SCHWARZ



Acting ahead

Sustainability Report
of the Companies of Schwarz Group

2024 Fiscal Year

Overview

About This Report 3

Preface 4

The companies of Schwarz Group in Profile 5

GRI Index 115

Independent Auditor's Report 125

Legal Notice 127



Governance 12



Environment 42



Social 84

About This Report

Content and Scope of the Report

[GRI 2-1, 2-2 and 2-14]

This report is the joint Sustainability Report for the companies of Schwarz Group. Production of the report was coordinated by Schwarz Corporate Affairs GmbH & Co. KG on behalf of the companies of Schwarz Group. The words "we", "us", "our", or similar expressions are meant to represent all of these companies. Schwarz Group comprises the retail divisions Lidl and Kaufland, the environmental service provider PreZero, Schwarz Produktion, Schwarz Digits and Schwarz Corporate Solutions (also see p. 5). This report provides an overview of the strategic basis and management approach to sustainability in the respective companies of Schwarz Group. To give a comprehensive picture of our activities, the report not only includes the jointly developed strategies and management approaches, but also provides information on the work of individual companies and national companies. When reporting on the countries, particular emphasis is placed on Germany. The Sustainability Report has been reviewed by CR/CSR as well as the relevant departments in the companies of Schwarz Group.

Reporting Standard and Navigating the Report

The report was compiled in accordance with the GRI standards. Corresponding contents are indicated in the GRI Content Index from p. 115. The corresponding content index contains the relevant page references to aid navigation through the report. In addition, texts and key performance indicators (KPIs) are marked with the corresponding GRI references.

Reporting Period and Cycle

[GRI 2-3]

The report relates to the period between March 1, 2024, and February 28, 2025, and therefore covers the 2024 fiscal year. For reasons of completeness and to demonstrate developments, key performance indicators are generally displayed over a two-year course. The cut-off date for data collection was February 28, 2025, unless otherwise indicated; the editorial deadline was June 30, 2025. If information was included that was not from the reporting period, these passages are clearly indicated in the text. The companies of Schwarz Group publish a joint sustainability report annually.

Key Performance Indicators

[GRI 2-3 and 2-4]

The key performance indicators shown generally refer to all companies of Schwarz Group and are therefore labeled as aggregate key performance indicators or reported for the specified business units, respectively. Due to reporting requirements pursuant to the CSRD Directive, some key performance indicators for the 2024 financial year (FY) needed to be collected before the end of the fiscal year, and thus appropriate projection methods were used for the figures for the remaining time period. Individual companies contribute to the key performance indicators that concern them based on their business activity or their business model. Purchasing figures, for instance, refer to the retail divisions only. For all companies, all units that were operating for the duration of at least one complete FY are considered in the figures. The Human Resources topic area is an exception to this: Here, figures of all operationally active units are included, in addition to the key performance indicators collected as part of the annual financial statement.

At Schwarz Produktion, the baking factory Bonback Halle (Saale), acquired and integrated during the reporting period, has been included in the key performance indicators since FY 24. The key performance indicators for Lidl Digital, previously listed under Schwarz Digits, have been assigned to Lidl since FY 24. Moreover, Schwarz Dienstleistung KG was rebranded to Schwarz Corporate Solutions KG during the reporting period. In the event of deviations from the figures published in the FY 22/23 Sustainability Report, we have explained any significant deviations (> 5 %) in the relevant section in this report. Any smaller deviations are due to improved data availability/quality.

External Assurance

[GRI 2-5]

In July 2025, audit firm EY GmbH & Co. KG subjected selected disclosures in this report to an independent assurance engagement in accordance with the International Standard for Assurance Engagements (ISAE 3000 revised) to obtain limited assurance on sustainability information. The review focused on some of the key performance indicators shown as well as the methodology, presentation and results of the materiality analysis (p. 25). Reviewed content is indicated with ✔. The independent public auditor's note can be found on pages 125-126.

The companies of Schwarz Group have created this report as the joint Sustainability Report of all companies of Schwarz Group. The words "we", "us", "our", or similar expressions are meant to represent all of these companies.

To simplify readability, the German version of this report uses the masculine form when referring to groups of people (employees, colleagues, etc.). This is intended to include all genders equally.



Preface

[GRI 2-22]

Dear readers,

Geopolitical tensions are rising. Societies are becoming increasingly polarized. That is precisely why we, as companies of Schwarz Group, are staying true to our course and focusing on reliability, partnership, and transparency. Despite ever-increasingly complex times, we are consistently pursuing our joint sustainability commitment and are purposefully expanding on it. As one of the largest retail groups in the world, we are aware of our responsibility. In our current Sustainability Report for the 2024 fiscal year, we show how we conduct business within planetary boundaries, how we put people at the heart of what we do, and how we create added value with our responsible conduct and system.

Environment: Conducting Business within Planetary Boundaries

Conserving resources and embracing the circular economy: With this ambition, we have further enhanced our jointly developed REset Plastic strategy to make it a holistic circular economy strategy. REset Resources uses our unique ecosystem in order to keep resources within the loop. Along the value chain, we thus make ourselves more independent of global supply bottlenecks and forge ahead with European resource sovereignty. We have set clear goals: For example, we will make the packaging of our private labels as recyclable as possible by 2030 and will incorporate 65 percent recyclate in the process. Moreover, by 2030 we will collect and recycle the same quantity of recyclable materials as we bring into circulation with our private-label packaging and our household leaflets.

We are also making progress in climate protection: In 2024, by means of our joint net-zero commitment with the Science Based Targets initiative (SBTi), we committed ourselves to reducing all greenhouse gases that we incur along the value chain to net-zero by 2050. We reached the next milestone in spring 2025: The SBTi scientifically checked, validated, and approved our near-term climate targets. Our successes in the 2024 fiscal year underscore these ambitions. We generated about 370,000 megawatt-hours of electricity ourselves from photovoltaic systems. Year on year, 34 percent more of our buildings bear a sustainability certificate. Simultaneously, we were able to reduce our Scope 1 and 2 emissions by 43 percent in comparison to the base year 2019.

Social: Putting People at the Heart of what we do

Our commitment shows that sustainability is deeply anchored in our DNA and in our business processes. We, as companies of Schwarz Group, want to improve the lives of current and future generations. That is made possible thanks to the exceptional commitment of our approximate 595,000 employees from 173 countries worldwide. We are responsible employers for them and promote diversity, education, and good working conditions. This is particularly applicable in challenging times: Despite the tense economic situation, we were able to create about 20,000 new jobs in the past fiscal year.

Governance: Creating Added Value with Responsible Conduct and Systematic Approach

As companies of Schwarz Group, we are not just reliable employers; we are also committed to responsible corporate management. Consistent with our values, we manage sustainable business practices strategically and transparently. We regularly report our progress by means of over 1,000 sustainability performance indicators, ranging from safety at work and waste avoidance to certified organic and Fairtrade products. As such, we analyze developments in a focused manner, recognize important optimization potential, and systematically manage our sustainability goals.

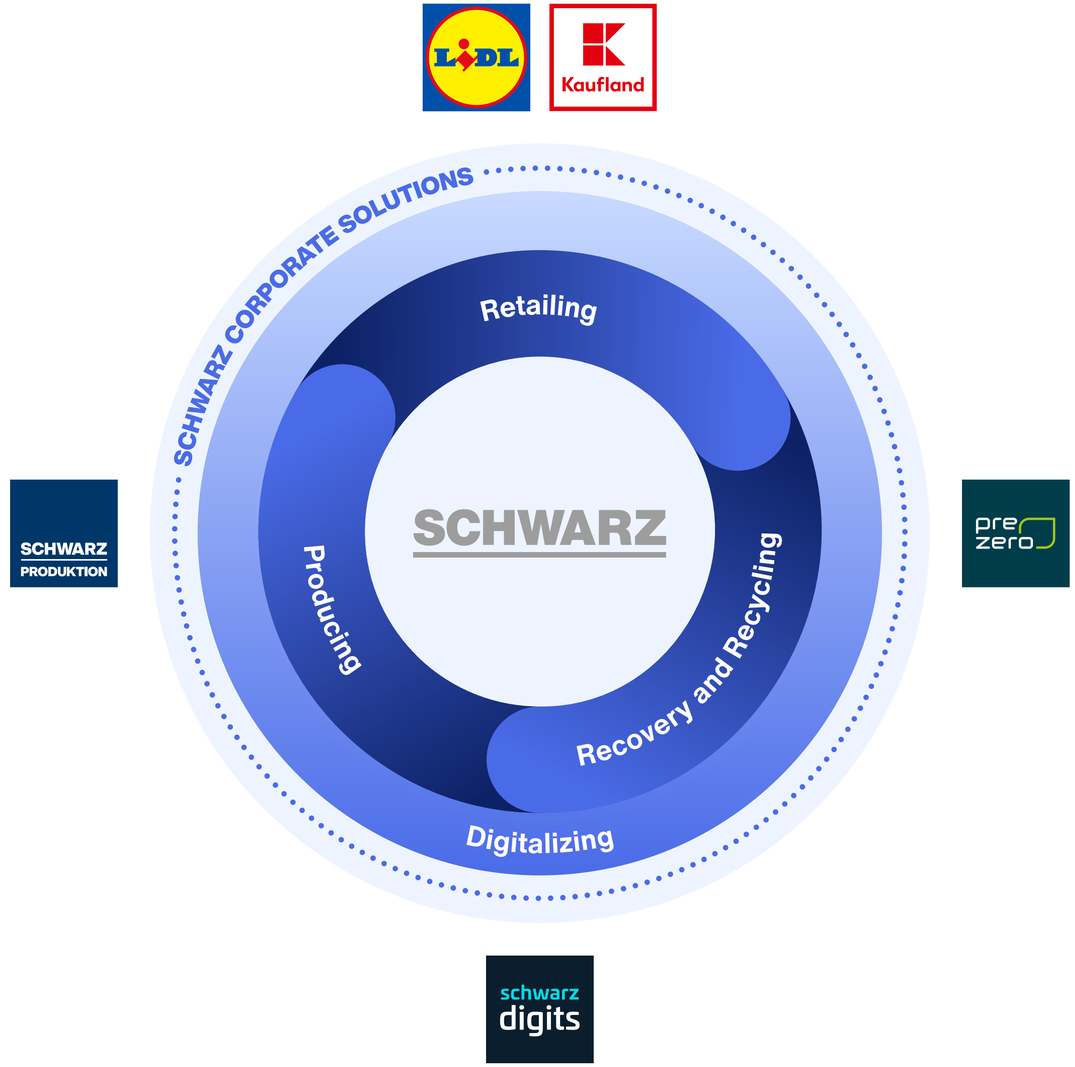
The challenges of the 21st century are complex in terms of environment, social, and governance. That is why we do what we do best: We act – and are always one step ahead, with innovative solutions for the challenges of tomorrow.

Gerd Chrzanowski
General Partner
of Schwarz Group

The companies of Schwarz Group in Profile

[GRI 2-1, 2-6 and 2-7]
With about 595,000[1] (2023: 575,000) employees in over 30 countries and total sales of 175.4 (2023: 167.2) billion euros, Schwarz Group is among the top retail groups in the world. Hardly any other corporate group is more diverse than we are, since our companies cover the entire value cycle. Based in Neckarsulm, Baden-Wuerttemberg, the two retail divisions Lidl and Kaufland form the pillars in the food retail market.

In addition, Schwarz Produktion is active in food manufacturing, and PreZero in environmental services. The topics of digitalization and IT are driven forward in a separate division, Schwarz Digits. All of the companies of Schwarz Group receive support from various service companies at home and abroad. As at the end of fiscal year 2024, Schwarz Group comprised 1,237 (2023: 1,195) companies. In all areas of Schwarz Group, we use our influence on society and the environment, make a positive contribution to sustainable development, and combine ecology with economy.



1 | These employee figures relate to the annual report and also include employees on long-term leave as well as employees on maternity leave.

The companies of Schwarz Group in Profile

Retail and Production

[GRI 2-1 and 2-6]

The national companies of the Lidl retail division are food retailers in the discount sector. The fresh food discounter currently operates about 12,600 (2023: 12,350) stores and about 225 (2023: 220) distribution and logistics centers in 31 (2023: 31) countries. Lidl also employs staff in Asia. In total, Lidl currently has around 390,000 (2023: 375,000) employees. The product range comprises an average of about 3,700 (2023: 3,600) items. In the 2024 fiscal year, Lidl generated sales of 132.1 (2023: 125.5) billion euros.

A better tomorrow – assuming responsibility: To Lidl, sustainability means fulfilling the promise of quality every single day. Social responsibility, fair trade and sustainable production are firmly anchored in the division's processes. Lidl assumes economic, social and ecological responsibility, and works every day to further develop the business model and guarantee a secure future for the companies. Lidl's CSR engagement is divided into focus areas: protecting the climate, respecting biodiversity, conserving resources, promoting health, acting fairly and engaging in dialog.

The national companies of Kaufland Group are large-scale food retailers – with around 1,600 (2023: 1,550) stores as well as around 157,000 (2023: 155,000) employees in eight European countries. With 30,000 items per store on average in Germany and about 17,000 (2023: 17,000) in other countries, Kaufland offers a wide assortment of food and everyday products. Kaufland also operates five meat processing plants (hereinafter also referred to as "Kaufland meat processing plants"), which produce the meat and sausage products for the stores. In the 2024 fiscal year, Kaufland generated sales of 35.2 (2023: 34.2) billion euros.

As a retailer, Kaufland is aware of its companies' responsibility toward people, animals and the environment. That is why Kaufland is constantly expanding its sustainability work. The jointly developed CR strategy forms the backbone of the work done in all units, and comprises four focus areas: Good nutrition, conserve resources, protect the environment and strengthen society.

In the 2024 fiscal year, the 23 companies of Schwarz Produktion – with around 6000 (2023: 5,500) employees – produced high-quality food as well as sustainable packaging and materials for the retail divisions, Lidl and Kaufland. Beverages, chocolate, ice cream, baked goods, nuts and dried fruit, coffee, pasta, and paper products are produced at 18 (2023: 16) production facilities. Three plastic and recycling plants are integral elements of a unique and sustainable PET recycling loop (for further information, see the Circular Economy chapter).

The companies of Schwarz Produktion operate on the conviction that sustainable business and company success go hand in hand. To fulfill their responsibility, they have jointly set themselves ambitious sustainability goals and are pursuing these in collaboration with their employees and partners.

The companies of Schwarz Group in Profile

Recovery and Recycling

[GRI 2-1 and 2-6]

As a pioneer in its industry on the road to zero waste, PreZero promotes an efficient circular economy to positively impact the environment and society. At the same time, PreZero supports its partners in economy, sport and municipalities with the transformation to greater resource conservation and efficient recyclables management.

PreZero Group (hereinafter also referred to as "PreZero") is an international environmental service provider. Across approximately 468 (2023: 460) locations in ten (2023: eleven) countries and with around 30,000 (2023: 30,000) employees, PreZero handles the disposal of waste and the sorting, treatment and recycling of some 26.8 (2023: 23.9) million tons of recyclables annually. In addition to operational waste management and recycling, PreZero is also active in the field of packaging consulting (Sustainable Packaging) and licensing (PreZero Dual). The portfolio is supplemented by GreenCycle, the internal provider of services such as the recyclable materials management of the companies of Schwarz Group, as well as by OutNature's sustainable fiber and paper products, and logistics solutions provided by PreTurn. In the 2024 fiscal year, PreZero generated sales of 3.9 (2023: 3.7) billion euros. PreZero increased its revenue by 5.4 percent to 3.9 billion euros, partly due to increased volumes in recyclables trading and an expanded market share within Germany's dual system.

The companies of
Schwarz Group in Profile

Digitalization and IT Services

[GRI 2-1 and 2-6]

Schwarz Digits is the IT and digital division of Schwarz Group and provides impressive digital products and services, which meet the high German data protection standards. With the goal of achieving the maximum degree or digital sovereignty, Schwarz Digits provides the IT infrastructure and solutions for the vast ecosystem of the companies of Schwarz Group, continually developing it further for the future. Moreover, Schwarz Digits creates optimal conditions for developing trendsetting innovations for end customers, businesses and public sector organizations. Schwarz Digits is home to 8,000 employees serving the brands STACKIT, XM Cyber, Schwarz Media, mmmake, Schwarz IT, Schwarz Digital, Lidl e-commerce and Kaufland e-commerce.

With its services, Schwarz Digits contributes to the growth and the future viability of the ecosystem at Schwarz Group, ensures that daily business runs smoothly, and keeps millions of people supplied. Schwarz Digits also empowers its corporate customers to achieve digital independence, security and high levels of performance.

Thanks to its core services, innovative strength and customer focus, the IT and digital division of Schwarz Group is a pioneer of digital sovereignty in Europe and implements customized, sovereign solutions in the areas of cloud, cybersecurity, artificial intelligence (AI) as well as communication and the workplace:

- **Cloud:** With STACKIT, the data-sovereign cloud and colocation provider, Schwarz Digits offers scalable, innovative cloud and colocation services pursuant to European data protection standards. Thanks to individual approaches for the implementation and operation of cloud solutions, STACKIT provides holistic support for digitalization projects. The technical infrastructure lies in certified GDPR-compliant data centers exclusively in Germany and Austria.

- **Cybersecurity:** XM Cyber's Continuous Threat Exposure Management (CTEM) analyzes all vulnerabilities in systems 24/7 from the perspective of an attacker. The platform shows which security gaps, misconfigurations and other potential attack vectors need to be rectified as a priority or eliminated in order to effectively protect important data and systems from cyberattacks.

- **Artificial intelligence:** With a focus on traceability and transparency, Schwarz Digits, with its stake in Aleph Alpha, delivers the complete technology set for generative AI applications with PhariaAI, enabling enterprises and administrations to implement sovereign AI solutions in complex and critical processes. The team – comprising international scientists, engineers and innovators – researches, develops and implements transformative AI, such as large language and multimedia models.

- **Communication:** With the investment in the communications service provider Wire in April 2024, Schwarz Digits is expanding its own portfolio to include secure communication. The technological provider Wire is a forerunner when it comes to encryption and data protection, without compromising on user-friendliness. The secure messenger platform for sensitive communication features end-to-end encryption for messages, audio and video calls, and file exchange, meaning sensitive data is constantly protected.

- **Workplace:** As part of the strategic partnership with Google launched in November 2024, Schwarz Digits is expanding its own core services to include digital solutions for collaborations. With the sovereign workplace, Schwarz Digits offers regulated industries in Germany and Europe a sovereign and secure solution for browser-based collaboration, including client-side encryption, to completely eliminate access from third parties. Schwarz Digits combines the Google Workspace with its cloud and cybersecurity solutions. The result is a secure and sovereign collaboration solution for greater efficiency in the workplace.

SCHWARZ
CORPORATE
SOLUTIONS

All units of the companies of Schwarz Group are supported by Schwarz Corporate Solutions. Acting as a service provider, Schwarz Corporate Solutions provides the administrative and operational structure for the other companies of Schwarz Group, covering areas such as controlling, finance, and HR, as well as procurement and real estate. This approach enables us to combine forces, take advantage of synergies, and work together in partnership in our day-to-day business. Among others, Schwarz Beschaffung, Schwarz Immobilien Service, Schwarz Mobility Solutions and Schwarz Restaurantbetriebe provide such services.

The companies of Schwarz Group in Profile

Overview

[GRI 2-1]

Lidl Group

Lidl Stiftung & Co. KG (international)

National companies

- Lidl Dienstleistung GmbH & Co. KG (DE)
- Lidl Sverige Komanditbolag (SE)
- Lidl ITALIA S. r. l. (IT)
- Lidl US, LLC (USA)
- Lidl Great Britain Limited (GB)
- Lidl Supermercados S. A. U. (ES)
- Lidl SNC (FR)
- Lidl sp. z o. o. sp.k. (PL)
- Lidl Discount S. R. L. (RO)
- ...

Regional distribution centers/logistics companies, sales companies

Lidl Digital (Online)

...

Kaufland Group

Kaufland Stiftung & Co. KG (international)

National companies

- Kaufland Dienstleistung GmbH & Co. KG (DE)
- Kaufland Bulgaria EOOD & Co KD (BG)
- Kaufland Polska Markety sp. z o. o. sp. k. (PL)
- Kaufland Ceská republika v. o. s. (CZ)
- KAUFLAND HRVATSKA k. d. (HR)
- Kaufland Romania SCS (RO)
- Kaufland Slovenská republika v. o. s. (SK)
- ...

Regional distribution centers, logistics companies, sales companies

Meat processing plants (DE, CZ)

...

PreZero Group

PreZero Stiftung & Co. KG (international)

- GreenCycle GmbH
- OutNature GmbH
- PreTurn GmbH
- PreZero Dual GmbH

National companies

- PreZero Deutschland KG (DE)
- PreZero Polymers Italy S. P. A. (IT)
- PreZero Polska sp. z o. o. (PL)
- PreZero España, S. A. U. (ES)
- PreZero Portugal, S. A. (PT)
- PreZero Recycling AB (SE)
- JEAN LAMESCH Exploitation S. A. (LUX)
- ...

Schwarz Produktion

Schwarz Produktion Stiftung & Co. KG

MEG (Beverages, plastics and recycling)[1]

Solent Übach-Palenberg GmbH & Co. KG
Solent Rheine GmbH & Co. KG
(Chocolate, dried fruit, nuts)

Bonback Übach-Palenberg GmbH & Co. KG
Bonback Halle (Saale) GmbH
(Baked goods)

Bon Gelati Übach-Palenberg GmbH & Co. KG
Bon Gelati Haaren GmbH
(Ice cream)

Bon Presso GmbH & Co. KG
(Coffee products)

Bon Pasta GmbH
(Pasta)

...

Schwarz Digits

Schwarz Digits KG

STACKIT

XM Cyber

Schwarz Media

mmmake

Schwarz IT

Schwarz Digital

Lidl e-commerce

Kaufland e-commerce

Schwarz Corporate Solutions

Schwarz Corporate Solutions KG

- Schwarz Beschaffung GmbH
- Schwarz Mobility Solutions GmbH (vehicle fleet)
- Schwarz Immobilien Service GmbH & Co. KG
- Schwarz Versicherungsvermittlung GmbH & Co. KG
- ...

1 | Beverage production and plastics recycling at eight locations in Germany by MEG Leißling GmbH, MEG Jessen GmbH, MEG Löningen GmbH, MEG Kirkel GmbH, MEG Wörth GmbH, MEG Roßbach GmbH, MEG Neuensalz GmbH, MEG Übach-Palenberg GmbH and at one location in Great Britain by MEG Derby Limited

[GRI 2-9, 2-10, 2-11, 2-14 and 2-18]

Operationally, the companies of Schwarz Group are managed by their respective executive boards. At the end of the 2024 fiscal year, the Chief Executive Officers of the companies of Schwarz Group were Kenneth McGrath (Lidl Stiftung & Co. KG), Frank Schumann (Kaufland Stiftung & Co. KG), Jörg Aldenkott (Schwarz Produktion Stiftung & Co. KG), Wolf Tiedemann (PreZero Stiftung & Co. KG), Christian Müller and Rolf Schumann (Co-Chief Executive Officers Schwarz Digits KG) as well as Christian Groh (Schwarz Corporate Solutions KG). This structure is supplemented by the Schwarz Unternehmenstreuhand KG, whose General Partner is Gerd Chrzanowski. This company assumes the role of a supervisory committee and also has external members.



Gerd Chrzanowski
General Partner
Schwarz Group



Kenneth McGrath
Chief Executive Officer
Lidl Stiftung & Co. KG



Frank Schumann
Chief Executive Officer
Kaufland Stiftung
& Co. KG



Jörg Aldenkott
Chief Executive Officer
Schwarz Produktion
Stiftung & Co. KG



Wolf Tiedemann
Chief Executive Officer
PreZero Stiftung & Co. KG



Christian Müller
Co-Chief Executive Officer
Schwarz Digits KG



Rolf Schumann
Co-Chief Executive Officer
Schwarz Digits KG



Christian Groh
Chief Executive Officer
Schwarz Corporate
Solutions KG

The companies of Schwarz Group in Profile

Performance

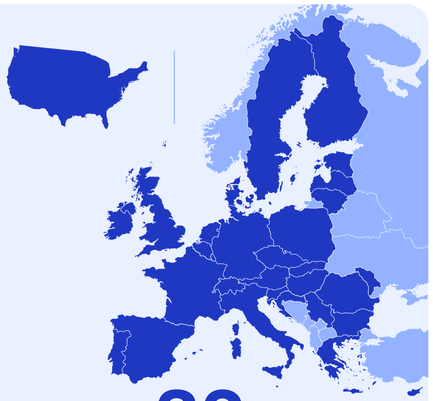
[GRI 2-6, 201-1 and 203-1]

The companies of Schwarz Group are constantly developing their business, and thus setting the foundation for future success. During the reporting period, we were able to continue our growth course in all business areas and in 32 countries. As such, by the end of the 2024 fiscal year, the companies of Schwarz Group generated total sales of 175.4 (2023: 167.2) billion euros with a total workforce of over 595,000 (2023: 575,000) employees (corresponding to an increase in sales of 4.9 percent compared with 2023). Our highly-motivated employees work in around 14,200 (2023: 13,900) stores worldwide.

With investments of around 8.6 (2023: 8.0) billion euros, our brick-and-mortar business was strengthened, and strategic projects and digital business areas were also developed. This includes the development of Schwarz Produktion. At Schwarz Produktion, the baking factory Bonback Halle (Saale) was acquired and integrated during the reporting period. Our investment activities also focused in particular on modernizing and expanding stores, new warehouse locations, and securing supply chains.

Digitalization is a crucial factor in the success of the companies of Schwarz Group, and this is also reflected in the retail divisions' comprehensive omnichannel strategy: Lidl and Kaufland link their brick-and-mortar business with the online world in an optimal fashion. The Lidl online shops, Kaufland online marketplace, and the Lidl Plus and Kaufland Card loyalty programs are key components of this strategy. Lidl online shops are already available in eight countries – in Belgium, Germany, France, the Netherlands, Poland, Slovakia, Spain and Czechia. In the online marketplace Kaufland.de, over 13,000 sellers offer more than 45 million products. The marketplace is now active in five countries. Plans to open in further countries are scheduled for 2025. The companies of Schwarz Group generated a total of 1.7 (2023: 1.7) billion euros in online sales in 2024.





8.6
billion euros in investments

175.4
billion euros in revenue



1 | These employee figures relate to the annual report and also include employees on long-term leave as well as employees on maternity leave.

Governance

We create added value with responsible conduct and system



photo of the inside of an extremely modern almost futuristic meeting room. about 10 business people gather around a glowing holographic globe of the earth. They smile and are looking confident. some of these business people are pointing at the globe and interact with it whilst talking to another. through the windows around them in the background we can see an extremely modern city in the near future with quite a lot of green. 8k. daylight --ar 16:9

Corporate management

Compliance

Key Corporate Principle

[GRI 2-23, 2-24 and 2-27]

For all companies of Schwarz Group, economic success and responsible corporate management are inseparably linked to each other. The compliance management systems established in the companies, which ensure conduct with integrity, are a key part of this. Widely launched training concepts systematically sensitize our employees to codes of conduct and prevailing policies.

The companies of Schwarz Group endeavor to embody integrity. Their actions and those of their employees are subject to the jointly adopted principle: "We comply with applicable law and internal guidelines". This key corporate principle is binding for all employees. The companies of Schwarz Group place the highest importance on compliance with laws and legislation and see it as their fundamental responsibility to act with integrity. Violations of current law can lead to financial damage and loss of reputation. Moreover, they can lead to personal compensation claims and have criminal consequences for individual employees or members of company boards. The companies of Schwarz Group and their Management Boards are therefore expressly committed to complying with and ensuring the implementation of this corporate principle.

Respecting Human Rights and Environmental Standards

Whether as customers, employees or business partners – people are at the heart of what the companies of Schwarz Group do. They are therefore committed to ensuring that human rights and environmental standards are respected and strengthened in all areas of their business activities around the world. Due to the complex value chain structure in retail and food production, the greatest human rights and environmental challenges lie in increasingly globalized supply chains.

Under statutory requirements such as the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), companies are required to comply with human rights laws and environmental due diligence obligations along their supply chains. The companies of Schwarz Group want to meet this responsibility together with their suppliers along the supply chains. Further information about this can be found in the Social chapter.

+8 %

listed private-label articles, certified as organic (year on year)

+1 %

listed private-label articles, with Fairtrade certification (year on year)



Managing sustainable business practices



Sport cooperations

for resource conservation, cybersecurity and conscious nutrition



Data security

through digital infrastructure in Germany

Moreover, a Code of Conduct for Business Partners jointly developed by the companies of Schwarz Group has been in force for many years. In this, we clearly set out our expectations regarding compliance with human rights and environmental standards based on the corresponding risk level and also reserve the right to audit business partners' compliance with them (see also the Social chapter). The companies of Schwarz Group have also established the processes required for the adequate protection of human rights among their employees and compliance with environmental standards in their corporate principles, policies and procedural instructions.

Compliance Management Systems as a Basis

The companies of Schwarz Group have implemented Compliance Management Systems (CMS), which include binding rules. These systems define specific requirements and elements to ensure an appropriate level of compliance is maintained. The key aim of the CMS is to avoid and identify any violations against current legislation and internal policies, and to resolutely pursue and prosecute if violations are identified (zero-tolerance principle). In terms of the content covered by Compliance Management Systems, the focus is on areas such as anti-corruption, anti-fraud, data protection, antitrust law, supply chains and human resources (HR).

In order for the companies of Schwarz Group to also fulfill their financial responsibility, the focus areas of tax and accounting compliance have also been established. This ensures that the companies of Schwarz Group comply with their tax and other financial duties in the countries where they operate.

The compliance measures include in particular the adoption and communication of regulations (for example, on the handling of benefits), the implementation of training measures, and the investigation and follow-up of all substantial internal and external tips regarding potential compliance-related legal violations or violations to human rights or the environment, as well as increased and prioritized risks. As well as the support of all employees and managers, the implementation of each CMS requires a compliance organization tailored to the respective part of the company. The respective departments and roles responsible for compliance regularly review the suitability and effectiveness of the systems and assess the potential for improvements.

The Compliance working group of the companies of Schwarz Group provides a platform for regular discussions on compliance matters relevant to the group as a whole and continuously develops the Compliance Management Systems. The working group consists of the compliance officers or their deputies. The compliance management systems are regularly checked by the Auditing department.

Training Courses and Whistleblower Systems for Prevention

[GRI 205-2]

In order to avoid compliance violations, a key topic aside from the continuous identification of compliance risks is raising awareness amongst employees and management. Employees and managers thus receive training from the companies of Schwarz Group shortly after they join the respective company, and regularly thereafter. These training courses cover the potential compliance risks that may be encountered at work and the correct and appropriate way to behave should they arise. Employees are given risk-oriented training on the compliance issues that are relevant to them based on their roles and responsibilities. The divisions conduct both mandatory in-person training courses and online training courses for this purpose. As a rule, business partners and suppliers are also obliged to comply with statutory requirements pursuant to a corresponding contractual clause.

If, despite these measures, a compliance violation occurs or there is a risk of such, the companies of Schwarz Group offer both their employees and external third parties the opportunity to report potential compliance violations or risks by means of the respective whistleblower systems. Tips regarding potential compliance violations can be reported if these have been committed or are at risk of being committed by the divisions or their employees in the framework of their operational activities or by third parties in the context of the business activity of the companies of Schwarz Group.

These tips are reported to the respective compliance officers or the compliance departments via different reporting channels. These include, for example, the compliance email addresses, compliance hotlines for internal inquiries, online reporting systems and the external ombudspersons (external lawyers of trust).

Any significant findings resulting from complaints are used to identify risks and further develop compliance measures. If adverse impacts are identified, which may directly or indirectly be associated with the business activities of the companies of Schwarz Group, the relevant company endeavors to rectify the situation with appropriate measures and use their powers of influence to ensure that affected parties may receive appropriate redress.

Data Privacy

The protection and security of the data of customers, business partners and employees is a top priority. Digitalization and networking enable more efficient processes and resource-saving planning and can thus contribute to sustainability. At the same time, data-based solutions also demand particular care and attention.

As well as fulfilling the applicable regulatory requirements, the companies of Schwarz Group also want their customers, business partners and employees to trust them with the protection of their personal data. As such, the aim is to protect personal data to the greatest possible extent at all times, while incorporating state-of-the-art standards and consistently fulfilling data privacy requirements. This is an ongoing process.

Business Partner Code of Conduct

Data protection forms part of the CMS at the companies of Schwarz Group and is covered by the respective measures defined in these systems. In addition to binding specifications in the form of policies and processes, this includes training measures and the offer of advisory services from the Data Protection departments. In this way, the companies of Schwarz Group ensure that the relevance of the issue is communicated, and that personal data is processed in a legally compliant manner.

In line with legal requirements, the information obligations under data protection law are fulfilled and the rights of data subjects are respected. In the event of personal data breaches, the breaches are analyzed, and corrective action is taken. Any reporting obligations with respect to supervisory authorities and/or notification obligations with respect to data subjects are fulfilled.

Tax

[GRI 207-1, 207-2 and 207-3]

The companies of Schwarz Group observe all valid tax laws, policies and regulations around the world. All companies of Schwarz Group commit to this in their jointly adopted tax principles.

As such, we engage in legal and economically justified tax planning. We are opposed to aggressive tax planning based on artificial structures employed solely for tax-saving purposes. The same applies to transactions that lack economic substance and that only serve the purpose of obtaining undue tax advantages.

We are conscious of the fact that paid taxes represent a significant source of income for the state and are thus a prerequisite for a functioning society.

The companies of Schwarz Group strive to maintain a cooperative, open, and trusting relationship with all tax authorities and try to avoid the risk of uncertainty or even disputes. When dealing with financial authorities, our interests are protected, and our legal positions are defended where we consider this to be the correct approach in accordance with the prevailing opinion in case law and literature.

All operational country units generally have a tax department to ensure compliance with tax obligations. In exceptional cases where this is not applicable, external tax consulting firms are commissioned to fulfill tax requirements. The Tax department of Schwarz Corporate Solutions KG is the service provider tasked with tax matters by the German units for all German companies and is the contact for this subject area. It also issues policies for the Tax departments of the companies outside of Germany. The Tax departments develop policies and target processes as required, defining the relevant responsibilities and the early involvement of the Tax departments in operational processes and arranging training if necessary.

To ensure that tax processes are legally correct, the companies of Schwarz Group have jointly established tax compliance as a focus area in their CMS.

Stakeholder Management

Dialog Formats at a Glance

Stakeholders of Schwarz Group

[GRI 2-29]

Continuous dialog with our stakeholders is essential for trusting collaboration and is an important part of our values-based approaches to corporate management. The companies of Schwarz Group operate all over the world, and this means that they interact with numerous stakeholders in a variety of ways. First and foremost, this includes customers who visit Lidl and Kaufland stores on a daily basis. However, it also includes banks, direct and indirect business partners, non-governmental organizations (NGOs), and policymakers, as well as associations and initiatives. Members of the scientific community, the media and subject matter experts are also important stakeholders for us.

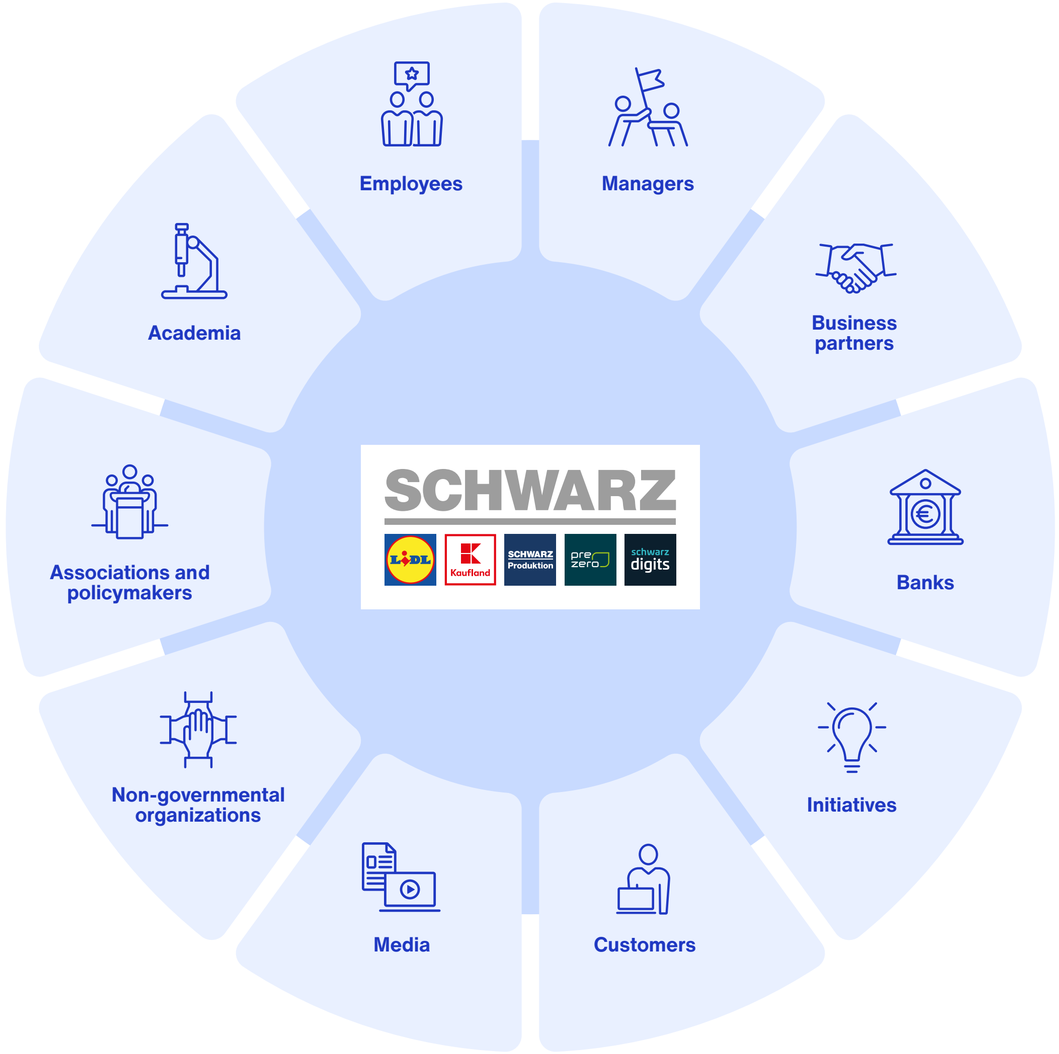
Involvement of Relevant Stakeholders

[GRI 2-29]

The continuous exchange we have with our stakeholders using various dialog formats is a core component of day-to-day work activities in the sustainability and communication departments of the companies of Schwarz Group. They regularly analyze the relevant stakeholders and their interests and focus areas, for example, by conducting surveys and monitoring topics.

Other departments may sometimes have direct contact to stakeholders too, where the subject matter warrants it. This dialog gives us the inspiration to successfully and sustainably develop our business – and it ensures exchange as well as transparency in our actions.

The companies of Schwarz Group actively keep their stakeholders informed using various formats, including sustainability reports, letters to stakeholders, press releases and company websites. We also reach our customers and employees through customer brochures, social media and corporate intranet portals. Online surveys are also actively used – for example, following seminars and training sessions – as feedback and an exchange format for employees. The companies of Schwarz Group enable and promote comprehensive dialog with external stakeholders through series of events and personal talks. This includes the neighborhood and resident dialogs that are held alongside larger construction projects. This approach ensures that stakeholders are informed about decision-making processes in a transparent way and are actively involved.



Moreover, the companies of Schwarz Group also get involved in a variety of cooperations and networks, and participate in dialog and exchange formats initiated by third parties. For instance, we regularly engage in constructive dialog with NGOs, which gives us inspiration for the sustainable development of our product assortment and enables us to establish a position on issues that are relevant to society. Representatives of the companies of Schwarz Group participate in various events, such as by giving speeches at conferences and taking part in panel discussions.

