uncertainty, resource availability and consumer preferences.

Industry trends

Economic uncertainty: the politically unstable landscape adds to existing economic pressures and insecurities on food producers who operate in a globalised trade system, as well as impacting on the level British consumers' confidence.

Emerging technologies: as the world's food producing regions are under unprecedented strain, a range of new solutions and innovations are being invested in and scaled up.

Alternative production methods such as vertical farming and biotechnologies – as well as drones, precision crop mapping and 'closed loop' systems of resources – are likely to become a key feature of UK agriculture.

The data difference: we know more than ever about systems of production and consumption thanks to more and better data. Big Data will be the basis of improved insight, operations and interactions, and is increasingly being realised on the ground.



Consumer trends

Eco-anxiety: there is a marked and growing urgency surrounding serious global environmental issues such as plastic and climate change and these are becoming increasingly emotive issues among the British public, prompting an urgency for action beyond dialogue.

Diet diversity: over the last few years there has been a slowly growing trend in British diets. As awareness of the health and environmental impacts of food heighten, sections of the public are slowly seeking out alternative diet preferences such as gluten-free and vegan.

Health consciousness: shoppers are more aware than ever of the health impacts of their food choices. For salt and sugar, the government has intervened directly, with ambitious UK targets to be implemented by food producers. There is a greater appetite for food with health-enforced claims and alternatives among UK consumers.

5yrs

Consumer confidence at a five year low

68%

of 18 to 24 year olds are drawn to either a vegan, vegetarian or flexitarian diet



...how we work is a Lidl bit different

We believe that our unique business model positions us to be responsive to global and local change. This includes certain 'discounter differences', which lend themselves to positive, sustainable outcomes.

For instance, fewer suppliers and lean logistics give us greater control over quality, labour standards and animal welfare, while our International purchasing power and efficiencies of scale mean we can make food more affordable.



FY 2017–2018 progress

Impacts across our Value Chain

The three sections in this report allow us to cluster our material topics; however we have impacts across the entire value chain.

Key

● Good for producers

● Good for people

● Good for our planet

Bold = Material topic ([see page 39](#))

Good for producers

Good for people

Good for our planet

Resources & Agriculture

Agricultural Inputs | Cultivation & Harvesting | Animal Keeping

Protection of Ecosystems

Land Usage

Protecting Forests and Vegetation ●

Pollution

Irrigation

Animal Welfare Standards

Animal Welfare ●



Supply Chain & Processing

Production | Processing | Transportation

Environmental Standards along the Supply Chain

Climate Protection (SP) ●

Conservation of Resources (SP)

Transportation (SP)

Plastics & Packaging (SP) ●

Food Waste (SP) ●

Social Standards along the Supply Chain

Occupational Health and Safety (SP)

Labour Rights (SP) ●

Remuneration (SP) ●

Human Rights (SP) ●

Supplier and Market Development

Supplier Assessment

Supplier Awareness and Training

Fair Business Relations ●

Operation & Processes

Logistics Centre | Transportation | Stores and Services

Corporate Environmental Management

Climate Protection (OP) ●

Conservation of Resources (OP)

Transportation (OP) ●

Planning & Construction

Food Waste ●

Employee Responsibility

Occupational Safety and Health Promotion (OP)

Labour Rights (OP)

Remuneration (OP) ●

Diversity and Inclusion ●

Training and Development ●

Life Balance ●



Customer & Society

Purchase | Usage | Disposal

Design of the Product Range

Sustainable Products ●

Local Sourcing ●

High-quality Products and Product Safety

Transparency at Point of Sale

Traceability

Ingredients and Nutrition Information ●

Product Labelling ●●

Social Value Creation

Charity and Community Partnerships ●

Security of Supply

Compliance

Local Development

Cooperation

Responsible Communication

Communication

Stakeholder Dialogue

Customer Awareness

Lobbying

Employee Awareness

Our journey for greater transparency

Our path to sustainable growth relies on us deeply understanding the issues impacting UK food and farming. We have a deep sense of responsibility to be open and accountable on those issues.

We know our customers, employees and the wider public want to know more about how we work and how our model makes affordable, nutritious food sustainable as well. Robust data collection, insight gathering and challenging the status quo are all key to how we respond.

Many products we sell take complex journeys across multiple countries and involve thousands of people in their production and distribution. Telling this story for every product is no small challenge but by systematically tracing the origin and understanding production practices behind what we sell, customers can make informed purchasing decisions. We are not there yet by any means but we continue to work with partner organisations to build a clear picture of our supply chain.

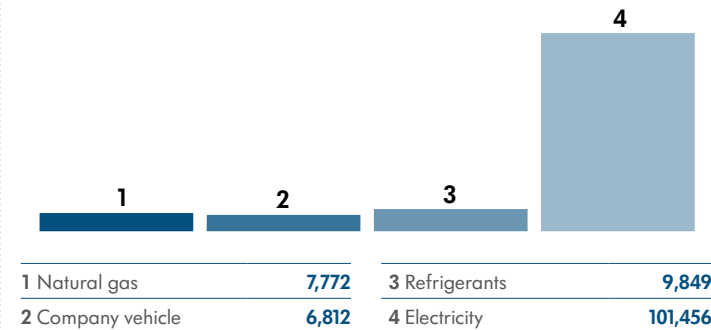


For more information on how we are tackling food waste
→ see page 28

Climate change

125,888 tonnes CO₂e

Amount per category (tonnes)



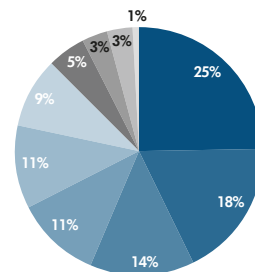
→ see page 35

Non-food manufacturing

650 suppliers

We've published a list of our main **650** suppliers' production facilities for textiles and footwear

For more information on our commitment to supply chain transparency
→ see page 15



Plastic (primary packaging)

59,539 tonnes

- Chilled dairy and meat
- Drinks
- Non food
- Fruit and veg
- Breads/cakes/sweets
- Ambient
- Plastic carrier bags
- Frozen
- Fresh meat and fish
- Tins & jars

For more information on how we are reducing plastic use
→ see page 30



Antibiotics

For the first time we've published antibiotic usage across our largest fresh chicken suppliers
→ see page 18

Seafood

Via the Ocean Disclosure Project, we've mapped the fisheries of our wild-caught seafood
→ see page 37



Supply chain mapping

As part our work on human rights, we've published our banana, salmon and tea sourcing locations



For more information on our supply chain
→ see page 15



Good for producers

“How can a discounter
make high quality food
that’s affordable and
responsibly produced?”

With fewer, more local product lines and suppliers, we have the advantage of greater visibility and one-to-one partnerships with British producers. As we work together to set ambitious sustainability targets and growth plans, we also leverage our international buying model to offer the lowest prices within our wider, trusted responsible sourcing structure.



Robert Chapman
Owner,
Farmlay Eggs

Committing to a better future for all of our producers

Good for producers is about working in partnership with our suppliers to buy products in a way that promotes the sustainability of our sector, creates mutual value and actively improves our natural environment.

Together, we can build production systems that are increasingly sustainable; where people's jobs and livelihoods are protected and where the values and impacts of food are recognised – within and beyond the UK.

We are committed to:

British Food and Farming

Championing the British food and farming sector by directly investing in the British economy, supporting the next generation of farmers and protecting the British countryside.

- Goal 1** Investing over £15 billion in the British food and farming industry in the next 5 years
- Goal 2** Driving sales in British products over-proportionately to our business growth.
- Goal 3** Exporting the best of British through our international network of businesses

Supplier relationships

Enabling producers to grow with us, working together to ensure transparent, sustainable supply chains, with a focus on local sourcing.

- Goal 4** Increasing the number of suppliers covered by long-term commercial agreements
- Goal 5** Creating long-term CSR business plans with all our strategic suppliers
- Goal 6** Providing smaller businesses simple access to the retail market and opportunities to grow with us

Human rights and ethical trade

Applying proactive, preventative measures to protect those who work in our supply chains, adapting to emerging challenges and creating a positive social impact.

- Goal 7** Implementing human rights due diligence to ensure we systematically monitor and address human rights impacts in our supply chains
- Goal 8** Conducting human rights impact assessments to build our understanding of high-risk supply chains and implement remediation programmes
- Goal 9** Collaborating with our suppliers, the industry and NGO partners to address systemic challenges and leverage change

Animal welfare

Working with farmers who share our commitment to livestock health and wellbeing, ensuring that all animals in our supply chain live a good life.

- Goal 10** Ensuring that every British farmer we work with is independently assured to recognised third party standards (e.g. Red Tractor, RSPCA Assured)
- Goal 11** Increasing transparency of animal welfare standards and communicating this to our customers
- Goal 12** Working with partners to reduce antibiotic usage and develop animal welfare outcome reporting

Supplier relationships

Producer partnerships — fair and simple

Good relationships with suppliers mean good food for customers. Our longer-term contracts, combined with fair and simple buying practices, have been fundamental to the sustainable growth of Lidl GB and the value we create beyond our stores.

Many of our supplier relationships go back more than a decade and long-term contracts continue to remain at the heart of our buying model. It is over years, that reliable orders, consistent payments and fair trading terms turn into trusted partnerships. By working in this way, farmers and producers have the assurances they need to invest in sustainable growth ([see page 14](#)) or even access export opportunities via our global networks ([see page 13](#)).

A more direct relationship

With our expert buying team and straight-forward procurement systems, producers can access a single, consistent point of contact and get to know us as individuals. At the same time, we gain a better understanding of the challenges they face so we know when we need to provide extra support and maintain supply security. For instance, if unpredictable British weather means dwarf-sized pears, we can efficiently transfer them to our healthy fun-sized range for kids ([see page 22](#)). Likewise, a bumper crop of carrots don't need to become food waste – with open dialogue between buyers and farmers, we can absorb them in Pick of the Week promotions.

We have a fixed-term price deal with British dairy farmers, providing stability during uncertain times

How we keep costs low and sustainability high

Fewer suppliers: quality control and closer relationships

Lean logistics: meticulously packed lorries, fewer food miles and regional distribution

Efficiency of scale: global purchasing power keeps costs low



Our commitments

To see how we are committing to a better future for all our producers

[→ see page 10](#)

What next?

Continue to work with suppliers to map their own supply chains and understand the issues they face

Work with all strategic suppliers to create impact-focused sustainability business plans

Increase levels of disclosure in how we report supply chain transparency



Rory Stone
Owner, Highland Fine Cheese

Supplier Relationships



Our Grassroots Dairy Partnership with Müller Milk & Ingredients is delivering benefits for farmers across the dairy supply chain in the UK. We are also jointly inspiring the UK's young farmers to tackle plastics, food waste and water.

Building on our 2017 commitment to offer a fixed-term price deal for UK dairy farmers, our unique partnership seeks to secure a sustainable end-to-end dairy supply chain, from the grassroots through to the customer. It is also based around transparent sourcing, high animal welfare standards and concern for environment and people.

Guaranteed price

28pppl

For three years, we've given dairy farmers the opportunity to fix up to 50% of their supply at 28 pence per litre. By securing a fixed price, members of the Müller Direct farmer group substantially reduce their exposure to market volatility.



A sustainable way of buying milk, from end-to-end



Calling all future farmers

Working with our milk and ingredients supplier, Müller Milk & Ingredients, we are helping to inspire and support the next generation of UK dairy farmers. The Lidl Grassroots Dairy Partnership Ambassadors programme, in conjunction with the Müller Direct Next Generation initiative, offers training and mentoring for young farmers, including 17 who are already supplying us through the Lidl fixed-price agreement.

The annual calendar of activities consists of bespoke training workshops (covering both technical agricultural skills and business insights), tours of our stores and Q&As with our buyers, as well as personal development sessions on transferable skills such as leadership and communication. Throughout the year, candidates have access to one-on-one coaching from our senior management teams.