Our Stakeholder Events

[GRI 2-16, 2-26 and 2-29]

We also engage in dialog with our stakeholders via our own formats. The following overview presents a selection of the dialog formats organized in-house during the reporting period:

- As part of the "Lidl im Dialog" (Lidl in Dialog) rounds, Lidl in Germany regularly invites representatives from politics, science, business and society to discussions, promoting industry-wide exchange. In April 2024, the panel addressed topics such as the future of protein supply.
- The event entitled "Lidl lädt ein: Bauern treffen Einkauf" (Lidl Invites Farmers to Meet Purchasing), held in Cloppenburg, was a dialog between Lidl in Germany and German farmers on animal welfare. The event took place in one of the regional warehouses serving Lidl in Germany. The aim was to discuss the challenges and possibilities of reshaping animal husbandry and to highlight Lidl's commitment to better husbandry systems.
- For the first time in January 2025, Lidl in Germany had a booth with Bioland e. V. at the "Grüne Woche" – a trade fair for food and agriculture – and showcased its commitment to future-proof agriculture.
- Kaufland in Germany demonstrated its commitment to sustainability at "Grüne Woche" once again with a booth and program of events, focusing on topics such as climate protection, good nutrition, regionality and animal welfare. The opportunity to connect and interact with partners, suppliers, politicians and other interested parties was paramount at the event.
- In June 2024, Kaufland organized a "Future Day" for the companies of Schwarz Group on the topic of "Transformation of transport logistics". Group-wide, contracted freight-forwarders, manufacturers and branch experts discussed the topic of decarbonizing transport logistics. The 650 visitors had the opportunity to test new drive technology from new exhibitors right on location.
- In November 2024, Kaufland invited 50 farmers to the Agrarscouts Academy at the Garbsen store in the framework of its membership in the Forum Moderne Landwirtschaft (Modern Agriculture Forum). The central aim was direct exchange on the challenges of modern agriculture as well as strengthening the partnership on regionality and animal welfare.
- In 2024, PreZero met with the German Federal Chancellor twice to demonstrate the potential of the circular economy. In February, the Austrian Federal Minister of Climate Action visited PreZero Polymers Austria's location in Haimburg. PreZero also welcomed the German Environment Minister to its the recycling plant in Gruenstadt, Rhineland-Palatinate, in October 2024.
- Together with the Bundesliga soccer team TSG Hoffenheim, PreZero organized the "Zero Time to Waste" format in November, which took place in the first German soccer stadium with a Silver "Road to Zero Waste" certification. More than 100 representatives from companies across different industries took part in a one-day conference to learn about the ecological and environmental possibilities of conscious recycling management.
- As a partner of the German Sustainability Award, with the affiliated German Sustainability Day conference, PreZero has developed its "Circular Transformation Talk" dialog format. In November 2024, representatives from PreZero, WWF and the Institute for Energy and Environmental Research (IFEU) discussed the need for a methodology to calculate avoided emissions and the regulatory framework surrounding this.
- As part of the SCHWARZ Brotzeit dialog series organized by the representative office of Schwarz Corporate Affairs GmbH & Co. KG in the capital, politicians with subject matter expertise were invited to a discussion in Berlin. In September 2024, for example, a dialog took place to mark the second half of the year. In addition to a summary of the first half of the political year, the remaining political topics for 2024 as well as the relevant actions and targets of the companies of Schwarz Group were summarized.
- In September 2024, the Public Affairs department at Schwarz Corporate Affairs International GmbH & Co. KG organized the "Schwarz Impulse" event on the topic of innovation in Brussels. High-ranking speakers gave the audience of some 400 representatives from the worlds of politics and business an insight into the current situation in digitalization, and the opportunities and challenges in this field. Participants then shared their thoughts and ideas.

Employee Surveys

[GRI 2-16, 2-26 and 2-29]

In order to systematically gather insights on the opinion of employees, the companies of Schwarz Group regularly conduct jointly developed employee surveys. Their focus is on topics that particularly concern employees along their employee life cycle. In addition, there are employee relations consultants at the companies of Schwarz Group, who act as a mouthpiece for the general mood and opinions of the employees. They convey these to top management through reports based in part on conversations with employees. These reports are anonymous and cannot be used to identify individuals. Further information about this can be found in the Social chapter.

Stakeholder Management

Political Representation of Interests

[GRI 415-1 and 2-29]

As a leading retail group in Europe, the companies of Schwarz Group regard themselves as a partner to state and politicians. The companies provide their expert knowledge to government and political decision-makers and in doing so, play a role in decision-making processes. When it comes to the political representation of interests at a national and international level, the focus of the companies of Schwarz Group is always on promoting sustainable development. This is evident in relation to the topics of healthy nutrition and sustainable packaging, for example. Suggestions for improvement and obstacles to progress are constantly and constructively being discussed in dialog with politicians. Various companies of Schwarz Group, including Schwarz Corporate Affairs GmbH & Co. KG, are registered in the Lobbying Register for the Representation of Special Interests vis-à-vis the German Bundestag and the Federal Government. Consequently, these companies are subject to the Code of Conduct for representatives of special interests in the framework of the Lobbying Register Act (Lobbyregistergesetz). On account of its office in Brussels, Schwarz Corporate Affairs GmbH & Co. KG is also registered in the European Union Transparency register and is subject to a corresponding Code of Conduct there.

According to its mandate, Schwarz Corporate Affairs GmbH & Co KG represents the interests of the companies of Schwarz Group in the political arena and plays an active role in this respect. In addition, the company establishes positions on topics that are relevant to politics or society, working with the divisions to incorporate their specific focus areas. Companies of Schwarz Group participate in political debates purely on a content-related basis; they do not make donations to political parties.

Focus areas for the political representation of interests are:

- Renewable energy
- Energy efficiency
- E-mobility/charging infrastructure
- Climate-friendly construction
- Circular economy
- Packaging and recycling (packaging design)
- Single-use/multi-use bottle deposit systems (closed-loop bottle)
- Textiles and electrical appliances/batteries (product responsibility and collection)
- Food labeling
- Origin labeling
- Animal husbandry labeling
- Reshaping animal husbandry
- Nutrition strategy
- Corporate due diligence obligations in supply chains
- Work and social affairs
- Digital sovereignty (infrastructure and digitalization of administration)
- Data economy and key enabling technologies (AI and cloud)
- Cybersecurity and data privacy
- E-commerce

The "Public Affairs Countries" team at Schwarz Corporate Affairs GmbH & Co. KG coordinated the strategically important EU Packaging Regulation (PPWR) project based on established process structures. This was done on behalf of the companies of Schwarz Group via the relevant target markets. A particular focus was the involvement of the national companies in the relevant legislative work of the Council of Ministers.

Schwarz Corporate Affairs GmbH & Co. KG represents its key interests at various political events. For a selection of events from the current reporting period, please refer to Dialog Formats at a Glance.

Stakeholder Management

Memberships and Commitments of the companies of Schwarz Group

[GRI 2-28]

The companies of Schwarz Group are actively involved in various industry associations, initiatives and organizations, and actively contribute by either providing specialist expertise or by supporting them with a membership fee.

The companies of Schwarz Group joined the United Nations Global Compact (UNGC) in 2020, and in doing so, have committed themselves to complying with and promoting the ten principles of the UNGC. We see it as our respective corporate responsibility to stand up for the strengthening of human rights, fair remuneration and safe working conditions in all areas of our business activities worldwide. We oppose any form of corruption and are committed to environmental and climate protection. As part of the annual "Communication on Progress" report, the companies of Schwarz Group document the measures they have implemented in this respect and the progress they have made.

A selection of other commitments and memberships of the various companies of Schwarz Group is listed alphabetically below. The sustainability reports of the companies also provide an insight into other memberships at an international and national level.

- Allianz der Pioniere (Alliance of Pioneers)
- Bitkom e. V.
- Bundesverband der deutschen Entsorgungs-, Wasser- und Kreislaufwirtschaft e. V. (BDE; Association of German Waste Management, Water and Circular Economy)
- Federal Association of German Food Retailers (BVLH)
- Deutsches Institut für Compliance e. V. (DICO; German Institute for Compliance)
- Ellen MacArthur Foundation (see also the Environment chapter)
- Forum Moderne Landwirtschaft e. V. (Forum for Modern Agriculture)
- GS1 Germany GmbH (Global Standards)
- Handelsverband Deutschland e. V. (HDE; German Retail Federation)
- Circular Economy Initiative of the Bundesverband der Deutschen Industrie e. V. (BDI; Federation of German Industries)
- Lebensmittelverband Deutschland e. V. (Food Federation Germany)
- Science Based Targets initiative (SBTi) (see also the Environment chapter)
- We Mean Business Coalition
- Wirtschaftsforum der SPD e. V. (SPD Economic Forum)
- Wirtschaftsrat der CDU e. V. (CDU Economic Council)
- Wirtschaftsvereinigung der Grünen e. V. (Green Party Trade Association)

Company portal and CoP report

WE SUPPORT UN GLOBAL COMPACT

Stakeholder Management

Cooperations

[GRI 2-28 and 2-29]

In the reporting year, Lidl launched a long-term, international partnership with WWF (World Wide Fund For Nature). This strategic partnership encompasses all 31 countries where Lidl has stores and addresses the global environmental challenges of our time, such as the protection of biodiversity, the climate and natural resources. As part of this partnership with WWF, Lidl advocates sustainable business along its own value chain and beyond and has set itself goals to procure raw materials responsibly as well as to combat food waste. With the support of WWF, Lidl wants to make it even easier for customers around the world to shop sustainably. This is reflected in the motto of the partnership: Working together to provide more sustainable choices.

Lidl in Germany has been a member of the "Moderne Landwirtschaft" (Modern Agriculture) forum since 2023, Kaufland likewise since 2024. This membership sends a clear signal that these companies are intensifying and strategically anchoring their commitment to German agriculture in the long term.

As part of Schwarz Group, PreZero is also a member of the initiative "HolyGrail 2.0 – Digital watermarks for accurate sorting and high-quality recycling". PreZero has also been a member of Circular Republic since the beginning, a network connecting startups with companies. As part of this network, PreZero develops innovative circular solutions together with partners and implements these in specific initiatives.

Moreover, the companies of Schwarz Group exchange ideas and knowledge with various partners in cooperations and projects to drive forward sustainable innovation. Their focus is on topics such as recycling solutions or decarbonization. Companies of Schwarz Group also work with startups in various formats:

Experts from departments of some companies of Schwarz Group supported the Futury accelerator program as initiators and partners from October 2022 to September 2024. As part of the Futury program, innovative solutions from the areas of food (Mission Food), waste prevention and recycling (Mission Waste) and sustainable construction and buildings (Mission Construction) are supported, and in some cases, piloted. Various events were held during the reporting year as part of the Futury program. In May 2024 at the Mission Construction final event, the companies of Schwarz Group welcomed participating startups and other Futury partner companies to Neckarsulm. Participants discussed ideas on sustainable solutions in the construction and real estate industry, shared specific needs in the industry and voiced potential developments for the respective startup solutions together. The Futury program gave rise to our successful collaboration with the company Recyda, among others, which developed a digital solution for assessing the recyclability of private-label packaging.

Furthermore, in cooperation with other corporate partners, we facilitated the establishment of the FUTURE Institute for Sustainable Transformation in 2022. This makes it possible to solve more complex challenges by working closely with scientists. In the reporting period, an assessment on "green corridors" was conducted in the area of sustainable logistics at Kaufland and P&G, and a model to optimize the logistics network was developed. Kaufland has entered into cooperations with multiple large suppliers so that electric trucks can combine store return trips with goods collections.

Moreover, a significant collaboration in the area of digitalization and data sovereignty was announced: In November 2024, the companies of Schwarz Group and Google announced their strategic partnership. More information can be found in the segment on Services: Digitalization and Data Sovereignty.

Stakeholder Management

Partnerships and Sports Sponsorship

In 2024, the companies of Schwarz Group entered into multiple strategic partnerships focusing on resource conservation, cybersecurity and conscious nutrition. The aim is to pursue a holistic approach – moving toward long-term sporting partnerships rather than just pure sponsoring.

PreZero and XM Cyber launched a partnership with the first division soccer club RCD Mallorca. The goal is to make the club's home ground into Spain's first "Zero Waste" vision stadium and to strengthen the club's IT security.

A partnership was also forged with VfB Stuttgart in 2024: Schwarz Digits became the official Cybersecurity Partner with XM Cyber and the Cloud Service Partner with STACKIT. As the official Circular Economy Partner of VfB Stuttgart, PreZero supports sustainable waste management at the club's grounds on the "Road to Zero Waste".

Companies of Schwarz Group have also launched a partnership with the Handball-Bundesliga: Lidl in Germany has secured naming rights for the DHB Cup "Final4" tournament and will also be the Fresh Food and Water Partner. The cooperation benefits from the expertise that PreZero delivers in the area of the circular economy, and Schwarz Digits promotes the league's cybersecurity.

Companies of Schwarz Group have also been partners of FC Bayern Munich since 2023: PreZero works on the circular economy at the club's grounds, and STACKIT and XM Cyber contribute to the club's digital transformation. The partnership is also complemented by the use of the Lidl private-label mineral water, Saskia.

The partnership with the Bundesliga soccer team TSG 1899 Hoffenheim has been in existence since 2019. The cooperation goes far beyond sponsoring the stadium and renaming it to "PreZero Arena": As the official Sustainability Partner, PreZero supported the club in making its stadium the first certified zero-waste stadium in the Bundesliga. In 2024, the certification level was raised from Bronze to Silver. Within a year, the amount of non-recyclable waste was reduced by more than two tons and the recycling rate of materials in circulation was raised from 87 percent to 91 percent. Moreover, the TSG Hoffenhiem league offices also reached the Silver certification level.

The PreZero Arena Gliwice in Poland is the first large event venue in Poland to have received the Zero Waste certification. The event venue has introduced measures such as a reusable cup system, which reduces plastic consumption by up to 50 kg per event and achieves energy reductions of up to 30 percent. Measures to prevent waste are to be ramped up in future.

In 2024, Lidl was the Official Partner of UEFA EURO 2024™. Lidl distributed 91 tons of fruit to soccer enthusiasts in the fan zones and ran various interactive campaigns. One of the goals was to highlight the importance of a healthy lifestyle achieved by conscious nutrition, sport and movement.

After the UEFA EURO 2024™, Lidl and PreZero organized an upcycling campaign. They collected banners and flags and then transformed these into soccer jerseys, training cones and backpacks. 200 clubs won these in a lottery.

Lidl has further expanded its commitment in the soccer world and is the Official Partner of two UEFA club competitions for three years until the 2026/27 season: the UEFA Europa League and the UEFA Conference League. The emphasis is on promoting conscious nutrition with a special focus on fresh fresh fruit and vegetables. Lidl is also the Official Partner of the UEFA Women's EURO 2025™. The partnership underlines Lidl's long-term commitment to promoting women's sport, a healthy lifestyle and the personal development of young people. As part of its activities, Lidl implements initiatives around nutritional education and youth development, supporting fans and players on and off the pitch. In addition, an awareness team consisting of trained Lidl employees and external experts ensures respectful interaction in the stadium.

In 2024, Lidl was also very actively involved in European handball: As Official Fresh Partner and supplier of water to the Men's EHF EURO 2024 as well as the Women's EHF EURO 2024, the retail division supplied players and officials with fresh food and beverages. Moreover, Lidl was the Official Fresh partner of the IHF Men's World Championship 2025 this January and will also continue their support at the IHF Women's World Championship 2025 in November. With this commitment, Lidl strives to draw attention to the advantages of an active and healthy lifestyle supported by fresh food.

Lidl also further expanded its commitment to professional cycling and has been the main sponsor and strategic partner of the Lidl-Trek UCI WorldTeam since 2023. Lidl is convinced that conscious nutrition is the basis for success when cycling and in daily life. That is why we are committed to making high-quality, sustainable food accessible to all. For us, cycling is more than just a sport. It is a movement that unites people and facilitates change for people and the planet.

Values

Our values provide the foundation for our everyday actions. They guide us with our decision-making and shape our corporate culture. We perform, we respect, we trust, we stay grounded and we belong. We create a working environment that promotes openness and recognizes and fosters the strengths of each and every one of us.

Performance

We thrive together and surpass our own limits.



Performance is at the core of what we do, it makes us proud and paves the way for growth – on a personal level, as a team and as a company. We have big plans and set ourselves ambitious yet realistic goals, which we pursue with passion. We view the challenges that we encounter along the way as opportunities. We search for efficient solutions and choose a pragmatic approach. This is how we strengthen our leading position and create added value for our customers.

Respect

We put people at the center of what we do.



By respect we mean open, appreciative and fair behavior. We talk to one another – not about each other. In this way, we create a culture in which everyone feels valued. We are committed to equal opportunities, embrace diversity and recognize it as a core strength. Respectful behavior is at the heart of our success.

Trust

We believe each other and in each other.



Trust is the foundation for everything, especially for great cooperation. That is why we believe each other and in each other. Our communication is open and honest. People can rely on us and our word, because we keep our promises and agreements. We learn from our mistakes in order to develop and grow further.

Grounded

We dream big while staying down-to-earth.



Our down-to-earth attitude is one of the pillars for our success and stability. Being grounded is how we became a big player and is also key to our future growth. At the same time, we keep our feet firmly on the ground. We focus on our results. We know our strengths and weaknesses, and deal with them constructively. Above all, we treat each other as equals and value each and everyone's contribution.

Belonging

We are stronger together than we are alone.



We want everyone to feel part of our community and to have a genuine sense of solidarity and loyalty with the company and with each other. We focus on strong, long-term relationships, both internally and externally, because we are stronger together than we are alone. We know that we can only be successful together.

Corporate Responsibility Structure and Management of Sustainability

Organizational Integration and Responsibilities

[GRI 2-12, 2-13, 2-16 and 2-17]
The fields of activity in the companies of Schwarz Group are just as diverse as the manifold requirements of effective CR management. The companies work together closely to coordinate their sustainability activities. They also align their actions with the relevant business model and environment.

The responsibility for sustainability lies with the Chief Executive Officers of the respective companies of Schwarz Group. The CR department at Schwarz Corporate Affairs GmbH & Co. KG organizes, provides ideas and guides the strategic sustainability approach of the companies of Schwarz Group. It is headed by Susanne Marell, the department's executive vice president. This department supports the companies with their sustainability activities and enables cross-company cooperation on global topics.

In accordance with the organizational structure, the topic of sustainability is anchored in all of the companies of Schwarz Group with the incumbent CR/CSR Heads in the departments of each company and national company. They act as coordinators for CR issues within their business unit and manage implementation.

[GRI 2-15]
The CR Round Table coordinates the strategic approach of the overarching, jointly developed CR commitment. Its members include the responsible Heads of CR/CSR from the companies of Schwarz Group. The content of group-specific topics is addressed within the defined subject areas. Together, group-wide guiding principles and general conditions are defined and refined. The CR Round Table meets regularly and is also involved in constant exchange with the established work structures about overarching topics. Expert coordination is provided by the CR department of Schwarz Corporate Affairs GmbH & Co. KG.

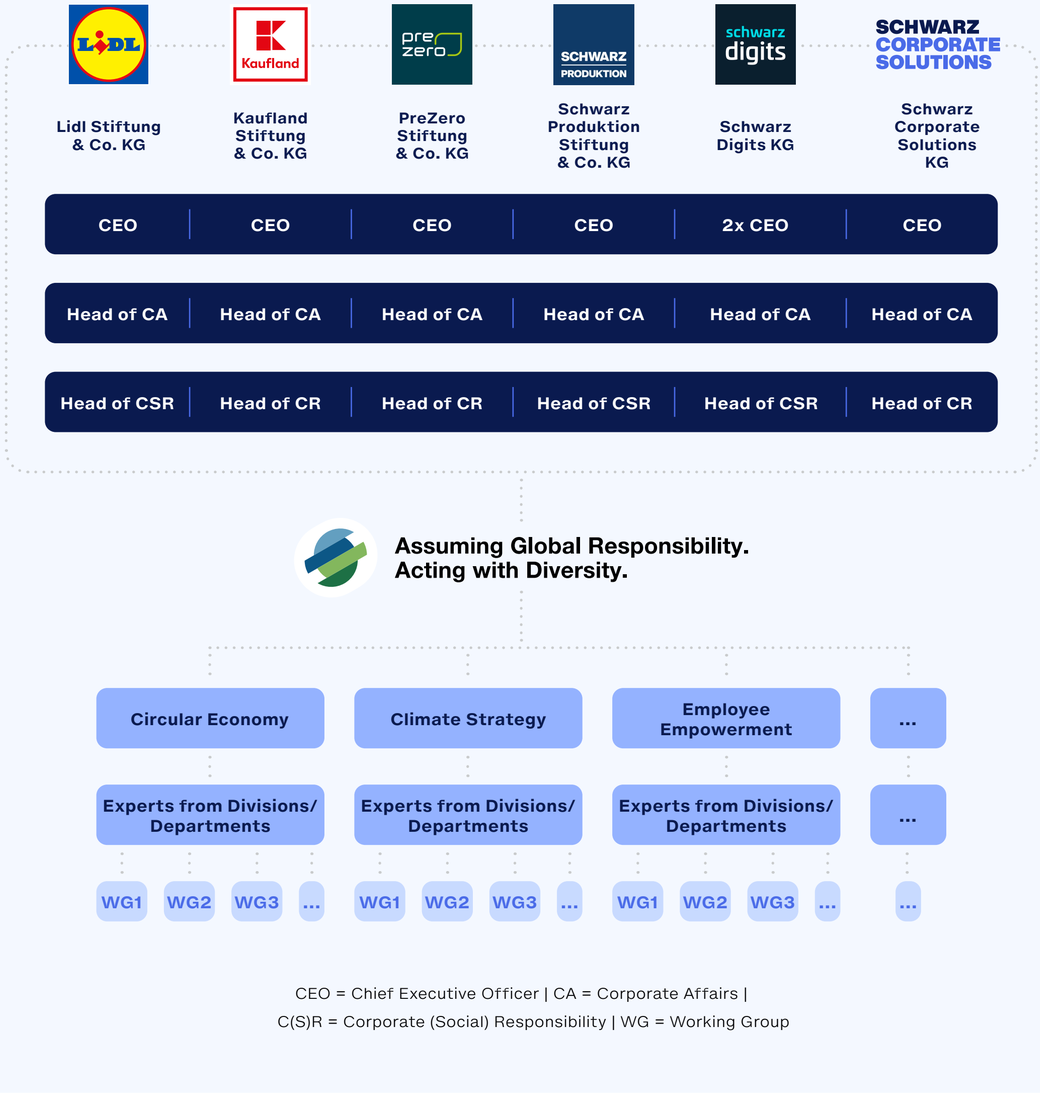
CR Structure and Sustainability Management

Involvement of Top Management

[GRI 2-14]

The head of Corporate Affairs is the link between the members of the CR Round Table and the Chief Executive Officers of the relevant company of Schwarz Group. This keeps reporting lines short and means knowledge can be shared quickly. Strategic guidelines such as materiality analyses are validated and approved by top management. All members of the Executive Board as well as the International Management Boards of the companies of Schwarz Group regularly receive management circulars in which CR topics are reported on, among others.

In order to define and achieve the jointly developed, group-wide goals, cross-company working structures are in place. According to the subject area, the relevant departments in the companies of Schwarz Group are identified and representatives are integrated into the various boards with clear roles and tasks.



CEO = Chief Executive Officer | CA = Corporate Affairs | C(S)R = Corporate (Social) Responsibility | WG = Working Group

CR Structure and Sustainability Management

Materiality Analysis

[GRI 3-1 and 3-2]

In our materiality consideration, we regularly take a comprehensive look at the sustainability-related opportunities and risks as well as impacts that arise from the business activities of the companies of Schwarz Group. Based on these analyses, we define the relevant content for the report and continually develop the substance of our jointly developed strategic sustainability agenda.

The companies of Schwarz Group carried out a thorough and well-founded double materiality analysis in 2023 and 2024. On the basis of the dimensions "impact materiality" and "financial materiality", a total of 31 sustainability topics were evaluated. The topics assessed were derived from a list from the European Sustainability Reporting Standards (ESRS), which were clustered and expanded with company-specific topics. In the next step, financial opportunities and risks were identified for each topic. Internal and external stakeholders who could be affected by these impacts, opportunities and risks were matched to the 31 topics. Different specialists in the company were then identified to assess the materiality. Together with their teams, they evaluated the materiality of the individual impacts, opportunities and risks associated with each topic. The specialists considered the interests of the affected stakeholders in their analysis. The result was a list of material topics, which were matched with the relevant GRI disclosures in the last step to determine the final report content for the voluntary reporting.

The companies of Schwarz Group have jointly developed and agreed upon the methodology. When assessing the impacts, opportunities and risks, the companies considered the entire value chain in preparation for the coming CSRD regulation (Corporate Sustainability Reporting Directive) and determined at what point in the chain they arise – such as in the upstream value chain, in their own operations, in the downstream value chain or along the entire chain. Impacts, opportunities and risks related to human rights were also considered in the companies' own operations as well as in the value chain. The impacts that played a crucial role in determining material topics, alongside the opportunities and risks, were prioritized according to differing criteria.

The impacts were then divided into actual impacts and potential impacts. Impacts can be positive or negative. Actual impacts count for more than potential impacts. Each negative impact was then evaluated based on three dimensions: scale, extent and reversibility. When assessing positive impacts, reversibility was not considered. Potential impacts were also evaluated based on likelihood.

As a result, all topics were depicted on a group-wide, uniform priority scale. The companies of Schwarz Group established the threshold for a material topic together. This ensures the comparability of results between the companies.

In the process described here, the following stakeholders were particularly taken into account:

- Consumers, customers and (end) users
- Consumer protection
- Employees
- Managers
- Suppliers, producers
- Service providers, business partners
- Investors, banks, insurance companies
- Competitors
- Associations
- Trade unions
- Policymakers, authorities, offices
- Residents, municipalities, neighborhoods
- NGOs, civil society and initiatives
- Press, media
- Workers in the value chain
- Science
- Nature

CR Structure and Sustainability Management

Material Topics

The analysis revealed eleven material topics in the three ESG categories: environment, social and governance. These were mapped to the structure of this Sustainability Report. In addition, the companies of Schwarz Group jointly report voluntarily on four further topics:

Environment

Material topics:

- Adapting to climate change
- Climate protection
- Energy
- Biodiversity and ecosystems
- Circular economy: Resource streams and use
- Circular economy: recyclables and waste

Voluntarily reported topics:

- Use and protection of water resources

Social

Material topics:

- Workforce: working conditions
- Workforce: equal treatment and equal opportunities
- Value chain: equal treatment and equal opportunities
- Value chain: other work-related rights

Voluntarily reported topics:

- Value chain: working conditions
- Conscious nutrition and health

Governance

Material topics:

- Consumers and end users: safety

Voluntarily reported topics:

- Compliance

CR Structure and Sustainability Management

Effectively Managing Sustainability

The companies of Schwarz Group have defined specific milestones and measurable targets for the pillars of the jointly developed sustainability strategy: environment, social and governance. The measurement of progress forms part of our annual planning and strategy cycle. Solid data management provides the basis for this. The internal processes in the companies are defined through an IT-based business process management tool. In almost all of the companies of Schwarz Group, they are modeled in the ARIS software, which is used for process documentation, design and publication.

IT-based Sustainability Management

The companies of Schwarz Group also use a jointly selected, software solution for sustainability management in order to provide greater transparency around CR activities. The software is used to record and aggregate all CR measures from all companies, countries, and departments of Schwarz Group. They form the central elements of reports for internal and external stakeholders, according to mandate. This means that best practices can be adopted on a company-specific basis by the Heads of CR/CSR and other employees and adapted to their particular country.

As the requirements for sustainability management wit audit-proof data and processes are increasing, the companies of Schwarz Group collectively implemented a structured selection process for a new software solution in 2023. In the reporting period, they committed to the technical implementation of the selected software solution. The business rollout will follow gradually in the next fiscal year. The collectively agreed data-based sustainability management will be significantly strengthened as a result.

In addition, the companies of Schwarz Group are continuing to develop the sustainability key performance indicators together. A coordinated data collection process is carried out on the basis of a collectively defined, group-wide set of CR key performance indicators using standardized definitions and parameters across all companies and countries. We revise and update the KPI set annually. A comprehensive range of control measures at multiple levels and the integration of established controlling structures ensure high quality assurance of the more than 1,000 key performance indicators for sustainability.

CR Risk Management and ESG Rating

The companies of Schwarz Group are confronted with a wide range of internal and external developments and events that can have a material impact on their ability to achieve financial and non-financial targets. Risk management of CR topics is therefore an integral part of the respective corporate management.

Since 2022, the companies of Schwarz Group have been jointly completing an annual ESG rating assessment in partnership with Sustainalytics. This involves an independent assessment of all potential sustainability risks and the corresponding risk management. In May 2024, the companies of Schwarz Group received a rating of 20.3 in the food retail category. This result clearly demonstrates that the companies of Schwarz Group are working on further improvements in the areas of environment, social and governance. That notwithstanding, the result of the assessment continues to provide valuable guidance for the further development of the group's policies and programs. Based on a joint analysis of the rating results, we identified various areas that were subsequently developed further.

CR Strategy

Our Driving Force

Resources are becoming scarcer. Geopolitical tensions are rising. Societies are becoming increasingly polarized. In these complex times, the companies of Schwarz Group are committed to ensuring transparency and responsible conduct through comprehensible actions and measurable success. Instead of falling back on existing principles in uncertain times, we take concrete measures to prove that sustainable business and long-term success go hand in hand. Sustainability is part of our corporate core.

As the fourth largest retail group in the world, the companies of Schwarz Group bear responsibility for their environment, their employees and society. We do not shift this responsibility – not to policymakers, nor the state, nor consumers. We actively embrace it. We do what we do best: We act – and are always one step ahead. With innovative solutions for the challenges of tomorrow. That is why we have collectively created a unique ecosystem: from production and retail to waste disposal, recycling and digital solutions. We use our influence throughout the value cycle to set standards for respectable behavior toward one another and to create an environment worth living in.

Our corporate responsibility (CR strategy) serves as the compass for our group-wide commitment in the fields of environment, social and governance, and it helps us to devise corresponding business strategies that are fit for the future.

In light of this, we take on acute challenges such as climate change, for example, with our commitment to net-zero emissions by 2050. Climate risks such as extreme weather events, loss of biodiversity, collapsing ecosystems and scarcity of natural resources are already some of the biggest global threats of today.

Moreover, the rapidly growing consumption of resources not only has consequences for the environment, but also for their very availability. In turn, the scarcity of resources has a direct impact on the business models of the companies of Schwarz Group. The circular economy is therefore an elementary component of our respective corporate strategies.

We also take responsibility for respecting human rights along our supply chains and preserving economic livelihoods. Our goal is to contribute to a world worth living in – for current and future generations.

CR Strategy

Our Strategic Approach

Assuming Global Responsibility. Acting with Diversity.

Schwarz Group is one of few retail groups to cover the entire value cycle. This starts with the variety of products produced by Schwarz Produktion that find their way onto the shelves of the retail divisions Lidl and Kaufland. PreZero manages waste and recycling while the IT solutions are taken care of by our IT and digital division Schwarz Digits, not to mention Schwarz Corporate Solutions as the backbone of our operations. This diversity enables us to tackle sustainability with everything we have. Despite the different business models, we are all headed in the same direction. We consistently act ahead in pursuit of our sustainability vision: Assuming Global Responsibility. Acting with Diversity.

We are facing the challenges of the future, and we integrate sustainability into all business units and processes. A common understanding of sustainability underpins our collectively defined CR strategy: Our commitment to sustainability is based on the ESG pillars of environment, social and governance. Within these areas, we define targeted priority topics to further strengthen our strategic direction. They provide guidance, helping us to define goals and implement a variety of projects and measures. The individual business units also have their own individual sustainability strategies as well as other company-specific and country-specific goals.

CR Strategy

Our Understanding of ESG

Environment

Doing Business within Planetary Boundaries

The companies of Schwarz Group actively contribute to environmental and climate protection, for example, with our jointly developed climate strategy. As a member of the Science Based Targets initiative (SBTi), we have defined science-based climate targets. The companies of Schwarz Group jointly submitted a net-zero commitment to the SBTi in 2024. As such, they are committing to reduce all greenhouse gases emitted along the value chain to net zero by 2050 at the latest.

We also keep the protection and promotion of biodiversity in mind, to ensure plants and all living things have a safe space to live in for many years to come. An important part of our CR strategy is the circular economy – not just with regard to our own processes, but also along the entire supply and value chain. In light of this, we have created a holistic circular economy strategy together with REset Resources. Through REset Resources, we use our unique ecosystem to shape the future viability of the circular economy in our target countries.

Social

People Are at the Heart of Everything we Do

As responsible employers, the companies of Schwarz Group offer an attractive and healthy work environment founded on diversity and equal opportunities. We believe that education is essential: Through targeted support, we promote employees' development both professionally and personally. Good working and living conditions, which include fair, attractive remuneration, are important to us – not just in our own companies. We take care to ensure that we comply with social and environmental standards in our supply chains, too.

We are reliable partners for our social environment and promote social and environmental issues around the world. With our joint commitment, we are bringing conscious nutrition to the mainstream of society.

Governance

Creating Added Value with Responsible Conduct and Systematic Approach

Consistent with our values, we manage sustainable business practices strategically and transparently. In pursuance of this, we work together closely with powerful partners. With over 1,000 sustainability KPIs, we systematically drive our measures and goals forward – for example, for high-quality, certified food. Plant-based products at a reasonable price allow our customers to consume more sustainably. For the assortment in our retail divisions, we increasingly prioritize sustainable products from certified sources with recognized seals as well as raw materials from the local region.

The highest security standards are the key to data security and digital sovereignty, with digital infrastructure in Germany.

CR Strategy

Our Targets

The companies of Schwarz Group are continually setting binding, group-wide targets within the subject areas. Through this approach, we ensure together that our business activities align with our responsibility to the environment and to society as a whole over the long term. We are also focused on preserving quality of life for current and future generations along with our own long-term business success.

We report all targets and their status in the respective chapters:

Certifications	33
Climate	45
Circular Economy	70
Social	88
Conscious Nutrition and Health	111

Consumers: Product Safety and Certifications

Strategic Approach

Priority Topics

In many countries, the companies of Schwarz Group contribute significantly to local supply and provide a reliable supply of food and availability of goods for their customers. This means that they bear particular responsibility for the quality and safety of their products and for developing future-proof products. Working together with powerful partners, they are always offering more products that are produced in a more sustainable manner. In doing so, the retail divisions focus on certified raw materials and promote the range of regionally produced food in the national companies by means of targeted programs.

The highest security standards are also the key to data security. Thanks to the sovereign range of services offered by the IT and digital division Schwarz Digits, the companies of Schwarz Group focus on digital sovereignty. We are committed to a secure digital infrastructure in Germany and ensure our solutions comply with European data protection standards.

Principles, Policies and Obligations

An important reference for product development at our retail divisions is the European Union's (EU) "Farm to Fork" strategy, among other things, which was introduced as part of the European Green Deal. This strategy aims to improve the sustainability of food production and supply throughout the EU. Its overarching goal is to make the European food system healthier, fairer and more environmentally friendly. Regulatory measures such as taxes on carbon or plastic and the EU Deforestation Regulation (EUDR) demonstrate the political will to help make products healthier and more sustainable. You can find more information on the EU Deforestation Regulation in the Environment chapter.

Our actions are also guided by respective internal guidelines and principles. The companies of Schwarz Group publish the approaches and measures they take for a sustainable assortment and the procurement of raw materials in various position papers, purchasing policies and guidelines. The websites and documents published there are revised regularly:

Lidl – International Purchasing Policies (German):

- Purchasing Policy for Human Rights & Environmental Due Diligence
- Human Rights in the Supply Chain Policy
- Purchasing Policy for Gender Equality in the Supply Chain
- Purchasing Policy Raw Materials
- Purchasing Policy for Deforestation-Free Supply Chains

Moreover, there are some national purchasing policies on specific topics, which are to be found on the respective websites of the Lidl national companies. For linguistic reasons, the purchasing policies of Lidl in Germany often serve as a reference in the report.

Kaufland – Guidelines (German):

- Fish Guideline
- Guideline for Better Animal Welfare
- Guideline on Soy as Animal Feed
- Guideline on Sustainable Textiles
- Transparency Report on Fruit and Vegetables
- Transparency Report on Flowers and Plants
- Water Guideline
- Guideline on Combating Food Waste
- Guideline on Good Nutrition

The scope of the two retail divisions' purchasing policies is always clearly defined and can vary at the national level depending on the topic.

Impacts

There is a risk of potentially negative impacts when producing food. Examples include the intensive use of land or working conditions that may result in disadvantages for workers. More sustainable product design can reduce these negative effects while bringing about positive change for the environment and society. Recognized certifications such as the organic seal or Fairtrade certification ensure high product quality, fair working conditions and environmentally compatible cultivation. They allow customers to make conscious purchasing decisions. Safety is the cornerstone for the quality of all products and services – from high quality and hygiene standards in food production to secure digital services.

Targets, KPIs and Target Attainment

Lidl's Targets

Target[1]	Certification Targets	KPI/Measurement	Status	Target Attainment
Lidl aims to achieve 100 % certification for coffee products.	• Rainforest Alliance/UTZ • Fairtrade (Fairtrade product seals) • Organic (Demeter, Naturland, Bioland, EU organic label)	Proportion of sustainable coffee in coffee assortment	↗	98.0 % 100 %
Lidl aims to achieve 100 % certification for roasted coffee products.	• Rainforest Alliance/UTZ • Fairtrade (Fairtrade product seals) • Organic (Demeter, Naturland, Bioland, EU organic label)	Proportion of sustainable roasted coffee items in the roasted coffee assortment	↗	88.3 % 100 %
Lidl aims to achieve 100 % certification for tea.[2,3]	• Rainforest Alliance/UTZ • Fairtrade (Fairtrade product seals) • Organic (Demeter, Naturland, Bioland, EU organic label)	Proportion of sustainable tea items in the tea assortment	↗	81.5 % 100 %
Lidl aims to achieve 100 % certification for palm (kernel) oil in food and non-food products in the private-label assortment.	• RSPO Segregated • RSPO Identity Preserved • Organic (EU organic palm (kernel) oil)	Proportion of items containing certified palm (kernel) oil in the palm (kernel) oil assortment	↗	90.7 % 100 %
Lidl aims to achieve 100 % certification for palm (kernel) oil derivatives/fractions in food and non-food items in the private-label assortment.	• RSPO Mass Balance • RSPO Segregated • RSPO Identity Preserved • Organic (EU organic palm (kernel) oil)	Proportion of items containing certified palm (kernel) oil derivatives/fractions in the assortment containing palm (kernel) oil in derivatives/fractions	↗	96.6 % 100 %
Lidl strives to purchase 100 % sustainable pulp and paper.	• FSC certified/recycled • PEFC certified/recycled • 100 % recycled	Proportion of sustainable pulp and sustainably derived paper in pulp and paper products and packaging	↗	69.4 % 100 %

1 | All targets refer to private-label items exclusively.

2 | Lidl aims to achieve 100 % certification for green-/black-/rooibos tea products.

3 | Lidl aims to achieve 75 % certification for herbal and fruit tea products in its western countries and 50 % certification for herbal and fruit tea products in its eastern countries. Western countries: AT, BE, CH, DE, DK, ES, FI, FR, GB, IE, IT, NL, PT, SE, US. Eastern countries: BA, BG, CZ, CY, GR, HR, HU, LT, PL, LV/EE, RO, RS, SI, SK

Kaufland's Targets

Target[1]	Certification Targets	KPI/Measurement	Status	Target Attainment
Kaufland aims to achieve 100 % certification for coffee products.	100 % certified according to • Rainforest Alliance • Fairtrade • Organic (Bioland, Demeter, EU organic label, Naturland)	Proportion of sustainable coffee in coffee assortment	↘	89.9 % 100 %
Kaufland aims to achieve 100 % certification for roasted coffee products.	100 % certified according to • Rainforest Alliance • Fairtrade • Organic (Bioland, Demeter, EU organic label, Naturland)	Proportion of sustainable roasted coffee items in the roasted coffee assortment	→	86.4 % 100 %
Kaufland aims to achieve 100 % certification for palm (kernel) oil in food items.	100 % RSPO certified, min. segregated (SG)	Proportion of sustainable edible palm oil items in the edible palm oil assortment	→	98.4 % 100 %
Kaufland aims to achieve 100 % certification for palm (kernel) oil in non-food items.	100 % RSPO certified, min. mass balance (MB)	Proportion of sustainable non-edible palm oil items in the non-edible palm oil assortment	→	98.6 % 100 %

1 | All targets refer to private-label items exclusively.

Consumers:
Product Safety and Certifications

Management Approaches

Safety & Quality of Products and Services

Organization and Responsibility
[GRI 416-1 and 416-2]

Product safety at the companies of Schwarz Group ranges from food safety to data protection through to secure IT and digital services, such as the Schwarz Digits cloud service.

Compliance with food regulations, evaluating potential consumer complaints, and in-house specifications for labeling private-label products are the responsibility of the Purchasing departments at Kaufland, together with Quality Management and Quality Assurance. At Lidl, the Quality and Sustainability department coordinates this. The national companies of the two retail divisions implement their own measures and projects. At Schwarz Produktion, the Quality department is commissioned with organizing compliance with food regulations, reviewing potential customer complaints and implementing internal specifications for the production of private-label products. The quality managers in the production plants are responsible for ensuring all quality-related regulations and processes are implemented and adhered to in operations.

Post-consumer recycled material (PCR) from PreZero Polymers is specifically developed according to customer requirements. Accredited laboratories are commissioned to test the specifications. In this way, material for children's' toys (DIN EN 71-3), for cosmetic use (CosPaTox standards) and the automotive industry (VDA standards) can be made from PCR streams. Moreover, the in-house tests are conducted using calibrated lab equipment, and this is confirmed as part of the ISO 9001/EMAS certification process. In this way, we guarantee that our recyclate is safe and ensure it can be used by our customers in many different ways.

At Schwarz Digits, in order to ensure the security of the STACKIT cloud solution, cutting-edge security technologies such as Zero Trust, least privilege and multi-factor authentication are implemented, and existing security technologies are continuously being expanded. All of these technologies are certified pursuant to the ISO-27001 standard. Since 2023, external auditors have conducted annual BSI C5 audits to verify the implementation of the requirements and the effectiveness of the controls.

Stakeholder Involvement
[GRI 2-25 and 2-29]

The needs of our customers are a top priority for us. A comprehensive complaint management system is a key aspect of quality assurance. One such system is anchored in the customer service and customer management processes at both Lidl and Kaufland. Customer concerns and complaints can be submitted by phone or via an online form on the Lidl and Kaufland websites.

Quality complaints about products and product-related crises are also managed, assessed and processed by the person or persons responsible for quality assurance and/or quality management in the respective Purchasing unit.

Beyond their own extensive activities, Lidl and Kaufland are also involved with various organizations that are responsible for food safety. A comprehensive overview can be found in the Stakeholder Management chapter.

PreZero provides an online contact form, a customer phone number and an online reporting system for compliance violations. At Schwarz Produktion, a complaint and queries management system has been established for years, including reporting to plant management and the Management Board. The Quality department duly processes and analyzes all consumer inquiries and complaints, whether by phone, post, email or via the homepage. The department also defines effective corrective measures together with the departments/plants.

Measures and Projects

Quality Management Systems
[GRI 416-1, 416-2 and 417-1]

To systematically manage product safety, legal conformity and high quality, Lidl works with a quality management system certified pursuant to ISO 9001. Product safety is its top priority. All corresponding processes are carried out according to the requirements of this management system, which governs the quality targets and principles as well as clear process specifications and responsibilities. The processes are regularly reviewed and subjected to corresponding audits. Employees are trained by the responsible departments where required.

For private labels in the food and drugstore area, Kaufland has also defined quality standards for ingredients, sustainable raw materials and the handling of harmful substances, which, to some extent, go beyond legal requirements. Both retail divisions have defined and incorporated key steps for compliance with food safety:

- Certification pursuant to the International Featured Standard (IFS) or the British Retail Consortium (BRC) of production sites that supply the companies of Schwarz Group with food and drugstore products in the private-label assortment. The certifications are included in Lidl and Kaufland's supplier requirements. If corresponding proof cannot be produced, a risk assessment and an audit are conducted. The results are then used to decide whether or not to enter into a supplier relationship.

- Regular, risk-oriented, and, if necessary, unannounced production site audits by selected external certification bodies
- Risk-oriented inspection of private-label items in the food and drugstore area by independent accredited institutes (e. g., SGS Fresenius, Eurofins)
- Compliance of specification values that, to some extent, go beyond legal requirements and also consider the requirements of NGOs and test magazines, including corresponding checks by independent accredited institutes

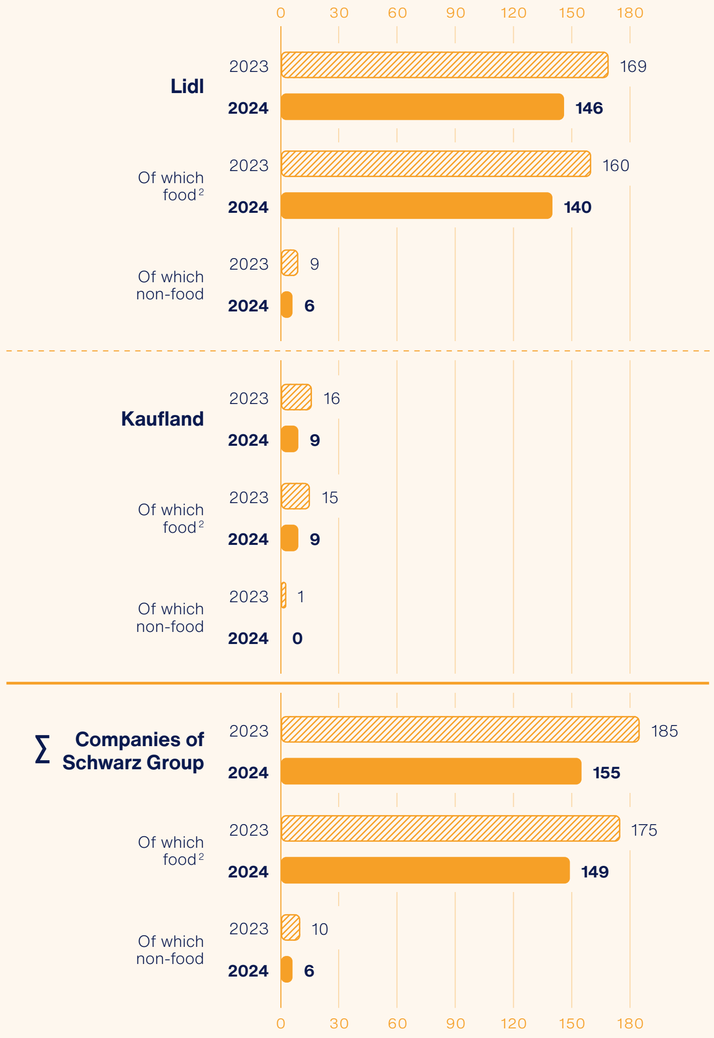
All potentially critical results that are determined through the above-mentioned processes are forwarded to the company departments responsible for product safety. They are then prioritized and processed to solve any potential problems and to introduce appropriate measures, if necessary.

As manufacturers for the retail divisions Lidl and Kaufland, the production plants of Schwarz Produktion and the Kaufland meat processing plants have a direct impact on the product quality of private labels. The raw materials used and production conditions are subject to the highest requirements, like those of the IFS, and undergo countless quality checks. The jointly defined maxim is to only bring safe food onto the market, to ensure consistently high quality and to avoid potential dangers to health. In the reporting period, no product recalls occurred in Kaufland's own meat processing plants.

For private labels and own imports in the non-food area, there are also extensive quality specifications. To ensure compliance with the OEKO-TEX® STANDARD 100, for example, the retail divisions implement a comprehensive quality management system in the textiles area to test for potentially harmful substances in products. All components of an item must be tested in order for it to be awarded this label.

Number of Recalled Private-label Items[1]

[GRI 416-2]



1 | The number of different sales items recalled as part of public private-label product/goods recalls is reported. Goods withdrawals are not considered. At Lidl, this includes all sales items (incl. fruit & vegetables and flowers & plants) for each country that were designated for sale to customers during the fiscal year. This concerns in-store trade excluding branded articles. Each single item/each sorting is counted. At Kaufland, this includes all actively listed articles (listed in at least one hypermarket) at the fiscal year end cut-off date. Excluded are: Differential markets, dummy purchasing groups, secondary business (and irrelevant product groups), special items/special stock/seasonal articles, displays, sales sets.

2 | For the food category, all foods are counted, as are items from the near-food area, e. g., cosmetics, laundry, cleaning and household products, flowers and plants.

Quality Assurance for Fruit and Vegetables

Every day, hundreds of tons of fresh fruit and vegetables are delivered to the around 14,200 (2023: 13,900) Lidl and Kaufland stores around the world. Product and food safety are of the utmost importance for this product group. In order to define a high safety standard for the use of pesticides, Lidl and Kaufland have jointly drawn up a list containing over 300 strategic active agents for specific substances in the fresh fruit and vegetables area; use of the list is mandatory.

To guarantee a high level of product quality, we must perform a systematic analysis on deliveries following standardized processes. Many tests are carried out even before harvest, or before the goods are loaded. The samples taken by neutral samplers are analyzed by external accredited laboratories. In addition to these results, evaluations of the conditions in the growing regions are incorporated into our quality assurance system.

Other examples of quality assurance by the Lidl and Kaufland retail divisions:

- Definition of own specification values for pesticides in purchasing policies that go beyond the legal requirements set out in Regulation (EC) No 396/2005 of the European Parliament
- Cooperation with agricultural producers that are certified pursuant to the GLOBALG.A.P. standard for good agricultural practice or the QS quality standard
- Cooperation with and support for all producers of fruit and vegetables during the completion of the GLOBALG.A.P. additional module GRASP for social concerns of workers
- Lidl and GLOBALG.A.P worked in a multi-stakeholder project team to release an industry-wide solution for biodiversity, published in 2022 as the GLOBALG.A.P. BioDiversity add-on.
- In order to promote sustainable water management in farming and agriculture, Lidl has set itself a specific target by February 2026: 100 percent of its fruit and vegetable assortment from nine risk countries are to be certified pursuant to recognized water standards.
- Kaufland is currently implementing: From January 1, 2026, 100 percent of fruit and vegetable growers from eleven risk countries will need to be certified pursuant to recognized, international water standards.
- Cooperation with and active support for all producers of fruit and vegetables during the implementation of the GLOBALG.A.P. SPRING additional module The targets as well as additional information related to this topic can be found in the Environment chapter.

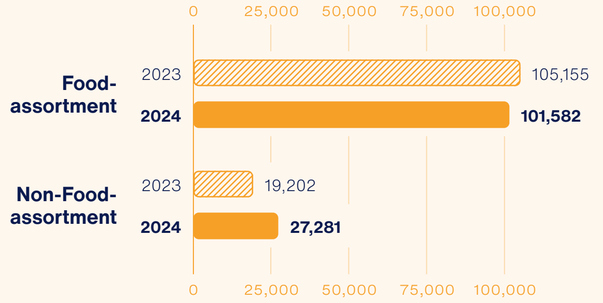
A Focus on Ingredients

For the companies of Schwarz Group, private-label products represent a key lever to achieve improvements in product quality. The topic of ingredients is a key area of focus here: On the one hand, the goal is to reduce undesirable substances, such as possible residues or contaminants. On the other hand, the companies of Schwarz Group want to increase the proportion of selected raw materials from certified, sustainable production.

To reduce or replace criticized ingredients, Lidl and Kaufland are implementing a wide range of measures for their private-label products. One prerequisite is that food safety must not be impacted by this. For example, Lidl and Kaufland have introduced a corresponding blacklist that excludes certain colorants from their private labels in the food area.

Number of Product Analyses Conducted in the Private-Label Assortment

[GRI 416-1]



Service: Digitalization and Data Sovereignty

At the companies of Schwarz Group, data security is at the center of our actions. We focus on digital sovereignty, and so our customers' data is protected by the highest security standards. We are committed to a secure digital infrastructure from Germany and Europe and ensure our solutions comply with European data protection standards.

With this ambition in mind, Schwarz Digits provides the IT infrastructure and solutions for the vast ecosystem of the companies of Schwarz Group, continually developing it further for the future. Moreover, Schwarz Digits creates suitable conditions for developing trendsetting innovations for end customers, businesses and public institutions.

Digital sovereignty and data security are essential to maintain control over digital systems and data, to protect privacy and to ensure independence. The companies of Schwarz Group are convinced that, as a society, we need to pave our own way when it comes to key enabling technologies. We need to build up software and hardware and compile expertise ourselves in Germany and Europe.

In November 2024, the companies of Schwarz Group and Google announced a long-term, strategic partnership. It encompasses central aspects of a secure and sovereign digital transformation. STACKIT, the Schwarz Digits cloud solution, provides local data storage for Google Workspace and offers client-side encryption. The partnership will offer secure and sovereign cloud-based solutions for collaboration in regulated industries in Germany and Europe, for example financial services, health care and the public sector.

Certified Sustainable and Regional Raw Material Procurement

Organization and Responsibility

[GRI 2-23]

At Lidl and Kaufland, the respective Purchasing departments are responsible for developing the assortment and ensuring that their relevant policies and principles are implemented. Non-food products are procured by a joint Purchasing department. For both retail divisions, expanding regional offers and the procurement of local products is predominantly the domain of the national companies. Schwarz Beschaffung GmbH (SBES) supports the companies of Schwarz Group through the strategic procurement of non-merchandise goods (capital goods needed within the companies to carry out business activities) and by providing services. As part of product development, particular focus is placed on ensuring a sustainable development process. As such, sampling and product selection processes are conducted virtually where possible, which helps to save material, energy, transport capacities and time.

The Purchasing department at Schwarz Produktion is responsible for procuring raw materials, packaging and services (some of which are certified) that are not procured by SBES. Schwarz Produktion also engages Lidl Purchasing as a service provider in the procurement process for selected strategic product groups.

Stakeholder Involvement

[GRI 2-25 and 2-29]

As well as cooperating with suppliers and producers in the procurement of raw materials and food, Lidl, Kaufland and Schwarz Produktion also work with renowned certification associations such as the Rainforest Alliance, Fairtrade, the Marine Stewardship Council (MSC) as well as the Aquaculture Stewardship Council (ASC). Ongoing exchange with NGOs is also a crucial part of Lidl and Kaufland's networking activities.

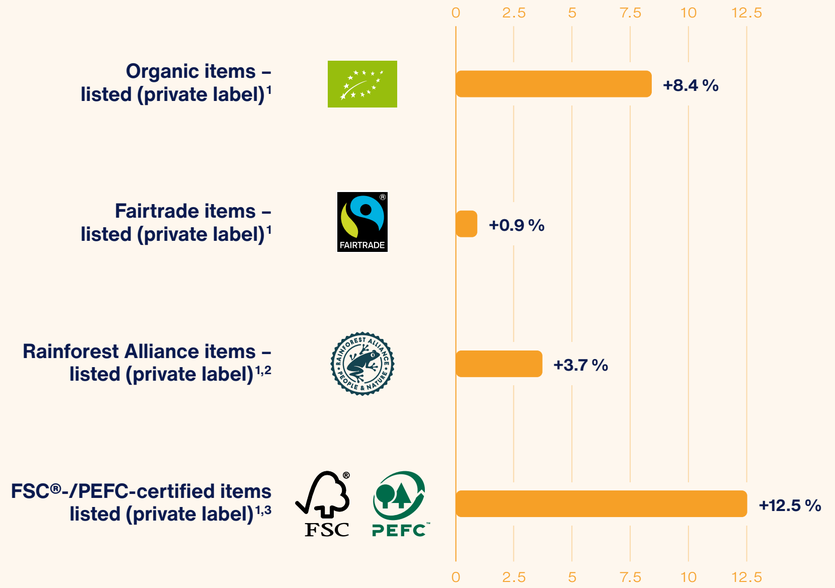
The retail divisions are also involved in various multi-stakeholder partnerships at a national and international level, such as the Roundtable on Sustainable Palm Oil (RSPO, license number Lidl: 3-0049-12-100-00 / Kaufland: 3-0052-12-100-00), the Forum for Sustainable Palm Oil, the German Initiative on Sustainable Cocoa, the Sustainable Nut Initiative, the Sustainable Rice Platform (SRP) and the Sustainable Agricultural Supply Chains Initiative (SASI). The goal of these multi-stakeholder platforms is to work together with all stakeholders in the supply chain to implement suitable measures and solutions for the responsible use of resources in the value chain and for raw material procurement.

[GRI 203-2]

Kaufland has been a member of the World Banana Forum (WBF) since 2023. Before joining the World Banana Forum, Kaufland's activities had been grouped under the Action Alliance for Sustainable Bananas (ABNB) since 2014. These were transferred to a working group of the WBF in 2022. Kaufland's commitment is reflected in its product assortment: All bananas at Kaufland are

Sustainable Products certifications: Development from FY 23 to FY 24

In percent



In FY 24, we as companies of Schwarz Group further expanded on sustainable product certifications in the listed private-label range. As such, we were able to make considerable progress year on year for organic (+8.4 %) and Rainforest Alliance articles (+3.7 %) in particular.

1 | Refers to all items in the permanent assortment, excluding promotional items from all national companies of Lidl and Kaufland

2 | www.ra.org

3 | Lidl: FSC® N001585, Kaufland: FSC® N001539

Rainforest Alliance certified at a minimum. Organic bananas and baby bananas are also traded under fair conditions.

Lidl has been actively involved in the work of the WBF for many years. In 2022, Lidl was the first retailer in Germany to make the decision to only stock bananas from plantations that play their workers in producer countries a living wage. You can find more information about the "Living Wage Banana" project in the Responsibility in the Supply Chain chapter

Lidl's commitment to a conscious lifestyle and the responsible use of raw materials goes beyond its assortment: In 2023, Lidl in Germany became the first retailer to join the "Verband für alternative Proteinquellen" (BALPro; German Association for Alternative Protein Sources). Members of this association benefit from cross-network collaboration.

You can find more information about dialog formats with our stakeholders in the Dialog Formats at a Glance section.

Measures and Projects

Certified Products in the Food Industry
[GRI 417-1]

The companies of Schwarz Group are increasingly focusing on more sustainable product design with raw materials that are certified by third parties. Powerful partners and their certification systems play a fundamental role in relation to our strategic direction and the development of a sustainable product assortment. In the food industry, the retail divisions rely on recognized standards, such as Fairtrade, organic and the Rainforest Alliance, to promote socially and environmentally sustainable production. At Lidl, all items containing cocoa are certified[1] according to Fairtrade, Rainforest Alliance or organic standards. Lidl only stocks chocolate bars if they bear at least one of these certifications. At Kaufland, the majority of private-label products that contain cocoa are Fairtrade, Rainforest Alliance or organic certified. All raw materials containing cocoa that are used in the different production units at Schwarz Produktion have been Fairtrade or Rainforest Alliance certified for years. This is in line with the strict guidelines of Lidl Purchasing. The listed private-label assortment is also experiencing the expansion of certified products (see graphic p. 39). An overview of the certifications used at Lidl in Germany and Kaufland in Germany can be found online.

When procuring raw materials, the focus of the companies of Schwarz Group is always on ensuring a responsible approach to natural resources and the people employed in the supply chain. This applies in particular to the strategically important raw materials of cocoa, palm (kernel) oil, coffee, soy, fish and cotton. Large quantities of these raw materials are needed to produce the products sold and used by the retail divisions. Lidl and Kaufland have defined critical raw materials at a division-specific level.

In collaboration with well-respected associations, Lidl and Kaufland are increasingly offering their customers local and organic food that is produced to the highest standards. For example, Kaufland in Germany had more than 300 Demeter quality products in its assortment in the 2024 fiscal year, including juices, dairy products, spreads, pasta products, baby food, and fruit and vegetables. Under the K-Bio private label, over 180 products are certified pursuant to Bioland requirements. As part of their cooperations with Demeter and Bioland, the retail divisions also support various sustainable future-oriented projects. These have included, for example, projects that promote the establishment of biotopes and traditional German orchard meadows. A banana project was started in 2024. By 2025, Lidl in Germany wants ten percent of the permanent assortment[2] to be organic or Bioland food, with the aim of promoting sustainable agriculture. This share was over nine percent[3] in the 2024 fiscal year. In total, Lidl in Germany has introduced around 600 organic items[4], of which over 130 items from the food sector are produced in accordance with the strict requirements of the Bioland association. The assortment includes cereals and dairy products, fruit and vegetables, meat and sausage products, eggs, frozen goods, and potato snacks. Other national companies have also set targets to expand their range of organic products.

Furthermore, Lidl in Germany has also supported the Bioland Stiftung since 2020. Through this commitment, the division is supporting forward-looking agricultural projects such as training opportunities for farmers. As part of the BODEN. BILDUNG project, farmers are trained to become soil practitioners and learn how to make their soil more fertile, for example though measures to build up humus. Another project supported by the foundation is HÖFE.BILDEN.VIELFALT, which gives farmers practical, tailored guidance on how to protect and increase biodiversity on their farm.

Sustainable Textiles
[GRI 417-1]

The companies of Schwarz Group also integrate various social and/or environmental certifications for their textile products: Their textile goods made from organic cotton are certified – insofar as possible given goods availability, qualities and economic factors – pursuant to the ambitious criteria of the GOTS and OCS standards. On top of this, Lidl and Kaufland are partners of the "Cotton made in Africa® (CMiA)" initiative. Through this cooperation, they are actively advocating more socially and ecologically sustainable cotton production right from the very start of the textile supply chain. The retail divisions thus ensure that the cotton they purchase for their private labels can be cultivated and sold under more responsible conditions.

The employee clothing of all store employees at Lidl and Kaufland worldwide is made from organic cotton according to the stringent GOTS criteria and certified accordingly. Moreover, the cotton store clothing is Fairtrade certified. Even after employee clothing has been used, we want to ensure that it is recycled in a useful way as part of an effective circular economy: Since mid-2024, some of the clothing that is no longer used has been made into entry wristbands for experimenta, Germany's largest science center, at its site in Heilbronn.

Lidl in Germany
Overview of Seals (German):
Responsibility – Good for You – Lidl in Germany

Kaufland in Germany
Overview of Seals (German):
Product seals: What is behind them? Kaufland

1 | Except USA

2 | Refers to all items in the permanent assortment, excluding promotional items from all national companies of Lidl and Kaufland

3 | Not including near food items

4 | In the permanent assortment and promotional assortment

Regional Products

[GRI 204-1]

The retail divisions of Schwarz Group support short transport routes, fresh products and local businesses, which is why Lidl and Kaufland have initiated programs to promote and improve the visibility of regional or locally produced food in their respective national companies. For example, both Lidl in Germany and Kaufland in Germany were the first retailers to implement a nationwide 5xD-compliant product range for meat products. "5xD" (five times Germany) means that the animals are born, raised, fattened, slaughtered, and processed in Germany. As part of the transition to higher-level husbandry systems, Lidl is continuing to focus on the 5xD offer for nearly all fresh meat items as well as sausage products from the "Metzgerfrisch" private-label range.

In 2024, the "Gutes aus deutscher Landwirtschaft" (Good products from German agriculture) cross-industry origin label was introduced, which identifies products that have been produced and processed in Germany. Both Lidl and Kaufland are gradually introducing this label for relevant products. An example is the private-label milk from Lidl in Germany and Kaufland, which now exclusively comes 100 percent from Germany. Thanks to the ESG program, more than 28 million euros have already been paid out to producers. By 2026, more than 1000 articles will bear the seal "Gutes aus deutscher Landwirtschaft" (Good products from German agriculture).

Lidl in Germany has launched the program "Ein gutes Stück Bayern" (EgSB; A good piece of Bavaria). The aim of the program is to promote regional and sustainable cultivation by family-run farms. Some of these farms also take part in an added value program. In collaboration with some of the farmers from the EgSB program and a dairy, Lidl in Germany has also launched a scientifically backed project to reduce carbon emissions in milk production. As well as establishing a climate advisory board, 50 farmers are working to reduce the carbon emissions per liter of milk by at least 25 percent by 2026 compared with the base year of 2021.

Lidl Austria is supporting the domestic economy with its Austrian organic private label "Ein gutes Stück Heimat" (A good piece of home). There are further examples of similar private labels in other national companies, such as Lidl Greece's "Noma" (Νῶμα), Lidl Great Britain's "Backing British Farming" and Lidl Croatia's "Okusi zavičaja". These brands are all characterized by the use of national ingredients exclusively produced locally. Lidl Latvia also labels products produced in Latvia to make them more recognizable for customers, as do Lidl Portugal and Lidl Slovenia.

Each day, around 2,000 regional growers and producers deliver their regionally produced food to Kaufland stores in Germany. These are labeled with the "Regio-Herz" (regional heart). At Kaufland in Germany, products that were produced or harvested in the respective region within a radius of approx. 30 kilometers of the store are referred to as regional. Moreover, since 2021, Kaufland in Germany has been using the "Qualität aus Deutschland" (Quality from Gemany) seal for private labels whose principal ingredient originates from Germany. In the meantime, Kaufland is gradually replacing this seal, wherever possible, with the new cross-industry origin label "Gutes aus deutscher Landwirtschaft" (Good products from German agriculture). The aim is to provide consumers with uniform guidance and to strengthen German agriculture in the long term. At the end of the 2024 fiscal year, Kaufland introduced more than 1,000 products originating from German agriculture into its private label range. Other Kaufland national companies also label their domestically produced private labels with corresponding seals. In addition, the sale of some regional products in the assortment is promoted to some extent through corresponding programs. For example, Kaufland Slovakia is supporting small and medium-sized food manufacturers from the region as part of a sponsorship project. In the 2024 fiscal year, Kaufland Slovakia worked with 134 (2023: 135) regional suppliers that supplied stores with items such as dairy products and craft beer. Lidl Czech Republic also supports Czech suppliers with the umbrella brand "Náš kraj".

Environment

Doing Business within Planetary Boundaries



Climate Protection and Adaptation

Strategic Approach

Priority Topics

[GRI 302 and 305]

Climate change poses enormous challenges for our society and demands action at all levels of society. The companies of Schwarz Group aim to reduce GHG emissions[1] to net zero. To this end, we prioritize measures that avoid GHG emissions or reduce non-avoidable emissions.

We translate our ambitions into five priority topics within our jointly developed climate strategy:

- **Energy:** The use of renewable energies is an important lever to step up climate protection. Almost 100 percent[2] of the electricity purchased by the companies of Schwarz Group comes from renewable sources. We also focus on expanding our own renewable energy generation and improving energy efficiency.
- **Mobility and transport:** Climate-friendly mobility and logistics concepts are another priority of our climate strategy. Among other things, the focus is on the expansion of the charging infrastructure at the locations of the companies of Schwarz Group, the use of alternative drive technologies in logistics as well as mobility offerings for employees.
- **Products:** The core business of the companies of Schwarz Group entails designing the product assortment as a lever to boost climate protection. The retail divisions are expanding their product ranges in a more climate-friendly manner and, in particular, are offering an increasing number of plant-based alternative products to reduce GHG emissions generated by animal products. What is more, the companies of Schwarz Group are aiming to reduce the ecological footprint of packaging. To this end, we are focusing on using less materials, more recyclables or alternative packaging solutions.
- **Buildings:** The companies of Schwarz Group place great importance on the energy-efficient and sustainable construction of their stores, logistics centers and administration buildings. In the process, they also aspire to comply with renowned national and international standards for sustainable construction.
- **Waste:** The companies of Schwarz Group reduce GHG emissions at the end of the value chain by consistently avoiding waste and the generation of emissions when collecting and treating waste. At the same time, by providing secondary materials, they contribute to conserving resources.

1 | The terms greenhouse gas emissions and carbon emissions are used as synonyms throughout the chapter. For greater readability, the text also refers to carbon instead of CO_2e/CO_2 equivalents.

2 | Excluding any purchase agreements that companies of Schwarz Group cannot influence, such as those for individual leased properties with a binding electricity procurement clause. For more information, please visit www.gruenstrom.schwarz

34 %

Increase in Number of Buildings with a Sustainability Certificate (year on year)

43 %

Reduction in Scope 1 & 2 Emissions (compared with the base year 2019)



Principles, Policies and Obligations

By adopting science-based climate targets, we provide a solid foundation for our commitment. The companies of Schwarz Group joined the Science Based Targets initiative (SBTi) in 2020: This is how we align our targets to those of the Paris Agreement on climate change. In September 2024, the companies of Schwarz Group jointly submitted an official net-zero commitment to the SBTi. As such, they are committing to reducing all greenhouse gases that they generate to net zero by 2050 at the latest.

On the road to net zero, the companies of Schwarz Group will reduce their Scope 1 & 2 operational emissions by 48 percent by 2030 (base year 2019). Moreover, we are supplementing our existing supplier obligations with absolute reduction targets in the upstream and downstream supply chain (Scope 3) and are supporting our suppliers in implementing them together. That specifically means a reduction of their indirect emissions in the agriculture and forestry sector of 42.4 percent as well as 35 percent in the energy and industrial processes category by 2034 (base year 2022). The SBTi has scientifically checked, validated and approved these new and updated near-term climate targets.

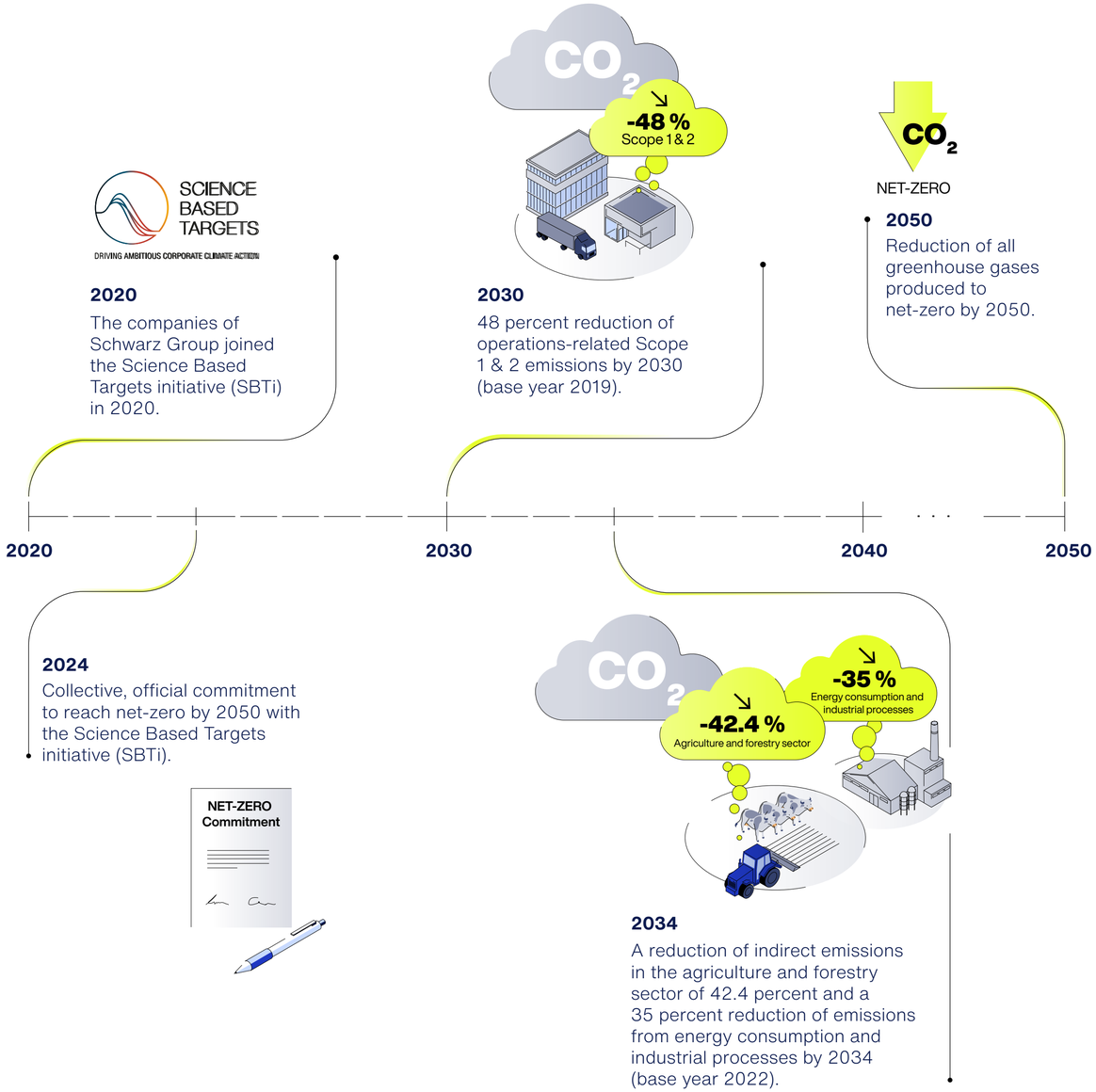
A central tool for illustrating and monitoring consumption data and emissions is the carbon footprint. Since the 2019 fiscal year, all companies and national companies of Schwarz Group have been creating a comprehensive annual carbon footprint report pursuant to the Greenhouse Gas Protocol (GHG Protocol) and aggregate this as a carbon footprint report for Schwarz Group. A comprehensive illustration of the carbon footprint can be found on p. 50.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Impacts

[GRI 201-2]

The advancing climate change has far-reaching impacts on the living and working conditions of people around the world. Through their business activities, the companies of Schwarz Group generate greenhouse gas emissions. Likewise, the companies themselves are exposed to significant risks: in agriculture, for example, where extreme weather events can lead to crop failures and a decreased availability of goods, lower planning security as well as increasing prices for goods and raw materials. As a globally active corporate group, we want to actively contribute to the fight against climate change to safeguard our long-term business success.



Targets, KPIs and Target Attainment

Target	KPI/Measurement	Status	Target Attainment	Page(s)
The companies of Schwarz Group commit to reducing all greenhouse gases that they generate to net zero by 2050 at the latest through a net-zero commitment.	Net-zero targets are validated by SBTi			44
The companies of Schwarz Group will reduce their operational emissions (Scope 1 & 2) by 48 % in total by 2030, compared with the base year of 2019.[1]	Scope 1 & 2 greenhouse gas emissions	↗	-42.9 % (-48 %)	44
The companies of Schwarz Group will reduce their indirect emissions in the agriculture and forestry sector by 42.4 % by 2034 compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	+7.4 % (-42.4 %)	44
The companies of Schwarz Group will reduce their indirect emissions in the area of energy consumption and industrial processes by 35 % compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	+1.8 % (-35 %)	44
The companies of Schwarz Group additionally commit to reducing their absolute Scope 3 emissions arising from the use of sold fuels by 58.8 % by 2034 compared with the base year 2022.	Scope 3 greenhouse gas emissions	↗	-1.2 % (-58.8 %)	

The increase in emissions in the upstream and downstream value chain (Scope 3) in FY 24 is partly caused by the growth of the companies of Schwarz Group and the underlying calculation method. We are working continuously on uncoupling sales growth from growth of emissions in order to reach our climate targets.

1 | The target for Scopes 1 and 2 also includes biogenic emissions and the removal of biogenic raw materials.

Division-Specific Targets

To shape these overarching targets, the divisions have also set individual climate targets for themselves. Lidl aims to reduce its operational greenhouse gas emissions (Scope 1 & 2) by 70 percent by 2030 (compared with 2019). To date, Lidl has achieved a 41.3 percent saving in its operational carbon emissions (since 2019). Kaufland aims to reduce its operational GHG emissions (Scope 1 & 2) by 80 percent by 2030 (compared with 2019). Regarding Scope 3 emissions, Lidl and Kaufland follow the overarching goals of the companies of Schwarz Group. The Schwarz Produktion, PreZero and Schwarz Digits divisions also contribute to achieving the Scope 3 targets of the companies of Schwarz Group.

Schwarz Produktion aims to reduce its operational GHG emissions (Scope 1 & 2) by 30 percent by 2030 (compared with 2019). Schwarz Produktion had set itself the target of saving at least 33 million kilowatt-hours of energy in the period from 2018 to 2025. This strategic target had already been met by the end of fiscal year 2022.

Reduction of emissions at PreZero is harder to depict compared with the other divisions. PreZero contributes to reaching the climate targets of the companies of Schwarz group as no more than 20.5 percent additional emissions are generated (compared with 2019). This is because the operational emissions do not primarily stem from energy consumption, but rather the treatment of waste.

[GRI 302-1, 302-4 and 302-5]

In the 2024 fiscal year, the total energy consumption of the companies of Schwarz Group increased by 8.3 percent. The main cause of this is the group's growth, which goes hand in hand with an increase in business activities and corresponding logistical requirements. As a result, energy consumed for mobile combustion increased, due in part to higher fuel consumption in the area of maritime freight. At the same time, significant progress was made regarding the transition to renewable energies. The energy-intensive Maxauer Papierfabrik (Maxau paper mill), a part of Schwarz Produktion, completely transitioned to renewable energy in the 2024 fiscal year. As such, the proportion of electricity from renewable sources in the group was once again increased. The 8.8 percent year-on-year increase in the group's use of electricity generated from renewable energies marks another positive achievement. Due to reporting requirements pursuant to the CSRD Directive, key performance indicators for the FY 24 needed to be collected before the end of the fiscal year; appropriate projection methods were used for the figures for the remaining time period.

Energy Consumption within the companies of Schwarz Group[1,2]

In megawatt-hours[3,4]

[GRI 302-1]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion[5]	Schwarz Digits	SCOS	Companies of Schwarz Group
Total energy consumption	2023	9,071,274	3,106,403	1,766,126	2,213,182	63,654	37,764	16,258,403
	2024	**10,139,124**	**3,133,129**	**1,899,390**	**2,325,042**	**67,353**	**45,092**	**17,609,131** ✔
from renewable sources	2023	6,376,854	2,229,806	495,904	1,304,540	38,430	8,850	10,454,385
	2024	**6,662,081**	**2,257,872**	**516,141**	**1,642,295**	**41,906**	**11,279**	**11,131,575** ✔
from non-renewable sources	2023	2,694,420	876,597	1,270,222	908,642	25,225	28,913	5,804,019
	2024	**3,477,043**	**875,257**	**1,383,249**	**682,746**	**25,448**	**33,812**	**6,477,556** ✔
Electricity	2023	6,379,873	2,235,564	462,907	837,255	38,644	9,913	9,964,156
	2024	**6,661,520**	**2,262,927**	**480,829**	**906,642**	**41,088**	**11,352**	**10,364,358** ✔
from renewable sources	2023	6,375,710	2,228,907	387,487	517,885	38,430	8,850	9,557,269
	2024	**6,656,345**	**2,256,270**	**410,742**	**830,264**	**40,908**	**10,409**	**10,204,937** ✔
Outsourcing	2023	6,091,673	2,208,259	262,356	358,121	38,430	7,785	8,966,623
	2024	**6,349,246**	**2,232,060**	**280,564**	**649,927**	**40,908**	**9,487**	**9,562,192**
Self-consumption from self-generation	2023	284,037	20,648	125,131	159,764	0	1,066	590,646
	2024	**307,099**	**24,210**	**130,178**	**180,336**	**0**	**921**	**642,744**

1 | If data was not available at the time of reporting, data from the previous year was adopted.

2 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

3 | In principle, for reasons of control relevance, we report all energy key performance figures in the unit megawatt-hour (MWh).

4 | Due to values being rounded, there may be slight discrepancies in the totals.

5 | Due to the implementation of the renewable energy target of the companies of Schwarz Group, the date for transitioning externally purchased electricity from non-renewable gray energy to renewable energy has been pushed back.

6 | Includes energy consumption from propane gas, liquefied petroleum gas, gas for glass drying and diesel for waste incineration plants.