"Our farming business had committed to large capital investments, to modernise and promote efficiencies in preparation to include our next generation within the business. The Lidl fixed-price scheme has given us certainty, within a volatile market, to lock in a percentage of our milk at a known price for two years. This will enable us to protect those investments whilst helping to secure a sustainable future for this business."

Fran Herdman,
Lidl Ambassador and next generation farmer

Local sourcing

Committed to buying and selling British

We are passionate about high quality, locally grown produce. We have built exceptionally strong partnerships over the last 25 years, helping British businesses grow with us. During this time we've continually increased the amount we have spent with our British based suppliers. In the next 5 years we're committed to investing over £15 billion in the British food and farming economy to help create jobs, build business and enable further investment.

Our research shows that buying British and treating local farmers fairly are among the top five priorities for our customers. Today, customers can choose from over 2,300 products from British suppliers, including all own-brand eggs, milk, cream, butter, fresh beef and fresh primary chicken, which all use 100% British ingredients. As a part of a wider group we are also able to offer the new food ranges from across Europe at an affordable price throughout the year.

Flying the flag for British agriculture

As a growing retailer in a competitive grocery market, we have an opportunity to contribute to a stable, productive British farming sector. Our long-term partnerships with farmers are all the more important in the face of price fluctuations, overseas competition, political uncertainty, climate change and rising fuel costs. We proudly endorse the National Farmers' Union (NFU) [Back British Farming](#) Charter, making a public commitment to champion British farming – not only in GB but overseas as well.



We back Red Tractor as a world-leading farm and food assurance scheme for traceable, safe food ([see page 17](#))



Our commitment comes on top of our ongoing support to the NFU's [Fruit and Veg Pledge](#) to boost the profitability of British farmers and suppliers. As part of the pledge, we promote British produce in our stores with Pick of the Week offers that celebrate seasonal, local produce. Our flexible specifications and our work with farmers to find secondary markets for surpluses are also reducing food waste ([see page 28](#)).

A triple-win for farmers, food miles and Lidl GB

For Lidl GB, buying locally means we can source the freshest quality products for our customers and keep food miles down. What's more, with a close understanding of our suppliers' businesses and an appreciation of the issues they face, we reduce our own risk exposure and build resilience to change. In short, buying British is a win for British farmers, a win for a sustainable economy and a win for Lidl GB.

£400m

We export almost £400 million worth of British produce each year to 27 countries

Exporting the best of British

As part of our commitment to help strengthen the suppliers we work with we're constantly exploring opportunities to export in to our international network. In 2018, we exported over £400m of British made produce to 27 countries across our international markets.

As an example, we recently expanded our partnership with Dale Farm, the largest UK farmer-owned dairy co-operative. From selling its award-winning, locally-made cheddar in all GB stores, we helped export nearly £40 million to thousands of Lidl stores across Europe.

The Northern Ireland-based co-operative has consistently impressed with exceptional product quality, an investment in British agriculture and a responsible approach to sustainability. With packaging innovation for instance, Dale Farm is investing in initiatives to reduce plastic and increase recyclability. Together, we are sharing our respective research and jointly identifying the right approach that avoids plastic without compromising shelf life and thus adding to food waste ([see page 28](#)).

"Strengthening our long-term global partnership with Lidl is great news for the 1,300 farmers who own the Dale Farm co-operative. The scale of this contract is testament to the high standard of the milk our farmer owners provide us with to consistently create world-class cheddar cheese."

Stephen Cameron,
Commercial Director, Dale Farm Group



Our commitments

To see how we are committing to a better future for all our producers

[➔ see page 10](#)

Our bigger impact



As we invest in local supply chains, we make a direct contribution to UN Sustainable Development Goals 8, Decent work and economic growth, and 12, Responsible consumption and production

PARTNERSHIPS

A farmer's perspective on growing for – and with – Lidl GB

A.C. Hulme & Sons is a family-run farming business based in Kent and spanning four generations. For 10 years, it has been our main supplier of eating apples and pears, growing alongside us during this time. We caught up with Tom Hulme to discuss what it's like as a farmer supplying Lidl GB.



Local sourcing

Tell us about your day-to-day relationship with Lidl GB?

As a direct supplier, I'm in regular contact with the buying team. It helps that the team is small and the buyers know their products – and us – exceptionally well. This really makes a difference when we encounter an opportunity and also issues with the weather for instance – a couple of years ago bad weather meant apples were marked more than usual so I picked up the phone and we quickly found a way to make these imperfections acceptable to the customer. That avoided us wasting perfectly good apples, which may not have been accepted by a traditional retailer.

How can you keep costs down while operating sustainably?

People often have a misconception that produce from discounter retailers must somehow be inferior or less ethical. As a supplier, I see where the savings are being made – in simple, streamlined systems, efficiencies of scale and consistency in orders. We've benefited from a reliable stream of Lidl GB orders for 10 years, meaning we can invest in scale and offer competitive prices. These prices don't undercut our quality, sustainability or worker welfare – in fact, savings in logistics and admin mean we have more to spend where it matters.

How have you managed to keep up with growing demand?

A decade of working together is a long time. We trust one another – I do everything I can not to let Lidl down and at the same time, I know buyers go out of their way to sell my harvest every season. With a consistent income from Lidl over the years, we've been able to continually invest in new orchards to increase volumes and quality and also the infrastructure to support this growth, ranging from state-of-the-art cold stores to new tractors and orchard sprayers and sheds to house them etc., all with complete backing from Lidl. The buyers even wrote to DEFRA to support our funding bid for a new state-of-the-art packhouse.

“We wouldn't have even contemplated upgrading our packhouse if it wasn't for our confidence in Lidl's future custom. The company has stayed true to its word with its growing orders over the years, giving us certainty in an industry that faces many uncertainties – like the British weather!”

Tom Hulme,
A.C. Hulme & Sons

What does the future hold?

Growth brings an even greater imperative to manage production responsibly. We're already closely audited to Red Tractor and BRC (British Retail Consortium) standards and I'm in regular contact with Lidl's sustainability team on specific challenges like modern slavery and labour rights as we grow. For instance, we're now completely upgrading the accommodation we provide for our seasonal workers to the highest welfare standards – Lidl has helped us to realise how important this is, not only ethically but to the future viability of our business.

I'm really proud to be continuing my family's business. With a decade of orders with Lidl already and a joint growth plan for the next seven years or so, I'm excited to be part of the next chapter and to keep Kentish apples and pears on Lidl's shelves.

[>Find out more about Buying British at Lidl GB](#)

Doubled

the volume of apples and pears supplied to Lidl in 8 years. Currently supply in excess of 30 million fruits per annum to Lidl

What next?

Work with the NFU on issue-specific strategies to engage farmers on specific challenges such as climate change



Human rights and ethical trade

Protecting workers in our supply chains

From growers and farm workers, to packers and truckers, we enforce consistent, rigorous standards to protect people in our supply chain. With 260,000 people working in our first-tier supply base alone, our approach must be one of continual vigilance, partnership and critical review. It must also be adaptable to new social challenges emerging in an interconnected world.

We recognise the fundamental obligation of governments, businesses and individuals to respect and protect human rights. Our due diligence is an evolving process and we are committed to regularly reviewing and improving it – for instance, ensuring human rights are upheld in our business and supply chains and embedding these processes into our buying practices (more information [page 10](#).) As well as rigorous internal procedures, we use our leverage to tackle underlying salient human rights issues, whether they be modern slavery, child labour or low pay, for example. This proactive, preventative stance underpins our ethical trading relationships across food and non-food products.

Human rights due diligence

As outlined in our [Human Rights and Environmental Due Diligence Policy](#), published in 2019, we systematically monitor and assess human rights risks in our supply chains. This assessment is informed by our social compliance programme and wider supply chain transparency work, as well as internationally recognised indices such as the International Trade Union Confederation Global Rights Index and insight from expert partner organisations.

As a first step, we have engaged stakeholders to understand our salient issues and then assessed where the most severe human rights impacts, such as forced labour, might exist in our supply chains.



We outline our expectations in our [Supplier Code of Conduct](#) which is applied to every purchasing contract and we support our direct suppliers with training guidance to develop their own social management systems, including providing the opportunity to use Food Network for Ethical Trade frameworks. Overall, we can only achieve effective human rights due diligence in conjunction with wider responsible purchasing practices, strong collaborations with expert partners and strong supplier relationships ([see page 11](#)).

Ensuring social compliance

Our social compliance programme is designed to ensure the objectives of our [Supplier Code of Conduct](#) are met and that continuous improvements are made within our supply base to ensure effective remediation. To help enforce the programme, we use Sedex, one of the world's largest collaborative platforms for sharing ethical data on supply chains and is widely used across the industry. With this platform, suppliers are able to complete a self-assessment questionnaire and identify an accountable person for ethical sourcing. We also deliver ethical audits and post-audit compliance checks via this system.

[>Find out more about our social compliance programme](#)



Our commitments

To see how we are committing to a better future for all our producers

[see page 10](#)

Our bigger impact



As we work to tackle working conditions in our supply chain, we make a direct contribution to UN Sustainable Development Goal 8, 'Decent work and economic growth', notably targets 8.5, 8.7 and 8.8

Protecting agency and migrant workers

Although the labour market is constantly changing we know that agency workers, mainly recruited from EU countries such as Poland, Bulgaria, Romania and Lithuania, play a critical role within the UK food and drink industry. With 68% of our direct suppliers employing agency workers, our priority is to ensure full visibility of employment practices so that we can work together to protect the most vulnerable people within our supply chains. In 2018, we published our [Responsible Recruitment in Supply Chains Policy](#) which outlines expectations specific to these suppliers continuing to reinforce our role in ensuring that workers recruited through these mechanisms are protected.

One key risk area identified is the standard of accommodation for seasonal labourers. Almost a fifth of our direct suppliers provide housing for temporary workers and we believe we have a joint responsibility to ensure it is of a decent standard. So in 2018, we developed online training with suppliers and other retailers which was rolled out across our GB supply base. In partnership, we hope to improve standards not only in our supply chain but to set a precedent across the industry.

Stronger Together: stamping out modern slavery in UK farms and factories

We are a member and sponsor of [Stronger Together](#), a multi-stakeholder initiative to eradicate modern slavery through guidance, resources, training and networks for employers, labour providers, workers and their representatives. All GB 1st tier suppliers to Lidl GB are required to attend Stronger Together training and make a commitment to raise awareness of the risks within the workplace.

In partnership for systemic change

As governing members of the [Food Network for Ethical Trade](#), we work with suppliers and other retailers to improve human rights in global food supply chains. Eight of our major suppliers are also part of the network with us so that, together, we can apply ethical trade principles further into supply chains. Our participation in member groups is a first step to gaining further transparency in our supply chain.

Among other [multistakeholder initiatives](#) in 2018 was our work with the Spanish Ethical Trade Forum. Together, we ran workshops that brought together growers from three regions in southern Spain, focusing on how to improve labour standards for agricultural workers.

Championing Fairtrade

We sell over 60 different Fairtrade certified products across our everyday lines such as tea, coffee, chocolate, bananas and cereal. Through this commitment we are supporting farmers around the world to receive a fair price and premiums to invest in their local communities. Looking ahead, we will be working closely with our suppliers and Fairtrade to develop living wage benchmarks in sourcing regions such as Costa Rica and Belize.

60

We sell over 60 Fairtrade certified products



Protecting workers in our non-food supply chains

We're committed to improving working conditions and protect the rights of people employed in our non-food supply chains. We've taken a range of steps to do this.

As well as being a signatory of the Bangladesh Accord, an independent, legally-binding agreement between textile brands and trade unions to work towards a safe and healthy Ready Made Garment Industry in Bangladesh; we are partnering with the German Association for International Cooperation (GIZ) to deliver training on international labour standards for staff at 80 textile factories.