7 | Conversion of liters into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools and DEFRA 2022/2023 (Gasoline: 0.009585/ Diesel: 0.010561/Biodiesel: 0.009568/Heating oil: 0.010561/ Kerosene: 0.01018/HVO: 0.00953)

8 | Conversion of kilograms into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools, CDP Technical Note: Conversion of fuel data to MWh, DEFRA 2021/2022 and TREMOD (CNG/LNG: 0.01481/LPG: 0.01460/Biogas: 0.01556/ Bio-LNG: 0.01481/Bio-CNG: 0.01481/ Heavy fuel oil: 11812,86550/Marine Diesel Oil: 12579.79485/ Hydrogen: 0.03703)

9 | Fuels for own vehicle fleet

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion[5]	Schwarz Digits	SCOS	Companies of Schwarz Group
from non-renewable sources	2023	4,163	6,657	75,420	319,370	214	1,063	406,887
	2024	**5,175**	**6,657**	**70,088**	**76,378**	**181**	**943**	**159,421**
Outsourcing	2023	4,163	0	9,649	245,999	214	1,063	261,087
	2024	**5,175**	**0**	**14,132**	**0**	**181**	**943**	**20,430**
Self-consumption from self-generation	2023	0	6,657	65,771	73,372	0	0	145,800
	2024	**0**	**6,657**	**55,956**	**76,378**	**0**	**0**	**138,991**
District heating	2023	99,410	115,979	54,371	34,394	654	4,350	309,157
	2024	**95,541**	**115,979**	**111,664**	**32,904**	**1,107**	**4,819**	**362,014**
from renewable sources	2023	0	399	41,250	423	0	0	42,071
	2024	**0**	**399**	**34,689**	**0**	**1**	**77**	**35,165**
Outsourcing	2023	0	399	0	0	0	0	399
	2024	**0**	**399**	**0**	**0**	**1**	**77**	**476**
Self-consumption from self-generation	2023	0	0	41,250	423	0	0	41,673
	2024	**0**	**0**	**34,689**	**0**	**0**	**0**	**34,689**
from non-renewable sources	2023	99,410	115,580	13,121	33,971	654	4,350	267,086
	2024	**95,541**	**115,580**	**76,976**	**32,904**	**1,106**	**4,742**	**326,849**
Outsourcing	2023	99,410	115,580	3,265	33,807	654	4,350	257,066
	2024	**95,541**	**115,580**	**3,143**	**32,904**	**1,106**	**4,742**	**253,016**
Self-consumption from self-generation	2023	0	0	9,856	164	0	0	10,019
	2024	**0**	**0**	**73,832**	**0**	**0**	**0**	**73,832**
Natural gas (non-renewable)	2023	524,740	582,630	35,199	255,450	2,186	549	1,400,755
	2024	**551,357**	**580,510**	**34,834**	**252,981**	**1,471**	**1,719**	**1,422,873**
Other gases/fuels[6] (non-renewable)	2023	3,763	763	50,456	6,379	0	0	61,361
	2024	**3,763**	**763**	**72,254**	**5,467**	**0**	**0**	**82,247**

1 | If data was not available at the time of reporting, data from the previous year was adopted.

2 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

3 | In principle, for reasons of control relevance, we report all energy key performance figures in the unit megawatt-hour (MWh).

4 | Due to values being rounded, there may be slight discrepancies in the totals.

5 | Due to the implementation of the renewable energy target of the companies of Schwarz Group, the date for transitioning externally purchased electricity from non-renewable gray energy to renewable energy has been pushed back.

6 | Includes energy consumption from propane gas, liquefied petroleum gas, gas for glass drying and diesel for waste incineration plants.

7 | Conversion of liters into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools and DEFRA 2022/2023 (Gasoline: 0.009585/ Diesel: 0.010561/Biodiesel: 0.009568/Heating oil: 0.010561/ Kerosene: 0.01018/HVO: 0.00953)

8 | Conversion of kilograms into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools, CDP Technical Note: Conversion of fuel data to MWh, DEFRA 2021/2022 and TREMOD (CNG/LNG: 0.01481/LPG: 0.01460/Biogas: 0.01556/ Bio-LNG: 0.01481/Bio-CNG: 0.01481/ Heavy fuel oil: 11812,86550/Marine Diesel Oil: 12579.79485/ Hydrogen: 0.03703)

9 | Fuels for own vehicle fleet

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion[5]	Schwarz Digits	SCOS	Companies of Schwarz Group
Heating oil[7] (non-renewable)	2023	11,150	40,987	25,577	13,252	0	0	90,966
	2024	**11,150**	**40,987**	**27,716**	**5,590**	**0**	**0**	**85,444**
Wood pellets (renewable)	2023	0	0	1,038	0	0	0	1,038
	2024	**0**	**0**	**1,223**	**0**	**0**	**0**	**1,223**
Emergency power systems and sprinkler systems	2023	23,500	4,161	31	30	274	99	28,095
	2024	**23,500**	**4,161**	**29**	**765**	**134**	**253**	**28,842**
from renewable sources (organic diesel)	2023	1,144	501	0	0	0	0	1,645
	2024	**1,144**	**501**	**0**	**0**	**0**	**0**	**1,645**
from non-renewable sources (diesel, heating oil, HVO)	2023	22,356	3,660	31	30	274	99	26,450
	2024	**22,356**	**3,660**	**29**	**765**	**134**	**253**	**27,197**
Coal (non-renewable)	2023	0	0	1,029	93,940	0	0	94,969
	2024	**0**	**0**	**534**	**112,192**	**0**	**0**	**112,726**
Sludge/alternative fuels/biomass	2023	0	0	0	954,126	0	0	954,126
	2024	**0**	**0**	**0**	**990,492**	**0**	**0**	**990,492**
from renewable sources	2023	0	0	0	786,233	0	0	786,233
	2024	**0**	**0**	**0**	**811,723**	**0**	**0**	**811,723**
from non-renewable sources	2023	0	0	0	167,894	0	0	167,894
	2024	**0**	**0**	**0**	**178,770**	**0**	**0**	**178,770**
Mobile combustion[8,9]	2023	2,028,838	126,319	1,135,518	18,356	21,897	22,852	3,353,779
	2024	**2,792,294**	**127,802**	**1,170,307**	**18,008**	**23,553**	**26,948**	**4,158,912**
from renewable sources	2023	0	0	66,128	0	0	0	66,128
	2024	**4,592**	**703**	**69,488**	**309**	**997**	**793**	**76,882**
from non-renewable sources	2023	2,028,838	126,319	1,069,390	18,356	21,897	22,852	3,287,651
	2024	**2,787,702**	**127,100**	**1,100,819**	**17,699**	**22,556**	**26,155**	**4,082,030**

1 | If data was not available at the time of reporting, data from the previous year was adopted.

2 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

3 | In principle, for reasons of control relevance, we report all energy key performance figures in the unit megawatt-hour (MWh).

4 | Due to values being rounded, there may be slight discrepancies in the totals.

5 | Due to the implementation of the renewable energy target of the companies of Schwarz Group, the date for transitioning externally purchased electricity from non-renewable gray energy to renewable energy has been pushed back.

6 | Includes energy consumption from propane gas, liquefied petroleum gas, gas for glass drying and diesel for waste incineration plants.

7 | Conversion of liters into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools and DEFRA 2022/2023 (Gasoline: 0.009585/ Diesel: 0.010561/Biodiesel: 0.009568/Heating oil: 0.010561/ Kerosene: 0.01018/HVO: 0.00953)

8 | Conversion of kilograms into megawatt-hours with combined factor from IPCC 2006, GHG Protocol Cross Sector Tools, CDP Technical Note: Conversion of fuel data to MWh, DEFRA 2021/2022 and TREMOD (CNG/LNG: 0.01481/LPG: 0.01460/Biogas: 0.01556/ Bio-LNG: 0.01481/Bio-CNG: 0.01481/ Heavy fuel oil: 11812,86550/Marine Diesel Oil: 12579.79485/ Hydrogen: 0.03703)

9 | Fuels for own vehicle fleet

[GRI 305-1, 305-2, 305-3 and 305-5]

The companies of Schwarz Group slightly reduced their operational emissions (Scope 1 & 2) in the reporting period, totaling a decrease of 0.3 percent. This is partly due to the reduction of landfill gas emissions (-19.8 %) caused by increased capturing of landfill gases. Similarly, electricity emissions were reduced (-96.0 %) as the Maxauer Papierfabrik (Maxau paper mill) transitioned to renewable energy. In contrast, emissions rose in the area of maritime transport (+51.0 %). These emissions are due to increased fuel consumption caused by more independently operated transportation and longer routes. The reason for this are the detours around the Cape of Good Hope to guarantee the safety of the crews and the cargo. The 4.0 % increase in emissions in the upstream and downstream value chain (Scope 3) is partly caused by the rapid growth of the companies of Schwarz Group.

Volumes of Greenhouse Gas Emissions

In tons of CO_2equivalent[1,2,3]

[GRI 305-1, 305-2]

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion[4]	Schwarz Digits	SCOS	Companies of Schwarz Group[5]
		2023	130,869,149	34,596,510	4,700,857	4,078,529	265,083	578,952	172,315,200
Total	**Gross volume GHG emissions[5,6]**	**2024**	**136,877,547**	**36,014,580**	**3,600,708**	**4,441,681**	**329,673**	**672,609**	**179,038,499**
		Trend 2023/24	+4.6 %	+4.1 %	-23.4 %	+8.9 %	+24.4 %	+16.2 %	+3.9 %
		2023	802,867	432,330	1,017,025	310,028	6,225	7,288	2,575,763
Scope 1 & 2	**Direct & indirect GHG emissions (Scope 1 & 2)[6]**	**2024**	**988,409**	**382,690**	**1,021,535**	**160,194**	**6,370**	**8,486**	**2,567,684**
		Trend 2023/24	+23.1 %	-11.5 %	+0.4 %	-48.3 %	+2.3 %	+16.4 %	-0.3 %
		2023	787,586	403,920	1,012,406	154,096	6,008	5,905	2,369,920
	Direct GHG emissions (Scope 1)	**2024**	**974,020**	**354,280**	**1,015,416**	**153,778**	**6,049**	**6,984**	**2,510,527**
		Trend 2023/24	+23.7 %	-12.3 %	+0.3 %	-0.2 %	+0.7 %	+18.3 %	+5.9 %
		2023	151,080	254,064	185,642	908	0	0	591,695
	Volatile gases	**2024**	**130,524**	**204,605**	**151,178**	**742**	**0**	**0**	**487,049**
		Trend 2023/24	-13.6 %	-19.5 %	-18.6 %	-18.3 %	–	–	-17.7 %
Scope 1		2023	530,315	32,116	271,667	4,714	5,539	5,779	850,130
	Mobile combustion	**2024**	**732,329**	**32,322**	**275,740**	**4,511**	**5,747**	**6,606**	**1,057,256**
		Trend 2023/24	+38.1 %	+0.6 %	+1.5 %	-4.3 %	+3.7 %	+14.3 %	+24.4 %
		2023	106,191	117,740	555,097	148,474	468	125	928,095
	Stationary combustion	**2024**	**111,167**	**117,353**	**588,498**	**148,524**	**302**	**378**	**966,223**
		Trend 2023/24	+4.7 %	-0.3 %	+6.0 %	+0.0 %	-35.4 %	+201.4 %	+4.1 %

1 | Analyzed sources for the emission factors: International organizations (e. g., IEA, IPCC), LCA databases (e. g., Ecoinvent, Optimeal), national institutions (e. g., DBEIS/DEFRA), as well as industrial associations and organizations (e. g., Plastics Europe, FEFCO). In order to ensure year-on-year comparability, the emission factors used for the calculation are not always the latest available.

2 | Due to values being rounded, there may be slight discrepancies in the totals.

3 | Discrepancies from the Sustainability Report FY 22/23 are a result of transfer effects due to internal restructuring.

4 | Unlike the other KPIs shown in the report, in the carbon footprint, the emissions of the acquired companies/ business units are taken into account in the previous years.

5 | In order to avoid multiple calculation of emissions in the joint carbon footprint of the companies of Schwarz Group, the product emissions for products from Schwarz Produktion that appear both in the Schwarz Produktion carbon footprint and in the retail divisions' carbon footprints are only considered once for aggregation into the group carbon footprint. This also means that the individual totals of the retail divisions do not correspond to the values of Schwarz Group in the corresponding categories.

6 | Scope 2 emissions according to the market-based approach were used for the total calculation of (operational) GHG emissions.

7 | Due to immateriality, the emissions of GHG categories 3.8, 3.13 and 3.14 are not accounted.

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion[4]	Schwarz Digits	SCOS	Companies of Schwarz Group[5]
Scope 2	**Indirect GHG emissions (Scope 2) including electricity acc. to market-based approach**	2023	15,282	28,410	4,620	155,931	217	1,384	205,843
		2024	**14,389**	**28,410**	**6,119**	**6,416**	**321**	**1,501**	**57,156** ✔
		Trend 2023/24	-5.8 %	+0.0 %	+32.5 %	-95.9 %	+47.7 %	+8.5 %	-72.2 %
	Electricity acc. to market-based approach	2023	311	0	3,817	149,339	56	314	153,838
		2024	**475**	**0**	**5,346**	**0**	**49**	**336**	**6,206**
		Trend 2023/24	+52.8 %	–	+40.1 %	-100.0 %	-13.3 %	+6.7 %	-96.0 %
	Electricity acc. to location-based approach	2023	1,622,116	807,246	93,229	213,170	13,487	3,088	2,752,336
		2024	**1,733,454**	**851,079**	**81,482**	**237,053**	**15,071**	**3,826**	**2,921,966**
		Trend 2023/24	+6.9 %	+5.4 %	-12.6 %	+11.2 %	+11.7 %	+23.9 %	+6.2 %
	District heating	2023	14,971	28,410	803	6,592	161	1,069	52,006
		2024	**13,914**	**28,410**	**773**	**6,416**	**272**	**1,166**	**50,951**
		Trend 2023/24	-7.1 %	+0.0 %	-3.7 %	-2.7 %	+69.1 %	+9.0 %	-2.0 %
Scope 3	**Indirect GHG emissions (Scope 3)[7]**	2023	130,066,282	34,164,181	3,683,832	3,768,502	258,858	571,664	169,739,437
		2024	**135,889,137**	**35,631,891**	**2,579,173**	**4,281,487**	**323,303**	**664,123**	**176,470,815** ✔
		Trend 2023/24	+4.5 %	+4.3 %	-30.0 %	+13.6 %	+24.9 %	+16.2 %	+4.0 %
	Cat. 3.1 Purchased goods and services	2023	105,139,730	29,533,050	88,977	3,090,617	176,064	131,030	135,756,576
		2024	**111,794,943**	**30,852,797**	**65,184**	**3,527,805**	**176,829**	**130,898**	**144,049,083**
		Trend 2023/24	+6.3 %	+4.5 %	-26.7 %	+14.1 %	+0.4 %	-0.1 %	+6.1 %
	Cat. 3.2 Capital goods	2023	1,377,809	261,014	148,750	42,234	28,883	216,262	2,074,951
		2024	**1,209,342**	**290,745**	**145,742**	**26,048**	**16,465**	**275,777**	**1,964,118**
		Trend 2023/24	-12.2 %	+11.4 %	-2.0 %	-38.3 %	-43.0 %	+27.5 %	-5.3 %
	Cat. 3.3 Fuel- and energy-related emissions	2023	588,957	242,921	84,331	75,654	4,375	1,912	998,150
		2024	**668,595**	**256,537**	**85,549**	**83,066**	**4,827**	**2,290**	**1,100,864**
		Trend 2023/24	+13.5 %	+5.6 %	+1.4 %	+9.8 %	+10.3 %	+19.8 %	+10.3 %

1 | Analyzed sources for the emission factors: International organizations (e. g., IEA, IPCC), LCA databases (e. g., Ecoinvent, Optimeal), national institutions (e. g., DBEIS/DEFRA), as well as industrial associations and organizations (e. g., Plastics Europe, FEFCO). In order to ensure year-on-year comparability, the emission factors used for the calculation are not always the latest available.

2 | Due to values being rounded, there may be slight discrepancies in the totals.

3 | Discrepancies from the Sustainability Report FY 22/23 are a result of transfer effects due to internal restructuring.

4 | Unlike the other KPIs shown in the report, in the carbon footprint, the emissions of the acquired companies/ business units are taken into account in the previous years.

5 | In order to avoid multiple calculation of emissions in the joint carbon footprint of the companies of Schwarz Group, the product emissions for products from Schwarz Produktion that appear both in the Schwarz Produktion carbon footprint and in the retail divisions' carbon footprints are only considered once for aggregation into the group carbon footprint. This also means that the individual totals of the retail divisions do not correspond to the values of Schwarz Group in the corresponding categories.

6 | Scope 2 emissions according to the market-based approach were used for the total calculation of (operational) GHG emissions.

7 | Due to immateriality, the emissions of GHG categories 3.8, 3.13 and 3.14 are not accounted.

			FY	Lidl	Kaufland	PreZero	Schwarz Produktion[4]	Schwarz Digits	SCOS	Companies of Schwarz Group[5]
Scope 3	Cat. 3.4 Transportation (upstream)		2023	6,194,143	1,213,183	85,046	353,303	122	0	7,639,676
			2024	**6,191,076**	**1,283,163**	**130,000**	**384,394**	**1,767**	**1,429**	**7,766,690**
			Trend 2023/24	-0.0 %	+5.8 %	+52.9 %	+8.8 %	+1351.4 %	–	+1.7 %
	Cat. 3.5 Waste generated in operations		2023	267,211	64,329	0	10,951	0	0	342,492
			2024	**268,214**	**61,258**	**0**	**12,445**	**48**	**69**	**342,034**
			Trend 2023/24	+0.4 %	-4.8 %	–	+13.6 %	–	–	-0.1 %
	Cat. 3.6 Business travel		2023	89,350	24,347	12,270	4,195	10,494	7,407	148,063
			2024	**103,398**	**26,082**	**14,413**	**4,056**	**7,514**	**8,811**	**164,273**
			Trend 2023/24	+15.7 %	+7.1 %	+17.5 %	-3.3 %	-28.4 %	+18.9 %	+10.9 %
	Cat. 3.7 Employee commuting		2023	462,798	178,014	32,123	6,140	6,799	4,889	690,763
			2024	**461,596**	**183,234**	**32,722**	**6,661**	**7,956**	**3,816**	**695,985**
			Trend 2023/24	-0.3 %	+2.9 %	+1.9 %	+8.5 %	+17.0 %	-21.9 %	+0.8 %
	Cat. 3.9 Transportation (downstream)		2023	27,810	0	0	0	538	0	28,348
			2024	**30,700**	**0**	**0**	**0**	**633**	**0**	**31,333**
			Trend 2023/24	+10.4 %	–	–	–	+17.6 %	–	+10.5 %
	Cat. 3.10 Processing of sold products		2023	0	0	477,991	0	0	0	477,991
			2024	**0**	**0**	**504,200**	**0**	**0**	**0**	**504,200**
			Trend 2023/24	–	–	+5.5 %	–	–	–	+5.5 %
	Cat. 3.11 Use of sold products		2023	11,492,019	1,288,740	354,021	13,200	27,884	197,163	13,357,972
			2024	**10,446,777**	**1,271,085**	**402,034**	**13,355**	**102,360**	**232,473**	**12,453,921**
			Trend 2023/24	-9.1 %	-1.4 %	+13.6 %	+1.2 %	+267.1 %	+17.9 %	-6.8 %
	Cat. 3.12 Disposal/recovery of sold products		2023	4,422,070	1,357,864	2,270,753	157,280	1,163	0	8,059,319
			2024	**4,585,086**	**1,406,272**	**1,021,973**	**221,524**	**2,415**	**0**	**7,077,644**
			Trend 2023/24	+3.7 %	+3.6 %	-55.0 %	+40.8 %	+107.7 %	–	-12.2 %

1 | Analyzed sources for the emission factors: International organizations (e. g., IEA, IPCC), LCA databases (e. g., Ecoinvent, Optimeal), national institutions (e. g., DBEIS/DEFRA), as well as industrial associations and organizations (e. g., Plastics Europe, FEFCO). In order to ensure year-on-year comparability, the emission factors used for the calculation are not always the latest available.

2 | Due to values being rounded, there may be slight discrepancies in the totals.

3 | Discrepancies from the Sustainability Report FY 22/23 are a result of transfer effects due to internal restructuring.

4 | Unlike the other KPIs shown in the report, in the carbon footprint, the emissions of the acquired companies/ business units are taken into account in the previous years.

5 | In order to avoid multiple calculation of emissions in the joint carbon footprint of the companies of Schwarz Group, the product emissions for products from Schwarz Produktion that appear both in the Schwarz Produktion carbon footprint and in the retail divisions' carbon footprints are only considered once for aggregation into the group carbon footprint. This also means that the individual totals of the retail divisions do not correspond to the values of Schwarz Group in the corresponding categories.

6 | Scope 2 emissions according to the market-based approach were used for the total calculation of (operational) GHG emissions.

7 | Due to immateriality, the emissions of GHG categories 3.8, 3.13 and 3.14 are not accounted.

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion[4]	Schwarz Digits	SCOS	Companies of Schwarz Group[5]
		2023	4,384	718	129,571	14,928	2,537	13,000	165,136
Scope 3	Cat. 3.15 Investments	**2024**	**129,411**	**718**	**177,357**	**2,133**	**2,491**	**8,561**	**320,669**
		Trend 2023/24	+2852.1 %	+0.0 %	+36.9 %	-85.7 %	-1.8 %	-34.1 %	+94.2 %

1 | Analyzed sources for the emission factors: International organizations (e. g., IEA, IPCC), LCA databases (e. g., Ecoinvent, Optimeal), national institutions (e. g., DBEIS/DEFRA), as well as industrial associations and organizations (e. g., Plastics Europe, FEFCO). In order to ensure year-on-year comparability, the emission factors used for the calculation are not always the latest available.

2 | Due to values being rounded, there may be slight discrepancies in the totals.

3 | Discrepancies from the Sustainability Report FY 22/23 are a result of transfer effects due to internal restructuring.

4 | Unlike the other KPIs shown in the report, in the carbon footprint, the emissions of the acquired companies/ business units are taken into account in the previous years.

5 | In order to avoid multiple calculation of emissions in the joint carbon footprint of the companies of Schwarz Group, the product emissions for products from Schwarz Produktion that appear both in the Schwarz Produktion carbon footprint and in the retail divisions' carbon footprints are only considered once for aggregation into the group carbon footprint. This also means that the individual totals of the retail divisions do not correspond to the values of Schwarz Group in the corresponding categories.

6 | Scope 2 emissions according to the market-based approach were used for the total calculation of (operational) GHG emissions.

7 | Due to immateriality, the emissions of GHG categories 3.8, 3.13 and 3.14 are not accounted.

Climate protection and adaptation

Management Approaches

Since 2020, the business units of all companies of Schwarz Group that are relevant for our joint strategy have been involved in this process. Among them are the respective business departments Corporate Responsibility (CR), Purchasing, Procurement, Operations or Sales and Supply Chain Management, Real Estate as well as Controlling, for example. Those involved have defined clear tasks and responsibilities for themselves. The overall project manager for the climate strategy is commissioned by the companies of Schwarz Group and reports in this capacity to those assigned for the Ecosystems subject area, who in turn report to the Head of CR of Schwarz Corporate Affairs & Co. KG. In the priority topics of Energy, Products, Buildings, Transport and Waste, work is being done on the successful implementation of objectives. The project groups are made up of experts from all companies of Schwarz Group. Depending on the subject area, the groups are led by a designated project manager.

Energy

Organization and Responsibility

Holistic energy management in line with the international norm ISO 50001 enables the companies of Schwarz Group to improve their energy efficiency and cut the associated carbon emissions. The companies of Schwarz Group manage their respective measures to increase energy efficiency using energy management systems.

All European Lidl stores, logistics centers and national headquarters are certified pursuant to ISO 50001. As such, the matrix certification awarded to Lidl during the reporting period unites all operationally active Lidl national companies in Europe with over 12,000 stores and 200 logistics centers. The management system helps to identify inefficiencies and potential optimizations at an early stage. Local energy teams were also implemented to drive measures. As well as recording consumption and evaluating the energy used, training is also given to employees to raise awareness about energy. At Kaufland, all countries are certified pursuant to the ISO 50001 energy management system. Lidl and Kaufland regularly carry out internal and external audits to evaluate the energy management in the national companies.

Administrative locations in the greater Heilbronn area as well as the production locations of the Kaufland meat processing plants and Schwarz Produktion are also certified pursuant to ISO 50001 with the exception of Bon Pasta and MEG Derby. Bon Pasta is certified pursuant to EMAS. Schwarz Produktion draws on the EnEffCo energy management software for cross-plant recording and processing of the over 5,000 measuring and data points. Furthermore, the Energy Management department draws up management reviews and a central monitoring process for key performance indicators of individual plants and energy consumption on an annual basis. The STACKIT data centers operated in Germany as part of Schwarz Digits, first introduced an energy management system in 2022 and are certified pursuant to ISO 50001.

The majority of PreZero sites have also implemented a certified environmental management system, for instance, pursuant to ISO 14001. Some of the PreZero Germany, PreZero Polymers Austria and PreZero Spain sites also run an energy management system pursuant to ISO 50001. As a general rule, newly acquired locations must be included in the certification process within 24 months. Several companies of Schwarz Produktion and all Kaufland meat processing plants are also certified pursuant to ISO 14001.

Stakeholder Involvement

By means of their jointly adopted group-wide climate strategy, the companies of Schwarz Group support the Paris Agreement on climate change. They therefore officially joined the Science Based Targets initiative (SBTi) back in 2020: The goal of this initiative is to promote science-based climate targets in companies. We also involve our employees in the topic of climate protection and adaptation, and empower them to act in a sustainable manner. For example, we raise awareness of potential ways to save energy at home and around the office. With the "#GemeinsamWasAusmachen" (Make a difference together) initiative, the companies of Schwarz Group provide specific energy-saving tips via the intranet. Lidl is also implementing the major sustainability initiative, YOU, for all employees worldwide, with diverse communication and training possibilities as well as the introduction of a community. You can find more information about this initiative in the Social chapter.

Measures and Projects

Energy efficiency

For newly built or existing facilities, the companies of Schwarz Group are striving to reduce carbon emissions through heat recovery and the use of climate-friendly energy sources. In the buildings, the energy consumption of the technical building installations is also optimized through standardized monitoring, control and regulation functions, and reduced to the bare necessity.

The measures implemented by Schwarz Produktion and the Kaufland meat processing plants include, for example, performance optimizations as well as heat recovery and the reduction of idle times. Alongside standard measures, process optimizations also play an important role. The energy efficiency measures at Schwarz Produktion and Kaufland meat processing plants range from the modernization of refrigeration systems to optimizing energy monitoring of refrigeration systems.

In the 2024 fiscal year, Schwarz Produktion was able to increase energy efficiency by about 15 million (2023: 17 million) kilowatt-hours. In total, since the 2018 fiscal year up to and including the 2024 fiscal year, about 74 million (2023: 59 million) kilowatt-hours have been saved through energy efficiency measures.

For their sites, the Kaufland meat processing plants have collectively defined the key performance indicator "Improvement in energy efficiency". In 2023, the target value of a two percent increase in energy efficiency by 2025 was defined, which is equal to a saving of 2 million kilowatt-hours from the total energy requirement. The Kaufland meat processing plants are pursuing their energy goals annually through defined energy-saving measures at their sites. Process optimizations and consolidating product lines have recently led to energy savings. However, in the same period, increased energy consumption was required to support greater production and delivery volumes as well as to comply with very high hygiene regulations. Across all sites, energy consumption (electricity and gas) remained virtually unchanged in 2024 compared with 2023. Specifically, the Kaufland meat processing plants recorded a slight increase in consumption: 6,267 kilowatt-hours more than the 6.26 million kilowatt-hours consumed in the previous year. Following the conclusion of numerous renovations and the implementation of further energy-saving projects, the Kaufland meat processing plants expect to record a clear energy-saving trend once again in 2025.

Both Lidl and Kaufland use fully implemented energy management systems pursuant to ISO 50001 (see the Organization and Responsibility section). In the framework of the systematic analysis and a global implementation of measures, it was possible to achieve considerable energy savings. Conversion to LED lighting, adjusting illumination times and optimizing building air conditioning systems contributed to achieving these reductions.

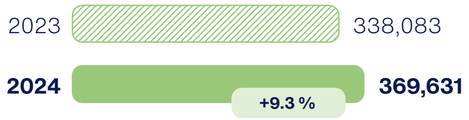
Renewable Energies

The self-generation of renewable energies plays a key role in our climate strategy – particularly from photovoltaic systems (PV). In the 2024 fiscal year, the companies of Schwarz Group were able to generate around 370,000 (2023: 338,000) megawatt-hours in this way – an increase of around nine percent year on year. The power we generated could supply over 106,500 (2023: 97,000) households[1]. On the roof of its logistics center in Lübbenau, Kaufland runs the company's largest photovoltaic system to date with a surface area of around 72,000 square meters.

In addition to photovoltaic systems, PreZero also relies on the generation of renewable energy through recovery plants. By producing biogas and biomethane, the company ensures that gases resulting from recovery (especially methane) become usable. In the 2024 fiscal year, PreZero generated around 333,780 megawatt-hours in this way. Renewable energy is also generated through the thermal recovery of biogenic components in waste: 389,981 megawatt-hours in the 2024 fiscal year.

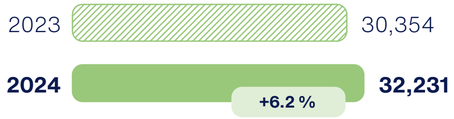
Lidl and Kaufland in Germany have concluded a long-term power purchase agreement (PPA) with RWE Supply & Trading. They will therefore purchase part of their electricity directly from an offshore wind farm in the North Sea. The PPA with RWE covers the procurement of around 250,000 megawatt-hours of renewable energy annually. The agreement is set to run for ten years from 2028 and thus forms an important component of the jointly developed climate strategy of the companies of Schwarz Group. In Belgium and the Netherlands, Lidl is also assessing the possibility of further PPAs.

Self-generation of Renewable Energies from PV Systems in MWh
[GRI 302-1]



Use of Self-generated Electricity from PV Systems in MWh

Fed into grid



Consumed ourselves



Photovoltaic Systems: Buildings and Performance

[GRI 302-1]

	Unit	2023	**2024**	Trend 2023/24
Buildings with photovoltaic systems	Number	3,378	**3,982**	+17.9 %
Output of the photovoltaic systems	kWp	489,233	**597,837**	+22.2 %

In FY 24 we were able to achieve a considerable year-on-year increase for both buildings with photovoltaic systems (+17.9 %) as well as with the output of the photovoltaic systems (22.2 %).

1 | Calculated with an assumed average consumption of 3,470 kilowatt-hours per household.

Transport

Stakeholder Involvement

With regards to mobility and transport, the companies of Schwarz Group have three central stakeholder groups: customers, employees as well as transport facilities. For example, we are working to increase the use of electric trucks for the transport routes of our retail divisions, and we are connecting customers to our charging infrastructure via app systems. We equip new stores with charging points, pursuant to statutory requirements and future-proof mobility.

The companies of Schwarz Group are also promoting steps toward reduced carbon emissions in logistics with their transport service providers too. The aim is to enable them to measure and reduce their own carbon emissions. Especially in its cooperation with freight forwarders, Kaufland recognizes a great deal of potential. In order to assess the technical status of the vehicle fleet in terms of energy efficiency and carbon emissions, Kaufland commissions FUMO® Solutions GmbH to audit their pool of over 100 freight forwarders. If they pass the auditing process, the freight forwarders are awarded the title "Green Carrier".

Measures and Projects

Mobility Solutions and Charging Infrastructure for Customers and Employees

Alongside electric cars, employees of the companies of Schwarz Group entitled to a company car can also make use of the mobility budget. Employees therefore have the option to choose a more environmentally friendly alternative when managing their corporate mobility. We are also continuously optimizing our portfolio of climate-friendly mobility solutions (for example, the Deutschlandticket as a Jobticket).

Moreover, the companies of Schwarz Group have made significant progress in the development of their charging infrastructure. Across the group, at the end of the 2024 fiscal year, customers could use 19,901 (2023: 15,323) electric charging points at 5,545 (2023: 4,367) sites.

To maximize the efficiency of our charging stations while simultaneously minimizing the strain on the power grid, we rely on innovative solutions. Load management systems are already successfully in place to intelligently control power distribution.

We are also currently testing energy management systems that will allow us to cleverly connect battery storage devices, photovoltaic systems and other energy systems with our charging stations. By intelligently managing energy flows, we can further reduce our carbon emissions.

Logistics

The companies of Schwarz Group continuously make their logistics processes more efficient and reduce the associated emissions. The warehouse sites are already operated as sustainably as possible thanks to the use of energy-efficient technologies and renewable energies. The companies of Schwarz Group have jointly set out the material aspects of sustainable logistics processes in a cross-divisional road map, which serves as the basis for a wide range of measures in the national companies. A focus of the companies is the deployment of low-emission trucks. The basis for all measures are the comprehensive data that are part of the carbon footprint.

As part of the expansion of the charging infrastructure for logistics, the companies of Schwarz Group have relied on powerful partners and initiated appropriate cooperations. At the end of 2023, Kaufland opened a charging park with eight charging stations at the Möckmühl logistics site with an output of 1,000 kilovolt-amperes suitable for charging electric trucks. Ten electric trucks from there now supply several Kaufland stores every day, thus replacing their diesel equivalents. Since August 2024, Kaufland has also been using electric trucks to supply the logistics distribution center in Barsinghausen. The pilot project is a collaboration between multiple companies of Schwarz Group. As such, PreZero supplies the drivers in its capacity as a freight forwarder.

Lidl also implements measures to reduce carbon emissions in procurement logistics, such as a targeted shift from road to rail, the use of electric trucks and exchange with freight forwarding partners regarding low-carbon fuels and alternative drives. However, the most important step is to digitalize the logistics network to avoid unnecessary transport and improve the efficiency of processes. To greater influence logistics, Lidl founded its own shipping company, Tailwind Shipping Lines, in 2022. Targeted efficiency measures are implemented at Tailwind Shipping Lines with the goal of reducing carbon emissions.

Lidl has entered into partnerships for climate-friendly store deliveries using alternative drive technologies in some countries. In total, Lidl already has 66 battery electric trucks in 17 countries in use for store deliveries, including in Switzerland, Italy, France, the Czech Republic and the Netherlands. Lidl in the Netherlands already had 12 electric trucks in its vehicle fleet during the reporting period and plans to increase the share of electric trucks in the coming fiscal year. Lidl Netherlands will carry out all store deliveries using electric trucks before 2030. The trailers of the trucks are also battery-powered, which significantly reduces operational emissions. Additional countries, such as Lidl Spain, were also able to gain their first experiences with battery electric trucks and will integrate more of these into their vehicle fleet in future.

Emissions generated in logistics by the PreZero fleet are also being gradually reduced. More than 12,000 vehicles collect waste, clean streets and transport recyclables. PreZero has carried out tests and pilot projects on alternative drive technologies in several national companies. As a result, PreZero in Germany and Spain have received public funding to convert their diesel trucks to electric trucks or fuel cell trucks. In 2024, PreZero in Germany also began a pilot project to implement a collection vehicle powered by hydrogen. At the beginning of 2025, PreZero Sweden ordered 42 electric trucks, which will be delivered from 2026. The national company has also completely transitioned their fleet to HVO. In 2024, PreZero Netherlands ordered 30 new electric collection vehicles. In collaboration with market competitor Renewi, PreZero is reducing further emissions in the Netherlands by means of the

"Green Collective" concept, in which unlabeled vehicles drive to customers of both companies.

The initiative was founded seven years ago. Thanks to the collaboration and the joint use of vehicles for collecting industrial waste, fewer kilometers are clocked up by trucks, there are fewer emissions and less traffic in inner cities. The successful initiative is now successfully running in over 30 Dutch municipalities and already accounts for savings of more than 2,000,000 kilometers.

Products

Stakeholder Involvement

Producers, suppliers and customers are the main key stakeholders for the companies of Schwarz Group when it comes to designing the assortment. Our cooperation with suppliers provides a concrete example of this. The companies of Schwarz Group are supplementing their existing supplier obligations with absolute reduction targets in the upstream and downstream supply chain (Scope 3) and are supporting their suppliers in implementing them together. The inclusion of suppliers is managed via a supplier platform. Using this platform, not only is annual progress documented; information and training programs related to climate protection are also offered.

Measures and Projects

Regenerative Agriculture

A division-specific example is provided by Kaufland's cooperation with the AgriTech company Klim. Together, Kaufland and Klim support farmers during the transition to regenerative farming. Kaufland is also supporting climate protection projects in its own supply chain in the form of reduction projects. In this way, the retail division worked together with Klim and the farmers of suppliers, for example in oat cultivation, to successfully implement measures in the fields to reduce GHG emissions, such as through optimized crop rotation and fertilization. The digital AgriTech platform from Klim offers farmers various features, such as options to document regenerative measures.

Regional Products

The retail divisions have established different programs to expand their offer of regional and locally produced products. Detailed information can be found in the chapter entitled Consumer: Product Safety and Certifications.

Focus on Plant-Based Nutrition

In order to combat global challenges such as climate change, the loss of biological diversity and diet-related illnesses, transformation of the food system is essential. As a food retailer, Lidl is conscious of its responsibility and is contributing to the global transformation of the food system by setting ambitious corporate goals (see the Conscious Nutrition and Health chapter).

In particular, animal products are a significant cause of high GHG emissions. In order to reduce these, the retail divisions are continuing to shape their product ranges to be more climate-friendly and are offering an increasing number of plant-based alternative products.

Kaufland is also working on increasing transparency around the proportion of animal-based protein sources compared to plant-based protein sources. To that end, in 2023, Kaufland assessed its branded and private-label product range in Germany using WWF's methodology. The result: Around 10 percent of items in the "Dairy" product category are currently plant-based alternatives. In the "Animal-based products" product category (e. g., meat, sausages, fish) as well as nuts and legumes, the ratio was eight (plant-based) to 92 (animal-based). Kaufland also aims to increase the proportion of whole grains in its assortment and has begun to develop specific targets to achieve this.

Buildings

Stakeholder Involvement

A multitude of external stakeholders are involved in the construction of our buildings – for instance, we work with building planners, suppliers, certification bodies and building authorities (see Measures and Projects).

Measures and Projects

Reducing Carbon through Climate-Friendly Concepts

In addition to increasing energy efficiency, further measures aimed at reducing carbon emissions also play a role. This includes, for example, using the waste heat from refrigeration systems in the energy concepts of the stores. At Lidl and Kaufland, the waste heat from chiller equipment and refrigeration systems is used to some extent for heating the building, thus reducing additional energy consumption from external sources.

In this respect, the long-term commitment of the retail divisions is evident in the total of 2,074 (2023: 1,944) stores that are equipped with refrigeration systems for product cooling with heat recovery capabilities. In all of the companies of Schwarz Group, a total of 2,231 (2023: 2,087) buildings are equipped with the corresponding technology. To further reduce carbon emissions, the chiller equipment in 4,635 (2023: 4,079) Lidl and Kaufland stores is operated with natural refrigerants like propane or with CO_2. In total, across all companies of Schwarz Group, almost 4,818 (2023: 4,248) buildings are equipped with corresponding cooling technology. As part of the modernization of our stores, we are also increasingly replacing fossil fuel-powered heat generators with heat pumps.

Schwarz Immobilien Service GmbH & Co. KG is planning an innovative energy concept for an urban district centered around sustainability and energy efficiency. The concept includes the development of an electricity grid and the use of renewable energy sources. Moreover, waste heat will be used from a nearby Kaufland meat processing plant and thermal storage systems for the efficient use of energy will be installed.

Application of Certifications and Standards

When it comes to expansion, the companies of Schwarz Group place great importance on the energy-efficient and sustainable construction of their stores, administration buildings and logistics centers. Their activities are based on the relevant renowned standards for sustainable construction – such as Excellence in Design for Greater Efficiencies (EDGE), Building Research Establishment Environmental Assessment Method (BREEAM), Leadership in Energy and Environmental Design (LEED) or the standard published by the German Sustainable Building Council (DGNB). At Lidl, this already involves over 4,600 stores and logistics centers in over 30 countries. Lidl in Germany has begun the certification process of existing buildings pursuant to the EDGE standard. By the end of the 2025 fiscal year, around 1,500 stores should be certified. Kaufland has completed the certification process for most stores in all countries. Other buildings will be certified this year, such as new constructions after project launch, offices and logistics locations. Schwarz Immobilien Service GmbH & Co. KG has also commissioned the certification of buildings and a residential district pursuant to the latest DGNB standards. DGNB-certified buildings focus on reducing carbon emissions, promoting environmentally friendly materials and technologies, as well as minimizing the consumption of energy and resources. The Schwarz Digits data center in Austria also has a DGNB certificate in Gold for sustainable industrial buildings.

Innovative and Climate-friendly Construction of Stores and Logistics Centers

Although many of the buildings of the companies of Schwarz Group have already been awarded sustainability certificates, various particularly innovative construction projects go one step further. Energy efficiency is considered along the entire life cycle of the building. In 2021, Lidl in Germany opened its first store in a wooden construction style in Albstadt-Ebingen. A greenery concept also contributes to the preservation of local biodiversity. The logistics center in Erlensee also sequesters carbon thanks to its construction method: It uses self-generated energy from the on-site photovoltaic system as well as waste heat from the refrigeration system for heating and cooling. Both buildings meet the platinum criteria of the DGNB certificate, which is the highest level. The certification was carried out in accordance with the criteria catalog for 2018.

Buildings of the companies of Schwarz Group with a Sustainability Certificate[1]

	Unit	2023	2024	Trend 2023/24
Buildings with a sustainability certificate	Number	4,125	**5,533**	+34.1 %
Percentage of stores with a sustainability certificate	%	28.1	**37.4**	+9.3 %P
Percentage of distribution centers/warehouses with a sustainability certificate	%	25.6	**27.6**	+2.0 %P

1 | The number of all properties that have been certified as sustainable pursuant to international/national certification systems and that have an existing and valid certificate/proof (individual and portfolio certificates with audited reference properties). Relevant international certification systems are BREEAM, LEED and Edge. Relevant national certification systems are DGNB, ÖGNI, HQE, VERDE and Minergie, for example.

A current example from this reporting year is the energy self-sufficient store in Villafranca, Italy. The entire energy demand of the store is, on balance, covered by photovoltaic systems, and innovative technologies reduce consumption. Carbon emissions in construction were significantly reduced by the use of sustainable materials such as wood and cellulose. A modern rainwater management system saves additional resources.

The store in Almere, the Netherlands, is worth highlighting too. It is both energy and carbon-neutral on balance, its outdoor area has systematically designed greenery, and its facade is made of wood. Bucharest is also home to the Lidl national headquarters in Romania. In this building, energy losses are reduced through insulating building materials and geothermal energy is used for heating and cooling. In other stores, sustainable heating/cooling generation is achieved through the use of renewable energies to heat and cool as well as heat pump systems, and by completely avoiding fossil fuels.

Kaufland opened its first store made of wood in Marktredwitz (Bavaria, Germany) in 2022, and a corresponding store in the Slovakian capital of Bratislava was opened in 2023. The stores were also equipped with a photovoltaic system as well as a green roof and green facades, among other things. Kaufland opened a store in Tuttlingen in 2024 using various sustainable materials with a focus on the circular economy, such as roof sheeting made of 60 percent recycled plastic film.

Schwarz Immobilien Service Gmbh & Co. KG is also planning innovative construction projects in an urban district, such as buildings in a hybrid-timber construction style, facades made of recycled materials or buildings with a modular design.

Waste

Organization and Responsibility

PreZero collects, sorts and recovers its customers' recyclable material. Whatever cannot be recycled, composted or fermented is typically sent to waste-to-energy plants or – where still customary and legally permitted in the respective country – to landfills operated by PreZero in consideration of the respective legal requirements. The emissions allocated to PreZero that arise from recovering recyclables can only theoretically be reduced for the time being. In practice, the regulations, infrastructure and financing possibilities to significantly reduce in emissions are lacking. PreZero is working on the development of future solutions and has created a concept for the OSIRIS project in the Netherlands together with partners. The project aims to separate CO_2 from the flue gas of a PreZero waste-to-energy plant and use it in a nearby greenhouse.

What is more, PreZero operates plants that capture methane gas resulting from disposal and supply the gas network with biomethane arising thereof. In the framework of a strategic partnership with a Spanish mineral oil company, PreZero Spain is working to develop more of these plants in order to deliver even more waste-based biomethane.

The PreZero energy plant in Zorbau in Saxony-Anhalt is home to another form of recovering energy from waste. 200,000 MWh of electricity are produced here annually. Owing to the organic components that are incinerated in the waste, about one half of the energy generated counts as certified green electricity. Approximately 13,000 MWh of district heat arise in the course of this.

Find more information in the chapter on REcollect: Access to Recyclable Materials.

Biodiversity

Strategic Approach

[GRI 304]

Priority Topics

The companies of Schwarz Group, particularly with the retail divisions Lidl and Kaufland, advocate the protection of biodiversity – from agricultural land to sustainable product decisions regarding their assortment. Other important aspects in this connection are the use and protection of water resources.

Principles, Policies and Obligations

In line with the EU Regulation on Deforestation-free Products (EUDR), which was enacted by the European Parliament and the Council of the European Union, the companies of Schwarz Group have taken part in expert groups to develop a binding approach to corporate due diligence. In accordance with the regulation, they will ensure deforestation-free products from December 30, 2025. This affects the relevant raw materials wood, cocoa, coffee, rubber, palm oil, soy and beef as well as the products created with these raw materials.

Lidl and Kaufland are members of the Alliance for Water Stewardship (AWS), a global alliance made up of companies, NGOs and the public sector. The initiative advocates for the responsible use of water resources along the value chain.

- Purchasing Policy Raw Materials (Lidl)(German)
- Purchasing Policy for Deforestation-free Supply Chains (Lidl)(German)
- Purchasing Policy Water (Lidl in Germany)(German)
- Water Guideline (Kaufland)(German)

Impacts

[GRI 304-2]

Biodiversity is the foundation for functioning ecosystems and stable food production. Procuring and producing food can have negative impacts on biodiversity along the entire value chain, caused, for instance, by land conversion, the production of raw material, the exclusive growing of monocultures, intensive agriculture, land sealing or by the inappropriate use of chemicals. The companies of Schwarz Group are working hard to avoid and reduce negative impacts on biodiversity, particularly in agriculture, through responsible business practices. We aim to achieve this through certifications (also see the chapter on Certified Sustainable and Regional Raw Material Procurement).

In all sites and in all countries, the companies of Schwarz Group actively combat potential negative impacts on the availability of clean fresh water.

Targets, KPIs, Target Attainment

The companies of Schwarz Group recognize the importance of biodiversity as the foundation for functioning ecosystems and for stable agricultural supply chains. We are currently assessing how we can further integrate this topic into our jointly developed sustainability strategy. The retail divisions have set themselves various certification targets for raw materials. More information can be found in the Certified Sustainable and Regional Raw Material Procurement chapter.

In consideration of their commitment to the use and protection of water resources, the divisions of Schwarz Group have also each set their own division-specific targets. By the end of the 2025 fiscal year at the latest, 100 percent of the fruit and vegetable growers for Lidl and Kaufland in the water risk countries of Spain, Portugal, Italy, Greece, Egypt, South Africa, Morocco, Israel and Chile are to be certified pursuant to recognized water standards. The countries were selected with the aid of the WWF water risk filter. For Kaufland, Tunisia is also included. Since the end of 2023, strawberries from Spain for Kaufland must be certified pursuant to the Alliance for Water Stewardship (AWS) or GLOBALG.A.P. SPRING.

The retail divisions recognize the following standards in the context of the target specified above:

- GLOBALG.A.P. SPRING
- On the way to PlanetProof
- Fairtrade Standard
- Rainforest Alliance Agriculture Standard
- SIZA Environmental Standard
- SCS Sustainably Grown
- AWS Water Stewardship Standard

Kaufland meat processing plants have set themselves the target of continually monitoring and cutting specific water consumption in their own plants. With this aim in mind, they are working on reducing the average water consumption across all sites by three percent on the basis of the reference year 2023. This target applies until the end of the 2025 fiscal year. In 2024, Kaufland meat processing plants reduced water consumption by 1.9 percent compared with 2023 by means of technological optimizations.

Schwarz Produktion has defined the key performance indicator "Specific Water Consumption" for its six beverage plants. Each year an ambitious target is determined for the sites involved and every improvement must be safeguarded through concrete measures.

Water Consumption within the companies of Schwarz Group

In cubic meters

[GRI 303-3]

	2023	**2024**
Water withdrawal	40,794,259	**38,438,502**
of which returned water	34,434,271	**31,006,101**
Total water consumption	6,359,989	**7,432,401**

Biodiversity

Management Approaches

Protection of Biodiversity

Organization and Responsibility

The respective Purchasing and Operations & Real Estate departments at Lidl and the central units at Kaufland are responsible for the topic of biodiversity and its implementation. Here, the respective Purchasing department is responsible for compliance with and implementation of ecological standards in the supply chain. At Kaufland, the department is also tasked with managing raw materials targets as well as for pesticide management, together with Quality Assurance. At Lidl, Purchasing is tasked with this, together with the Quality and Sustainability department. The CR/CSR departments of the companies of Schwarz Group support this process and act as both catalysts and internal consultants. The respective Real Estate/Construction department of the companies of Schwarz Group is in turn liable for environmental protection in the construction of stores and logistics centers. The Real Estate/Construction department of Schwarz Immobilien Service GmbH & Co. KG supervises all biodiversity-related topics during the construction of new administration buildings. The focus here is on creating high-quality green spaces.

Stakeholder Involvement

Lidl and Kaufland have signed the WWF's business statement against deforestation and the destruction of the environment, thereby underlining their commitment to these issues. The retail divisions also advocated for the inclusion of "other wooded lands"[1] in the context of the EUDR (EU Deforestation Regulation). This step will provide more protection for important ecosystems around the world as well as facilitating easier implementation of the regulation for companies and the relevant authorities. Furthermore, this will create a level playing field for everyone. At the end of 2024, Lidl published a statement in which the company highlights that it stands for compliance with the EUDR sustainability targets and rejects easing the regulation. Kaufland also confirmed in a statement that it adheres to the underlying level of ambition of the EUDR. Both divisions welcome postponing the regulation by 12 months.

In 2020, Lidl in Germany, Great Britain and the Netherlands as well as Kaufland in Germany signed the Cerrado Manifesto, which was initiated by the WWF and other organizations. As such, they commit to protecting habitats in Brazil. The Cerrado is a savanna region with the greatest diversity of species in the world, containing five percent of the global biodiversity. Lidl, Kaufland, and the other signatory companies are thereby taking a stand against further loss of diversity of species in the region and will not sell any agricultural products cultivated on land that has been converted since 2020. Kaufland and Lidl in Germany do not offer any beef products from Brazil. This way, they can ensure that they do not contribute to deforestation in the Cerrado and the Amazon basin for the purposes of the conversion of land to pastures.

The retail divisions also work together with other stakeholders beyond the topic of deforestation to promote biodiversity-related topics: From 2020 to 2025, Kaufland, working together with the Leibniz Institute of Vegetable and Ornamental Crops (IGZ) e. V. and Gemüsering Stuttgart GmbH, carried out a scientific project to promote sustainable agricultural measures. The goal was to analyze soil improvement measures in around 20 businesses with various fruit and vegetables in Germany, Poland and Czechia and to develop a catalog of measures to be given to contracted farmers.

Lidl and Kaufland are also founding members of Food for Biodiversity e. V., a registered association in which representatives from companies, associations and standard setters from the food industry contribute to maintaining biodiversity in the framework of various projects.

1 | Pursuant to the definition from the Food and Agriculture Organization of the United Nations (FAO)

Measures and Projects
[GRI 304-2]

Promoting Biodiversity in Agriculture

In order to conserve ecosystems systematically, Lidl and GLOBALG.A.P. developed an industry-wide solution for biodiversity in a multi-stakeholder project team. This was published in 2022 as the GLOBALG.A.P. BioDiversity add-on. The add-on contributes to conserving biodiversity by, for example, prescribing a management plan for biodiversity. It also defines more effective criteria for soil protection and integrated pest management. Lidl is the first food retailer to use the BioDiversity add-on in the field. To date, over 1,200 producers are certified, and the standard is now available for the entire industry. Lidl works with other initiatives and standard setters that should be recognized in a comparable way.

Lidl in Germany had set itself the goal, together with its suppliers, of expanding habitats for insects to a total of five million square meters by 2025, and this has been achieved.

Measures to Prevent Deforestation

The commitment of Lidl and Kaufland to deforestation-free supply chains without land conversion is an important element in maintaining and supporting biodiversity (see the sections Organization and Responsibility as well as Stakeholder Involvement). This commitment has also received external recognition. Both retail partners received good results in the 2024 WWF palm oil scorecard: Out of 285 companies contacted by WWF, Lidl came out in fifth place, and Kaufland 11th. Back in 2022, when the last WWF deforestation scorecard was recorded, both divisions achieved very good results: Lidl was rated as the best company, and Kaufland scored very highly for the certification of raw materials, its voluntary commitment to human rights and the implementation of corporate due diligence.

Soy is a focus raw material when it comes to measures to prevent deforestation. The two retail divisions Lidl and Kaufland have been increasingly relying on European soy for many years to effectively prevent deforestation. To encourage the cultivation of GM-free soy in Europe, Lidl and Kaufland entered into a partnership with the nonprofit organization Donau Soja back in 2019.

You can find more information about Lidl's work in the area of more sustainable soy cultivation online.

Use of Water Resources

Organization and Responsibility
[GRI 303-1]

Each division of Schwarz Group has defined responsibilities in consideration of its use of water resources. At Kaufland, the Construction/TFM department is responsible for water topics in operational management; at Lidl, the topic of fresh water in the supply chain is the responsibility of the Quality and Sustainability department.

At Schwarz Produktion, responsibility for implementing efficiency measures and investigating water consumption is held by central Technology and the respective companies. At the Kaufland meat processing plants, this is the responsibility of the Environmental Management department. Here the plant managers and the local water protection officers are responsible for compliance with the requirements in the waste water regulations.

In both retail divisions and Schwarz Corporate Solutions, the Purchasing or Procurement units are responsible for compliance with the specifications in the supply chain.

In future, the companies of Schwarz Group will further consolidate their know-how and activities in order to jointly develop and adapt a common group-wide water strategy.

Stakeholder Involvement

As a member of the Alliance for Water Stewardship (AWS), Lidl and Kaufland take responsibility for water as a resource. By participating in AWS multi-stakeholder working groups, we can learn from pilot projects together and drive forward scaling through independently verifiable standards for the protection and restoration of shared water resources. In turn, AWS supports our value chains in strengthening our understanding of water as a community asset and of the necessity for collective approaches.

Lidl also actively advocates for the further development of standards, and works together with partners and stakeholders from industry, governments, nonprofit organizations, standard setters, science and local communities to promote a more sustainable use of water as a resource. Lidl and Kaufland are members of the Leather Working Group (LWG) and the Cotton made in Africa® (CmiA) initiative. Lidl is also active in the Partnership for Sustainable Textiles.

Lidl and Kaufland have published their own guidelines for a water policy in relation to the purchasing of merchandise (see the section Principles, Policies and Obligations).

Measures and Projects
[GRI 303-2]

Using Water Responsibly

Lidl and Kaufland utilize certifications for relevant areas of their assortment in order to ensure the responsible use of water. Aspects of water use are also considered here. Further relevant standards in the non-food area include Cotton made in Africa® (CmiA), Fairtrade, the Global Organic Textile Standard and the OEKO-TEX® STeP.

Currently, Schwarz Produktion exclusively uses its own mineral water springs for the production of its mineral waters. Mineral water from its own springs is also used for the production of certain soft drinks. To this end, several deep wells are operated in each of the six beverage plants. None of the springs used are located in nature reserves. Schwarz Produktion is also committed to ensuring that their mineral water sources in Germany fulfill all of the specifications set out in the German mineral and drinking water regulation (MTVO). The Rheinblick water source at the Wörth am Rhein location and the Schlossblick water source at the Leißling location also meet the strict SGS requirements for premium mineral water. Compliance with all legal provisions and the approved extraction volume defined by the authorities for each spring ensures that there is no excessive extraction of the renewable groundwater.

In its recycling plant in Austria, PreZero Polymers operates a waste water cleaning plant to optimize water usage by recirculating non-potable water multiple times. As a result of this, PreZero treats about 1,500,000 m^3 of water each year and therefore economizes on approximately 95 percent of its water consumption.

Schwarz Immobilien Service GmbH & Co. KG is developing sustainable water management concepts to reduce consumption of drinking water by using gray water and rainwater in buildings and in an urban district.

Protection against Contamination and Pollution

Assessing Water Risks
[GRI 308-2 and 414-2]

To investigate water risks in more detail, in 2020 Kaufland carried out a hotspot analysis which also took water pollution and scarcity into account. Lidl also analyzed its water risks using the WWF Water Risk Filter. In addition, product-specific key performance indicators for water are used, based on the data from the Water Footprint Network (WFN). The combination of these two approaches makes it possible to assess the water risks for different country-product combinations. The results act as a basis for ranking the water risk in a product's supply chain.

Protecting groundwater is an important topic for PreZero, especially in landfills. For example, PreZero in Poland goes beyond implementing the applicable water law enacted in 2018: Not only are ISO standards 9001 and 14001 fulfilled, but video surveillance of soak water tanks is also in place.

Compliance with Standards in the Textile Supply Chain
[GRI 306-2 and 414-2]

In the Lidl and Kaufland supply chain, companies who are commissioned to produce textiles for promotional goods and the permanent assortment of the retail divisions have to undergo a detailed audit. Textiles are checked for substances hazardous to health, on the basis of various legal specifications and voluntary commitments. The companies of Schwarz Group set out their expectations regarding compliance with human rights and environmental standards based on the corresponding risk level in their jointly developed Code of Conduct for Business Partners. Additional information regarding the topics of environmental and social standards, as well as our Code of Conduct can be found in the chapters Social und Governance.

When finding designs and selecting items for work clothing, the companies of Schwarz Group focus on sustainable materials and high recyclability. Where possible, pure cotton is used on the basis of GOTS, ingredients and pressure are reduced to a minimum, and all items fulfill the OEKO-TEX® STANDARD 100 as a minimum.

Chemically Synthesized Pesticides

Agriculture also uses chemically synthesized pesticides and fertilizers, which can have a negative impact on biodiversity and water quality. In this context, the retail divisions of Schwarz Group pursue corresponding programs on the responsible use of chemically synthesized pesticides (also see the Governance chapter).

Circular Economy

Strategic Approach

Priority Topics

[GRI 301 and 306-2]

The rapidly growing consumption of resources not only has consequences for the environment, but also for their very availability. This scarcity has direct impacts on the business models of the companies of Schwarz Group. The circular economy is therefore an elementary component of our corporate strategies. This applies equally to our own processes and to the processes along our value chains. Every division makes a central contribution to the supply and conservation of resources – both within its internal processes and along the entire supply and value chains. Together, the companies of Schwarz Group are driving the transformation from a linear to a circular economy forward. Our aim is to conserve resources, avoid waste and close recycling loops.

In pursuit of this, the companies of Schwarz Group have set another milestone and have extended the jointly developed REset Plastic strategy to become a holistic circular economy strategy. Through REset Resources, we use our unique ecosystem in order to keep resources within the loop. Thanks to corporate diversity, we are not only just able to keep ourselves mutually supplied with the necessary resources, we are also contributing to Europe's resource sovereignty in global competition.

With REset resources, we reduce the use of resources, promote their reuse, increase their recyclability and ensure access to recyclable materials. Furthermore, we increase the use of recycled materials. Our new strategy comprises absolutely all priority topics in the area of the circular economy: from packaging and products via construction, food waste up to the road to zero waste and recovery processes. With this, REset Resources changes the handling of resources and promotes awareness of the closed-loop principle along the entire value chain. By covering all aspects of the loop from production via retail to waste and recycling management, we differentiate ourselves significantly from other competitors.

63 %

of the private-label packaging made of plastic are maximum recyclable

34 %

Less plastic in private-label packaging and transport aids made from plastic (compared with the base year 2017)



The jointly developed circular economy strategy of the companies of Schwarz Group creates solutions in the following five areas of action:

REdesign:
"We design our business models to align with circular economy principles."

The companies of Schwarz Group have set themselves the goal of aligning all business models in the value chain to a functioning circular economy. We design products and packaging according to recycling aspects such as longevity. We also think about their possible use in future life cycles right from the beginning.

REduce:
"We reduce the use of resources and prevent waste."

As companies of Schwarz Group, we want to use resources as little and as efficiently as possible. This is why we use less virgin materials, for example. Instead, we increasingly use more environmentally materials such as silphium fibers. Moreover, we introduce measures to avoid food waste and pursue the joint target of handling resources responsibly.

REuse:
"We promote reuse."

Reuse is an important measure in avoiding waste. Products or components that are not waste are used again for the same original purpose. That includes, for example, the transition from single-use to reusable solutions for pallets, or reusable or refurbished models for electronic appliances.

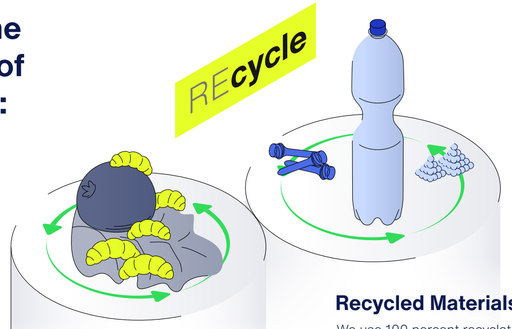
REcollect:
"We ensure access to recyclable materials."

As a comprehensive ecosystem and retailer operating worldwide, we are a large distributors of packaging and products. That is why we have a particular responsibility. By means of our diverse, state-of-the-art collection and sorting systems, we turn waste incurred internally and externally into recyclable materials on our "Road to Zero Waste" in order to ensure coverage of raw material requirements for the whole of Europe. The strategic approach behind the "Road to Zero Waste" vision aims at conserving resources, reducing waste and reintroducing recyclable materials back into the loop.

REcycle:
"We invest in sophisticated recovery processes and the use of recycled materials."

Comprehensive recycling generates high quality recycled materials: We correspondingly develop recovery processes that enable utilization of the recycled materials for high-grade applications whenever possible. An example of this is the deployment of the black soldier fly as farm animal feed (see p. 83). Our aim is to avoid down-cycling and close recycling loops. Furthermore, we increase the use of recycled materials: Since 2021, all disposable PET deposit bottles produced by companies of Schwarz Produktion for Lidl and Kaufland private labels in Germany have been made of 100 percent recycled material.

Examples from the five action areas of REset Resources:

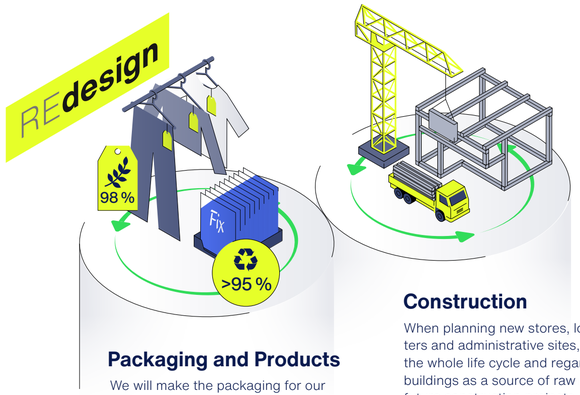


Recycled Materials

We use 100 percent recyclate in our single-use PET bottle bodies for the closed-loop bottle manufactured by Schwarz Produktion. Furthermore, we will incorporate 65 percent recyclate in our private-label packaging by 2030.

Recovery Processes

We use sophisticated recovery processes for food waste: In this context, we use the larvae of the black soldier fly to upcycle organic waste. As such, valuable proteins can be reintroduced back into the nutrient cycle.



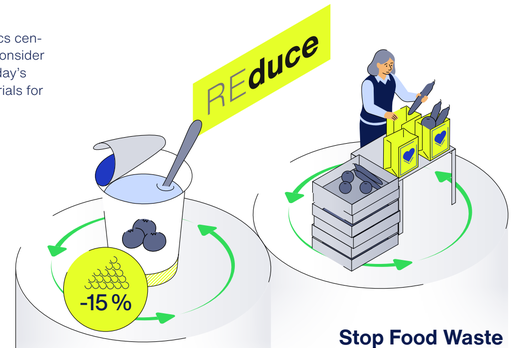
Packaging and Products

We will make the packaging for our private-label products as recyclable as possible by 2030.

Lidl has developed a recyclable textile collection pursuant to the guidelines of the Ellen MacArthur Foundation (EMF): Textiles are composed of at least 98 percent cellulose-based fibers. Small parts may be easily removed to simplify the sorting process.

Construction

When planning new stores, logistics centers and administrative sites, we consider the whole life cycle and regard today's buildings as a source of raw materials for future construction projects.



Conserving Resources

We will conserve resources by reducing virgin material in the single-use packaging of our private-label products by 15 percent by 2030.

Stop Food Waste

We are taking measures to avoid food waste and to handle resources responsibly. By the end of 2030, the companies of Schwarz Group will reduce their food waste by 50 percent compared with 2018.



Road to Zero Waste

Thanks to our DIN SPEC 91436, we minimize the amount of non-recyclable waste incurred, and guarantee optimal utilization and waste disposal.

Access to Recyclable Materials

By 2030 we will collect and recycle the same quantity of recyclable materials as we bring into circulation with our private-label packaging and our household leaflets.

REset RESOURCES



Reusing

We are focusing on reuse in logistics: That is why we will use almost 100 percent multi-use pallets for our internal picking processes by 2027.

Refurbishment

We are implementing new refurbishment projects: For example, by taking back and recycling electrical appliances.

Principles, Policies and Obligations

[GRI 2-23]

The joint commitment of the companies of Schwarz Group to a functioning circular economy often exceeds the minimum statutory requirement – for example, in the area of packaging or with our Road to Zero Waste. Nevertheless, statutory changes also help to push this topic forward. Among other things, the following regulatory developments are key:

- The Packaging Regulation (PPWR) of the European Union (EU) will replace or complement the existing Packaging and Packaging Waste Directive. The goal of this regulation is to more effectively reduce the environmental impacts of packaging and increase the responsibility placed on manufacturers. The regulation also promotes the development of more sustainable packaging solutions and the use of recycling materials.
- The EU Ecodesign Regulation sets harmonized and binding minimum requirements for products in the EU. As such, the market for efficient and environmentally friendly products will be strengthened, and conservation of both energy and resources will be facilitated. The regulation focuses on product design so as to take the fullest advantage of potential at this early stage.
- The EU Waste Framework Directive establishes a legal framework for the handling of waste, for example, the Extended Producer Responsibility (EPR). Its aim is to develop the EU into a "recycling society" by promoting improved separation and recycling of waste.

Since signing the 2025 Global Commitment of the Ellen MacArthur Foundation, the companies of Schwarz Group made a commitment in 2018 to actively work toward the more sustainable use of resources. The Ellen MacArthur Foundation is a nonprofit organization founded in 2010, which has set itself the target of accelerating the transition to a circular economy. The agreement was launched by the Ellen MacArthur Foundation in collaboration with the United Nations Environment Programme (UNEP). Working together with the involved companies and with governments, NGOs and initiatives, we develop new strategies and solutions to promote a circular economy, in particular for plastics.

The Plastics Pact Network of the Ellen MacArthur Foundation includes national plastics pacts in countries such as Great Britain, the USA and Poland as well as regional pacts like the European Plastics Pact. The companies of Schwarz Group participate globally and support national implementation wherever possible on a company-specific or cross-company basis. Lidl Portugal (Steering Committee), Lidl Great Britain as well as Lidl, Kaufland and PreZero in Poland are currently involved.

ELLEN MACARTHUR FOUNDATION Member

Impacts

[GRI 306-1]

The scarcity of resources already accounts for one of the largest global risks. Statutory requirements as well as the global scarcity of strategically important resources are increasingly putting the spotlight on a functioning circular economy. The topic is thus gaining in importance both politically and in social terms. The circular economy aims at retaining the value of products, materials and resources as long as possible. Acting in a resource-efficient manner is worthwhile, not only to reduce possible environmental impacts, but also because of the increasing prices of raw materials and resources. The companies of Schwarz Group are reacting to this with an ecosystem that ranges from production to recycling and thus contributes to resource sovereignty for itself and the European market.

Targets, KPIs and Target Attainment

Target[1]	KPI/Measurement	Status	Target Attainment	Page(s)
By 2025, Lidl and Kaufland will use on average 25 % recycled material in their private-label primary packaging made of plastic.	Target attainment in percent	↗	19.7 % (25 %)	81
By 2025, Lidl and Kaufland will maximize the recyclability of 100 % of their private-label primary packaging made of plastic.	Target attainment in percent	↗	63.4 % (100 %)	72
By 2025, Lidl and Kaufland will use 30 % less plastic in their private-label primary packaging and transport aids[2] made of plastic compared with the base year of 2017.	Target attainment in percent	↗	-33.8 % (-30 %)	81
By the end of 2030, the companies of Schwarz Group will reduce their food waste by 50 % at group level compared with 2018.	Target and measurement methods under development.			
By the end of 2025, the companies of Schwarz Group will recover, recycle or reuse a significant proportion of the waste they generate.	Target attainment in percent	↗	88.6 %	76

1 | The targets relate to the corresponding fiscal year.

2 | "Transport aids" include, for example, carrier bags and plastic bags/ produce bags.

Further Development of the Packaging Targets in the Context of REset Resources

The companies of Schwarz Group are extending their jointly developed REset Plastic strategy to achieve a holistic circular economy strategy. In this context, they are placing particular focus on the further development of the packaging targets, which comprehensively encompass all types of packaging and packaging materials. The companies of Schwarz Group are reporting on the following collectively defined targets as of fiscal year 2025:

New Packaging Targets[1]

REdesign

We will make the packaging for our private-label products as recyclable as possible by 2030.

REduce

We will reduce virgin material in single-use packaging for our private-label products by 15 percent (absolute) by 2030.

REuse

Almost 100 percent multi-use pallets will be used for our internal picking processes[2] by 2027.

REcollect

We will collect and recycle the same quantity of recyclable materials that we put into circulation with our private-label packaging and our household leaflets by 2030.

REcycle

We will use 65 percent recycled material in our private-label packaging by 2030. We will use 30 percent recycled material in the primary plastic packaging for our private-label products by 2030.

1 | Additional detailed information on the new packaging targets: https://gruppe.schwarz/wie-wir-handeln/reset-resources-details

2 | "Internal" refers to the picking of goods in the regional distribution centers to supply the stores. This excludes overseas transport. Single-use pallets that, due to logistical requirements (oversized dimensions, transport protection), are delivered directly by the supplier to our regional distribution centers and transported to the stores without repacking are excluded.

Circular Economy

Management Approaches

REdesign: Recyclable Business Models

Organization and Responsibility

Recyclability is the cornerstone of the circular economy. It begins with the conception and design of products and packaging. We consider the end-of-life right from the design stage. We therefore design products and packaging from the outset in consideration of circular economy factors such as longevity, whether repair is possible and recyclability. We also think about their possible use as recyclable material in future life cycles in advance. As a holistic ecosystem, the companies of Schwarz Group have together aligned all business models in the value chain in line with a functioning circular economy: In particular, the retail divisions Lidl and Kaufland, Schwarz Produktion and the environmental service provider PreZero, comprising its company GreenCycle GmbH, work closely together to achieve the maximum recyclability of packaging and textiles. Specific responsibilities for individual measures and process steps are assigned on a division-specific basis. Other departments and brands also complement work on this topic.

Stakeholder Involvement

The companies of Schwarz Group regularly discuss the topic of recyclability with their stakeholders – including suppliers, interested experts, NGOs and scientists. We primarily exchange thoughts with our stakeholders during congresses, specialist presentations and workshops. It is therefore possible to incorporate the ideas of stakeholders in the ongoing development of business processes. For example, the Schwarz Beschaffung GmbH IT Hardware Checkout unit successfully continued its activities in the area of sustainable packaging in 2024 too. The Checkout unit portfolio comprises more than 100 products and accounts for a distribution volume of over one million packages during the life cycle. Following a survey conducted together with PreZero in 2023, measures jointly developed with manufacturers or suppliers were introduced or further implemented. We thus achieved significant optimizations. We have reduced the weight of plastics as well as the number of packaging components – with a considerable positive impact on the consumption of fossil fuel resources as well as the significant increase in recyclability – far exceeding the targets set by the company itself. Thanks to internal communication, Schwarz Beschaffung has propagated this concept in the international procurement units (as well as in the procurement units of the countries in the divisions).

The dual system and the PreZero "Sustainable Packaging" packaging competence center also inform and train their customers on statutory requirements governing the recycled content and recyclability of packaging, such as at events like the PreZero Dual Summit 2024. The aim is also to illustrate how companies can reduce their emissions by means of more sustainable packaging. By means of the free of charge PreZero SPOT digital platform for packaging optimization in collaboration with Packaging Cockpit, the PreZero companies are helping in the transition toward sustainable packaging. Using the analysis and appraisal functions, manufacturers can check the recyclability, life cycle assessment and costs of their packaging at any time and simultaneously optimize it both ecologically and economically.

Customers are also important stakeholders when it comes to recyclable packaging and textile design as well as a functioning recycling loop. In this respect, the companies of Schwarz Group take various approaches toward involving customers and raising their awareness, such as by providing relevant information on packaging.

Recyclability of Primary Plastic Packaging [1,2]



In FY 24, the retail divisions were able to increase the recyclability of their own private-label packaging (primary plastic packaging) pursuant to the German minimum requirements by almost 10 percentage point year on year.

1 | Recyclability is based on the official criteria of the Zentrale Stelle Verpackungsregister (Central Agency Packaging Register): www.verpackungsregister.org

2 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

Measures and Projects

Recyclability in Packaging
[GRI 301-3]

To ensure that customers of Kaufland are able to make informed decisions about more sustainable packaging, Kaufland used an appropriate label "Bewusster verpackt" (consciously packed) during the reporting period. To qualify for this labeling, at least one of the following criteria must be met:

- Recyclability of at least 80 percent[1]
- Recycled content of 30 percent for plastic
- Reduction in packaging materials of at least 20 percent[2]
- Use of alternative materials[3]

Recyclable textile collection

In April 2025, Lidl introduced a new recyclable textile collection in its stores, which was developed in cooperation with the Ellen MacArthur Foundation (EMF). It complies with the guidelines of the "Jeans Redesign" project. The textiles are composed of at least 98 percent cellulose-based fibers. All added small parts may be removed easily to ensure simple identification and sorting of the recycled jeans. Only chemicals that meet the minimum standards of the ZDHC MRSL are used. Traditional processes such as galvanization, stone processing and potassium permanganate sandblasting are not used. Instead, cellulose-based fibers that are produced using regenerative, biological or interim methods are used. Moreover, the garments contain on average at least five percent recycled material (by weight).

REduce: Reduction in the Use and Waste of Resources

Organization and Responsibility

By means of the jointly developed circular economy strategy, REset Resources, the companies of Schwarz Group are pursuing ambitious targets for a future-proof circular economy. Correspondingly, we are reducing the use of resources. For example, we have set ourselves the target of reducing food waste by 50 percent by 2030 compared with the base year of 2018. To achieve this, the retail divisions consider the topic of food waste to be a cross-departmental goal. Target and measurement methods are currently under development.

The Operations department at Lidl is primarily tasked with the development and implementation of operational guidelines as well as projects and measures. At Kaufland, Sales processes this topic. Purchasing in the respective retail division provides support on topics affecting the product assortment or cooperation with suppliers of the respective retail division. Schwarz Produktion and the Kaufland meat processing plants also contribute toward reducing food waste as a sub-target of the division-specific sustainability strategy. For example, the development and implementation of measures in the production facilities are a priority. The Public Relations and Sustainability department takes on the role of monitoring progress toward achieving targets. GreenCycle GmbH, in its role as service provider, supports with the recovery process. The Schwarz Restaurantbetriebe GmbH & Co. KG also take measures to prevent food waste.

The companies of Schwarz Group are in close consultation with each other on this topic in order to jointly develop overarching strategic measures and goals. We are currently working to improve the collection of key performance indicators to achieve more accurate measurement and presentation of progress in the area of food waste.

Stakeholder Involvement

In June 2023, Lidl and Kaufland in Germany signed a "Pakt gegen Lebensmittelverschwendung" (Pact against Food Waste) together with the Federal Ministry of Food and Agriculture (BMELH), the Federal Association of German Food Retailers (BVLH), and other industry representatives in Berlin. The first report in this context was submitted in 2024. It comprises a series of verifiable agreements. One of these is a commitment to donate food still fit for consumption to charitable organizations. Furthermore, the participating industry representatives will be implementing additional measures within their markets as well as at the interfaces to suppliers and customers. The Thünen Institute will evaluate the success of the measures.

Measures and Projects

Fiber and Paper Products Made from the Silphium Plant

With its OutNature brand, PreZero develops sustainable fiber and paper products based on the silphium plant for packaging solutions in trade and industry. Silphium paper is particularly resource-efficient and can be used in a variety of ways in the food and non-food sectors. Last year, two limited edition sets with silphium gift wrapping paper were on sale at Kaufland. In addition,the packaging of six products in the Kaufland "bevola naturals" natural cosmetic range comprised 35 percent silphium. Procter & Gamble used the fibers of the silphium plant for the secondary packaging of a special edition of Ariel detergent brand.

With a share of 35 percent in paper, the fibers of the energy crop form the basis for the novel packaging. Silphium cultivation in Germany reduces transport distances and associated carbon emissions. The fibers of the plant are obtained without the use of chemicals. OutNature has succeeded in separating the plant fibers using a biothermal process. In this way, the PreZero brand is harnessing the silphium plant as a new raw material produced in Germany that represents a sustainable addition to the paper and packaging industry. OutNature is currently working on developing other raw materials as the basis for their fiber-based products in addition to the silphium plant.

Both of the retail divisions Lidl and Kaufland have introduced the innovative paper packaging for various product groups. At Kaufland, the paper packaging is used internationally for smoked

1 | Recyclability is based on the official criteria of the Zentrale Stelle Verpackungsregister (Central Agency Packaging Register): www.verpackungsregister.org

2 | Compared with own previous packaging or relevant competitor packaging

3 | For example, silphium paper, chemical recycling

salmon and "Stremel" salmon strips as well as in Germany for organic apples and the Cameo® club apples. Lidl in Germany has introduced the packaging for Bioland apples and Lidl Austria has introduced it for organic cherry tomatoes. Even products that are not produced by the companies of Schwarz Group, such as displays and outer packaging from Procter & Gamble and Kneipp lip balm, were transitioned to the new packaging.

The commitment to produce fiber and paper products made from the silphium plant is also reaping rewards publicly. As such, OutNature received Gold in the German Design Award, and the German Innovation Award back in 2022. Moreover, in 2024 Decowraps Europe, a Dutch customer of PreZero, received the Greenovation Award for its use of silphium paper packaging.

Initiatives to Prevent Food Waste

With the "Rettertüte" (rescue bag), Lidl gives fruit and vegetable products that do not look perfect on the outside a second chance by offering them at a heavily discounted price. Neither the taste nor safety of these products are compromised in any way. The aim is to create a purchasing incentive for customers by means of the reduced price. Schwarz Beschaffung GmbH achieved a 50 percent recycling content for the design of the "Rettertüte" bags. These have been used in Germany since 2022. In 2024, the "Rettertüte" bags with recycling content were being used in a total of nine countries. Moreover, in 2025, the roll-out starts at Lidl Belgium and Kaufland in Germany.

With initiatives such as "Rette mich" (rescue me) and "Ich bin noch gut" (I'm still good), Lidl in almost all national companies and Kaufland in all national companies offer high-quality, perfectly good items from all relevant product groups, such as baked goods, dairy products and sausage products from the self-service area at heavily discounted prices if they are close to their best before date or use-by date, or the packaging is soiled or slightly damaged. This also applies to the dry food assortment and frozen goods. Lidl packages baked goods from the previous day into bags and sells these at a reduced price. For fruit and vegetables, Lidl uses the "Rettertüte" bags, while Kaufland in Germany provides an IBNG (I'm still good) corner.

Furthermore, as part of their quality meat program, "Respekt fürs Tier" (respect for the animal), Kaufland Fleischwaren has a project to supplement the animal feed with old bread from the Bonback production site. The aim is to make a contribution to preventing food waste.