From 2018, we're supporting 'PURE' (Project for Environmental and Resource Efficiency) – a new training programme which, in partnership with GIZ, has been designed to continue to improve the working conditions and environmental solutions of textile suppliers in Bangladesh and China. 'PURE' aims to educate and share practical solutions to everyday health, safety and environmental challenges in these factories.

And as part of our commitment to supply chain transparency, we are proud to be one of the first retailers to publish a list of our main 650 suppliers' production facilities for textiles and footwear on our website.

- >Find out more about how we uphold human rights at Lidl GB
- >Read our 2018/19 Modern Slavery Statement

What next?

Improve visibility of smallholder farmers and women in our supply chains

Implement programmes to directly support smallholder farmers to improve their chances of earning a living income

Conduct human rights impact assessments within high risk supply chains

Develop impact measures to better understand our progress

Animal welfare

World-leading standards of wellbeing for animals

We're proud to buy 100% of our own-brand eggs, milk, cream, butter, fresh beef and fresh primary chicken from British farmers who are independently assured against world-leading standards of animal health and wellbeing¹.

Working in partnership to give all animals a good life

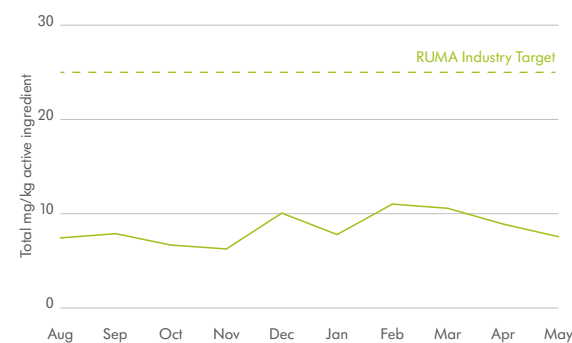
Each farmer that supplies Lidl GB makes a commitment to deliver safe, traceable produce that has been produced with care. This is enforced through our **Animal Health and Welfare** buying policy, which reflects input from expert partners and suppliers, and builds on the 'five freedoms' of the Animal Welfare Council. By backing the **Red Tractor**, we're making meat, poultry and dairy produced to leading welfare standards more accessible, to more people, at an affordable price. In many instances, these standards go beyond EU minimum requirements². In addition, we also offer 24 product lines under the higher-welfare **RSPCA Assured** label, including farmed salmon, eggs, and fresh and processed meat.

Since 2017, we have joined the industry in committing to 100% cage-free eggs and egg-based ingredients by 2025. To meet this goal, we are working closely with British farmers to expand housing for laying hens, without undermining farm productivity and livelihood security.

Working to reduce the use of antibiotics

We believe in a co-ordinated and integrated approach to best practice in animal medicine use. We champion the sector-specific antibiotic reduction targets developed by RUMA (Responsible Use of Medicines in Agriculture Alliance). This means that our suppliers do not use antibiotics as routine prevention except for certain extreme circumstances and the use of critically important antibiotics is restricted. We are also collaborating with the University of Glasgow School of Veterinary Medicine on a study to gauge farmer attitudes to antibiotics. This four-year programme, launching in 2019, will help support Scottish dairy farmers to reduce antibiotic usage.

Progress in broiler chicken (2018/2019) Antibiotic Usage – Group Figures



“While specialist schemes may have higher standards on specific single issues they do not offer the breadth across all aspects of farm production. Our ambition is to combine the current robust core of Red Tractor with additional standards on single issues to create a broader and stronger offer.”

Jim Moseley,
CEO, Red Tractor



Our commitments

To see how we are committing to a better future for all our producers

→ see page 10

Our bigger impact

SUSTAINABLE DEVELOPMENT GOALS



As we work to tackle working conditions in our supply chain, we make a direct contribution to UN Sustainable Development Goal 12, 'Responsible consumption and production', specifically target 12.8

¹ Based on a 2018 study by UK government agriculture advisor, Dr Jonathan Birnie, which benchmarked Red Tractor against other global schemes and found it to be the 'highest performing' complete scheme: <https://www.birnieconsultancy.com>

² For instance, lower stocking densities in chicken farms and antibiotic usage on pigs, which we have reduced by 53% since 2015



“Lidl’s voluntary labelling scheme is all about transparency – labelling standard production as well as a variety of higher welfare options.”

Dr Tracey Jones,
Director of Food Business,
Compassion in World Farming

COMPASSION
in world farming

“This is such an encouraging move as the RSPCA has long campaigned for method of production labelling to be made mandatory on animal products and we hope that other retailers will follow Lidl’s lead.”

Sophie Elwes,
Senior Scientific Officer for Farm Animals, RSPCA



CERTIFICATION MARK

Trailblazing method of production labelling

In addition to working with trusted partners to give our customers the confidence that welfare standards are being maintained, we feel it’s important to provide them with very clear, objective information about how the meat was produced to enable them to make an informed purchase decision.

Our research shows that 71% of shoppers want retailers to be more transparent about how the fresh chicken they buy was reared. So, in a UK retail first, we have added ‘method of production’ labels to all fresh chicken in Lidl GB stores nationwide. The clear symbols will help customers make more informed decisions and combat confusion by including details that have not previously been declared by supermarkets on pack.

Labelling clearly show the different types of farming systems, including caged and free-range. Research shows that consumers find this type of labelling to be very informative, with two-thirds of Brits saying that egg packaging is detailed and transparent, helping them understand how the chickens laying them were kept.

[>Find out more about animal welfare at Lidl GB](#)

What next?

Apply our research on antibiotic use to support more farmers

Share method of production labelling outcomes to inform industry progress

Refine our Animal Welfare Policy and further support Red Tractor to standardise animal welfare practices



British Organic
Birds have access to large outdoor ranges, with smaller flock sizes and a GM free diet.



British Free Range
Birds live in safe, comfortable housing with access to the outdoors for a minimum of 8 hours a day.



British Indoor+
Birds live in housing with more space to exhibit natural behaviour; with natural daylight and environmental enrichment.



British Indoor
Birds live in safe, comfortable housing, with natural daylight, bales, perches and pecking objects.



Indoor
Birds are reared outside the UK to legal housing requirements.



Good for people

“How can a discount retailer make a meaningful difference to British families?”

Making fresh, quality produce appealing and affordable is an everyday part of our business. And it's enabling more families on a budget to access healthy foods. Our support to families extends into our communities through charitable partnerships and through the 22,500 good jobs we create up and down the country.



Committing to building healthier communities

Good for people is about helping our customers make healthy and informed choices easily. Joining our communities to support them, helping them grow and thrive and creating an environment that allows colleagues to maximise their potential.

We are committed to:

Healthy eating

Making healthy food accessible for families.

- Goal 1** Increase consumption of fruit and veg, especially in children, through messaging and promotion
- Goal 2** Make our food healthier by working towards the UK salt reduction targets and reduce sugar by 20% by 2020 as set out in the government's Childhood Obesity Plan

Charity and community partnerships

Supporting those organisations working to tackle those issues most important to the communities we work in.

- Goal 3** Raise £3 million for NSPCC, our national charity partner, by 2020
- Goal 4** Donate over 5 million meals by 2020 to good causes via our Feed it Back programme

Supporting our colleagues

Becoming the employer of choice in our sector.

- Goal 5** Improving our overall gender balance ratio
- Goal 6** Increasing the representation of women in senior management positions
- Goal 7** Conducting employee surveys to measure and track employee engagement
- Goal 8** Developing a long-term Diversity and Inclusion Strategy

Health and nutrition

Healthy food, accessible to all

We believe that healthy eating should be affordable and accessible to everyone. Making it easy to eat well starts with offering fresh quality produce at the best price. It also involves clear, accurate information in-store and on packs, as well as continually making our products healthier and creating healthy ranges that appeal to children.

Cutting salt and sugar from our products

From crisps to biscuits and soft drinks to ready meals, in the last year our nutrition team and buyers have further reduced the salt and sugar in our products – all part of our commitment to UK government nutrition goals and its Childhood Obesity Plan. Almost all (96%) of our own-brand products are now aligned to world-leading salt reduction targets, a 9% increase on 2017. For sugar, we have now removed 1,083 tonnes of sugar from our biscuits and 228 tonnes from chocolate products through low-sugar recipes and/or reduced pack sizes.

Sugar reduction (between 2015 and 2018)

Reduction per category (tonnes)			
Biscuits	1,083	Morning goods	143
Cake	32	Peanut butter	20
Cereal	323	Puddings	6
Chocolate confectionery	228	Sugar confectionery	169
Ice cream	7	Yoghurts	96



Your five a day has never been easier

Our goal is to make it easy for families on a budget to make healthy choices. Since opening our stores in 1994, we've been working hard to get the basics right, with consistently high quality healthy food at low prices. For four years, our weekly promotions on fruit and veg have made it more appealing to buy fresh produce – in fact, as a proportion of the grocery basket, we now sell more fruit and veg than any other supermarket. In 2017, we moved all fruit and veg to the store entrance so that, along with healthy snacks offered at checkouts, the customer journey now begins and ends with healthy food.

20%

These actions have resulted in an increase of 20% in fruit and veg sales between 2017 and 2019

More than a matter of taste

Removing sugar and salt from foods is far more complex than addressing taste. These nutrients play a key role in food safety and structure, while also binding ingredients and even enhancing colour. Our experts are trying and testing recipes so our customers can enjoy healthier food that tastes – and looks – the same or even better, while lasting just as long.

Our commitments

To see how we are committed to making a meaningful difference for UK families

➔ see page 18

Our bigger impact

Sustainable Development Goals



As we work to address healthy eating, we make a direct contribution to UN Sustainable Development Goal 2, Zero Hunger, notably target 2.1

Targeting obesity in deprived communities

The latest government data¹ shows that approximately two-thirds of adults and a third of children are overweight or obese in England. It is also clear that children are becoming obese younger and that this is likely to follow them for the rest of their lives². In addition, there is a well evidenced and strong relationship between obesity and high levels of deprivation³.

These trends point to a need for food retailers to make healthy food affordable, particularly for struggling families with children. Through our research with universities, we know that addressing health issues such as obesity is complex and requires multiple interventions, from advertising and store layouts, to cost control and product appeal. In 2018, we continued working with the Brighton School of Health Sciences and Birmingham's Institute of Applied Health Research to better understand shopping habits and the challenges of eating healthily in areas of multiple deprivation. These findings are providing valuable insight to inform our future strategy to make healthy eating accessible, particularly for those on a budget.

“Working together with Lidl we have been able to obtain valuable insight into healthy food buying behaviour. Access to those shoppers in areas of multiple deprivation has helped improve the understanding of how purchasing decisions relating to veg play out in a discount store environment.”

Emma Frew,
Professor of Health Economics; Institute of Applied Health Research, Birmingham University



🟡 We've added 20 more appealing veg product lines.

Fun-sized fruit and veg

As the first British supermarket to introduce fresh fruit and veg specifically designed for children, our fun-sized range is ever-more popular. From Santa's Sprouts to Avodillos, kids love the fun packaging and unusual shapes, while parents are finding it inspires them to get creative with family meals.

18

new fun-sized products launched in 2017, including special seasonal variants

30%

Fun-size products account for 30% of the fruit and veg units sold

As a founder signatory to the Food Foundation's **Peas Please** pledge, we are working with a range of organisations to promote veg to our customers. In the last year, we doubled the number of social media posts promoting veg. Our ongoing communications are also helping inspire customers to make healthy choices by inviting them to visit our suppliers and understand the quality and sustainability behind our products.

109%

year-on-year increase in broccoli sales following our TV advert

303

social media posts in 2018



🟡 We've added a 'veg nudge' to our ready meals.



Our healthy eating roadmap

In 2019, we will set out a fresh new strategy to make healthy food more accessible for our customers. Using the findings from our research, we are identifying the most effective interventions we can make, both in our stores through strategic promotion and placement, and within the community through inspiration, education and partnership. Our actions will be aimed at helping all our customers but will specifically target families on a budget. We will measure the impact of every intervention we make and report our progress.