The largest amount of food waste occurs in private households. A note on suitable products informs consumers that they should use their own senses to assess the shelf life of food before disposing of it too soon. In this way, the retail divisions of Schwarz Group contribute to improving consumer awareness regarding the shelf life of food.

Collaboration with Charitable Organizations

[GRI 413-1]

Despite predictive quantity planning, the retail divisions occasionally have to write off food. Lidl in Germany has been working closely with the local Tafel food banks since back in 2008. The close partnership between Kaufland in Germany and the local Tafel food banks dates back more than 20 years. The stores and all of the distribution centers give goods to the Tafel food banks and other charitable organizations when the best-before date is soon approaching. Similar commitments are in place in a considerable number of other national companies in the retail divisions. In addition to the regular food donations, Kaufland also supports the Tafel food banks with further deliveries and donations. At the beginning of 2024. Kaufland in Germany donated about 30,000 euros to the Tafel food banks. In October 2024, Kaufland Fleischwaren in Germany donated sausage products worth a total of almost 34,000 euros to the Tafel food banks. In addition to working together with the Tafel food banks, Kaufland in Germany also cooperates in the food-sharing initiative at 80 locations, making leftover food available for collection.

Lidl in Germany donates 20 cents to the Tafel food banks in Germany for each "Rettertüte" sold. As a consequence, the donation sum during the reporting period amounted to more than 1.3 million euros.

In Germany, Lidl and Kaufland implement measures and recommendations to prevent and raise awareness to food waste. As part of these efforts, there are extensive campaigns in which national influencers also call on Lidl customers to reduce food waste. In October 2022, Lidl in Germany and the nonprofit organization RESTLOS GLÜCKLICH started the education project DICH RETT'ICH together. In this context, they educate primary school children from Baden-Wuerttemberg and Berlin about sustainable food consumption. In 2024, schoolchildren were trained to become food savers in 38 free of charge workshops.

Reduction of Food Waste

In restaurants operated by companies of Schwarz Group, we prevent waste by well-thought-out dishes. We separate catering waste generated in the production and processing as well as leftovers and have these processed by appropriate organic waste disposal companies. In addition, newly constructed restaurants are already equipped with and operate their own wet waste treatment systems for organic waste. We also reuse vegan waste to feed the black soldier flies as part of a test project. Residue trapped in machines and waste due to errors in the handling of raw materials are minimized by optimized processes at the production sites of Schwarz Produktion and Kaufland meat processing plants. Risk-optimized foreign body detection systems improve product safety and thereby prevent recalls and product disposal.

Lidl and Kaufland work together with companies that specialize in converting food waste into animal feed so that baked goods and fruit and vegetables that can no longer be sold may be used to feed animals. If leftover food cannot be prevented,

used for the "Rettertüte" (rescue bag), passed on to the Tafel food banks or processed into animal feed, then the retail divisions in nearly all countries largely have it processed into biogas.

REuse: Reusing

Organization and Responsibility

Reuse is another option open to the companies of Schwarz Group for conserving resources and keeping them in the loop. In particular, the retail divisions Lidl and Kaufland, Schwarz Produktion, Schwarz Beschaffung, and the environmental service provider PreZero – with its company GreenCycle GmbH – work together closely. The aim is to collectively create reusable solutions for packaging as well as for logistics, such as pallets for fruit and vegetable crates. For example, under the PreTurn brand of PreZero, intelligent multi-use pallets and pooling services are developed in cooperation with Schwarz Beschaffung GmbH. These solutions can be used to make the supply chain more efficient and sustainable.

Stakeholder Involvement

In addition to suppliers, above all customers are placing increasing focus on reusable solutions directly. Reuse and refurbish models for the non-food area complement the offer. In this respect, the companies of Schwarz Group take various approaches toward involving customers and raising their awareness, such as by providing relevant information on packaging.

Measures and Projects

Reusable Packaging

With their reusable bread bag and reusable nets for fruit & vegetables, the companies of Schwarz Group reduce the consumption of produce bags and bread bags, and thus the use of new plastic. At Lidl, reusable bread bags and reusable nets are both made of 100 % recycled material. Since 2019, the companies of Schwarz Group have introduced the reusable nets in almost every country and have been gradually rolling out the updated version since 2021. In total, the number of reusable nets for fruit & vegetables sold amounted to approximately 4.33 million pieces in the 2023 calendar year; this corresponds to an increase of 1.7 percent year on year.

Since 2022, Kaufland has introduced the reusable bread bag in Croatia, Bulgaria, Poland, Slovakia, Germany and Czechia.

Since March 2023, customers at all of the service counters at Kaufland in Germany have been able to save on primary plastic packaging by having their goods filled into the reusable container produced by the "FairCup" startup. Afterwards, the containers may be returned in the stores via the reverse vending machines.

Resource-saving technologies are also used in the area of logistics. For example, Kaufland in collaboration with Schwarz Beschaffung GmbH has been deploying its own proprietary developed foldable pallet (Kaufland-Klapp-Palette – KKP) between the distribution centers and stores for the transportation and picking of goods. The pallet offers ergonomic advantages for employees in logistics and the stores when packing and unpacking, and at the same time, it reduces the amount of pallet wrap used each year by around 20 percent thanks to its stable side walls. Moreover, options are continually being analyzed to optimize and improve the KKP. It is used by Kaufland in all countries.

Goods are commissioned on reusable load carriers in the Lidl logistics centers.

The logistics solutions offered by PreTurn GmbH, a PreZero company, also contribute to the conservation of resources. Load carriers, such as the Heilbronner half-pallet or the Neckarsulmer Euro pallet, are made of plastic and are thus considerably more stable and simultaneously lighter than conventional pallets made of wood. The PreTurn load carriers withstand considerably more turnarounds, thus reducing the need for new productions.

To reduce truck transportation, Schwarz Produktion uses its own pool of reusable, multi-use pallet cages. These cages are used to transport the bottle blanks and the screw caps. The pallet cages are not only reusable, but also foldable, making it possible for a truck to transport about three times as many empty, folded cages as filled ones. As such, about two-thirds of the truck journeys for returning the pallet cages to the plastic and recycling plants are eliminated.

Furthermore, with regard to the purchasing of food at Schwarz Restaurantbetriebe, we already ensure that the goods are delivered in reusable crates. Our aim is to offer a high proportion of fresh products and avoid outer packaging.
We have established a return-and-refill system at the counters of our ten employee restaurants in Germany. We only serve drinks in reusable cups or glasses. We also save on packaging materials for condiments such as ketchup or mayonnaise.

Recovery of Excess and "End-of-life" Non-Food Articles

In the ReValue area of GreeCycle GmbH, a PreZero company, it is ensured that unsold goods such as textiles and non-food products are channeled into worthwhile reutilization instead of disposing of them. This approach helps to reduce waste and to conserve resources. ReValue trades with excess stock and returns from Lidl and Kaufland, as well as from external customers. Thanks to careful checking in several export centers in Europe, each individual article is examined to establish its usability and sorted into different sales categories, which are then marketed beyond the saturated home markets. This special sorting makes it possible to continue marketing these goods, thus creating a sustainable solution for the goods value chain.

By means of this initiative, the companies of Schwarz Group are setting an example of sustainability and compliance with the imminent EU prohibition on the destruction of new goods within the framework of the Ecodesign Regulation. Furthermore, customers benefit from

the generation of storage capacity, which lead to savings in warehousing costs as well as the generation of revenue to limit damages. The fact that these services are in the meantime also being used by external customers underlines the commitment and pioneering role played by companies of Schwarz Group for a sustainable future.

REcollect: Access to Recyclable Materials

Organization and Responsibility

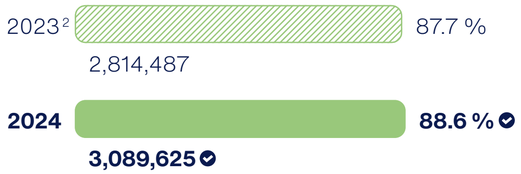
As a comprehensive ecosystem and retailer operating worldwide, we are a large distributors of packaging and products. We correspondingly have a particular responsibility. By means of our diverse, state-of-the-art collection and sorting systems, we turn waste incurred internally and externally into recyclable materials, thus ensuring coverage of raw material requirements for the whole of Europe. An example of this is our single-use bottle deposit system. Moreover, separation concepts in sales, logistics, production and the central locations also take account of our commitment to ensure access to recyclable materials.

As the internationally active environmental division of Schwarz Group, PreZero delivers a comprehensive range of services in the area of waste and recycling management – both for external customers and within the companies of Schwarz Group. As such, GreenCycle GmbH takes care of the internal waste and recycling management for Lidl and Kaufland, the administrative locations as well as for Schwarz Produktion. The environmental services focus on:

- Waste prevention
- Increasing the efficiency of raw materials handling
- The provision of resources thanks to correct separation of recyclable material accumulated internally

With around 30,000 employees at about 460 locations in Europe, PreZero combines its expertise in areas all along the value chain under one roof. These include consulting, waste disposal, sorting, processing and recycling services. With its licensing activities, the dual system (German EPR system) is the strategic link between manufacturers and disposal companies. In the area of recyclable materials, PreZero ensures that waste of various fractions is separately collected, sorted and properly processed. These pass through different recovery steps and are recycled into secondary raw materials or energetically recovered. In each of the companies of Schwarz Group, the close collaboration with PreZero is organized and anchored in different ways. For example, employees and managers receive advice and training from PreZero in the form of individually tailored workshops, training measures, information letters and sorting instructions. Contents may include current topics such as sorting concepts and changes to the law. In addition, PreZero regularly evaluates relevant KPIs and discusses them with the departments. Requirements, such as those concerning sorting and recycling rates, can vary from country to country due to the lack of uniformity of recyclable materials management at an international level. However, as a general rule, waste in stores, logistics and production should be sorted and disposed of or prepared for transport in accordance with defined specifications.

Proportion of all Waste from companies of Schwarz Group that Is Recycled, Reused, Fermented, Composted or Used as Animal Feed
Data in tons[1]



1 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

2 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to the incorporation of animal feed as a type of recycling.

Stakeholder Involvement

As part of our efforts to continuously improve the recyclability of products and packaging, the companies of Schwarz Group maintain a continuous dialog with external stakeholders. For example, in 2021, working as the initiator with a consortium of non-governmental organizations (NGOs), organizations and testing/auditing institutions (TÜV Süd, DEKRA, TU Dresden, Resourcify, Repaq, Circular Berlin, and DIN), we developed a new standard: the Zero Waste certification pursuant to DIN SPEC 91436.

Measures and Projects

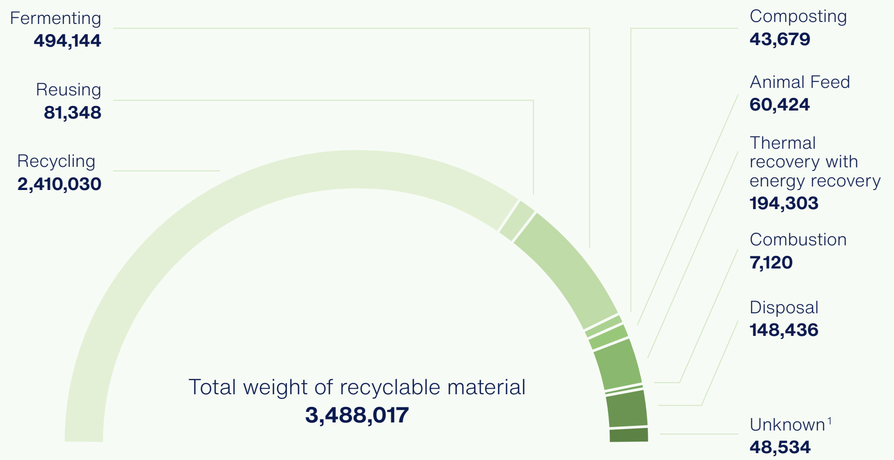
Types and Sources of Waste
[GRI 306-1]

What kinds of waste are generated where depends on the business models of the respective company of Schwarz Group. For example, in the retail divisions Lidl and Kaufland, waste from the stores and warehouses are the primary types of waste. For the production facilities, the focus is on waste emanating from food production as well as paper/cardboard/carton. Waste from the PET bottle recycling plants, such as impurities and non-recyclable components, is also among the waste generated at the production sites. In this context, we differentiate between organic waste, plastics and metals. At the central and administrative locations, waste is predominantly made up of municipal waste from the social areas.

Waste at PreZero is generated at the central and administrative locations, as well as at the recycling and production sites. It mainly consists of municipal waste, paper and other waste that is generated during plant operation. The environmental impact varies depending on the type of waste.

Generally speaking, waste is avoided or reutilized whenever possible. If this is not possible, it is recycled according to the specific national laws, and the remnants are fed into other recovery methods. At selected sites there are individual supplementary measures to reduce the volume of waste. For example, Lidl and Kaufland provide return and collection infrastructures in the form of used-clothes containers at some stores.

Recovery Types[1]
In tons (2024)



1 | The category "Unknown" is a compound category, which also includes volumes that cannot be positively assigned to the abovementioned categories.

Recyclable Materials and Waste by Type and Reuse Process [1,2]

In tons

[GRI 306-3, 306-4 and 306-5]

	FY	Recycling	Reusing	Fermenting	Composting	Animal Feed	Thermal Recovery with Energy Recovery	Combustion	Disposal	Unknown [3]	Total
Total Weight of Recyclable Material	2023	2,249,057	73,833	453,413	38,184	0	180,851	9,420	146,759	58,547	3,210,063
	2024	**2,410,030**	**81,348**	**494,144**	**43,679**	**60,424**	**194,303**	**7,120**	**148,436**	**48,534**	**3,488,017**
	Trend 2023/24	+7.2 %	+10.2 %	+9.0 %	+14.4 %	–	+7.4 %	-24.4 %	+1.1 %	-17.1 %	+8.7 %
Of which non-hazardous recyclables	2023	2,241,565	72,518	453,413	38,184	0	180,181	8,868	146,295	57,335	3,198,359
	2024	**2,401,773**	**79,827**	**494,144**	**43,679**	**60,424**	**193,373**	**6,548**	**148,054**	**48,273**	**3,476,096**
	Trend 2023/24	+7.1 %	+10.1 %	+9.0 %	+14.4 %	–	+7.3 %	-26.2 %	+1.2 %	-15.8 %	+8.7 %
Paper/cardboard/ carton	2023	1,711,159	25	0	0	0	247	0	0	7,740	1,719,171
	2024	**1,776,561**	**45**	**0**	**0**	**0**	**241**	**0**	**0**	**294**	**1,777,142**
	Trend 2023/24	+3.8 %	+84.8 %	–	–	–	-2.6 %	–	–	-96.2 %	+3.4 %
Organic waste	2023	74,387	28,933	453,413	37,779	0	1,131	5,598	7,225	13,285	621,751
	2024	**26,398**	**25,232**	**494,144**	**42,858**	**60,424**	**1,294**	**2,491**	**5,027**	**25,303**	**683,170**
	Trend 2023/24	-64.5 %	-12.8 %	+9.0 %	+13.4 %	–	+14.4 %	-55.5 %	-30.4 %	+90.5 %	+9.9 %
Residual waste	2023	0	0	0	0	0	143,120	3,078	130,519	30,835	307,551
	2024	**10,739**	**0**	**0**	**0**	**0**	**150,644**	**3,715**	**135,611**	**18,219**	**318,929**
	Trend 2023/24	–	–	–	–	–	+5.3 %	+20.7 %	+3.9 %	-40.9 %	+3.7 %
PET	2023	171,434	0	0	0	0	8	0	0	251	171,693
	2024	**214,163**	**0**	**0**	**0**	**0**	**6**	**0**	**0**	**504**	**214,672**
	Trend 2023/24	+24.9 %	–	–	–	–	-28.5 %	–	–	+100.7 %	+25.0 %
Plastics	2023	83,527	0	0	0	0	5,561	19	240	1,495	90,843
	2024	**90,855**	**0**	**0**	**0**	**0**	**4,835**	**35**	**270**	**315**	**96,310**
	Trend 2023/24	+8.8 %	–	–	–	–	-13.1 %	+83.3 %	+12.5 %	-78.9 %	+6.0 %

1 | The table only contains internally generated recyclables from the companies of Schwarz Group. Recyclables that PreZero collects from its customers and processes are not included as a general rule.

2 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

3 | The category "Unknown" is a compound category, which also includes volumes that cannot be positively assigned to the abovementioned categories.

4 | This includes for example, old paints/varnishes, household/industrial batteries, energy-saving bulbs, electrical waste, fluorescent tubes, (neon) toner, cleaning products, acids and lye, solvents, spray bottles and old fire extinguishers.

	FY	Recycling	Reusing	Fermenting	Composting	Animal Feed	Thermal Recovery with Energy Recovery	Combustion	Disposal	Unknown[3]	Total
Wood	2023	53,830	32,179	0	404	0	3,296	67	1,528	57	91,361
	2024	**56,664**	**38,902**	**0**	**821**	**0**	**7,560**	**148**	**1,624**	**46**	**105,766**
	Trend 2023/24	+5.3 %	+20.9 %	–	+103.1 %	–	+129.3 %	+120.6 %	+6.3 %	-18.3 %	+15.8 %
Scrap metal	2023	52,495	0	0	0	0	0	0	21	72	52,588
	2024	**60,759**	**0**	**0**	**0**	**0**	**0**	**0**	**10**	**24**	**60,793**
	Trend 2023/24	+15.7 %	–	–	–	–	–	–	-52.0 %	-66.2 %	+15.6 %
Glass	2023	25,316	0	0	0	0	0	0	1	17	25,335
	2024	**82,983**	**0**	**0**	**0**	**0**	**0**	**0**	**3**	**27**	**83,013**
	Trend 2023/24	+227.8 %	–	–	–	–	–	–	+165.0 %	+58.5 %	+227.7 %
Textiles	2023	209	2,914	0	0	0	18	27	6	20	3,194
	2024	**265**	**3,453**	**0**	**0**	**0**	**35**	**30**	**5**	**0**	**3,787**
	Trend 2023/24	+26.4 %	+18.5 %	–	–	–	+100.8 %	+8.0 %	-14.4 %	-98.5 %	+18.6 %
Other	2023	69,208	8,468	0	0	0	26,801	79	6,755	3,563	114,873
	2024	**82,386**	**12,195**	**0**	**0**	**0**	**28,758**	**130**	**5,504**	**3,540**	**132,513**
	Trend 2023/24	+19.0 %	+44.0 %	–	–	–	+7.3 %	+64.4 %	-18.5 %	-0.6 %	+15.4 %
Of which hazardous recyclables[4]	2023	7,492	1,315	0	0	0	670	551	464	1,212	11,704
	2024	**8,257**	**1,520**	**0**	**0**	**0**	**930**	**571**	**382**	**260**	**11,921**
	Trend 2023/24	+10.2 %	+15.6 %	–	–	–	+38.9 %	+3.6 %	-17.6 %	-78.5 %	+1.8 %

1 | The table only contains internally generated recyclables from the companies of Schwarz Group. Recyclables that PreZero collects from its customers and processes are not included as a general rule.

2 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

3 | The category "Unknown" is a compound category, which also includes volumes that cannot be positively assigned to the abovementioned categories.

4 | This includes for example, old paints/varnishes, household/industrial batteries, energy-saving bulbs, electrical waste, fluorescent tubes, (neon) toner, cleaning products, acids and lye, solvents, spray bottles and old fire extinguishers.

REcycle: Recovery Processes and the Use of Recycled Materials

Organization and Responsibility

The companies of Schwarz Group develop modern recovery processes that enable utilization of the recycled materials for sophisticated applications whenever possible. Our aim is to avoid downcycling and close recycling loops. Examples of the use of recycled materials can be found in textiles, the "Kreislaufflasche" (closed loop bottle) or very often in our packaging made of plastics or metal. To name a few examples, included here are the Cien private-label deodorant cans or all kinds of K-Classic detergents at Kaufland, whose packaging is almost entirely made from recycled material. High quality recycling and recovery processes include, for example, the use of food waste as animal feed in addition to producing fertilizer from non-avoidable food waste that is unsuitable as animal feed.

Schwarz Beschaffung GmbH together with GreenCycle GmbH – a member of the PreZero Group – are responsible for the use of recycled material in products and building materials: They work closely with Lidl and Kaufland as well as in cooperations with manufacturers and recyclers. In the retail divisions, this takes products into consideration and involves consultation with the international Purchasing departments for non-food products and with Sales. The international and national Construction departments are involved with regard to sustainable construction materials.

Measures and Projects

PET Recycling Loop

[GRI 301-3 and 306-2]

The comprehensive ecosystem of the companies of Schwarz Group allows us to cover all steps of the PET recycling loop in Germany: This ranges from the collection of deposit bottles, via sorting and recycling through to the manufacture of new PET bottles, filling and sales.

Schwarz Produktion is one of the pioneers when it comes to implementing the recycling loop for single-use PET deposit bottles in Germany. A life cycle assessment conducted by the Institute for Energy and Environmental Research Heidelberg[1] (ifeu) also confirms this: According to this assessment, the "Kreislaufflasche" (closed-loop bottle) from Schwarz Produktion is one of the most ecological bottles in comparison to other multi-use bottles commonly found on the market that were assessed.

Since 2021, all single-use PET deposit bottles produced by companies of Schwarz Produktion for Lidl and Kaufland private labels in Germany have been made of 100 percent recycled material, with the exception of the cap and the label. Every new bottle is produced entirely from old bottles and is particularly resource-friendly due to its low weight. Schwarz Produktion achieves this by investing heavily in the recycling loop, partially through in-house solutions and expertise built up over many years.

In the 2024 fiscal year, the recycled content of all single-use PET bottles brought into circulation in Europe by Schwarz Produktion was around 99.9 (2023: 98) percent. This highlights the high level of ambition of Schwarz Produktion. The proportion of recycled content considerably exceeds the requirement throughout the EU: As of 2025, this amounts to 25 percent and is set to rise to 30 percent as of 2030.

In the 2024 fiscal year, by using 100 percent recycled materials for the bodies of single-use PET bottles in Germany, we were able to save a total of almost 65,000 (2023: 62,000) tons of new plastic compared with PET bottles without recycled material. This amounts to about 109,000 tons of carbon (2023: 100,000). Together we are tackling the next goal of REset Resources: By 2030 we will be incorporating 65 percent recyclate in our private-label packaging and will increase the recycling content of our primary plastic packaging to 30 percent by 2030.

The PET recycling loop also depends on consumer commitment. By using the bottle deposit system, they provide the foundation for a functioning recycling loop. The companies of Schwarz Group are supporting the development of deposit systems for disposable bottles in all European countries in which no such systems currently exist. These systems also prevent littering. In a trial project in selected stores, Lidl and Kaufland are also accepting returns of single-use PET bottles and beverage cans from reverse vending machines in countries that do not prescribe this by law.

HDPE Recycling Loop

Thanks to state-of-the art technology, PreZero has also established a recycling loop for bottles made from high-density polyethylene (HDPE). In this context, used HDPE bottles disposed of by private households in recycling bags or containers are collected and then sent to one of the PreZero plants for lightweight packaging to be sorted by type. Afterwards, PreZero compresses the single-origin packaging into bales to optimize transportation. Then these are transported to the PreZero recycling plant in Gruenstadt for processing. This is where PreZero recycles the bales: First of all the bottles are sorted by color; afterwards they are shredded, washed and finally processed to high-quality recyclate following cleaning and re-sorting of the flakes. This can then be used for new HDPE bottles. The bottles can already be found in Lidl and Kaufland stores, e. g., for detergents and shampoos.

1 | Drescher/Kauertz 2023: The life cycle assessment of the MEG (diekreislaufflasche.de (German)) PET single-use, closed-loop bottle.

The use of recycled material in packaging
[GRI 301-3]

As a result of working closely with PreZero, the retail divisions Lidl and Kaufland already use recycled material in their packaging for a wide range of laundry, cleaning and household products, as well as shampoos and shower gels. Schwarz Beschaffung is also reducing the use of new plastic in other packaging materials. An example of this can be found in the food storage containers that are already used at the service counters at all Kaufland stores in Germany and in Czechia, which have been made of 80 percent recycled PET since July 2023. Thanks to this international rollout, it is possible to avoid use of about 900 tons of virgin plastic each year.

Plastic Reduction and the Use of Recycled Material[1]

	Unit	2023	**2024**	Trend 2023/24
Recycled Materials in Private-Label Primary Plastic Packaging				
Recycled materials content[2]	%	18.8	**19.7**	+0.9 %P
Recycled materials content laundry/cleaning/household products/cosmetics	%	16.9	**21.3**	+4.4 %P
Recycled material produced				
Recycled material produced by Schwarz Produktion	t	61,871	**64,912**	+4.9 %
Recycled material produced by PreZero	t	100,490	**114,491**	+13.9 %
Plastic reduction in private-label packaging				
Plastic use	g/€ Sales	6.1	**6.1**	-0.5 %
Development of plastic use g/€ sales (base year 2019)	%	-33.2	**-33.8**	-0.6 %P

1 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

2 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

Use of Recycled Material in Products and Stores
[GRI 301-2]

In collaboration with PreZero, Lidl and Kaufland offer promotional private-label household goods; their plastic content is made from up to 100 percent recycled material[1]. What is special about these products made of recycled material: A large proportion of the process is covered by the companies of Schwarz Group themselves. The recycled material comes from plastic packaging that is disposed of in private households and subsequently collected, sorted, cleaned and reprocessed as regranulate by PreZero. The recycled raw material is base material for the production of new household goods, such as organizers, plant pots, garden boxes, waste bins and cleaning buckets, laundry baskets, foldable boxes as well as transport and storage containers. The multiple-use plastic carrier bags at Kaufland consist of 80 percent recycled material retrieved from internal store film waste. Kaufland also offers five different recycling sandbox toys as promotional items. PreZero and Kaufland have developed a Bobby Car in cooperation with toy manufacturer BIG. The body of the Bobby Car is made from over 70 percent post-consumer recycled plastic. The limited special edition called "Recycling-Helden" (Recycling Hero) was on sale in all Kaufland stores in Germany in March 2024.

The companies of Schwarz Group will continue to extend the range of recycled products in future too. In addition to recycled plastics, PreZero also provides other packaging materials as secondary material. As such, PreZero Pyral GmbH supplies Lidl and Kaufland with aerosol cans made of recycled aluminum out of post-consumer material.

Both retail divisions Lidl and Kaufland are also rethinking their roller and hand-held baskets: With immediate effect, hand-held baskets will consist of 75 percent recycled material, roller baskets of 80 percent recycled material and the XXL roller baskets of 87 percent recycled material. Shopping baskets already in circulation are being replaced gradually so that baskets that are still in good condition are used for as long as possible. This measure minimizes resource consumption. Across all countries, the two retail divisions anticipate a saving of about 390 tons of new plastic per year as a result of the changeover to the hand-held and roller baskets made from recycled material. The recycled material used is post-consumer recycled material. It is produced from used packaging that is disposed of in the recycling waste bags of private households, primarily in Germany. To achieve this, PreZero collects the plastic waste, cleans it and processes it into regranulate. The entire recycling and manufacturing process takes place in Europe and is particularly sustainable thanks to the short transport routes involved. In addition to the new shopping baskets, crash rails made from 100 percent recycled material are being used to protect the walls of Lidl and Kaufland stores from strong impacts from shopping carts. By switching to the recycled crash rails from PreZero, Lidl and Kaufland were able to save 489 tons of new plastic across all countries in 2024.

In addition, Lidl uses recycled plastic film on the roofs of its stores. For this purpose, PCR film waste from Lidl stores and logistics centers is collected, processed at a recycling plant in Upper Austria and then made into roof sheeting. The sheeting in turn is used in all Lidl countries to make buildings leak-proof. The roof sheeting is made from 60 percent recycled material, resulting in savings of approximately 348 tons of new plastic in 2024.

Other individual fixtures and fittings and parts of store equipment, such as the dividers used on checkout conveyor belts and cut flower buckets, are made entirely or partially out of recycled plastic too. For example, the goods dividers for the checkouts which were developed in a cooperation between PreZero, Schwarz Beschaffung and Sales departments of the respective retail division are made of 100 percent recycled plastic. The advantages: around 14 tons of new material saved in the 2022 fiscal year, 15 tons in the 2023 fiscal year as well as more cost-effective production and about 20 tons of new material saved in fiscal year 2024.

In the context of the official partnership with UEFA EURO 2024™, Lidl developed a training kit together with PreZero, which was made from materials recycled from the EURO 2024. In the course of an idea competition, soccer clubs were able to share their ideas on the topic of sustainability and participate in a prize draw for the training kits.

Materials Used by Weight and Volume
In tons[2]
[GRI 301-1]

	2023	**2024**	Trend 2023/24
Total promotional materials	387,036	**376,015**	-2.8 %
from fresh fibers[3]	129,306	**64,139**	-50.4 %
from recycled fibers[3]	257,730	**311,876**	+21.0 %
Total printing paper	3,093	**3,720**	+20.3 %
from fresh fibers[3]	1,163	**1,173**	+0.8 %
from recycled fibers[3]	1,930	**2,547**	+32.0 %

In FY 24 we were able to reduce printed advertising material made of virgin fibers by about 50 percent year on year.

1 | By "recycled materials", we mean 100 percent PCR (Post-Consumer Recycled Materials, i. e., recycled plastic from household waste), coloring (color pigment) and filler for the referenced product category.

2 | The figures shown for 2023 relate to the calendar year and for 2024 to the financial year.

3 | For consumables made from paper, there is a differentiation between fresh-fiber and recycled paper types. If the consumables are made from both fresh fibers and recycled fibers, the larger proportion is key to assigning a paper type.

Food Waste as a Basis for Insect Protein

PreZero would like to process non-avoidable food waste from retail stores into insect protein. In this context, the company is researching ways that the larvae of the black soldier fly can be used on an industrial scale to upcycle food waste and thus reintroduce the nutrients back into the food chain. The larvae break down the organic waste, rendering the nutrients that it contains reusable. Due to the high protein content and fat content of the larvae, they are processed into protein meal and insect oil and can then be used in aquaculture production or as other animal feed. In relation to one editable kilogram, insects need only half the amount of feed in comparison to chickens. That equates to a quarter of the feed for pigs and up to twelve times less than that for cattle – as such, the biotechnical process could potentially achieve considerable savings in resources and emissions. The insect oil can also replace palm oil, fish oil or rapeseed oil. As such, residual material can be turned into recyclable materials again. An insect refinery in Buchen in the German state of Baden-Wuerttemberg is planned as of 2026 for the continued industrial development of the project.

Social

We put people at the heart of what we do



photo of a near futuristic multi cultural suburban location in the near future with lots of green and a few smaller stylish houses. In the focus is a table with four diverse looking people of different color and ages talking with each other eating salad. in the background we see young people playing soccer. ideal society. very modern. a bit futuristic. the people eat healthy food. natural light, beautiful day, ultra-realistic textures, 8K, sharp focus, photojournalistic style --ar 16:9

Responsible Employer

Strategic Approach

Priority Topics

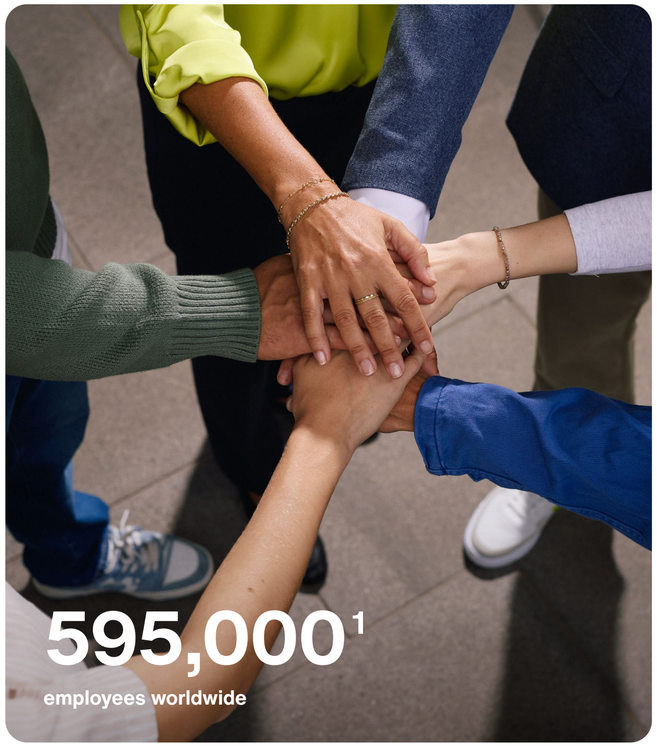
The employees of each company of Schwarz Group are key to the long-term corporate success. We are responsible employers, offering a place of work where people are at the heart of what we do, and a work-life balance is supported as best as possible. In order to protect and actively promote the health of our employees, we offer a variety of preventive health care options and ensure a safe working environment.

We focus on the following aspects in particular:

- **Diversity, equity & belonging:** Our aim is to create a motivating working environment characterized by diversity and equal opportunities. We believe that different backgrounds, perspectives and experiences enrich our work.
- **Working conditions:** We ensure attractive working conditions and develop flexible working models to improve the work-life balance. We also focus on offering a fair, competitive wage. We invest in needs-based training and offer tailored training opportunities. The companies of Schwarz Group outline development perspectives to their employees and place value on structured talent management as well as a thriving feedback culture.
- **Empowerment:** We raise awareness of sustainability topics among employees through various initiatives and campaigns.

1 | These employee figures relate to the annual report and also include employees on long-term leave as well as employees on maternity leave.

2 | This KPI refers to the annual financial statement.



Employees from
173
countries

Staff turnover decreased by
1.3
percentage point

About
100
managers in the joint CR community



Principles, Policies and Obligations

[GRI 2-30, 403-2, 403-3 and 407-1]

Corporate Principles, Values and Management Guidelines

The position of the companies of Schwarz Group is based upon a jointly adopted corporate philosophy that puts people at the heart of everything we do. Every employee has the same opportunities to develop themselves personally and professionally. In the companies of Schwarz Group, a holistic approach to diversity and equal opportunities strengthens employee loyalty to the respective company and boosts the performance of the teams. We promote a management culture that relies on working together and motivates employees. We encourage our employees to contribute their diverse range of skills and perspectives, knowledge, creativity, and experiences as part of their roles.

In the jointly developed values of Schwarz Group, we have defined respect as being a central pillar. By respect we mean open, appreciative and fair behavior that promotes diversity. To support their implementation but also to emphasize the importance of respectful leadership, the management guidelines in all divisions incorporate the aspects of respect and diversity. Lidl Stiftung & Co. KG, Kaufland in Germany, Kaufland Slovakia, Kaufland Poland and Kaufland Romania/Moldavia as well as Schwarz Corporate Solutions also signed the Diversity Charter – a voluntary corporate agreement to promote diversity.

Principles for the Implementation of Diversity, Equity and Belonging

When it comes to implementing diversity, equity and belonging (DE&B), the companies of Schwarz Group are guided by the principles that influence our day-to-day work. We do not tolerate any form of discrimination. In Germany we act in accordance with the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – AGG), including the establishment of complaints offices for employees. To continuously develop DE&B, we involve the entire workforce in different measures and facilitate exchange on various topics. We also integrate DE&B in jointly developed internal empowerment and development formats. Furthermore, we communicate individual measures taken as part of our jointly developed sustainability strategy transparently outside the group too. When shaping career opportunities, the companies of Schwarz Group also focus on the topic of equal opportunities and use recognized selection tools and objective selection criteria when making personnel decisions and supporting talent development.

We offer employees a modern work environment in their respective company that meets the diverse requirements of our workforce. Together, we are constantly developing key elements such as working time models, the work environment and occupational health management to ensure that working conditions are adapted to the needs of employees. As well as offering the best-possible working conditions, our remuneration systems ensure fair pay across all divisions and organizational units. We make our decisions based on data and promote internal transparency within each company by using a defined set of key performance indicators. The available data and external benchmarks help us to identify where action is required and ensure that we reach our organizational targets.

Compliance with Legal Requirements

Attractive pay, and in particular complying with the principle of equality with regard to wages, is also essential for all companies of Schwarz Group. We comply with the statutory regulations relating to the transparency of pay in the respective counties. In this context, every employee of the companies of Schwarz Group is able to obtain information on remuneration-related topics.

All employees have the right to form representative bodies and engage in employee coalitions (e. g., trade unions). Employees are permitted to form representative bodies depending on the location, in accordance with the applicable national regulations. It is important to all companies of Schwarz Group that we maintain a trusting, fair and ongoing relationship with the selected employee representatives. Employee representative bodies participate in accordance with the national regulations of the respective country. We also support collective bargaining and adhere to the agreements. We comply with the obligations set out in collective agreements just as strictly as we do our legal obligations and intra-company agreements – such as works agreements with works councils in Germany.

Collective Bargaining Agreements
Proportion of employees to whom collective agreements apply[1]



Furthermore, pursuant to the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG), we are required to identify human rights and environmental risks within our respective areas of business in addition to an annual risk analysis of our supply chain. Moreover, all divisions make complaints mechanisms available, which are open to both employees and external third parties. As such, the divisions can respond to potential risks on an ad hoc basis that may arise from tips received. Binding internal regulations in each company set out to ensure that whistleblowers do not suffer any disadvantages or punishment as a result of submitting a tip.

1 | The percentage of both tariff and non-tariff employees covered by a collective bargaining agreement is recorded.

Impacts

All companies of Schwarz Group consider their employees to be a decisive factor for long-term success. As attractive employers, we are working hard to combat the shortage of skilled workers, and attract and retain talented employees.
A shortage of qualified and motivated workers may lead to bottlenecks in individual departments and also have a negative effect on our competitive ability in addition to productivity losses. Forward-looking human resources development is therefore a key factor for us, enabling us to position ourselves as attractive employers for employees and on the job market. Given the challenges such as the current shortage of skilled workers and demographic change, needs-based training and development are also important in order to recruit and retain qualified employees.
Holistic employee development also has a positive effect on the reputation as an employer and strengthens the future viability of the companies.
Lidl, Kaufland, Schwarz Produktion and PreZero are regularly awarded the "Top Employer" seal by the Top Employers Institute.

Targets, KPIs and Target Attainment

Target	KPI/Measurement	Status	Target Attainment	Page(s)
Our goal by 2030: We regularly update all our respective employees on our sustainability commitment and implement target-group-specific empowerment measures to build on this.	1. Development of results of the employee sustainability survey 2. Semiannual, standardized tracking of measures, incl. level of implementation		Being implemented	88
Our goal by 2030: We will empower our respective management to consistently implement sustainability in their area of responsibility.			Being implemented	102

The companies of Schwarz Group have set themselves the goal of informing all employees about their sustainability commitment and conducting target-group specific empowerment measures. We measure target attainment by means of a regular anonymous employee survey. The first of these surveys were conducted at Kaufland, Schwarz Produktion and Schwarz Corporate Solutions (formerly Schwarz Dienstleistungen) at the end of the 2022 fiscal year; the survey took place at Lidl in 2023.

Lidl, Kaufland and Schwarz Corporate Solutions repeated the survey in 2024. All companies of Schwarz Group will participate in the survey in 2025. For example, the results at Lidl showed that the employees still consider themselves to be well-informed on the sustainability activities. However, they would like to find out even more about how they can make a contribution to sustainability at Lidl during day-to-day business as well as get involved personally.

Some national companies set their own goals and focal points for the welfare of their employees.

Employer Awards Lidl

Europe



Belgium



Bulgaria



Denmark



Germany



Estonia



Finland



France



Greece



Ireland



Italy



Croatia



Latvia



Lithuania



Luxembourg



Malta



Netherlands



Austria



Poland



Portugal



Romania



Sweden



Switzerland



Serbia



Slovakia



Slovenia



Spain



Czechia



Hungary



USA



United Kingdom



Cyprus



Employer Awards Kaufland

Europe



Bulgaria



Germany



Croatia



Moldova



Poland



Romania



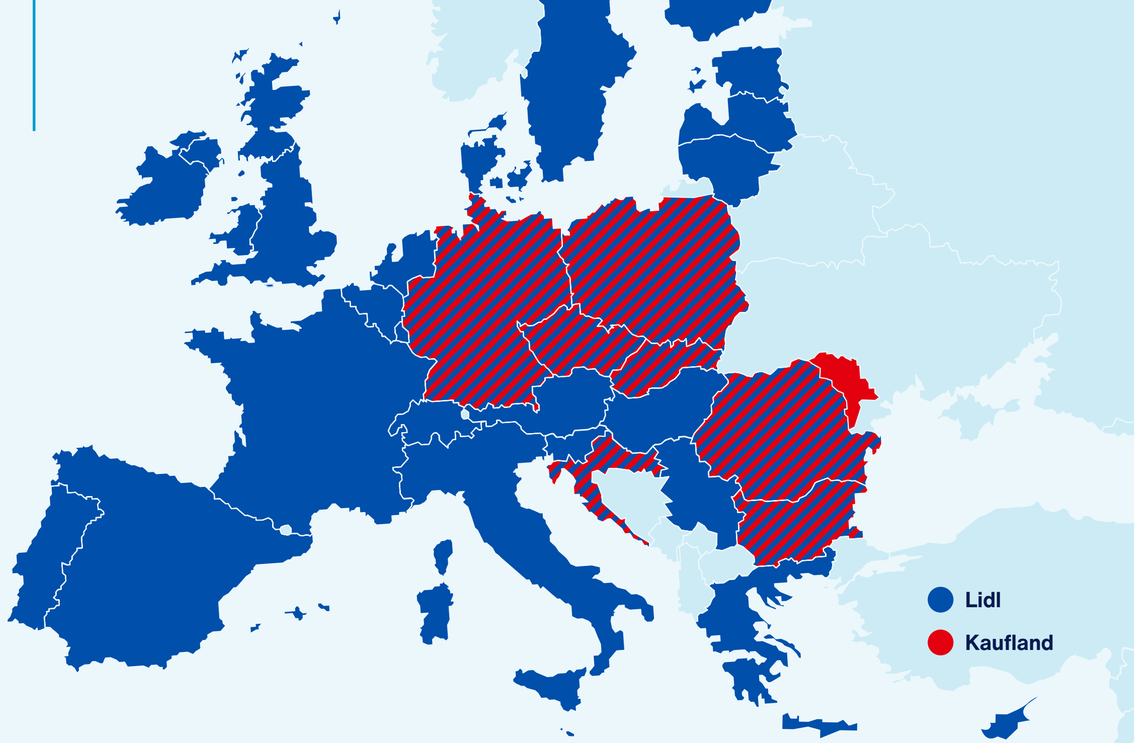
Slovakia



Czechia

Employer Awards





100 %
of the Lidl countries acclaimed

100 %
of the Kaufland countries acclaimed

Responsible Employer

Management Approaches

Diversity, Equity & Belonging

Organization and Responsibility

As an international corporate group, the companies of Schwarz Group employ people from diverse backgrounds. We offer our employees a respectful working environment – regardless of their age, ethnic background and nationality, their gender or gender identity, their physical and mental capabilities, their religion or world view, their sexual orientation, or their social background.

The companies of Schwarz Group consider topics such as diversity and equal opportunities throughout central HR processes – from recruitment, onboarding and retention to offboarding. Every company constantly assesses the status quo; they identify any potential areas for improvement and initiate strategic focus areas.

By means of group-wide exchange among experts, we constantly scrutinize jointly defined strategic guidelines. We adjust these as needed and discuss best practice examples.

Just how important diversity and equal opportunities are to the companies of Schwarz Group is clearly reflected by the organizational integration. At Lidl, the Culture & Engagement INT department in the HR business unit of Lidl Stiftung & Co. KG coordinated the topic during the reporting year. At Kaufland, PreZero and Schwarz

Employee Diversity

According to employee categories in FY 2024[1-4]
[GRI 405-1]

	Employees without management role		Management		Senior Management		Top Management		Total	
	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion	Number	Proportion
Total workforce	538,402	93.2 %	37,989	6.6 %	782	0.1 %	354	0.1 %	577,527	100.0 %
By age										
Age group < 30 years old	164,626	30.6 %	3,918	10.3 %	2	0.3 %	0	0.0 %	168,546	29.2 %
Age group 30–50 years	272,878	50.7 %	29,051	76.5 %	597	76.3 %	256	72.3 %	302,782	52.4 %
Age group > 50 years old	100,219	18.6 %	5,020	13.2 %	183	23.4 %	98	27.7 %	105,520	18.3 %
By gender										
Female	337,358	62.7 %	15,983	42.1 %	129	16.5 %	58	16.4 %	353,528	61.2 %
Male	200,145	37.2 %	22,141	58.3 %	653	83.5 %	296	83.6 %	223,235	38.7 %
Diverse	90	0.0 %	0	0.0 %	0	0.0 %	0	0.0 %	90	0.0 %

1 | To ensure controlling relevance, the employee definition used in internal management reports is used as the basis for the collection and reporting of all specified figures here rather than the definition provided in the annual financial statement. This includes full-time/part-time employees, employees in marginal employment, apprentices, dual students, trainees, employees on postings from abroad, employees on sabbatical and part-time retirees in their active phase temporary staff like e. g., working students, interns, diploma students, and temporary staff (provided that working hours have been undertaken during the reporting period). Since FY 24, employees on long-term leave and employees on maternity leave are excluded by Lidl in the employee definition, similar to the other divisions.

2 | Employee categories are defined according to our joint understanding as follows: Top Management = Management Level I – II, Senior Management = Management Level III, Management = Managers from Management Level IV – VI excluding deputies/no specialist level, employees without management role = other employees.

3 | Not all companies in the individual divisions are able to provide a full set of HR data. The total of the detailed employment figures therefore does not correspond to the total number of employees.

4 | All employee figures in the table refer to the head count.

Corporate Solutions, this is the direct responsibility of the Chief HR Officer of the respective company. The corresponding HR department is in charge of operational implementation in cooperation with managers. At national level, responsibility for the topic lies with the individual national Chief Executive Officer and HR director. The basic coordination is carried out by the international HR departments. The national companies implement the framework conditions and – where applicable – additional country-specific measures in line with defined focus areas. They collect key performance indicators to enable them to manage and evaluate the measures relating to diversity and equal opportunities. At Schwarz Produktion, the Management Boards, the HR departments and managers are responsible for diversity.
At Schwarz Digits, the Schwarz IT HR department duly processes the topic of diversity at the behalf of the entire Schwarz Digits division at the moment.

Stakeholder Involvement

[GRI 406-1]

Our employees are our most important stakeholders when it comes to DE&B. Besides the managers, this basically includes the relevant HR departments and – where applicable in accordance with national regulations and local conditions – the employee representative bodies too: For example, depending on the location, at Lidl, Kaufland, PreZero, and Schwarz Produktion as well as in parts of Schwarz Corporate Solutions and Schwarz Digits. There are also designated employee relations consultants in most of the companies of Schwarz Group, who act as neutral and independent contact persons. The employee relations consultants are available to assist all employees and managers with any questions and concerns they may have about HR topics, such as diversity and equal opportunities, conflicts as well as personal problems that affect work.
All employees can report information about potential discrimination cases via the official reporting channels of the divisions. Kaufland employees in Germany can also submit complaints and express criticism via the internal "K Stimme" portal.

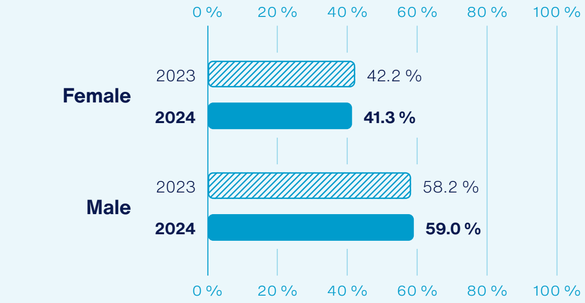
We also support diversity and equal opportunities publicly. In pursuit of the goal of promoting women in particular in management positions, Lidl has been a partner of the international network Leading Executives Advancing Diversity (LEAD) since 2020. This network is committed to promoting diversity and increasing the proportion of women in management positions in retail and in the consumer goods industry. Lidl emphasized its commitment to this issue by signing the United Nations Women's Empowerment Principles (WEP).
This initiative systematically backs and supports women in companies. Pursuant to the values-based management culture, we are mindful of gender equality.

As a matter of principle, the path to a management position is open to all employees at the companies of Schwarz Group. The 2024 fiscal year ended with 41.3 percent of management positions occupied by women in the companies of Schwarz Group (previous year 42.2 %). The value is therefore slightly under that of the previous year. At Kaufland female managers account for more than half of the management positions across all countries.

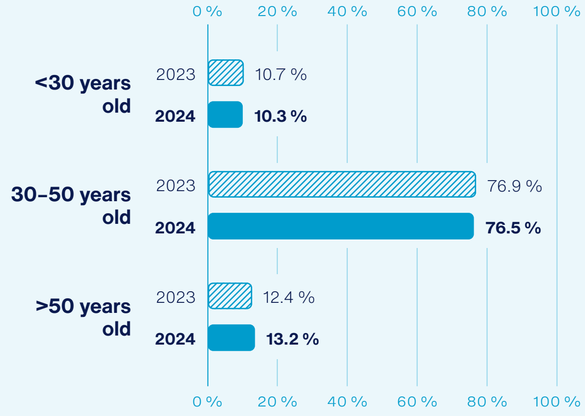
Diversity in Management Bodies

Proportion by gender

[GRI 405-1]



Proportion by age group



Measures and Projects

[GRI 2-23 and 404-2]

Diversity, Equity & Belonging

The companies of Schwarz Group constantly make managers and employees in the HR departments aware of important aspects and changes in relation to diversity and equal opportunities in order to comply with internal and statutory obligations. Lidl, Kaufland, Schwarz Digits and Schwarz Corporate Solutions offer needs-based, intercultural training courses to promote internationality and cultural understanding of specific groups of people. This can be required in the context of a new country opening, foreign assignments or in the event of job rotation. At Lidl and Schwarz Corporate Solutions, this also applies to trainees.

In addition, Lidl offers e-learning courses on culture, diversity, and inclusion for managers and office employees, along with one on HR compliance that is just for managers. The countries can decide for themselves which target groups should complete the e-learning courses and whether participation is mandatory. Lidl constantly devises individually tailored employee training courses on culture, leadership and diversity. These topics were also integrated into the international development programs so that all vice presidents and members of the executive boards can be trained on them. In this context, it must be constantly ensured that there is a close link to the new corporate values, which were rolled out in 2024. In terms of a standard for working together, Lidl in Germany introduced the guiding principle "Miteinander bei Lidl" (Working together at Lidl) in 2023. It fortifies respectful, appreciative collaboration and forbids all forms of discrimination. At Schwarz Corporate Solutions, training courses on diversity and inclusion are also being planned.

Kaufland has revised existing employee training courses and extended them to include modules on related topics. Here too, managers and employees are trained on the topics of diversity, value-oriented leadership and diversity in mandatory e-learning courses as well as through specific training opportunities and development programs at all management levels.

PreZero also focuses on raising the awareness of managers; for instance, PreZero Sweden trains its managers on the topic of diversity. Schwarz Produktion is also actively committed to the equal treatment of all employees of its companies. Its aim is to remove barriers, reduce prejudices and build bridges in order to take full advantage of the potential of employee diversity. To this end, Schwarz Produktion is implementing a campaign against discrimination lasting over several years.

Aiming to curb common gender stereotypes right from the moment young people begin to think about their career, the companies of Schwarz Group have been supporting the "#empowerGirl" internship initiative since 2024. The aim of this initiative is to get girls interested in a career in STEM. Similarly, all companies of Schwarz Group in Germany made division-specific offers to mark Girls' Day and Boys' Day.

New Hires

[GRI 401-1]

	2023		2024	
	Number	Proportion	**Number**	**Proportion**
Total new employees hired[1]	151,606	100 %	**185,453**	**100 %**
By age				
Age group < 30 years old	94,189	62.1 %	**114,411**	**61.7 %**
Age group 30 to 50 years old	48,228	31.8 %	**60,218**	**32.5 %**
Age group > 50 years old	9,189	6.1 %	**10,824**	**5.8 %**
By gender				
Female	80,964	53.4 %	**99,204**	**62.7 %**
Male	70,621	46.6 %	**86,134**	**37.3 %**
Diverse	21	0.0 %	**115**	**0.0 %**
By region				
Germany	46,058	30.4 %	**51,511**	**27.8 %**
International	105,548	69.4 %	**133,942**	**72.2 %**

1 | All new hires in the companies of Schwarz Group are included in the relevant FY, irrespective of whether the employees are hired on a fixed-term contract (start date). All employee figures in the table refer to the head count.

Attractive Working Conditions

Organization and Responsibility

[GRI 403-4, 404-2 and 404-3]

At the companies of Schwarz Group, the individual aspects of working conditions are regulated individually by the divisions and implemented organizationally on a division-specific basis. At Lidl, the Chief HR Officer is generally responsible. The Total Rewards department of Lidl Stiftung & Co. KG is responsible for remuneration, while the Culture & Engagement department of Lidl Stiftung & Co. KG is responsible for working models. At Kaufland, overall responsibility for remuneration lies with the Chief HR Officer of Kaufland Stiftung & Co. KG, while the individual departments are responsible for working time models.

Responsibility for occupational health and safety and promoting the health of employees is extensively regulated in the companies of Schwarz Group. The processes are defined in IT-based business process management. From employees to managers, every individual is responsible for compliance with and implementation of the relevant requirements. In accordance with country-specific laws and regulations, the companies of Schwarz Group have set up occupational health and safety committees, with the composition of these committees defined according to the applicable national laws. All committees hold an advisory and coordinating function in matters of occupational health and safety pursuant to the statutory regulations. The companies of Schwarz Group appoint officers for occupational health and safety in accordance with national and site-specific legal requirements.

Our respective internal employee relations consultants and occupational health management employees act as neutral counselors for employees to talk to about sensitive subjects and also serve as important contact persons for health-related issues. Furthermore, employee representatives, such as workers' councils in Germany, are also important contact persons for sensitive topics.

The development and implementation of training and development concepts is also reflected in the organizational structure. The subject is managed in a decentralized manner in all of the companies of Schwarz Group by the respective HR department. Responsibility for the further development and training of individual employees lies primarily with the respective manager and the employees themselves. With the current and future tasks of the specific employee in mind, the manager and employee agree on which specific further training is required and what training measures are appropriate. The relevant responsibilities of managers are clearly defined in this context. For example, at Lidl and Kaufland, the HR departments in the countries and at the regional distribution centers support managers and departments with targeted processes, programs and seminars. At the two divisions, the countries receive additional, central support from the Talent Management department. For the purposes of sustainable talent management, individual development plans are created in cooperation with employees as part of this approach. This same approach is taken at Schwarz Corporate Solutions as part of a systematic process with the support of the HR departments.

A clear, transparent assessment system ensures that the evaluation of performance is fair. As part of the annual talent management process, employees receive feedback on their performance over the preceding twelve months. Depending on whether it is required or not, a development plan for the year ahead may also be defined. The aim of this process is to identify talent from within the company's ranks, highlight career opportunities and create transparent career paths.

Stakeholder Involvement

Employees are the most important stakeholder group when it comes to our working conditions. Their opinion matters to us and informs our HR work. We use various exchange and feedback formats – such as our annual employee survey – to regularly assess employee satisfaction.

In terms of further education and training as well as empowerment concepts, our own employees and managers are the central stakeholder groups. What is more, the companies of Schwarz Group also engage in dialog with external partners and institutions. For entry-level programs, for example, this includes chambers of commerce and industry as well as vocational schools and cooperative universities. Across divisions, we also collaborate with schools and universities and continuously work with the German Federal Employment Agency, in particular regarding the employment of third-country nationals.

Measures and Projects

Entry-level Programs and Training

[GRI 404-2]

To offer students an attractive way into the group, all divisions provide the opportunity to complete a work-study degree program, in some cases supplemented with programs for external students. The number and type of degree courses vary depending on need and, at Lidl and Kaufland, also depending on the availability of a corresponding system in a particular country. All divisions offer over 20 degree courses in total. There is a particular focus on Germany though. At Lidl, corresponding courses have been established in a total of four countries. Since the 2023 academic year, our students in Germany have also been able to choose the sustainability focus in the "Business Administration – Food Management" degree course and the Baden-Wuerttemberg Cooperative State University has also been offering a new course, "Business Administration – Technical Management: Recyclables Management and Recycling".

In general, all trainees and students receive a lot of support at the companies of Schwarz Group and, in some cases, are also given the opportunity to attend in-house training, for example at the company's training workshops. The comprehensive exam preparation and the relevant responsibilities can therefore be defined on a division and country-specific basis. In the 2023 training year, new "blended learning" formats were incorporated, which use modern, future-oriented forms of learning. In the training workshops of the Schwarz Digits division, trainees and high

school graduates on the Turbo IT program link their theoretical knowledge to practical examples, experiment and assume responsibility in IT projects for the first time.

To ensure a high level of training quality, all divisions have measures in place to empower the training coordinators and specialist supervisors. One such example is the Schwarz Corporate Solutions' modular training program, which includes a cross-divisional networking event. The program covers topics such as problem-solving skills as the key to success, resilience training, and tips and tricks for sustainable learning success.

During the reporting year, career starters on apprenticeships and degree courses were able to partake in different offers, such as resilience workshops and a health day. A cross-divisional networking meeting for career starters of the central administration companies also took place at the experimenta Science Center. Students were also able to participants in a two-day event entitled "Schwarz Gruppe erleben!" (Life at Schwarz Group) – complete with keynote speeches and interactive workshops.

Like all other employees, trainees and students may also contact their responsible HR department, works council (where available), or the designated training and development managers or employee relations consultants with queries or complaints at any time. Some locations at Kaufland in Germany, PreZero Germany, Schwarz Produktion and Schwarz Digits also have their own youth and trainee representatives.

In 2024, PreZero Stiftung & CO. KG, Schwarz Digits KG and Schwarz Corporate Solutions KG were awarded the "Dualis" seal by the ICC Heilbronn-Franken. The seal certifies above-average training quality.

Onboarding and Further Training

New employees also receive in-depth onboarding at the companies of Schwarz Group. For employees starting work at administrative locations, this sometimes includes the opportunity to gain practical insights, such as into Lidl or Kaufland store operations. At PreZero, insights into operational business include collection, sorting and the recycling of materials. Store employees also receive structured onboarding measures designed to prepare them for their role.

At the companies of Schwarz Group, the various training and development opportunities on offer are tailored to each individual. We therefore offer an extensive training program for all employees in all companies in order to accommodate individual requirements and support the entire workforce. In addition to in-person events, Lidl, Kaufland, Schwarz Produktion and Schwarz Corporate Solutions also offer e-learning concepts for their employees, covering topics such as communication and leadership. Schwarz Digits is also committed to the targeted training and development of its employees. Its own People, Organisation & Projects department develops and offers both traditional and AI-supported learning formats on IT topics relevant to competition. Employees have access to a wide-ranging portfolio of training courses via the Data & AI Academy.

As part of comprehensive training, some companies of Schwarz Group offer job rotation programs. Over the course of this process, employees take over a role with specialist responsibility or management responsibility for a period of up to two years. They gain specific experience in different companies or departments in the process of this. Lidl also offers the job rotation program on an international level, allowing employees to work in another Lidl country for a set period of time and expand their professional, personal and cultural horizons.

Feedback and Development

Management in the companies of Schwarz Group is based on our values: performance, respect, trust, grounded and belonging. These values guide our actions and are the foundation upon which we create a culture together every day that puts people at the center, promotes innovation and brings sustainable success. It is the task of every manager to consistently align their own actions with our values and to make the values tangible for our employees. We are ambassadors and role models – in everything we do and in the way that we do it.

At Lidl in Germany, all managers conducted values factory events in their teams in 2024. During these workshops, the teams exchanged thoughts on our values, reflected on their own viewpoint and defined measures to instill even more life into the values during day-to-day business, and render the values tangible for everyone.

During the reporting year, uniform, group-wide management feedback was developed for all companies of Schwarz Group for the first time. This gives management the opportunity to receive transparent feedback from their employees on their management style. The feedback is based on the leadership principles and comprises 20 questions. It is conducted together with an external service provider and was piloted in 2024 by Schwarz Corporate Solutions. In 2025, the feedback will be conducted in other companies of Schwarz Group in all countries.

The companies of Schwarz Group place importance on structured talent management for all employees and outline development perspectives in this way. Through its annual talent management process, Kaufland aims to make the talents and skills of the employees transparent. A central element is the employee meeting, in which employees receive feedback from their manager and define a development plan together. Lidl has also developed an annual development dialog, which provides scope for feedback and offers further development perspectives.

Similarly, Schwarz Produktion facilitates intensive exchange between employee and manager during the annual employee meetings, thus creating a platform for mutual feedback. The beginning of 2024 saw the start of the follow-up process to the employee survey conducted in October 2023. Furthermore, numerous workshops took place to derive improvement measures together (more information on the employee survey in the Governance chapter).

An key element of talent management is the development of managers. The companies of Schwarz Group promote this development toward management levels by means of corresponding offers. For example, Kaufland teaches management about its corporate values and management tools using a modular training program. In this way, the division promotes a holistic understanding of the new role. There are development programs for all levels – from junior managers to the Executive Board.

Lidl also has standardized development programs. To prepare for the next level, specific development programs are conducted for the target levels of deputy store manager, store manager and group manager. The division has implemented a process spanning all countries and all levels to further develop suitable employees to become team managers, senior managers or vice presidents. In the course of several seminar series, potential managers are trained on topics such as targeted communication and leadership. Development potential and individual measures are derived from development days.

At Schwarz Corporate Solutions and Schwarz Digits, new managers complete the "Fit für Führung" (Fit for Management) management program during their first year in management. This program runs alongside their day-to-day duties and combines practical workshops with training sessions. Schwarz Produktion also has various opportunities for managers, designed to help them train for the role and support them in the execution of their new duties. Schwarz Produktion has established the Basic, Advanced and Professional development programs pinpointing at what stage employees are at in the development journey, and containing training modules and coaching aimed at preparing suitable employees for management roles. Alongside the international development center, PreZero uses an international modular management development program to support the development of its managers, including at Executive Board level. PreZero countries also have separate development programs for managers in addition to these international options, such as the Leadership Academy in Spain. To complement standardized programs, there are numerous individual measures for targeted development of managers, such as coaching.

Occupational Health and Safety

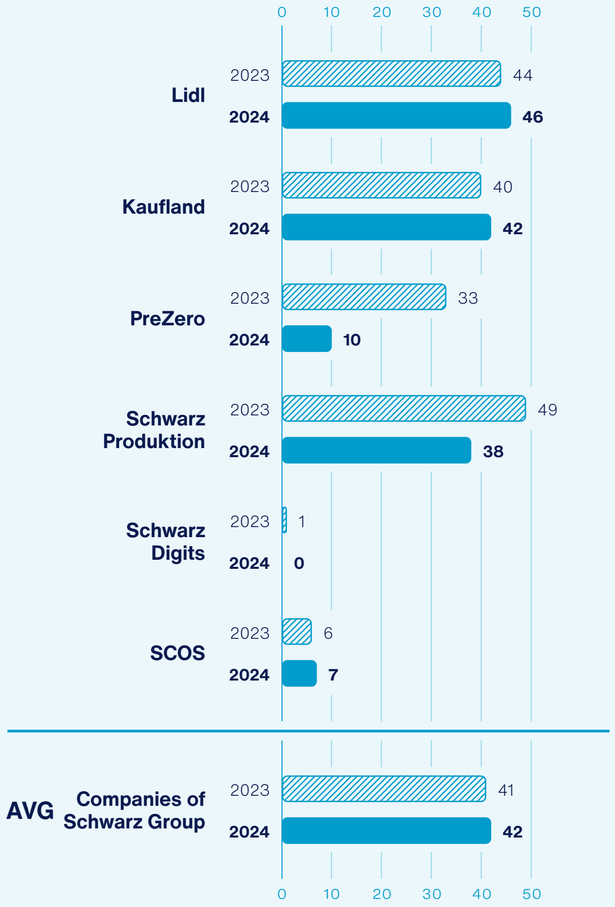
[GRI 403-1, 403-2, 403-3, 403-5, 403-7 and 404-2]

The physical, mental and social health of our employees is a top priority at the companies of Schwarz Group. Lidl, Kaufland, PreZero, Schwarz Produktion and Schwarz Corporate Solutions have continued to expand and strengthen their occupational safety measures during the reporting period. Almost all of the companies of Schwarz Group have defined all of the processes related to occupational health and safety in an IT-based business process management system and in the ARIS software. These processes are closely aligned with the requirements for occupational health and safety management systems as defined in ISO 45001. The occupational health and safety management system of the Kaufland meat processing plants has been subject to assessments by the employers' liability insurance association "Nahrungsmittel und Gastgewerbe" (Food and Catering) for years and has been awarded the

Number of Work Accidents

Work accidents per 1,000 full-time employees

[GRI 403]



"Sicher mit System" (safe with a system) seal. In November 2024, the occupational health and safety processes of Schwarz Immobilien Service were awarded the quality seal "AMS-Arbeitsschutz mit System" (occupational health and safety management with a system) by the administration employers' liability insurance association. In addition, the Kaufland stores and logistics centers in Croatia are certified pursuant to ISO 45001. At Lidl, this is the case in Ireland and Northern Ireland.

Schwarz Produktion production facilities use an IT-based tool for the management of environment, health and safety (EHS) aspects. This tool enables all documentation such as risk assessments, operating instructions, and registers of hazardous materials to be created, updated, and made available to all production facilities in digital form.

The companies of Schwarz Group employ a range of measures to prevent work accidents. Prevention and the expansion of safety measures play a crucial role and influence all occupational health and safety activities across the divisions. If there is an accident or near miss at work, an in-depth analysis of the cause of the accident is performed where necessary and appropriate preventive measures are derived. At Schwarz Produktion, these measures include, for example, the organization of an EHS topic of the month for communication to company employees as well as the communication of safety messages. These are shared across plants to encourage proactive risk assessment.

PreZero has also continued to improve accident prevention and has established an international accident reporting process in order to derive preventive measures and ensure the safety of employees. The national companies are working together and drawing on their many years of experience to anticipate accident potentials. The level of coverage provided at company sites is regularly reviewed and adjusted where necessary. Preventive communication is an important part of the PreZero H&S strategy. The division has selected a best practice campaign from one of its countries and made corresponding communications media available internationally.

Two aspects are worthy of note for Kaufland: On the one hand, the accident process was extended to include a detailed accident investigation and the accident reporting was internationalized. The development of accidents and focus areas are monitored by means of an occupational safety dashboard in order to enable control measures at national and international level. On the other hand, a representative occupational safety analysis was conducted at five distribution centers in order to recognize potential for improvement in handling and communicating on occupational safety as well as to derive standardized working methods.

As part of its digitalization strategy, Lidl is in the process of rolling out the Platform for Organizational Safety and Health (POSH) software developed by the company itself. By digitally linking management processes such as accident investigations, risk assessments, safety inspections and the tracking of training, the aim is to continually improve safety and to standardize the processes.

Schwarz Produktion as well as Kaufland have activity-related and machine-related risk assessments conducted: These are adapted in the event of changes to the activities or the procurement of new equipment and are regularly updated. The responsible occupational health and safety specialist at the division concerned supports and advises managers on the creation and regular updating of the assessments. The divisions use the results of the risk assessments to define and implement the corresponding necessary technical/structural, organizational, and/or personal occupational health and safety measures.

Measures to improve ergonomics in the workplace play a key role. Partly automated order picking systems make an important contribution to occupational health and safety at Kaufland, for example. These systems are used to minimize the physical strain on employees, thereby making the picking process more ergonomic and efficient. The Kaufland foldable metal pallets, which are used on a daily basis, also offer significant ergonomic advantages for employees working in logistics and in stores when packing and unpacking. Kaufland meat processing plants regularly invest in intelligent occupational health and safety systems for particularly hazardous individual workstations to improve the working conditions in noisy areas and ergonomically strenuous environments. Significant improvements are achieved here through the use of exoskeletons at individual workstations subject to excessive strain. Similarly, the ergonomic load at workstations has also been lightened and optimized through the use of robotics, conveyor belts and turret trucks. The other divisions deploy corresponding measures too: Schwarz Produktion has installed special tools to record ergonomic loads. At Lidl, ergonomic risks are taken into account in risk assessments, and relevant risk control measures, such as training courses, are conducted. Comprehensive ergonomics programs are also offered in certain countries, including France, Portugal and Romania.

Safety inspections are performed at regular intervals at the production sites of all divisions in order to identify risks and hazards at an early stage and to avoid them. Kaufland, for example, carries out regular site-based occupational health and safety inspections in all countries. The aim of this measure is to identify potentials for optimization at an early stage and to implement appropriate measures. For this process, the retail divisions rely on close cooperation between the occupational health and safety experts and the operational department managers. Kaufland supports and encourages the individual initiative of the local occupational health and safety experts with the aim of creating a safe work environment for employees and increasing the effectiveness of the processes.

Applicable policies and processes and their implementation are audited regularly. For the occupational health and safety systems, this is done down to country level by commissioning the Internal Auditing department of Schwarz Corporate Solutions. At Kaufland, these audits are supplemented by the internal corporate security audits, for example. At Lidl, the Internal Audit department assesses compliance with the process requirements to ensure safe working conditions. Internal and external audits are also performed at regular intervals at Schwarz Produktion. These are conducted by an external service provider in conjunction with the EHS department of Schwarz Produktion Stiftung & Co. KG.

To ensure that there is a functioning occupational health and safety organization in place and to actively involve employees, selected employees are trained and deployed as fire protection officers, safety officers and first-aiders, among other roles. As a general rule, all employees are given regular training on potential risks in their work environment. For employees in Germany and many other countries, participation in annual training is mandatory. The training sessions mostly take place online, with in-person sessions held where necessary. For employees at the central administrative locations of Lidl, Kaufland, Schwarz Digits, and Schwarz Corporate Solutions, the occupational health and safety training sessions are coordinated centrally by the Occupational Safety and Fire Protection department of Schwarz Corporate Solutions on behalf of the relevant company. This is also the case for PreZero at the Heilbronn site.

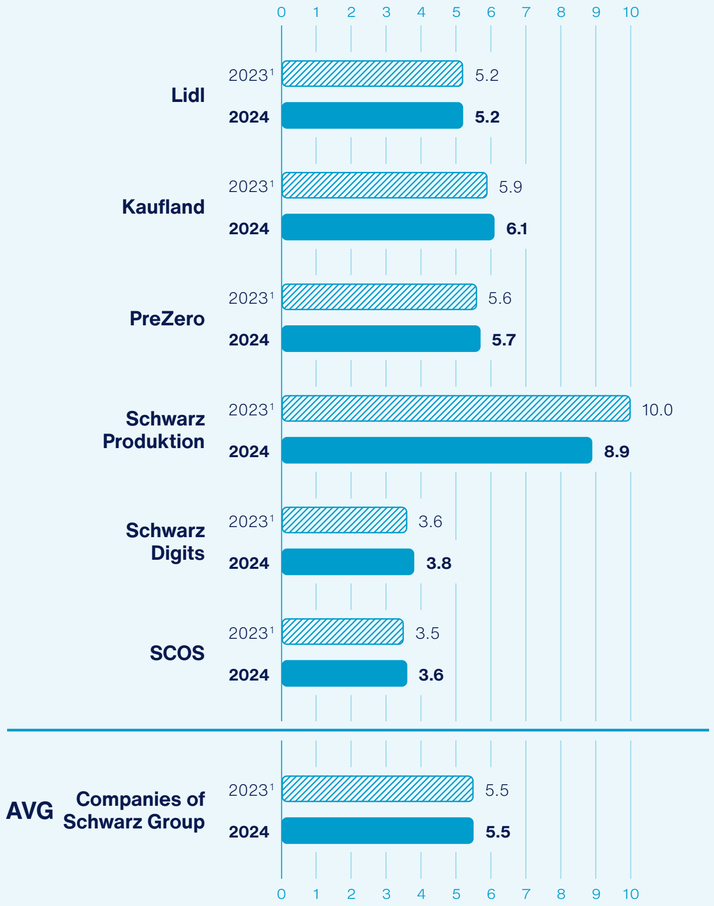
At other PreZero locations, these training sessions are coordinated by the internal Health & Safety department of PreZero Stiftung & Co. KG in cooperation with other departments, wherever relevant. The frequency of training at the national companies is determined by the relevant national requirements and the results of risk assessments, respectively.

The companies of Schwarz Group also provide coverage for certain employee groups worldwide against unforeseeable events resulting from accidents. This insurance coverage applies to both the professional and private sphere.

Sickness rate

In percent

[GRI 403]



1 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

Health Protection and Promotion

[GRI 403-2, 403-3 and 403-6]

To promote employees' health and prevent work-related damage to health, the companies of Schwarz Group provide an occupational health service in all countries and business units in accordance with the statutory regulations. In this context, measures such as risk assessments, and the range of optional and compulsory preventive medical examinations are conducted. Many locations also have health promotion measures that are coordinated by the HR departments.

A cross-divisional occupational health service is provided for the administrative locations of Lidl, Kaufland, PreZero, Schwarz Digits and Schwarz Corporate Solutions in the Heilbronn/Neckarsulm region. At Schwarz Produktion, support is provided by local occupational health services. As part of this service, employees can book eye examinations and flu vaccinations – as well as general medical consultations. At the administration sites across the divisions, there is also a comprehensive range of health-promoting measures for movement, ergonomics, healthy nutrition, stress management, relaxation, prevention of drug dependency and social health. Lidl in Germany also has an annual schedule for the regional distribution centers with monthly rotating health-promoting measures. These are supplemented by individual measures targeted to needs. Kaufland also offers health/preventative health care and other promotion days at many sites in addition to the cross-divisional offers. At the beginning of 2025, a new medical care center (MVZ) opened in Neckarsulm, the "S | Medical Center". It is operated by the Sana MVZ am Stiftsberg GmbH, a company of

Total Workforce [1-3]

[GRI 2-7]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Total number of employees	2023 [4]	385,665	148,345	26,769	5,106	5,666	4,074	575,625
	2024	**382,412**	**151,764**	**26,463**	**5,592**	**6,740**	**4,556**	**577,527**
Of which full time employees	2023	167,875	70,576	21,835	3,854	4,732	3,424	272,296
	2024	**170,975**	**72,144**	**22,885**	**4,844**	**5,608**	**3,731**	**280,187**
By gender								
Female	2024	91,023	45,446	3,715	889	1,306	1,604	143,983
Male	2024	79,938	26,698	19,170	3,955	4,302	2,127	136,190
Diverse	2024	14	0	0	0	0	0	14
Of which part-time [5]	2023	217,753	77,769	4,934	628	615	650	302,349
	2024	**211,396**	**79,620**	**3,572**	**566**	**763**	**743**	**296,660**
By gender								
Female	2024	144,106	62,756	1,297	243	496	646	209,544
Male	2024	67,218	16,860	2,275	323	267	97	87,040
Diverse	2024	72	4	0	0	0	0	76

1 | The number of employees listed here shows the internal control figure, which is based on a different definition of employee to that used in the annual financial statement. Whereas the annual financial statement states the number of employees including those on long-term sick leave and employees on maternity leave as end-of-quarter averages for the fiscal year, the internal reporting date is the end of the fiscal year. Employees on maternity leave and long-term leave (exception for FY 23: Lidl) are excluded internally.

2 | All employee figures in the table refer to the head count.

3 | Not all companies in the individual divisions are able to provide a full set of HR data. The total of the detailed employment figures therefore does not correspond to the total number of employees.

4 | Owing to changes in the employee definition for FY 23, the actual increase in the number of employees in FY 24 is not evident from this table. Since FY 24, employees on long-term leave and employees on maternity leave are excluded by Lidl in the employee definition, similar to the other divisions.

5 | Employees with average working hours of less than 100 percent of full-time hours are classed as part-time. Unless there is national regulation on the issue, part-time is considered to be fewer than 163 hours/month.

Sana Kliniken AG. Schwarz Immobilien Service GmbH & Co. KG leases the premises and the medical technology.

The (MVZ) medical center focuses on GP and special care as well as prevention. It closes gaps in regional health care and consolidates the medical support for the employees. As such, the occupational health services and offers are bundled and extended on site.

We also aim to provide adequate occupational health care in the national companies of the divisions: Lidl Cyprus, for example, offers a mobile medical practice for employees at its stores. In all Kaufland national companies, preventive occupational health is assured by inter-company occupational health services, such as TÜV Rheinland in Germany.

Some companies, for example Schwarz Corporate Solutions, also offer employees access to completely anonymous online psychological support free of charge via an external service provider. Lidl in Germany had implemented this back in 2020 already. Taking up on this, Lidl rolled out an Employee Assistance Program (EAP) for all national companies in 2023. Since the start of 2024, PreZero has offered employees in Germany, Poland, Spain and Portugal access to advice on personal and psychological topics, as well as financial and legal matters, as part of EAP consultancy. The Employee Assistance Program is offered in cooperation with an external service provider. In 2023, PreZero in the Netherlands initiated a similar offer comprising of health checkups for employees with an optional, individually tailored health program. If required, Kaufland puts

Employees by Employment Relationship

[GRI 2-7]

	2023		2024		Trend 2023/24	
	Permanent	Fixed-term	**Permanent**	**Fixed-term**	Permanent	Fixed-term
Total number of employees[1-3]	528,921	45,761	**524,726**	**52,127**	-0.8 %	+13.9 %
By gender						
Female	338,540	25,732	**325,354**	**28,173**	-3.9 %	+9.5 %
Male	190,367	20,027	**199,290**	**23,946**	+4.7 %	+19.6 %
Diverse	14	2	**82**	**8**	+485.7 %	+300 %
By region						
Germany	182,235	10,513	**191,633**	**12,539**	–[4]	–[4]
International	346,686	35,248	**333,093**	**39,588**	–[4]	–[4]

Employee Turnover

[GRI 401-1]

	2023		2024	
	Number	Rate[5]	**Number**	**Rate[5]**
Total number of employees who left the company[6-8]	135,277	25.2 %	**133,215**	**23.9 %**
By gender				
Female	73,005	22.1 %	**71,912**	**20.9 %**
Male	59,689	30.1 %	**61,261**	**28.7 %**
Diverse[9]	232	–	**42**	**68.5 %**
Gender not denoted[9]	2,351	27.4 %	**–**	**–**

1 | The number of employees listed here shows the internal control figure, which is based on a different definition of employee to that used in the annual financial statement. Whereas the annual financial statement states the number of employees including those on long-term sick leave and employees on maternity leave as end-of-quarter averages for the fiscal year, the internal reporting date is the end of the fiscal year. Employees on maternity leave and long-term leave (exception for FY 23: Lidl) are excluded internally.

2 | Not all companies in the individual divisions are able to provide a full set of HR data. The total of the detailed employment figures therefore does not correspond to the total number of employees.

3 | All employee figures in the table refer to the head count.

4 | The "Germany" region includes Lidl in Germany, Lidl Stiftung, Kaufland in Germany, Kaufland Stiftung, PreZero in Germany, PreZero Stiftung, Schwarz Produktion, Schwarz Digits and Schwarz Corporate Solutions. For FY 24, employees of Lidl Stiftung, Schwarz Produktion and Schwarz Digits, who are employed in companies abroad, are classified under the "international" region. This calculation logic is not possible for FY 23. As such the values for FY 23 and FY 24 cannot be compared with each other.

5 | Employee turnover is calculated as the ratio of employees who leave the company compared with the average number of employees.

6 | All employees who left companies of Schwarz Group in the respective FY are included, excluding temporary staff, interns, working students, and diploma students. Transfers from one company of Schwarz Group to another are recorded as departures from the company. Employees who transfer from one company of Schwarz Group to another in the context of a transfer of undertakings are not recorded as departures from the company. At Lidl, by way of derogation from the above, all employees with a fixed term of less than six months are not included; changes within the Lidl division are also not included.

7 | All employee figures in the table refer to the head count.

8 | Discrepancies from the Sustainability Report FY 22/23 are a result of retrospective corrections due to additional data availability.

9 | In the case of some individual national companies, it was not possible to record the gender of the employee turnover in the system. For this reason, individual national companies have reported gender under "Diverse" or "Gender not denoted".

employees in touch with online psychological support via the employee relations consultants.