[➤ Read our policy on health and nutrition](#)

What next?

Roll out our new strategy to help customers eat the right food and the right amount of food

Continue to work towards salt and sugar targets and add calorie reduction to our reformulation strategy

Strengthen our Peas Please pledges to drive continued growth in veg consumption.

1 Health matters, March 2018. Published by https://www.gov.uk/government/collections/health-matters-public-health-issues?utm_source=Blog&utm_medium=HM2Blogboiler&utm_campaign=HealthMatters
2 National Child Measurement Programme
3 Guy's and St Thomas's Charity Bite Size

Charity and community partnerships

Supporting British families in need

Lidl GB employees have chosen the National Society for Prevention of Cruelty to Children (NSPCC) as our national charity partner and over three years our target is to raise £3 million to help keep children safe from abuse and neglect.

The NSPCC is the UK's leading children's charity and has been working to end child abuse for over 100 years. Through this partnership, we are focusing on helping the organisation reach one million primary school children with 'Speak out. Stay safe', its highly acclaimed programme that has already reached a third of UK primary schools.

Helping children speak out and stay safe

Our £3 million commitment is targeted to train and resource NSPCC volunteers and staff, enabling them to empower primary school children to speak out about any worries they may have or concerns about a friend. With the help of Buddy, a speech bubble mascot, 30-minute assemblies convey serious messages about neglect, abuse and bullying in ways that resonate with children aged 4 – 11. They also make it clear how easy and confidential it is to speak to trusted adults or to Childline. Teachers are present throughout so everyone is familiar with the topics, which are aligned to the national curriculum.



“We are delighted that Lidl GB have chosen us as their charity partner. Their support means we will be able to train enough volunteers to deliver our schools service to every primary school in the UK, enabling us to reach one million children with crucial advice on how to stay safe and happy. This is especially important when you consider that two children in every classroom have suffered some form of abuse, a state of affairs that is completely unacceptable and cannot be allowed to continue.”

Peter Wanless,
Chief Executive of the NSPCC

Bringing customers and colleagues on board

Knowing that the success of the NSPCC partnership depends on the engagement and support of our customers and employees, we have made it easy for both of these stakeholder groups to get on board. In 2018, we raised over £1.1 million from employee fundraising, charity collection tins in stores, gifts in kind and cause related marketing.

Employees went the extra mile for the NSPCC – quite literally. During the year, 22 colleagues ran the London Marathon, raising £30,061, while 33 enthusiastic colleagues from Head Office raced up London's Gherkin tower, raising £4,601.

Regional partnerships

As well as our strategic work with the NSPCC, each store or region often has its own charitable initiatives, which are supported by Lidl GB. These include our community food-giving programmes (see page 29) and raising almost £350,000 since 2011 for STV's Children's Appeal for 220,000 children and young people in Scotland living in poverty.



394,700

children in 2,077 schools supported through NSPCC's Speak Out, Stay Safe programme in 2018

Feeding it back

It's important to us that each and every one of our stores has a positive impact on its community. That's why we're proud to work with Neighbourly, the food redistribution organisation who has connected our stores with over 1500 local charities, food banks and community groups who could make good use of surplus food. This way, as well as cutting down on food waste (see page 29), we're able to support the important work these groups are doing for the people who need it most. From tackling food poverty to addressing social isolation, the work of these amazing groups we connect with extends far beyond the individual plates of food they provide.

Our commitments

To see how we are committed to making a meaningful difference for UK families

➔ see page 18

Our bigger impact



Through our charity partnerships, we make a direct contribution to UN Sustainable Development Goal 16, Peace and Justice, specifically target 16.2, End abuse, exploitation, trafficking and all forms of violence against children

What next?

Continue to engage customers and employees to raise funds and awareness to help the NSPCC reach every UK primary school with the 'Speak out. Stay safe' programme

Beyond primary school children, we will also support NSPCC work around parent-baby bonding

At a local level, we will explore how we can further support the causes that matter to our teams and neighbourhoods

Our colleagues

Realising the potential of our people

We would not have grown into the business we are today without the dedication of more than 22,500 employees in our stores, warehouses and offices. By offering good jobs inclusive to all, quality training and exciting development opportunities, we can ensure our people grow with us, from recruitment to retirement.

Acting on what we hear

Our annual employee survey, is one of the many ways in which colleagues can let us know how they are feeling and what we can do better. In 2018, over 10,000 employees responded to the survey – that's 48% of the workforce. Results showed that 71% of colleagues are satisfied working at Lidl GB, with particular recognition of leadership and team opportunities. We also learned that we need to do more around creating great work spaces, shift planning and recognition so, in 2018, we reached out to 1,000 employees through focus groups around the country. We will now take forward these findings to improve our workplaces and employee offer.

Feel Good Five

In 2018, we launched a holistic wellbeing initiative focusing on the five 'powers' of social wellbeing, physical and nutritional health, mental health, learning and financial health. Through the programme, we offer a range of free services, which include counselling, cognitive behavioural therapy and a confidential helpline for employees, as well as flu jabs, free fruit and support to new parents through our partnership with the National Childbirth Trust (NCT).

2,000 line managers joined mental health awareness workshops.

“I'm given ownership and empowered to run my stores like my own business.”

Sara,
Area Manager

A workplace inclusive to all

As a growing business, we are under no illusion that the hard work and dedication of more than 22,500 colleagues across Great Britain has got us to where we are today, enabling us to positively impact the lives of all of our customers. Our employees come from 118 different countries and we foster a culture of respect, providing equal opportunities to all.

We are working hard to improve the overall gender balance of our workforce and enable more women to progress into management roles. For example, through Be Inspired, an initiative from Retail Week that promotes gender balance at all levels across retail, we offered networking events and conferences for our female leaders to empower their career aspirations and progression.



14 weeks

Maternity pay increased to 14 weeks' full pay

We have reduced our median gender pay gap from 3.0% to 0.5% and are delighted with this progress. It is clear that we need to do more to close the gap in our upper quartile, and we are committed to building on our strong foundations so that we can achieve this.

Amazing opportunities, whoever and wherever you are

From the careers fair or the job interview, to the training course or promotion meeting, we stand by our policy of fair, equal opportunities for all. In the last year, we strengthened our approach by making the Lidl GB recruitment offer even more consistent across our departments and regions. For instance, we offered extra training for managers when interviewing candidates to ensure they offer a level playing field to all. During 2018, over 1,500 line managers attended a half day training on this.

“With Lidl I've been amazed at how far my natural abilities can take me.”

Dan,
Graduate

Bring Your Best. We'll Do The Rest.

We continue to work with approximately 30 colleges and universities up and down the UK to showcase the many varied and progressive opportunities we offer for young people. Our graduate opportunities are designed to give exposure to all areas of the business.

39

new graduate positions
per year in our regions

13

new work placements
per year in our regions

Our commitments

To see how we are committed to making meaningful difference for UK families

[→ see page 18](#)

Learning and development

We have a responsibility to ensure that every colleague realises their full potential and enjoys a long, fulfilling career with us. Our learning and development opportunities are part of this commitment, with inspiring training, work placements, international rotations and leadership development programmes in place, from warehouse to store and distribution centre to head office. During the year, we further improved our training offer by making courses more accessible and flexible. E-learning and YouTube-style videos mean employees can now select the topics of greatest relevance to their roles, whilst also being able to learn at their own pace and even on-the-go.

24

retail apprentices successfully graduated,
with 10 gaining a distinction

In 2018, we piloted our retail apprenticeship programme at Newton Aycliffe, County Durham. It was highly successful, with all 24 apprentices graduating – 10 with distinction. We are now rolling out a warehouse apprenticeship in Southampton and Northfleet.

“It was a pleasure for me to be able to celebrate the success of our first graduating class of apprentices. It is a challenge to balance a demanding role in our stores with the work required to complete the programme. I am delighted for, and proud of, the team for succeeding with excellent results.”

Gareth Davies,
Newton Aycliffe Regional Director

Apprentice feedback

“The programme has made me feel really valued.”

“This programme has taken me out of my comfort zone and I feel so much more confident.”

“I now look at the broader view of my store rather than taking things shift by shift.”

“It’s been a great way to see a different way of doing things.”

As well as our apprenticeships in store, we also have apprentices at our Head Office, including in human resources, learning and development, chartered surveying and civil engineering.

Launching our Leadership Academy

The Lidl GB Leadership Academy is now up and running, equipping colleagues who are becoming or are already line managers, with the skills and confidence to effectively lead their teams. It offers a range of courses tailored to meet the needs of both regional and head office employees across all four managerial levels – from deputy store managers to senior leaders.

All existing and new line managers across the business will be given the chance to join, with training being conducted both by internal and external trainers.



What next?

Refresh our Employee Value Proposition to further attract and develop our people in line with the rapid growth of our business

Advertise opportunities on new in-store community boards

Further improve our family-friendly support, including work-life balance programmes and support to working parents

Launch an awareness video on modern slavery to highlight the very real risks in retail supply chains

Roll out further leadership programmes as part of our leadership development programme

Expand the number and type of apprenticeships we offer



Good for our planet

“ How can a discounter ensure that low prices don't cost the earth? ”

An efficient operating model means fewer food miles, less waste and a leaner use of natural resources. When we combine this greater traceability of products and closer relationships with producers, we see how affordable food doesn't have to cost the earth.



Robert Graham
Managing Director,
Graham's Family Dairy

Committing to protecting the planet for the future

Good for our planet is simple – it's about reducing the impact of our business on the environment. We want to decarbonise our operations and help to do the same in our supply chains, whilst also creating new systems to drive circularity.

Overview

Good for producers

Good for people

Good for our planet

Our performance

We are committed to:

Climate change and energy

Promoting a low carbon economy, following a science-based trajectory for our business and working with our suppliers to do the same.

- Goal 1** Set an ambitious target to reduce our Scope 1&2 GHG emissions aligned to a science based trajectory
- Goal 2** Set an ambitious target to reduce emissions across our supply chain (Scope 3) by 2020
- Goal 3** Procure 100% of our electricity from renewable sources from 2019
- Goal 4** Cut carbon emissions from our logistics, through a 25% reduction of carbon per pallet by 2028

Food waste

Minimising food loss across the value chain from farm to fork.

- Goal 5** Reduce food waste per store by 25% by 2020 and 50% by 2030, in line with SDG 12.3
- Goal 6** By 2020 ensure all major suppliers adopt a target, measure act approach to reduce food waste and commit to a 50% reduction by 2030
- Goal 7** Launch a dedicated campaign to inspire our customers to reduce food waste in the home

Deforestation

Ensuring our supply chains are deforestation free.

- Goal 8** Continue to source 100% of the palm oil and soy used to create our own-brand products are sourced from sustainable, deforestation-free sources
- Goal 9** Through certification with FSC and PEFC, source 100% of our timber and wood-based products from responsibly managed forests
- Goal 10** By the end of 2019, switching all of the viscose used within own-brand textile products to Lenzing EcoVero, a more eco-friendly form of viscose

Plastic and packaging

Supporting a circular system which captures and retains the valuable resources in our packaging, whilst eliminating unnecessary plastic.

- Goal 11** 20% reduction in own-brand plastic packaging by 2022
- Goal 12** 100% of our own-brand plastic packaging will be widely recyclable, reusable or refillable by 2025
- Goal 13** Increase the recycled content of own-brand packaging to a minimum 50% by 2025
- Goal 14** Test and trial innovative closed loop systems aimed at supporting a circular economy by 2020

Raw materials and seafood

Sourcing all our products in a way that respects the environment and improves lives.

- Goal 15** Sourcing 100% of the key raw materials used in our own-brand products from third-party certified sustainable sources by the end of 2020 (e.g. Rainforest Alliance, UTZ and Fairtrade)
- Goal 16** Sourcing 100% of our own-brand fresh, frozen and canned seafood from sustainably certified fisheries and farms.
- Goal 17** Collaborating on industry initiatives to drive sustainability of supply chains at national and sectoral levels

Avoiding food waste

Standing up for the value of food

Between the farm and the factory, the shop and the home, as a society we throw away around 10 million tonnes of food every year¹. What's more, well over half of this is avoidable. As a major food retailer, we're taking urgent, practical steps to cut food waste in our stores, with our customers and in partnership with suppliers.

Shifting how food is perceived, from throw-away commodity to precious resource, takes time. But we see progress being made. Campaigns like Love Food, Hate Waste report measurable changes in consumer behaviour, while WRAP's Courtauld Commitment is catalysing collective action from manufacturers, local authorities and retailers.

Helping families save food and money

Two-thirds of food waste is generated at the very end of the value chain – in UK homes, costing each household an average of £810 a year². As a retailer, it's important that we understand why this is happening so we can help our customers save food and money. So last year we worked with WRAP on a research study into consumer behaviour. We found that while 56% of people were concerned about food waste, many were misinformed about how to keep food fresher for longer.

With this information, we've been trialling new labels across our bread and fresh fruit and veg – some of the most wasted foods in the home. Customers will now see simple messages highlighting the value of food coupled with tips around how best to store produce – such as keeping fruit in the fridge instead of a bowl, as well as simple recipe ideas for food that's gone past its best.

14.3%

reduction in food waste per store between 2016 and 2018



We were also one of first supermarkets to adopt WRAP technical guidelines on how to best store food to maximise its life at home. We know this is an important step to help customers reduce food waste and save money, so where we can we have made it very visible on the front of pack on high wastage products like potatoes and bread.

Avoiding supermarket surpluses

For any retailer, wasted food is wasted revenue. In the UK, it's now standard for supermarkets to discount food close to expiry, redistribute surplus to good causes or, as a last resort, turn it into biogas. But as an industry we need to go further and faster. At Lidl GB, our target is ambitious: cut food waste by 25% in every store by 2020 and halve it by 2030³. We're making progress on this; in the last two years we've seen a 14.3% relative reduction in food waste per store, excluding business growth. In 2018, we adopted a detailed approach to accurately measuring the amount of food surplus our stores generate, where this comes from and why we aligned with the international Food Loss and Waste Protocol developed by the World Resources Institute. View our food surplus and waste data [here](#).

Food Waste

Amounts in tonnes

Total food surplus	2018	41,790
	2017	37,701
	2016	38,617
Food surplus redistributed	2018	1,850
	2017	533
	2016	469
Food waste to anaerobic digestion	2018	39,699
	2017	37,168
	2016	38,148
Food waste per store	2018	40.9
	2017	41.4
	2016	47.7

Primary = packaging which contains the product which consumers purchase

Secondary = packaging which contains multiple primary packaging for ease of handling and merchandising

Tertiary = packaging which contains multiple secondary packaging for ease of handling through the supply chain

Our commitments

To see how we are committed to ensuring that low prices don't cost the earth

➔ [see page 26](#)

Our bigger impact










As we work to tackle food waste, we make a direct contribution to UN Sustainable Development Goal 12, Sustainable Consumption and Production, notably target 12.3

¹ WRAP: <http://www.wrap.org.uk/content/household-food-and-drink-waste-uk>
² WRAP: <http://www.wrap.org.uk/content/food-waste-data>
³ Our target aligns with [UK Food Waste Reduction Roadmap](#) and with SDG target 12.3: by 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Saving food in-store

As part of our approach we are taking the following structured steps to ensure that we minimise our food surplus by preventing it in the first instance and, when we can't, we'll work to get it redistributed.

-  **Prevented** – We have tested and will soon roll out an improved ordering system to accurately predict required stock levels. We're also trialing improved bake plans for our in-store bakeries to reduce waste at the end of the day.
-  **Prevented** – In 2018, we've retrained our freshness co-ordinators to ensure our highest wastage category, fruit and veg, is made available to our customers for as long as possible.
-  **Redistributed** – Any promotional stock returned back to our RDCs from our stores is redistributed by our partner His Church to local and global causes.
-  **Prevented** – We've rolled out a new discounting strategy to increase the savings for fresh meat, dairy and deli products nearing their use by dates.
-  **Prevented** – The introduction of our Too Good To Waste boxes maximise the life and value of our fruit and veg by making them available for longer.
-  **Redistributed** – Through our national redistribution programme, Feed it Back, all of our stores are connected to local charities and regularly donating quality food surplus.
-  **Energy** – Any remaining food surplus that we can't redistribute is then sent to generate energy from biogas.

“It's become part of my routine now to set food surplus aside for the Real Junk Food Project Brighton, and I love knowing the impact it'll have.”

Aly,
Bakery supervisor, Lidl Arundel

Feed It Back – community redistribution

1,500
charities supported

3.4m
meals donated

1,000
tonnes of food
surplus redistributed

In partnership with Neighbourly, our Feed it Back initiative has donated the equivalent of over three million meals to vulnerable people in our communities. With each store connected to its own local charities, food banks, community cafés and soup kitchens, our quality surplus is being put to good use.

In 2018 we rolled out the programme to all our stores, resulting in a five-fold increase in redistributed food and supporting almost 1,500 local charity and community groups.



A roadmap for real change

We know that the greater proportion of food waste is generated in our supply chain rather than our stores. Led by WRAP and the Institute of Grocery Distribution, we are among the retailers joining food manufacturers and food service businesses to launch the Food Waste Reduction Roadmap. With a commitment to reduce food waste by 50% by 2030 (in line with SDG 12.3), we are playing our part in stores, but more importantly, with our key suppliers, to do the same.

[>Find out more about food waste at Lidl GB](#)

Too Good to Waste

Launched in 2018, our Too Good to Waste fruit and veg boxes contain approximately 5kg of perfectly good produce that may simply be a little damaged or marked for only £1.50. Each day, in-store Freshness Specialists select these items and make them available to customers until midday at which point any leftover boxes are donated to Feed it Back.

This initiative is not only helping to tackle food waste in store, it's also helping customers buy more nutritious fresh food and save money ([see page 21](#)).



“We get on very well with all of our partnered charities – I'm very new to the store and we know everyone that collects on a first-name basis.”

Colin,
Assistant Store Manager, Lidl Slatyford

What next?

Work with our key suppliers to implement food waste reduction targets and action plans

Adopt best practice storage labelling on all product packaging

Continue to increase the amount of our food surplus redistributed

Explore further opportunities to reduce food surplus across our stores

Plastics and packaging¹

Closing the loop on plastic

Our Circular Motion strategy is one of the most ambitious projects we've undertaken to date. In it, we set a path to transform our packaging system, while also supporting a UK circular economy. Tough targets hold us to account as we reduce plastic packaging and improve its recyclability, whilst making it easier for our customers to avoid waste and recycle more.

For better or worse, it is hard to imagine a material that has made a greater difference to society than plastic. Its unique qualities have made safe, affordable food the norm, while reducing perishability and food waste. But its sheer volume is proving unsustainable for the planet and for waste infrastructure. Our approach is to avoid unnecessary plastic, increase recycled content and recyclable packaging and find alternatives to plastic that do not compromise price, safety or freshness.

A green bag for your greens

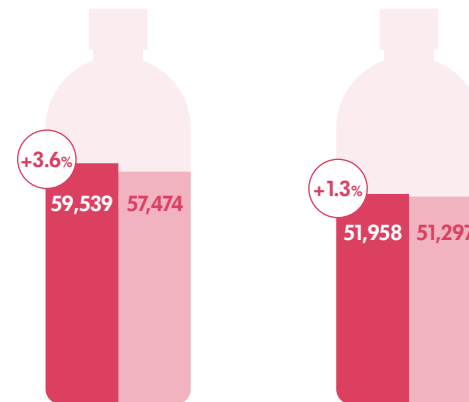
In UK food retail, loose fruit and veg usually ends up in customer baskets in single-use plastic bags. To avoid our own contribution of 130 million single-use fruit and veg bags every year, we launched the Green Bag. Now, in every store, customers can buy their own reusable bag for fresh produce. We will monitor the effectiveness of this initiative during the year.



Plastic packaging – Absolute (tonnes)

Primary (all)

Primary (own-brand)



• 2018 • 2017

Avoiding plastic packaging

The plastic packaging our customers take home (primary packaging) represents the vast majority of our total plastic packaging footprint, as such, we've focused our targets to reduce this by 20% by 2022.

During the last year, the volume of primary plastic packaging increased by almost 4%. However, as our business has grown by over 10% during that time, we've seen a like-for-like reduction of almost 6%.

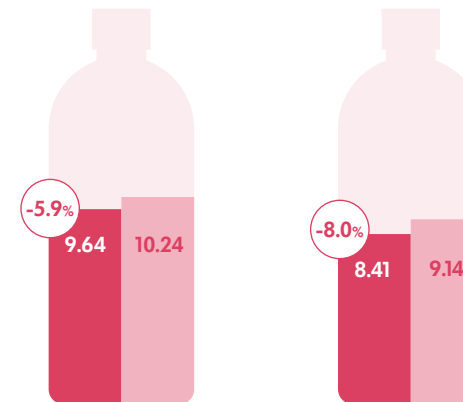
Innovations that have reduced our use of plastic packaging in 2018 include:

- reducing the thickness of packaging (saving 37 tonnes of plastic from meat trays, 15 tonnes from crisp multi-packets);
- replacing polystyrene pizza bases with cardboard saving 18 tonnes;
- stopped selling 5p carrier bags, equating to 69 million bags and 1,300 tonnes;

Plastic packaging – Relative (tonnes)

Tonnes per £1 million net turnover (all)

Tonnes per £1 million net turnover (own-brand)



- removing excess film and headspace across dairy and fruit and veg lines;
- trialling loose varieties of fruit and veg, such as cabbage and bunched carrots.

Plastic production by unit

Secondary	2018	1,770
	2017	2,084
Tertiary	2018	1,872
	2017	2,302

Primary = packaging which contains the product that consumers purchase including 5p and 9p plastic carrier bags.

Secondary = packaging which contains multiple primary packaging for ease of handling and merchandising

Tertiary = packaging which contains multiple secondary packaging for ease of handling through the supply chain

Our commitments

To see how we are committed to ensuring that low prices don't cost the earth

➔ see page 26

Our bigger impact



As we work to tackle pollution and overconsumption of resources, we make a direct contribution to UN Sustainable Development Goal 12, Sustainable consumption and production, notably target 12.5; and Goal 14, Marine life, notably target 14.1

¹ All plastic packaging volume and turnover data on this page relates to calendar year

Recyclability and recycled content

We continue to make more of our packaging reusable and recyclable for customers and to maximise recycled content. For instance, during the last year we have:

- removed non-recyclable black plastic¹ from our entire fruit and veg range;
- moved to 100% recycled plastic for certain cleaning spray bottles;
- increased the recycled content on certain fresh meat trays, 30% for milk bottles, 25% for selected water bottles and 50% for certain flavoured water bottles;
- moved selected plastic plants pots from non-recyclable polystyrene to fully recyclable PET; and
- introduced 'easy-peel' film windows on our sandwiches, making them easier to recycle.

Helping customers recycle at home and on the go

It's not always easy to know what can be recycled at home and on the go¹. To help our customers navigate recycling messages, we have improved our product labelling to ensure it is clear and consistent.

Our Circular Motion strategy involves partnering with plastics manufacturers, local authorities and other retailers to make all plastic packaging recyclable and to create market demand for recycled material. As one of the founding members of WRAP's UK Plastics Pact, we are helping to bring retailers and manufacturers to the table with the UK government and NGOs. By coming together, we can agree industry-wide targets and create an infrastructure system that more consistently supports plastic recycling.

Ensuring the bag for life really is for life

The disappearance of free plastic bags from supermarkets has been a significant milestone in the UK in recent years. However, what has been less widely reported is that thicker bags and even 'bags for life' are all too often bought as single-use. Our own research in 2018 showed that customers weren't reusing 5p and even thicker 9p bags after their shop.

We have since been leading the way to challenge the assumption that paying for bags means they are reused. Taking practical steps in our stores, we were the first UK supermarket to eliminate all 5p bags, equating to 1,300 tonnes of plastic in a year. We are also trialling removing thicker 9p bags in all 54 stores in Wales. If successful, we will extend this approach to all 760 GB stores and estimate it could save up to 80 million bags a year.

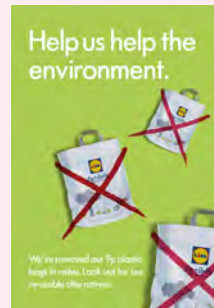
"After seeing that our 9p reusable bag was increasingly being used as a single-use option, we wanted to look at how we could mitigate this pattern. Through this trial, we will be able to fully assess the impact that removing our 9p plastic bags has in helping customers shift to a fully reusable option."

Christian Härtnagel,
CEO, Lidl GB

Lidl GB is part of REsetplastic, the plastics strategy of the Schwarz Group. This holistic approach comprises five action areas: from avoidance and design to recycling and removal up to innovation and education. In doing so we reduce the use of plastic and close the loop. For more information visit www.reset-plastic.com



¹ Reflected in our social media activity in 2018 and discussed in DEFRA's proposed household recycling reforms



The plastic predicament

Alongside the UK public and other retailers, we agree that urgent steps need to be taken to eliminate unnecessary plastic packaging. However, we also know that products are often sealed in plastic for the very particular reason that it keeps them fresh and safe and it is the most resource efficient option. Removing or changing packaging may therefore lead to other unintended consequences like food waste or higher food miles.



Salad kept in a bag within a modified environment extends its life by 5-6 days

Extends shelf life: Helps keeps food fresh for longer by acting as a barrier to prevent moisture loss and protect its contents.

Resource efficiency: Plastic is often lighter than traditional packaging materials (glass and metal). This means we require less material by weight, making it more efficient to transport and minimise our carbon impact.

Food safety: Extends the life of food, helping to keep it fresher and safe for consumption.

Protects from damage: Provides protection during transit and stacking.

Presentation: Transparent properties of plastics allows food to be seen by customers.



Bananas in a bag extends their life by 3 days



Advanced plastic packaging extends the life a steak by up to 10 days



Wrapping a cucumber in film extends its life by up to 14 days

Protecting our oceans from plastic waste

Whilst taking urgent steps with our own plastic packaging in the UK, we are also working with a range of partners to tackle the main sources of marine plastic pollution through our global parent company, Schwarz Retail Group, in the critical task of avoiding plastic ending up in oceans. We focus on two key partnerships:

Project STOP: The Schwarz group was the first retail technical partner to support this industry and government-led initiative that is engaging local communities in East Asia, which we know is one of the major sources of plastic marine pollution. We offer technical expertise and transferable skills to help establish effective waste management systems.

Ghost Gear Initiative: as a buyer of fish, we are concerned that global stocks are being decimated by over-fishing and ocean plastics. As well as our work around sustainable fisheries ([see page 37](#)), we have chosen to partner with this initiative that is working to avoid and remove fishing 'ghost gear' left in our oceans. Together with other stakeholders, we are formulating industry standards for best practice disposal of fishing gear, targeting high-risk fisheries and identifying potential recycling opportunities and end-markets for fishing gear.

[>Find out more about plastic and packaging at Lidl UK](#)



“Schwarz Group’s decision to join Project STOP is more than just a shared commitment to developing a clean waste recycling system. It shows that leading companies are starting to offer their products within a circular economy.”

Martin Stuchtey,
Co-Founder and Managing Partner of SYSTEMIQ,
partner in Project STOP

“With fewer but more carefully selected ranges sourced in higher volumes, we’re able to work more closely with suppliers on the things that matter. To help meet our packaging targets we have been testing solutions that work over the long term. This ‘discounter difference’ means we can optimise packaging to minimise plastic, while protecting food from spoiling and offering customer convenience. In this way, even small changes can mean large savings in plastic.”

Stefan Porter,
Head of Buying (Dairy), Lidl GB

What next?

Further eliminate ‘difficult to recycle’ packaging such as black plastic which we are committing to phase out across our fresh meat, fish and poultry ranges by August 2019

Work with the industry to eliminate unnecessary plastic packaging

Explore new reusable and refillable systems for our products

Roll out reusable bags for fruit and veg

Work with our partners to tackle the source of plastic marine pollution through Project STOP and Ghost Gear Initiative

Protecting forests and vegetation

Towards deforestation-free supply chains

Whether it's coffee, breakfast cereal or chocolate; shampoo, burgers or bread, the chances are today you consumed a product that came from a forest ecosystem. As a buyer, we want to make deforestation-free supply chains the norm while leading the way in our own purchasing.

Soy, palm oil, corned beef and timber-based products represents our biggest risk to deforestation. We've set clear actions and policies against these areas.



Soy

Containing 12 times more protein than milk, soy is not only the most nutritious growth feed for people and livestock, but it's also the most efficient protein to produce. It's no wonder it's earned the title 'king of beans'. However, these qualities have contributed to extensive deforestation in fragile ecosystems like Brazil's Amazon and Cerrado.

While Amazon-cultivated soy is now highly regulated by law, the Cerrado grasslands (which are home to 5% of the planet's animals and plants) are vulnerable to exploitation. In 2018, we joined forces with 23 multinational corporations in a ground-breaking statement of support for the [Cerrado Manifesto](#), a movement to end deforestation and native vegetation loss.

In our own supply chain, we have become the first UK supermarket to invest in [Roundtable on Responsible Soy](#) (RTRS) credits for our entire soy footprint. We've recently been presented the award for drivers of sustainable soy value chains by RTRS as recognition of our work.

[>Find out more about sustainable soy](#)



Palm oil

Found in a wide range of foods and toiletries, palm oil is one of the least expensive and most versatile oils worldwide. It accounts for a third of global plant oil production and makes a substantial contribution to emerging economies like Malaysia, Indonesia and Thailand. However, in order to accommodate oil palm plantations, tropical forests and peatland have historically been cleared, at great cost to endangered species like orangutans.

Today, 100% of the palm oil, palm kernel oil and derivatives used in our products is certified by the [Roundtable on Sustainable Palm Oil](#). Each year, we rigorously check that growers are upholding its principles of environmental responsibility, conservation of natural resources and transparency. We're now expanding our horizons beyond our own supply by working with the Roundtable and the Retailer Palm Oil Group to strengthen standards and send clear market signals for sustainable palm oil as the norm.

[>Find out more about sustainable palm oil](#)

Our commitments

To see how we are committing to ensure that low prices don't cost the earth

[→ see page 26](#)

Our bigger impact



As we work towards deforestation-free supply chains, we make a direct contribution to UN Sustainable Development Goal 15: Life on Land, notably targets 15.1 and 15.2



Beef

Whilst all of our fresh beef is sourced from British farms with no deforestation risks, we do sell a limited number of corned beef products, sourced from Brazilian farms. Here, we are working closely with our suppliers to eradicate any risks of deforestation resulting from the conversion of forest land to pastureland.

Coffee and cocoa

We're proud to say that 100% of our cocoa comes from sustainably certified sources. For coffee, we've met our 2017 target of 30% certified in own-brand products and are now working with partners to increase this to 50% by the end of 2020.

[>Find out more about sustainable cocoa and coffee](#)



Timber and wood-based products

Our first priority when it comes to packaging is to use all resources within our business and supply chain efficiently, sourcing virgin materials from sustainable sources and promoting reuse and recycling. All of our marketing leaflets, magazines, customer receipts, bakery bags, product stickers, in-store woodwork and office paper are now made using pulp from either verified recycled sources or those certified by the Forest Stewardship Council or Programme for the Endorsement of Forest Certification. Our 2020 target is for 100% of own-brand wood and paper products to achieve the same.

Viscose

For our supply of textiles, we are currently switching all own-brand textile products that contain viscose (made from wood-based fibres) to Lenzing EcoVero, a more eco-friendly form of viscose which has improved environmental standards, in comparison to traditional manufacturing methods.

[>Find out more about wood and timber](#)

[>Find out more about packaging and plastic](#)

Founding signatory to the [Cerrado Manifesto](#)

Founding member, UK [Roundtable on Sustainable Soy](#), [Retail Cocoa Collaboration](#)

Member, [Roundtable on Sustainable Palm Oil](#)

Partner



Find out more about our [sourcing policies](#) and [more about the issues](#)

- 1 WRAP: <http://www.wrap.org.uk/content/household-food-and-drink-waste-uk>
- 2 WRAP: <http://www.wrap.org.uk/content/food-waste-data>

What next?

Continue work with partners towards physically traceable supply chains of sustainable, zero-deforestation soy.

Increase transparency of the palm oil supply chain to leverage systemic change.

Implement new coffee commitments and look for opportunities to develop further.

Climate change mitigation

Cutting carbon from source to store

The call for action on climate change has never been louder. If we don't act today, we will pay a very high price tomorrow. Recent evidence makes an unequivocal case that 'urgent and unprecedented' change from governments, business and citizens must start now. We are listening.

At Lidl GB, we're building a strategy to tackle climate change that is built for the future, using the most up to date climate science to ensure we set the right long-term targets. We have accurately measured our impacts, we continue to decarbonise our operations and we are creating a plan to tackle our greatest challenge – value chain emissions.



Our carbon footprint in 2017 and 2018

For 2018, our direct and indirect operational (Scope 1 and 2) GHG emissions are 125,888 tonnes CO₂ equivalent. Between 2017 and 2018, emissions per store m² reduced by 30% as a result of our investment in more efficient lighting and refrigeration and the wider decarbonisation of the UK grid.

GHG Emissions (tCO₂e)

		2017	2018
Scope 1	Natural gas	7,529	7,772
	Company vehicles	6,507	6,812
	Refrigerants	18,727	9,849
Scope 2	Electricity Location	115,796	101,456
	Electricity Market	99,582	116,707
Absolute GHG Footprint	Location	148,559	125,888
	Market	132,345	141,140
GHG Intensity	tCO ₂ e/m ²	0.10	0.07

Smarter lighting and refrigeration

As a firm basis from which to further cut our energy use, all GB operations apply an energy management system certified to ISO:50001 international standard. During the last year, we continued to focus our efficiency efforts on refrigeration and lighting. With nearly half of our operational energy use coming from refrigeration, we continue to invest in energy-saving technologies across our stores and warehouses. From heat recovery systems and glazed doors on fridges (achieving energy savings of approximately 27% and up to 30% respectively), to rapid action insulated doors with air curtains within our warehouses, our interventions are reducing energy demand whilst offering fresher quality food.

In 2018, we completed the roll out of efficient LED lighting in all stores. This technology achieves over 40% energy savings and also emits far less heat than traditional lamps, meaning our fridges and freezers don't need to work as hard.

90%

Over 90% of the lighting in our stores uses efficient LED technology



Investing in renewables

From 2019, we will be purchasing 100% of our electricity from renewable sources – a relatively simple but important step on our road to decarbonise. At the same time, we are investing in an ambitious roll out of solar photovoltaic panels across our new build freehold stores, a move we estimate will generate more than 20% of our own energy at each store.

Our commitments

To see how we are committed to ensuring that low prices don't cost the earth

➔ see page 26

Our bigger impact



Through our climate change initiatives, we make a direct contribution to UN Sustainable Development Goal 13, Climate Action and Goal 7, Affordable and Clean Energy, specifically targets 7.2 and 7.3



Electric vehicle charging points

As part of our commitment to build a low carbon economy, we're offering more customer car charging points. Currently, over 40 of our stores have rapid electric vehicle charging points installed and aim to increase this to a total of over 300 stores in the next three years.

Fewer food miles

Our business model is based on simple distribution networks that reduce unnecessary food miles. The five new regional distribution centres we opened since 2016 demonstrate this in action – we have cut approximately five kilometres off every vehicle journey by constructing these new hubs, saving 200,000 tonnes of CO₂ – that's the same as 52 trips around the world.

Working with our logistics partners, we carefully plan the most efficient routes and load vehicles as close to capacity as possible. Since 2015, this approach has reduced carbon emissions per pallet by over 35%, despite increases in the number of pallets handled. We are now looking to reduce pallet emissions by a further 25% by 2028.

Logistics KPIs

	2015	2016	2017	2018
Pallets shipped	7,368,401	7,800,109	8,666,359	9,493,371
Kms driven	59,665,849	53,965,584	53,310,370	52,544,309
Carbon/Pallet (kgCO ₂ e)	6.8	5.8	5.2	4.7

We are also in the process of trialling alternative fuel vehicles (e.g. gas) with the aim of further reducing our carbon emissions. Should these trials prove successful we will begin integrating these vehicles into our network.

Towards lower-carbon supply chains

While systematically reducing emissions from our stores and transport networks, a far greater challenge lies in our supply chain. Last year, we started work on an ambitious project to map the impacts across the whole value chain of the products we source, from TVs to biscuits.

We will now apply the data to better understand where our greatest impacts lie and work with those suppliers to avoid emissions and set reduction plans. Before we do so, we will set an overall target for our supply chain (Scope 3) emissions, which we intend to publish in 2019.

Find out more about how we reduce greenhouse gas emissions by tackling food waste (page 28) and deforestation (page 33).



What next?

A refreshed climate change strategy to 2025 will be announced this year to include stretching targets that reflect science-based principles

We will move to 100% renewable electrical energy tariffs for all stores by the start of 2019

From 2019, we will start installing of solar photovoltaic panels across our new build freehold stores.

Set an ambitious Scope 3 target to be published in 2019

Raw materials and seafood

Protecting ocean stocks and other raw materials

Sourcing fish and seafood responsibly means, first and foremost, ensuring that the fish sold within our product ranges come from the healthiest stocks and most well managed fisheries.

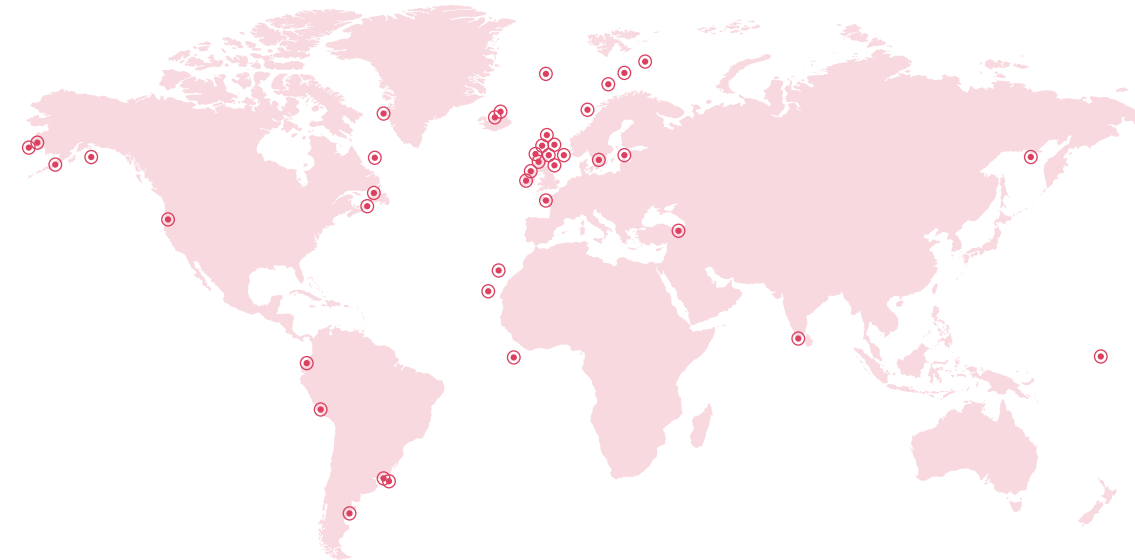
Safeguarding fish stocks for the future is something we are passionate about and we are proud that 100% of our fresh and frozen seafood comes from sustainable fisheries or responsibly managed farms. Last year alone, we sold approximately 110 different varieties of Marine Stewardship Council (MSC) certified seafood products, winning MSC midsize retailer of the year award for three years running.

As founding members of the UK Fisheries Improvement Project, we are helping to ensure all scampi fisheries in the Irish Sea, North Sea of the West of Scotland are MSC certified. And, in line with our principles of supply chain transparency, in 2018 we joined the Ocean Disclosure Project, to commit to annually disclosing all of the fisheries in our supply chain.



>You can find out where we source our fish from [here](#) and our Responsible Fish and Seafood Sourcing Policy is available to download [here](#).

Fisheries in the Lidl supply chain



Partnering to preserve raw materials and supply chain workers

Thousands of people are involved in producing the huge number of raw materials and ingredients used in our products. We believe that focusing on these commodities, which we buy in high volume, allows us to have the greatest social and environmental impact in the short term. As the growers and producers of these commodities typically operate in the beginning of the supply chain, tracing precise origination and hence directly tackling issues remains challenging. We look to recognised certification schemes to ensure minimum social standards are met and, dependent on the scheme, often deliver better incomes to workers, improved working conditions and more sustainable production practices.

Key raw materials (own brand permanently listed products)

Certified as sustainable

Cocoa	100%
Coffee	100%
Tea (black, rooibos& green)	100%
Palm oil (minimum mass balance)	100%
Bananas	100%

We require all suppliers to supply 100% sustainable palm oil. The data has been collated from a self-declared survey of all UK suppliers (100% response rate received.)

Our commitments

To see how we are committed to ensuring that low prices don't cost the earth

➔ [see page 26](#)

Our bigger impact



Through our efforts to regulate fishing and safeguard fish stocks, we make a direct contribution to UN Sustainable Development Goal 14, 'Conserve and sustainably use the oceans, seas and marine resources for sustainable development', specifically target 14.4

100%

of our fresh and frozen seafood comes from sustainable fisheries or responsibly managed farms



Performance and disclosure

We're committed to being clear and transparent in reporting on our performance. In this section, you will see detailed data against targets and assurance, as well as an update on materiality and stakeholder engagement.

Overview

Good for producers

Good for people

Good for our planet

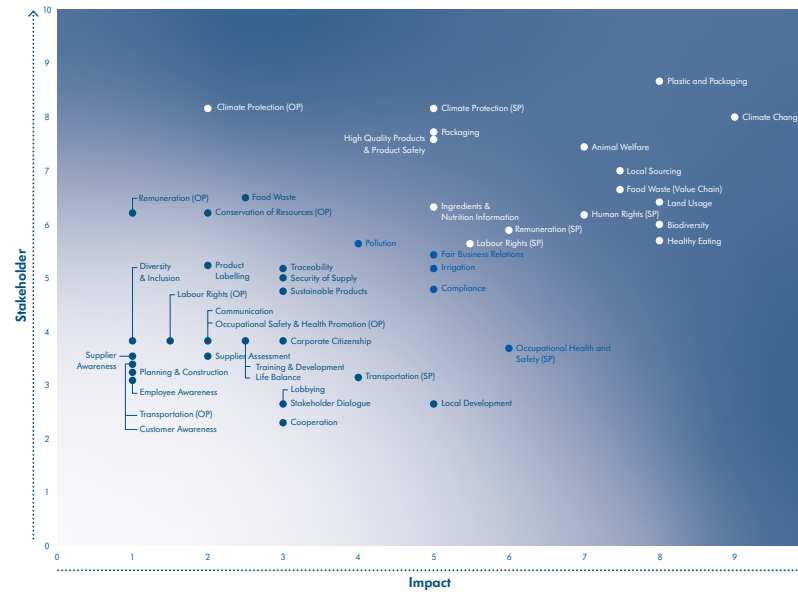
Our performance



This report

This report has been prepared in accordance with the GRI Standards: Core option and this report covers the operations and activities of Lidl GB GmbH (Lidl GB) for the financial years 2017 and 2018 (1st March to 28th February). Ernst & Young has conducted a limited assurance over our plastic KPI in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised.

Lidl GB consists of our operations in England, Scotland and Wales. Northern Ireland's operations are managed by Lidl Ireland GmbH. We will publish our Sustainability Report every two years, so each report will reflect the previous two financial years. Our last report covered our FY 2015 and 2016 and since then we have changed the scope of our reporting slightly as we now consider plastic and packaging to be a material issue for us.



Governance

Our business is built around simple processes and lean working, and our governance framework for CSR is no exception. Responsibility for CSR strategy and programmes lies at the top of our business with our CEO. We've created a direct reporting line between our Head of CSR and our CEO to make the decision-making process as fast and effective as possible. Strategic progress is reported internally to our Board of Directors. Our wider CSR Team, formed of representatives from key departments, meets every quarter. Chaired by our CSR senior leads, the team helps co-ordinate and embed our sustainability programmes across the business.

Materiality and stakeholder engagement

As demonstrated throughout this report, we influence – and are influenced by – a wide range of stakeholders. This means there are a host of social, environmental and economic issues relevant to us. To ensure our sustainability strategy delivers the best positive impact for our stakeholders and our business, it's important that we clearly define and focus on those areas that matter most – our material issues.

As Lidl GB we first conducted a materiality study in 2017 to inform the development of our strategy and first sustainability report. In early 2019 we updated our materiality study to further understand stakeholder concerns, continue to evolve our strategy and explore opportunities to further create positive value. The process involved desk research and in-depth interviews with internal and external stakeholders, including NGOs and suppliers. What we learned is embedded throughout this report as we show new angles to complex topics and reiterate our commitment.

¹ The GRI is an independent international organisation, whose standards represent global best practice for reporting on a range of economic, environmental and social impacts.

* GRI disclosures 102-40, 102-41, 102-42, 102-43, 102-44, 102-46, 102-47 and 102-49 referenced on this page.

Performance and progress

Data covers our financial years 2017 and 2018 (1st March–28th February)

General

Turnover

	2014	2015	2016	2017	2018
Gross sales (£)			5.3bn	6.05bn	6.6bn

Property

	2014	2015	2016	2017	2018
Number of stores	613	634	667	710	759
Number of RDCs	9	9	10	12	13



Good for producers

Human rights

	2016	2017	2018
% of UK suppliers on Sedex	72	72	90
% of UK suppliers attending modern slavery training	67	72	80

Animal welfare

	2016	2017	2018
Number of RSPCA assured products	24	24	25



Good for people

Health and nutrition

	2016	2017	2018
% of products meeting DOH salt targets (own brand)	87	95	96

Charity and community partnerships

	2016	2017	2018
Amount (£) raised for charity	£1.34m	£622k	£1.18m
Number of meals donated			3.2m

Employees

	2014	2015	2016	2017	2018
Number of employees (HO)	450	584	647	879	840
Number of employees (RDC)	3,077	3,403	4,480	4,565	4,795
Number of employees (Store)	12,459	14,110	15,431	16,654	16,982
Number of graduates		12	31	33	35
Number of INT trainees		3	10	20	8
Number of placement students			14	19	17
Total employees (M/F)	60/40	59/41	59/41	57/43	57/43
Management positions	77/23	75/25	74/26	74/26	76/24

Performance and progress continued

Data covers our financial years 2017 and 2018 (1st March–28th February)



Good for our planet

Food waste

	2016	2017	2018
Food surplus (t)	38,617	37,701	41,790
Food surplus redistributed†	469	533	1,850
Redistribution impact metric (meals donated)	1,116,689	1,269,073	4,404,850
Food waste to anaerobic digestion	38,148	37,168	39,940
Food waste per store	47.7	41.4	40.9

Operational waste

	2016	2017	2018
General waste	12,830	11,639	15,116
Cardboard	81,762	98,726	102,184
Plastic	3,595	4,322	3,956

Plastic packaging*

	2017	2018
Primary plastic packaging – TOTAL	57,474	59,593
Primary plastic packaging – OWN BRAND	51,297	51,958
Primary plastic packaging – per £1 m net turnover (own brand)	9.14	8.41
Secondary plastic packaging	2,084	1,770
Tertiary plastic packaging	2,302	1,872

Climate change

	2017	2018
Scope 1 (t CO₂e)		
Natural gas	7,529	7,772
Company vehicles	6,507	6,812
Refrigerants	18,727	9,849
Scope 2 (t CO₂e)		
Electricity (Location)	115,796	101,456
Electricity (Market)	99,582	116,707
Total footprint (t CO ₂ e)		
Absolute GHG footprint (Location)	148,559	125,888
Absolute GHG footprint (Market)	132,345	141,140
Intensity		
GHG intensity (Location – t CO ₂ e/m ²)	0.10	0.07
GHG intensity (Market – t CO ₂ e/m ²)	0.09	0.08

Energy (MWh/yr)

	2015	2016	2017	2018
Total electricity consumption	243,904	265,634	325,739	359,038
Total gas consumption	55,086	49,907	52,624	46,075
Total energy consumption	298,990	315,541	378,363	405,114
Total energy consumption per store m ²	0.28	0.27	0.3	0.29

Logistics

	2015	2016	2017	2018
Number of pallets shipped	7,368,401	7,800,109	8,666,359	9,493,371
Total distance travelled (km)	59,665,849	53,965,584	53,310,370	52,544,309
Carbon per pallet (KgCO ₂)	6.8	5.8	5.2	4.7

Raw materials

	2016	2017	2018
Cocoa – % of sustainably sourced*	89	100	100
Coffee – % of sustainably sourced	47	61	100
Tea – % of sustainably sourced	100	100	100
Palm oil – % of sustainably sourced	100	100	100
Bananas – % of sustainably sourced	100	100	100
Soy – % sustainable sourced (indirectly)			100

Seafood

	2016	2017	2018
Number of seafood products (own brand)	152	111	156
Number of seafood products (own brand) – certified as sustainable	109 (72%)	101 (90%)	151 (96%)
Number of 'farmed' own brand seafood products	58	49	50
Number of 'farmed' own brand seafood products – certified as sustainable	45 (78%)	45	45
Number of 'wild-caught' own brand seafood products	94	60	106
Number of 'wild-caught' own brand seafood products – certified as sustainable	64 (68%)	68	106

* Includes UTZ, Fairtrade or Rainforest Alliance

** % of sustainable palm oil (RSPO) in all own brand products – minimum mass balance

† Estimated based on approximate pallets and tray weights from our charity partners

‡ Data shown is based on calendar year

Assurance statement

Independent Assurance report to Lidl GB Management

We have performed a limited assurance engagement on selected content within the 2018 LIDL GB Corporate Social Responsibility Report (the Report).

Respective responsibilities

Lidl GB management is responsible for the collection and presentation of the information within the Report. Lidl GB management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with our engagement terms with Lidl GB management, is to carry out a 'limited level' assurance engagement on selected data. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Summary of work performed

Our limited assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The criteria we have used to evaluate the selected data ("the Criteria") are set out in the Report as footnotes and within the narrative text.

The procedures we performed were based on our professional judgement and included the activities below:

- Interviewed a selection of Lidl GB's management and reviewed documentation to understand the processes and controls related to the selected data.
- Interviewed a selection of 'data owners' responsible for managing, collating, and reviewing data.
- Reviewed and challenged the data on a sample basis by testing back to source documentation. Tested whether the data has been collected, consolidated and reported correctly.
- Reviewed the Report for the appropriate presentation of the data and including descriptions of limitations and assumptions.

Our review of the data processes was limited to the following KPI:

- Total tonnage of primary plastic packaging by LIDL including absolute and relative metrics for all and own brand reported in the 'Closing the loop on plastic' section.

Although our assurance engagement assessed the validity and consistency of related content, we did not include procedures over any additional KPIs or content within the Report.

Limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance as set out in the International Standard on Assurance Engagements (ISAE) 3000 Revised on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on the Lidl GB's controls for managing and reporting the selected information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at Lidl GB beyond those used for the selected data.

We have only sought evidence to support the 2018-19 performance data. We do not provide conclusions on any other data from prior years.

Our conclusions

Based on the scope of our review our conclusions are outlined below:

How complete and accurate is the selected data presented in the Report with respect to the scope described in the Criteria (outlined above in the "Summary of work performed")?

- Except for the limitations identified in the Report, we are not aware of any material information that has been excluded from the data relating to the topics above.
- Nothing has come to our attention that causes us to believe that the data relating to the above topics has not been collated in line with Lidl's reporting definitions and processes.
- We are not aware of any errors that would materially affect the data as presented in the Report.

Observations and areas for improvement

Our observations and areas for improvement will be raised in a report to Lidl GB management. The observations provided below do not affect our conclusions on the Report set out in this statement.

- LIDL has reported this year on reducing plastic packaging. The recyclability of plastic packaging is also an important component in the transition towards a circular economy and the efficient recycling of plastic packaging. In future reporting, information on the recyclability and/or recycled content of total packaging used by LIDL could help demonstrate progress made in 'closing the loop' on plastic.

Our independence and competence

We confirm annually to Lidl GB whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2019. We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1.

Our assurance team has been drawn from our UK Climate Change and Sustainability Services team, which undertakes engagements similar to this with a number of significant UK and international businesses.

Ernst & Young LLP
London, 10th October 2019

GRI Content Index

GRI 101: Foundation 2016

Standard Disclosure	Description	Location of disclosure
101	Reporting Principles	1-48

GRI 102: General Disclosures 2016

1. Organisational profile

Standard Disclosure	Description	Location of disclosure
102-1	Name of the organization	1
102-2	Activities, brands, products and services	5, 6, 7
102-3	Location of headquarters	47
102-4	Location of operations	8
102-5	Ownership and legal form	39
102-6	Markets served	4, 5
102-7	Scale of the organization	4
102-8	Information on employees and other workers	24, 25
102-9	Supply chain	7, 8
102-10	Significant changes to the organization and its supply chain	40
102-11	Precautionary Principle or approach	14, 16, 35
102-12	External initiatives	12, 13, 15, 16, 17, 18, 23, 25, 28, 29, 32, 33, 34, 37
102-13	Membership of associations	12, 13, 15, 16, 17, 18, 23, 25, 28, 29, 32, 33, 34, 37

2. Strategy

Standard Disclosure	Description	Location of disclosure
102-14	Statement from senior decision-maker	3

3. Ethics and integrity

Standard Disclosure	Description	Location of disclosure
102-16	Values, principles, standards, and norms of behaviour	2, 6

4. Governance

Standard Disclosure	Description	Location of disclosure
102-18	Governance structure	39

5. Stakeholder engagement

Standard Disclosure	Description	Location of disclosure
102-40	List of stakeholders engaged	39
102-41	Collective bargaining agreements	0% of employees are covered by collective bargaining agreements
102-42	Identifying and selecting stakeholders	39
102-43	Approach to stakeholder engagement	39
102-44	Key topics and concerns raised	39

6. Reporting practice

Standard Disclosure	Description	Location of disclosure
102-45	Entities included in the consolidated financial statements	Lidl GB has not published financial statements
102-46	Defining report content and topic Boundaries	7, 39
102-47	List of material topics	7, 39
102-48	Restatements of information	No restatements have been made since the previous report
102-49	Changes in reporting	39
102-50	Reporting period	39
102-51	Date of most recent report	39
102-52	Reporting cycle	39
102-53	Contact point for questions regarding the report	47
102-54	Claims of reporting in accordance with the GRI Standards	39
102-55	GRI content index	44, 45
102-56	External assurance	42, 43

* For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI Content Index continued

Topic Specific Disclosures

1. Good for producers

Focus area	Material topics		Disclosure	Description	Location of disclosure/omission
Supplier relationships	Local sourcing Fair business relations	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	13
			103-2	The management approach and its components	13
			103-3	Evaluation of the management approach	13
		GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Unable to provide due to commercial sensitivities.
Raw materials and seafood	Sustainable products	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	37
			103-2	The management approach and its components	37
			103-3	Evaluation of the management approach	37
		GRI G4 Sector disclosure: Food Processing	FP2	Percentage of products purchased according to sustainability standards	37, 41
Human rights and ethical trade	Human rights	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	15, 16
			103-2	The management approach and its components	15, 16
			103-3	Evaluation of the management approach	15, 16
		GRI 412: Human right assessment 2016	412-2	Employee training on human rights	% suppliers attended modern slavery training FY2017 (72%), FY2018 (80%)
Animal welfare	Animal welfare	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	17
			103-2	The management approach and its components	17
			103-3	Evaluation of the management approach	17
		GRI G4 Sector disclosure: Food Processing	FP 9-13		Lidl UK Farm Animal Health and Welfare Policy

GRI Index continued

Topic Specific Disclosures continued

2. Good for people

Focus area	Material topics		Disclosure	Description	Location of disclosure
Healthy eating	Ingredients and nutrition information	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	21
			103-2	The management approach and its components	21
			103-3	Evaluation of the management approach	21
				Lidl specific topic – Salt reduction/sugar reduction	21
	Product labelling	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	20, 21
			103-2	The management approach and its components	20, 21
			103-3	Evaluation of the management approach	20, 21
		GRI 417: Marketing and labeling 2016	417-1	Marketing and labelling: Requirements for product and service information and labeling	17, 18, 28
Charity partnerships	Charity partnerships	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	23
			103-2	The management approach and its components	23
			103-3	Evaluation of the management approach	23
		GRI 413: Local Communities 2016	413-1	Local communities: Operations with local community engagement	23
		GRI 203: Indirect Economic Impacts 2016	203-2	Indirect economic impact	23
Supporting our colleagues	Training and development Remuneration Life balance	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	24, 25
			103-2	The management approach and its components	24, 25
			103-3	Evaluation of the management approach	24, 25
		GRI 401: Employment 2016	401-2	Employment: Benefits provided to full-time employees that are not provided to temporary or part-time employees	24

GRI Index continued

Topic Specific Disclosures continued

3. Good for our planet

Focus area	Material topics		Disclosure	Description	Location of disclosure
Climate change	Climate protection Transportation	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	35
			103-2	The management approach and its components	35
			103-3	Evaluation of the management approach	35
		GRI 305: Emissions 2016	305-1	Emissions: Direct (Scope 1) GHG emissions	35
			305-2	Emissions: Energy indirect (Scope 2) GHG emissions	35
			305-3	Emissions: Other indirect (Scope 3) GHG emissions	35
			305-4	Emissions: GHG emissions intensity	41
			305-5	Emissions: Reduction of GHG emissions	35, 36
		GRI 302: Energy 2016	302-1	Energy: Energy consumption within the organization	41
			302-3	Energy: Energy intensity	41
Food waste	Food waste	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	28, 29
			103-2	The management approach and its components	28, 29
			103-3	Evaluation of the management approach	28, 29
				Lidl specific topic: Ensure the responsible handling of food surplus	28, 29
				Lidl specific topic: Food surplus, redistribution, waste (tonnage)	28, 29
Plastic	Plastic packaging	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	30, 31
			103-2	The management approach and its components	30, 31
			103-3	Evaluation of the management approach	30, 31
		GRI 301: Materials 2016	301-1	Materials: Materials used by weight or volume	30
Deforestation	Protecting forests and vegetation	GRI 103: Management approach 2016	103-1	Explanation of the material topic and its boundaries	33
			103-2	The management approach and its components	33
			103-3	Evaluation of the management approach	33
		GRI G4 Sector disclosure: Food Processing	FP2	Percentage of products purchased according to sustainability standards	41

For more on Lidl

Find out even more about what we're up to at
www.corporate.lidl.co.uk/sustainability

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