Occupational health management employees and employee relations consultants are available in companies of Schwarz Group to assist with specific questions relating to inclusion and severe disabilities. In Germany, depending on the location, Kaufland, Schwarz Digits and PreZero Germany each also have representative bodies for disables employees with a severe disability or equivalent status.

The companies of Schwarz Group in Germany have established a company integration management (BEM) program in accordance with statutory obligations to assist affected employees upon return to the workplace after an extended illness.

Activities such as corporate runs, sports events, and health and preventive health days complete the offer and, as well as providing an opportunity for physical exercise, help to raise consciousness of how to lead a healthy lifestyle. In the summer of 2024, apprentices and students had the opportunity of participating in a heath day together with their respective workforces, and received ideas on the topics of nutrition, movement, mental health and addiction prevention. Because the COVID-19 pandemic brought about a lasting change to the ratio of mobile work and in-office work, the companies of Schwarz Group are continuously expanding their range of online sports courses and offers relating to movement, nutrition and mental health. Employees can also enjoy attractive discounts and special terms with a wide range of cooperation partners, as well as mobility subsidies and benefits depending on the location.

Alternative Working Models

The companies of Schwarz Group are working on the development of alternative working models. Depending on the area of responsibility and duties, it is possible as a general rule to take advantage of flexible working hours to ensure a proper work-life balance. Employees at companies of Schwarz Produktion also have the option of hybrid working time models. The current shift models are being reviewed and optimized to ensure a work-life balance. In agreement with management, Kaufland and PreZero also offer employees hybrid working options where this is compatible with the tasks performed.

The companies of Schwarz Group consider personal communication and interaction in the workplace to be an important element of cooperation. At the same time, we want to benefit from the advantages of flexible working methods. With this in mind, we offer mobile working to employees in Administration. The scope and individual handling depend on the operational requirements and individual tasks. Details are determined and agreed upon between managers, team and employees on an ongoing basis – always keeping an eye on achieving the best possible work result.

Fair Wages

[GRI 2-19, 202-1, 405-1 and 405-2]

As well as offering a variety of working models, the companies of Schwarz Group ensure that their employees receive a fair, competitive wage. Each company of Schwarz Group has established uniform salary structures based on objective criteria such as professional experience, expertise, skills and area of responsibility. Employees are also offered a range of corporate benefits.
In Germany, an internal minimum wage was introduced at Lidl, Kaufland, Schwarz Produktion and Schwarz Corporate Solutions (formerly Schwarz Dienstleistungen) back in 2010.

This is continuously adapted in line with the job market situations of the respective companies. For example, Lidl in Germany increased the minimum entry-level salary for its employees to 15 euros gross per hour in September 2024. In most of the countries in which the group operates where a statutory minimum wage is in place, the minimum wages implemented by the companies of Schwarz Group are significantly higher than the national minimum wages. This applies to employees working in stores, production facilities and warehouses. The Schwarz Produktion sites are predominantly covered by collective bargaining agreements, which guarantee fair and comparable wages.

The work of the management personnel is remunerated according to the same principles. For this purpose, the companies of Schwarz Group have jointly developed and defined framework conditions and minimum standards. The level of remuneration is primarily calculated according to the tasks allocated and the associated responsibility. As a general rule, we use an approach of reliable and secure remuneration with a focus on attractive fixed salaries. Variable or performance-based remuneration components and company shares are avoided for the most part. In individual companies of Schwarz Group, for example at certain companies of PreZero or brands of Schwarz Digits and at selected Lidl national companies, employees are offered variable remuneration components where this is customary in the market for a particular function or department. Compliance with the described principles is regularly monitored in the companies of Schwarz Group by the respective Internal Audit department. At the same time, the remuneration is based on the relevant sector and the usual market circumstances. We use data analyses and benchmarks in order to offer our managers a remuneration structure that is just as attractive and competitive as the one we use for our employees.

Empowerment of our Employees and Managers

Organization and Responsibility

When it comes to sustainability topics, the companies of Schwarz Group place value on training employees, raising their awareness and getting them involved. At Schwarz Produktion, different departments are responsible, depending on the measure. The Public Relations & Sustainability department is responsible for the Schwarz Produktion CR training course and regularly updates it. At Kaufland, the responsible departments as well as HR Development are tasked with the training courses. The Corporate Affairs & Sustainability department bears overall responsibility for CR training courses.

Across all divisions and units, the CR community comprises around 100 managers. The participants perform decisive functions to integrate sustainability into the business processes (such as in Controlling, R&C, Purchasing etc.). Representatives from the CR units in the divisions are also involved. The aim of the CR community is to support people whose functions are critical for success to comprehensively integrate sustainability into their sphere of action.

Stakeholder Involvement

Alongside the group's own employees and managers as the most relevant stakeholders, the companies of Schwarz Group also work with external partners and institutions with regard to empowerment concepts.

Measures and Projects

Raising Awareness of Sustainability Topics

All companies of Schwarz Group inform and train their employees on sustainability matters, and regularly communicate this via internal channels such as the intranet. Each division determines how to implement this training and sets the requirements for participation.

At Schwarz Corporate Solutions and Schwarz Digits, all new employees complete mandatory sustainability training when they join the company, and all other employees and managers – including members of the Executive Board – complete this training every two years. The contents of the training were updated and the new format implemented in the 2023 reporting year. During the training, employees learn about selected sustainability topics and relevant aspects of the sustainability strategies of the companies of Schwarz Group, such as waste prevention, food waste, human rights, the circular economy and raw materials. As part of this process, they learn about how they can incorporate the topic of sustainability into their day-to-day work environment and their private life. Schwarz Corporate Solutions are also developing advanced empowerment formats on fundamental specialist knowledge and department-specific contents. The aim is to create a learning journey for success-critical target groups to cover our priority topics, and in doing so, to incorporate sustainable business practices in our day-to-day work processes.

Schwarz Produktion also revised the mandatory sustainability training course in the 2023 reporting year; all employees and managers – including members of the Executive Board – complete this training every two years. The e-learning courses inform about the Schwarz Produktion sustainability strategy and provide recommendations for sustainable action. The training course also raises awareness of human rights topics in the context of the German Supply Chain Due Diligence Act.

Similar sustainability training was developed at Kaufland and was rolled out in the countries in 2023 and in Germany in 2024. The training is now mandatory for all employees in all national companies. It is predominantly carried out in the form of an e-learning course and contains information about the company's sustainability management and suggestions for sustainable action. The training session is updated on a regular basis and is scheduled to be supplemented with additional formats for targeted employee empowerment. The subject of sustainability is also addressed at the welcome event for new employees at Kaufland and Schwarz Corporate Solutions administrative locations.

In 2023 and 2024, Kaufland implemented a step-by-step communication campaign to raise the awareness of CR topics among all employees in a practical manner: As part of this, Kaufland employees spread the word about their sustainable action in the workplace in their role as sustainability ambassadors.

In 2023, Lidl implemented the major sustainability initiative, YOU, which aims to educate all employees on sustainable action and encourage them to incorporate sustainability into their day-to-day lives. By means of diverse communication and training possibilities, the integration of CSR in the entire employee life cycle as well as the introduction of a CSR community, the division is making its internal commitment to sustainability visible, palpable and tangible. In the reporting year, Lidl ran internal communication on eight thematic CSR packages.

As well as general sustainability training courses for store employees, Lidl provides in-depth training for logistics personnel, particularly on the topic of recyclables management. Training courses on energy management are also carried out in all Lidl countries for employees working in stores and in warehouses. A training course on how to lift and carry correctly was updated in 2024 and made available to all countries. At Kaufland, new employees in inventory management complete the online training course "Recycling macht den Unterschied" (Recycling makes the difference) and receive a checklist for separating waste.

PreZero also empowers employees through regular training sessions on CSR and strategic key topics. Marketing, Corporate Communications and Sales colleagues also receive training on the responsible use of resources with sessions that highlight the company's own sustainability successes in order to identify and prevent greenwashing. So as to be constantly mindful of their own ambitions for handling resources responsibly in everyday life, the administration building of the PreZero Stiftung has been fully branded with Road to Zero Waste messages. And this has been successful: The site was awarded the ZERO WASTE gold certificate pursuant to the DIN Spec 91436 in 2024.

In order to highlight the sustainability of its own products and services, and to illustrate the related possibilities for the colleagues in the retail divisions, PreZero conducts events at which the minimization of the ecological footprint of packaging or recyclables management are presented. For example, at the PreZero Dual Summit, purchasers from Lidl and Kaufland were given a guided tour of the recycling plant in Gruenstadt and familiarized with product applications derived from recyclate.

Employee Initiatives

We also encourage employees to get involved in sustainability topics through joint employee initiatives. In 2024, for instance, employees of the companies of Schwarz Group once again came out in force for the environment as part of a cross-border, cross-divisional project – the Cleanup Collective. A total of more than 80 campaigns took place across 15 national companies. The main aim of the project was to protect the environment by cleaning up bodies of water and separating the waste that was collected. The process of collecting and sorting waste also brings home to participants just how much waste can actually be recycled or reused. Together, the 3,000+ participants collected more than 60 tons of waste. The cleanup campaign took place in Heilbronn for the fifth time in a row with over 500 employees from all divisions collecting a total of three tons of waste. The campaign was supported by PreZero, whose employees sorted, recycled and disposed of the collected waste at a dedicated recycling point.

Lidl Stiftung & Co. KG also offers the "Team Clean Up" principle to employees who want to get involved together. Lidl provides support in the form of expertise and equipment. Kaufland in Germany also offers its employees in stores, logistics centers and meat processing plants, as well as Kaufland e-commerce employees, the opportunity to conduct regional cleanup campaigns using a modular system. As such, there were also numerous cleanup campaigns all over Germany in 2024. Kaufland employees have also been supporting the external cleanup campaign "Saarland picobello" for over a decade, providing protective gloves and heavy-duty garbage bags for all participants.

In 2024, Schwarz Produktion brought the "Aktiv für die Umwelt" (Active for the environment) initiative into being, aimed at intensifying employee commitment on sustainability. It was kicked off by a tree-planting campaign in the course of an internal running event. By means of an app, employees were voluntarily able to record the number of kilometers that they had covered. This number was then traded against saplings, which were then planted near the Weißenfels administrative location. Schwarz Produktion took another stand for the environment though its "plogging" campaign: Plogging combines outdoor exercise with commitment for the environment. Litter is collected while walking or jogging and afterwards sorted according to a recycling concept.

Employee empowerment at Schwarz Produktion is supported by comprehensive accompanying communication, including videos that attest the implementation status of the sustainability strategy. One film offers a clear introduction to sustainability activities and shows just what a decisive role environmental protection plays for Schwarz Produktion. There is also a new film with interesting insights on the topic of the recycling loop.

The companies of Schwarz Group also support employees' social commitment: Kaufland gives its own employees in Germany, Poland, Romania, Slovakia, Czechia and Croatia the chance to get involved in blood donation campaigns. Expansion to other countries is being planned. This offer is also available to employees of Lidl Stiftung & Co. KG and Lidl in Germany. In addition, Kaufland employees in Germany have the opportunity to get involved in stem cell matching campaigns.

What is more, around Christmas, employees of the companies of Schwarz Group also get the chance to take part in a social project in the form of a coordinated wishing tree campaign. The "Súmate" program is established at PreZero Spain. Employees here may donate a part of their salary to social organizations. In the course of this, they also put organizations to the vote themselves. The ten organizations nominated by the employees with the most votes receive the amount and this is then doubled by the company.

Healthy Nutrition at Schwarz Restaurantbetriebe

The range of services provided to employees also includes the chance to enjoy healthy meals at the restaurants of Schwarz Restaurantbetriebe GmbH & Co. KG (hereinafter: Schwarz Restaurantbetriebe). Schwarz Restaurantbetriebe advocate fresh cuisine and regional products, and do not use any ready-made sauces, powdered ingredients, artificial flavor enhancers or glutamate in their recipes. Their focus is on offering a balanced menu with regional and seasonal dishes and the use of legumes and vegetables. For almost every dish, we also offer a vegan or vegetarian alternative. We do not use palm oil in any of our recipes. Half of the restaurants are also open to external guests.

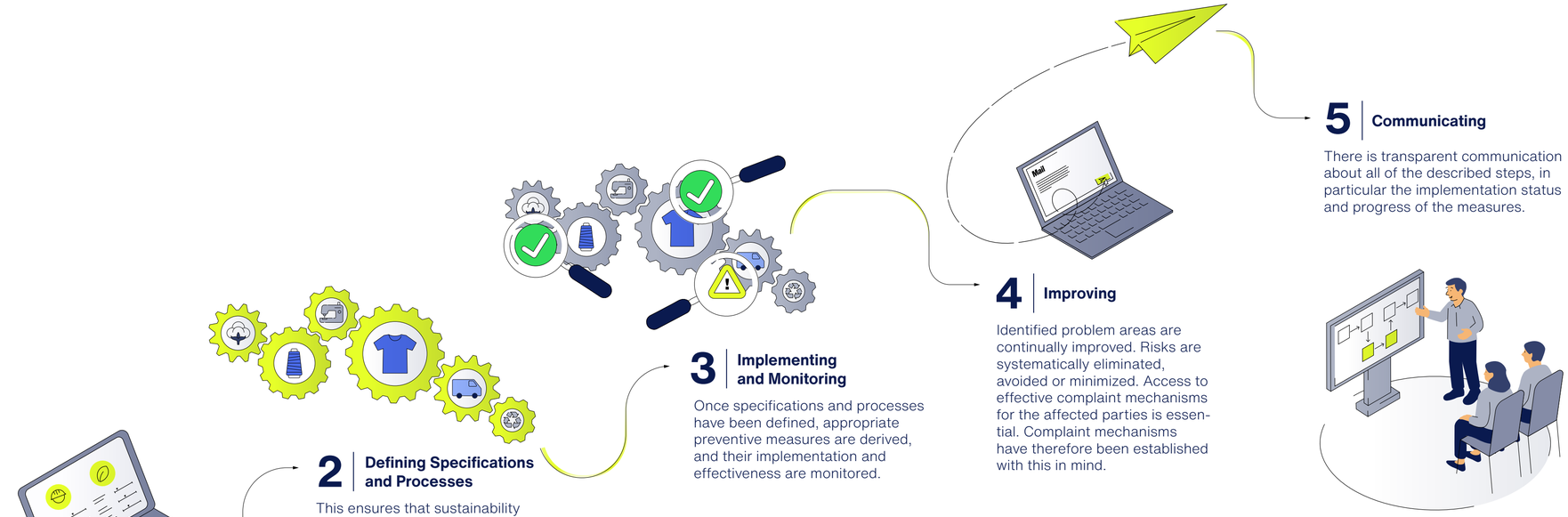
Responsibility in the Supply Chain

Strategic Approach

Priority Topics

The retail divisions, Lidl and Kaufland, sell food, non-food and everyday products that are partly produced in complex supply chains. Some of these products are also produced by the in-house production facilities of the companies of Schwarz Group. People from around the world are employed in these supply chains, and we bear special responsibility toward them. The companies of Schwarz Group therefore jointly undertake to respect human rights-related and environment-related due diligence obligations in their supply chains. The companies of Schwarz Group incorporate their jointly developed risk-based Code of Conduct (CoC) into negotiations with the aim of obliging business partners to respect human rights and environmental protection laws along the supply chain. The due diligence obligations contained therein are consonant with the German Supply Chain Due Diligence Act (LkSG).

Our actions follow the process of corporate due diligence:



1 Identifying Risks

The companies of Schwarz Group carry out annual and ad hoc risk assessments in order to identify environmental and human rights risks with business partners early on and manage these risks.

2 Defining Specifications and Processes

This ensures that sustainability is managed effectively, laws are adhered to, and appropriate priorities are set.

3 Implementing and Monitoring

Once specifications and processes have been defined, appropriate preventive measures are derived, and their implementation and effectiveness are monitored.

4 Improving

Identified problem areas are continually improved. Risks are systematically eliminated, avoided or minimized. Access to effective complaint mechanisms for the affected parties is essential. Complaint mechanisms have therefore been established with this in mind.

5 Communicating

There is transparent communication about all of the described steps, in particular the implementation status and progress of the measures.

Principles, Policies and Obligations

[GRI 2-23, 2-24, 407-1 and 414-2]

The companies of Schwarz Group consider social and environmental sustainability to be of great importance when cooperating with business partners and in their supply chains. The jointly developed and adopted Code of Conduct of the companies of Schwarz Group sets out the basic, risk-oriented principles governing cooperation and describes what the companies of Schwarz Group expect of their business partners in terms of human rights and environmental issues. The Code of Conduct is based on the international guidelines and principles for the reduction of negative environmental and social impacts throughout the value chain listed below:

- International Bill of Human Rights
- UN Guiding Principles on Business and Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- OECD Guidelines for Multinational Enterprises
- International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- Paris Climate Agreement
- Minamata Convention
- Stockholm Convention
- Basel Convention
- The ten principles of the UN Global Compact (UNGC)

In addition to the topics defined in the Code of Conduct for Business Partner of the companies of Schwarz Group, the following apply among others:

- Discrimination
- Fair treatment
- Forced labor and modern slavery
- Child labor and the protection of minors
- Wages and working hours
- Freedom of association and collective bargaining
- Safety and health
- Disciplinary action
- Land rights
- Environmental protection laws
- Resources and pollution of the environment

The companies of Schwarz Group also welcome the political decision by the European Union to establish binding, uniform regulations that ensure human rights and the environment are protected while also providing legal certainty and establishing a level playing field for companies in the value chains.

Impacts

By engaging with their supply chains in a responsible manner, the companies of Schwarz Group are advocating for their products to be produced under ethical and environmentally sustainable conditions. Improved social standards may, for instance, increase the resilience and quality of suppliers and have a positive impact on social conditions in the countries of origin. In the long term, this leads to a stable, more sustainable supply chain, capable of improving the success of the company and strengthening its competitive position. Customer trust is strengthened, and legal as well as reputational risks are reduced.

Our Purchasing Structures and Overarching Responsibilities

[GRI 2-6, 2-23 and 2-24]

The purchasing and procurement units of the companies of Schwarz Group provide both division-specific and cross-divisional services. In the retail divisions Lidl and Kaufland, the respective Purchasing units coordinate supplier management for merchandise at a higher level and work in close cooperation with the departments in the national companies.

At Lidl, the Chief Purchasing Officer of Lidl Stiftung & Co. KG is responsible for sustainable purchasing. The Quality and Sustainability department in Purchasing International processes the strategic and operational implementation of all sustainability and quality matters in cooperation with the national companies. At Lidl, the Operations and Real Estate department is tasked with the non product-related supply chains (for example, FM service providers and freight forwarders).

At Kaufland, the Chief Purchasing Officer of Kaufland Stiftung & Co. KG is tasked with sustainability in purchasing. The International Sustainable Purchasing unit was established as a strategic and expert point of contact for purchasing-related sustainability matters. Close cooperation with the international purchasing units and national colleagues for sustainability in purchasing enable targeted measures that help us to fulfill our responsibilities as a food retailer. Purchasing of the Kaufland non-food private labels is sometimes carried out to order by the corresponding purchasing units of Lidl Stiftung & Co. KG.

The Purchasing department of Schwarz Produktion Stiftung & Co. KG is also responsible for procurement of raw materials, packaging and services at Schwarz Produktion. A part of the procurement process for selected strategic product groups is also carried out to order by the Purchasing department of Lidl Stiftung & Co. KG. At GreenCycle GmbH, a member of the PreZero Group, the Waste Disposal Network department provides waste disposal services for Lidl and Kaufland and, is creating and developing a central supplier and service management system.

Schwarz Beschaffung GmbH supports the companies of Schwarz Group through the strategic procurement of non-merchandise goods (capital goods needed within the companies to carry out business activities) and by providing services. It is based within Schwarz Corporate Solutions and works with numerous suppliers from all over the world.

The international CR/CSR departments in several divisions support and promote sustainable purchasing and the commitment to responsible action in the supply chain.

- Lidl "Human Right in our Supply Chain" Progress Report (German)
- Kaufland Policy Statement (German)
- Schwarz Produktion Policy Statement (German)

Responsibility in the Supply Chain

Management Approaches

Organization and Responsibility

The following steps are implemented in close cooperation between the purchasing/procuring departments, Compliance and the CR/CSR departments. The responsibility for implementing the human rights-related and environment-related due diligence duty of the companies of Schwarz Group lies with the respective management of the involved functional departments of the companies of Schwarz Group and is implemented on a task-specific basis. Each company implements its responsibility in line with its business model and has integrated suitable approaches into its business practices.

Process Step 1: Identifying and Prioritizing Risks

[GRI 414-2]

A core aspect of the human rights due diligence process of the companies of Schwarz Group is a holistic, risk-based approach. This allows the companies of Schwarz Group to identify potential risks related to human rights and the environment along the supply chains, to effectively prevent these risks, and to take remedial action where necessary.

Since 2022, the companies of Schwarz Group have each been systematically carrying out an independent annual risk analysis of all direct business partners in accordance with the requirements of the German Supply Chain Due Diligence Act, as well as intra-year/ad hoc risk analyses. Based on the findings, business partners are prioritized according to their risk exposure in order to effectively counteract adverse effects of business activities on human rights and environmental standards.

The individual risk classification of direct business partners is based on the products purchased or the services rendered. The risk assessment uses recognized indexes and studies while taking the country-specific information and raw materials information into account. As such, it is possible to assess in which of our supply chains a violation of human rights or environmental due diligence duties is most likely to occur, based on the different sources of information. The companies of Schwarz Group constantly strive to improve and systematically expand the processes for identifying the risks.

The purchasing units in the retail divisions were carrying out risk analyses even before the German Supply Chain Due Diligence Act came into force. Based on their results, they have put in place appropriate measures for their raw materials policy. Further information about this can be found in the Governance chapter.

In 2020, Lidl became the first German retailer to begin conducting Human Rights Impact Assessments (HRIA) and publish them on the respective Lidl websites. The HRIAs are used to systematically identify potential and actual human rights risks in individual supply chains. They are therefore an important step in the process of identifying specific adverse impacts on human rights in the supply chain concerned. Lidl has set itself the goal of carrying out three HRIAs per year in its supply chains for food products by 2025. By the end of the reporting period, a total of six HRIAs had been completed.

Process Step 2: Defining Specifications and Processes

Clear sustainability-related standards and legal obligations apply at both a global and regional level to ensure compliance with human rights and environmental standards in supply chains, such as the Environmental Protection and Occupational Health and Safety Acts or the Supply Chain Due Diligence Act. The companies of Schwarz Group bring their jointly developed risk-based Code of Conduct (CoC) into the negotiation with the aim of obliging business partners to respect human rights and environmental protection laws along the supply chain (also see section Respecting Human Rights and Environmental Standards). In addition to this Code of Conduct, SBES also has its own procurement policy, for instance. This includes prescribed production standards for suppliers. In addition to selection criteria related to the financial situation and quality, there are also selection criteria related to human rights and environmental aspects in accordance with the German Supply Chain Due Diligence Act.

At Schwarz Produktion, suppliers of raw materials and packaging must go through a supplier approval process, including the provision of a detailed self-disclosure, in order to successfully complete the approval process to become a business partner. Audits may also be performed. These are separate to any risk assessment performed by Quality Management in relation to product safety or quality risks. In addition to the cross-divisional principles formulated from the CoC, Lidl has supplemented its requirements for business partners with concrete standards for each assortment

Lidl Human Rights Impact Assessments (HRIA)(German)

category (non-food, F&V, food) in three sustainable purchasing policies. Find further information in the Lidl Purchasing Policy, "Human Rights in the Supply Chain" (see p. 32). Kaufland has also published its own position on human rights on its website and explains its approach to this matter and the relevant supplier obligations as well as providing numerous other documents.

For raw materials associated with high human rights risks and environmental risks in particular, the companies of Schwarz Group set themselves specific goals and continuously work to implement appropriate measures. They define clear requirements for their business partners to ensure that these targets are achieved. These requirements include certification for products and raw materials, participation in the further development of standards, and funding projects.

The divisions develop their own human rights strategies. The aim of these strategies is to ensure that human rights risks are minimized and that standards are consistently met. A risk-based approach is taken when developing the strategies. In the merchandise category, Lidl, for instance, focuses on the supply chains that are particularly relevant based on its own assortment-specific risk analysis. The division has also considered the expectations of its customers and society, the priorities of NGOs as well as legal developments and scientific findings. The individual elements of the human rights strategy are to: continuously investigate impacts, enforce standards, expand fair trade, and drive change forward. This approach is based on clear responsibilities: The implementation of the strategy is monitored by the respective Management Board of the company concerned. The respective Board is regularly updated on any incidents and progress relating to human rights issues in the supply chains. In addition, the focus of the human rights strategy is regularly audited at Executive Board level.

The understanding of the Lidl values for the purchase of merchandise is also expressed in the diverse purchasing policies (see the Environment chapter). The individual Lidl national companies also formulate their own position on sustainability topics in national position papers and purchasing policies, in line with the international approach. The defined strategies and practices form the basis for purchase of merchandise.

Kaufland also has corresponding internal documents containing requirements for the Purchasing departments, which are constantly being revised.

Process Step 3: Implementing and Monitoring

[GRI 2-23, 2-24 and 414-2]

Based on the defined specifications and processes (see Process Step 2), the companies of Schwarz Group implement appropriate measures and review these on a regular basis. In the course of implementing the German Supply Chain Due Diligence Act, the companies worked together to devise an approach for assessing measures to ensure that sensible standards are established with suppliers. Companies of Schwarz Group are already conducting corresponding training courses for business partners on the implementation of the requirements of the Supply Chain Act, and there are plans to expand the training formats in the future.

One way in which we help ensure that human rights are observed along the supply chains is, for example, by adding certified raw materials to our portfolio. We are aware that preventive measures such as seals or certificates cannot completely rule out human rights violations. However, they are an important step toward more transparency and can contribute to going beyond statutory minimum standards. They are therefore a fundamental component of meeting existing due diligence obligations. Internationally recognized standard-setting seal organizations such as Fairtrade or Cotton made in Africa® (CmiA), with whom the companies of Schwarz Group work, effectively act as an extended arm to the producers. The organizations ensure regular checks are performed to confirm compliance with the defined standards. These checks are also carried out by independent third parties.

For over 15 years, Lidl has been taking the preventive measure of requiring producers in high-risk countries who produce non-food goods for the Lidl private label to provide proof that they have undergone a valid social audit completed by an independent, local expert. By implementing this measure, Lidl is aiming to ensure compliance with the applicable social standards. This requirement was subsequently expanded to also include environmental audits. There are certain basic requirements that must be met as part of this process. The audits are documented systematically and repeated at regular intervals. In the event of any complaints, proof of the relevant remedial actions taken must be provided in a transparent manner. Building on the assessment of measures in accordance with the German Supply Chain Due Diligence Act, Lidl will review the portfolio of measures on a regular basis and ad hoc in the future to assess its effectiveness and develop the portfolio further.

Since 2021, Lidl Stiftung & Co. KG has largely effected purchasing of non-food private-label products on behalf of Kaufland. As part of this management of affairs by Lidl, the requirements Lidl places on suppliers also apply to the products procured for Kaufland. For selected product groups, Kaufland has required producers to undergo a social audit since 2020.

Process Step 4: Improving

[GRI 2-6, 2-24, 2-25, 2-26, 203-2 and 414-2]

The companies of Schwarz Group strive to bring about improvements within supply chains by means of the processes and projects described hereafter. By monitoring and evaluating the requirements and processes, the challenges identified can be continuously improved. For example, Lidl uses the EcoVadis platform for suppliers, which is used to evaluate direct business partners with regard to their sustainability management. By means of a universal scorecard, the business partner's performance can be analyzed, and improvements worked on jointly.

Complaint Mechanisms and Remedial Measures

All complaint mechanisms of the companies of Schwarz Group are constantly being developed further and improved. There are also numerous training sessions containing information on and references to the complaints systems available. Suspected violations can be reported at any time to the compliance officers of the companies of Schwarz Group or, if desired, anonymously via the various online reporting systems. If any adverse impacts caused or influenced by companies of Schwarz Group are identified, we will always strive to remedy the situation. To achieve this, we use our powers of influence to ensure that the affected parties receive appropriate redress. The companies of Schwarz Group reserve the right, as a last resort, to terminate supplier relationships if there is no evidence of progress despite remedial measures being taken, and if the supplier has violated fundamental social and environmental standards and laws.

Fair Wages and Income in the Supply Chain

As well as taking a stand to protect children's rights and repudiate forced labor, it is important to Lidl and Kaufland to ensure fair wages as well as a secure income for employees in the supply chains. We consider our commitment in this regard to be an integral part of our corporate due diligence. This applies not only to the remuneration of our own employees, but also to that of partners throughout the global supply chain. In particular, this includes suppliers in international procurement markets as well as producers in the rural and agricultural sector, for whom we aim to ensure fair wages or income. Flagship projects in this area include Lidl's commitment to the "Living Wage Banana" in Germany, Belgium, the Netherlands, Austria and Switzerland, as well as Lidl's Way To Go products.

The "Living Wage Banana" project supports living wages in the supply chain. In 2022, Lidl launched the project in collaboration with the global Fairtrade certification company FLOCERT and the non-profit organization "The Sustainable Trade Initiative" (IDH). Within this framework, Lidl in Germany has become the first German food retailer to set itself the goal of closing its share of the wage gap in its own banana supply chains. As a result, Lidl has succeeded in closing the wage gap for the quantities purchased by Lidl and promoting living wages for 10,000 workers on banana plantations in the producer countries of Colombia, Ecuador, Guatemala and the Dominican Republic. Together with its suppliers, Lidl is implementing various measures to close the Lidl-related wage gap in the Lidl countries mentioned above. The project is being implemented for all bananas in the assortment, irrespective of their certification. Lidl in Germany published its first report on the findings and successes of the project in 2024. The project will be continued annually and will be expanded to other Lidl countries in the future. The findings will continue to be shared with the relevant stakeholders. Closing the gender pay gap is also part of the project. In 2024, Lidl in Germany won the German Sustainability Award for the "Living Wage Banana".

Another example is the Way To Go project initiated by Lidl. The Way To Go concept was developed jointly by Lidl and Fairtrade to improve the working and income situation of producers in the long term. In addition to the Fairtrade minimum price and a Fairtrade premium, producers also receive a premium from Lidl. The starting point for every project is a needs analysis, which is carried out together with the farmers. Selected representatives of the producer organization accompany the project. Fairtrade, Lidl and the representatives are in close contact to ensure good cooperation and to make balanced decisions in the best interests of all parties involved. The Way To Go concept has been implemented in four supply chains so far: Cocoa, coffee, cashews and, since 2023, also for orange juice and orange nectar. In 2024, Way To Go orange juice came out on top in a product comparison test conducted by Ökotest. In addition to quality, where we achieved the top score, we were also awarded full marks for supply chain, corporate due diligence, fair and safe working conditions, and living wages.

Involvement in Initiatives and Multi-stakeholder Partnerships

In the food industry, Kaufland signed a voluntary commitment in 2020, thus demonstrating its support for the Sustainable Agricultural Supply Chains Initiative (SASI). The initiative advocates fair living wages for farmers and workers in producer countries. By making this commitment and also by participating in a working group on the issue, the aim – among other things – is to develop specific approaches for action and to further intensify the cooperation with local stakeholders. In its first joint pilot project, the Kaufland working group is focused on achieving living wages in the banana sector. In this context, a pay gap report was published on Ecuador. Another project in the field of coffee production has also been agreed on by Lidl and Kaufland. This project aims to ensure living wages for small-scale farming families in Peru and Honduras. The project was launched in 2023 and potential pilot farms were assessed in the supply chains.

We believe that multi-stakeholder partnerships with civil society or standard-setting organizations, experts, and other companies are an important means of making joint improvements and solving complex societal problems in a cooperative way. For example, as a member of the Partnership for Sustainable Textiles, we work with other companies, standard-setting organizations, NGOs and the German Government to improve conditions in textile production worldwide.

Lidl has also been a member of the Action Collaboration Transformation (ACT) initiative since 2019 and is working with 19 members and the global trade union organization IndustriALL to promote collective bargaining textile supply chain. Initial success is evident in Cambodia. Lidl and other ACT affiliates signed individual agreements with IndustriALL in May 2024, demonstrating their commitment to support the introduction of a collective agreement in production facilities in Cambodia.

Lidl and Kaufland also take part in various multi-stakeholder formats with the aim of improving the effectiveness of reporting systems in general and across industries, and expanding the reach of their own complaint mechanisms. For example, in addition to its internal complaint process, Lidl Stiftung participates in the complaint mechanisms of initiatives such as the International Accord, amfori Speak for Change and ACT for textile supply chains. The company also continuously reviews participation in other pilot projects and the further development of existing mechanisms. In the fruit and vegetables sector, Lidl is one of the initiators of the "appellando" initiative, a platform for industry-wide complaint mechanisms that is currently being rolled out in Spain with other countries set to follow. Kaufland is also actively involved in "appellando" and is working with multiple suppliers on the industry-wide complaint mechanism for the fruit and vegetable sector.

Process Step 5: Communicating

The companies of Schwarz Group continuously report on their progress and measures implemented, and in doing so, they create the basis for transparent communication with internal and external target groups. To that end, they publish sustainability reports – jointly as the companies of Schwarz Group and, in some cases, also at a divisional and country level. Other communication channels used by the companies of Schwarz Group include press releases and other publications such as documents on purchasing policy, position papers and company websites. Division-specific policy statements and the respective complaint mechanisms also fall under this umbrella.

Conscious Nutrition and Health

Strategic Approach

Priority Topics

The companies of Schwarz Group are offering more and more products that are produced in a more sustainable manner and provide health benefits. They are therefore bringing more sustainable, conscious nutrition to mainstream society, and involving both manufacturers and consumers on this journey.

The companies of Schwarz Group use high-quality ingredients and attach importance to targeted strategies. This enables Lidl to gear the development of its assortment even more consistently to the principles of the Planetary Health Diet created by the EAT-Lancet Commission (see Targets section).

Transparent product communication covering the ecological and health-related aspects of the product range plays a fundamental role for the companies of Schwarz Group in enabling customers to make more conscious and more sustainable nutrition choices. This includes raising awareness of conscious nutrition: The focus here is on initiatives that provide children and adults with an understanding of how to use food and natural resources responsibly as well as teach them about healthy nutrition. The use of sustainability and nutritional labels is also important, including the Nutri-Score voluntary nutritional label or sorting instructions on multi-component packaging.

Principles, Policies and Obligations

The latest scientific findings are an important source of guidance for us as we pursue our aim of more conscious and sustainable nutrition. These include, for example, the approaches of the Planetary Health Diet. The PHD shows a healthy and sustainable form of nutrition that is good for people and the planet. Lidl bases the targets in its own strategy for conscious nutrition on these scientific findings. Lidl will increase the share of plant-sourced food – such as plant-sourced proteins, whole-grain products, fruit and vegetables – by 20 percent by 2030, compared to 2023 (see Targets section). Kaufland also takes its bearings from the scientific findings of the Planetary Health Diet and uses them as the basis for its actions and the development of a comprehensive strategy.

When developing their measures, the retail divisions consider international rules and directives, such as the European Parliament's Regulation on Nutrition and Health Claims. This regulates, among other things, claims on attributes such as sugar-free or low-fat and the mandatory information on the content of fiber and vitamins.

Internal purchasing policies, position papers about specific topics and test criteria of the respective retail division, which include the assessment of NGOs, are used as the basis for developing a responsible assortment.

Lidl in Germany: Purchasing Policy Conscious Nutrition (German)

Impacts

Food has an impact on the health of customers. By designing the product assortment in a responsible manner, the health benefits of the products can be improved and negative effects reduced.

Increased awareness of healthy and sustainable food can contribute to nutrition that benefits health and is environmentally friendly; as the companies of Schwarz Group, we want to support this in a targeted manner. That is why transparent product communication is essential to us, as it provides customers with the information they need to make informed, healthy choices when it comes to their nutrition. Through clear information about products, transparency about nutritional values and ingredients, and details about individual manufacturing processes, the companies of Schwarz Group strengthen customer awareness of conscious nutrition. At the same time, transparent product communication also builds trust and helps to create and maintain long-term customer relationships.

Targets, KPIs and Target Attainment

Target	KPI/Measurement	Status	Target Attainment	Page(s)
By 2030, Lidl will increase the share of plant-sourced food – such as plant-sourced proteins, whole-grain products, fruit and vegetables by 20 % (base year 2023).[1]	Target measurement in development			
By 2025, Kaufland in Germany will reduce the sugar, salt and/or fat content in 500 private-label items by 20 % on average (base year 2015).	Weighted average content of added sugar, salt and fat based on sales	↗	**18 %** / 20 %	113
By 2025, the companies of Schwarz Produktion will reduce the average sugar content per liter of beverages sold by approx. 30 % and the average salt content per kilogram of baked goods sold by approx. 30 % (base year: 2015).	Weighted average content of added sugar, salt and fat based on sales	↗	**Sugar:** **-43 %** / -30 %	113
		↗	**Salt:** **-32 %** / -30 %	113

1 | In terms of the PHD: pulses, nuts, seeds, Whole grains; and fruits and vegetables; except for potatoes (starchy vegetables)

Conscious nutrition and health

Management Approaches

Conscious Nutrition and Health

Organization and Responsibility

It is mainly the CR/CSR purchasing units in the respective retail divisions that are responsible for laying the foundations for more conscious nutrition. The organization of the reduction strategies of Lidl and Kaufland is also anchored in their respective purchasing units. They are implemented in conjunction with Quality Management/Quality Assurance and in close collaboration with the private-label suppliers of Lidl and Kaufland as well as the production plants of Schwarz Produktion and the Kaufland meat processing plants.

At Lidl Stiftung & Co. KG, the Brand and Marketing departments duly shape customer communication in the Customer business unit. Corporate Affairs is responsible for the CSR strategy and corporate communications. The Branding & Packaging and Quality & Sustainability departments in Purchasing are responsible for packaging design.

Communications measures, consumer awareness initiatives and product marketing are coordinated at Kaufland by the CR department of Kaufland Stiftung & Co. KG with the support of Marketing and Corporate Communications as well as the Purchasing and Quality Management departments. Complaint mechanisms such as hotlines are based in the Customer Management department. Customers receive a prompt answer, and if necessary, additional departments are involved in the response. If suggestions are made or constructive criticism is expressed, the responsible department checks whether they can be implemented.

Stakeholder Involvement

We maintain an ongoing dialog with our stakeholders. For example, when publishing its strategy for conscious nutrition, Lidl in Germany spoke to several stakeholders and discussed current developments with them. In 2024, the "Lidl in Dialog" format on conscious nutrition took place once again as well as an event with farmers to exchange thoughts with them on animal husbandry. The topic of "Gut Ernähren" (good nutrition) was the focus of Kaufland's trade fair appearance at the "Grüne Woche 2025". Among other things, a workshop was held with stakeholders on the topic of "Making sustainable nutrition more visible in stores". In 2024, Lidl launched a long-term international partnership with WWF (World Wide Fund For Nature), which addresses the largest ecological challenges (more on this in the Governance chapter). You can find more information about dialog formats with our stakeholders in the Dialog Formats at a Glance chapter.

Measures and Projects

Raising Awareness of Conscious Nutrition [GRI 413-1]

The companies of Schwarz Group have put various measures and initiatives in place in order to make children and adults more aware of the topic of conscious nutrition and the responsible consumption of food. The topic of marketing to children is a key area of focus. Since the 2023 fiscal year, Lidl in Germany no longer advertises any unhealthy foods to children as a matter of principle – aside from promotional items sold around the Christmas, Easter and Halloween holidays. In addition to the WHO criteria, we also use additional Lidl criteria, which contain specifications for ingredients and additives. For private-label products that are categorized as unhealthy, Lidl[1] and Kaufland avoid the use of packaging designs that are aimed at children.

Kaufland is involved in the educational initiative "Machen macht Schule" (Taking action in the classroom), which teaches children about sustainable future topics in an age-appropriate way. The initiative involves organizing campaign days on nutrition in schools, daycare centers or soccer clubs, which aim to increase children's awareness around the topic of healthy nutrition. During these campaign days, certified nutritional experts teach the children basic information about healthy nutrition and the conscious use of food in a playful manner. The Kaufland stores provide fresh fruit and vegetables and additional food items for the campaign days. In the reporting period, Kaufland once again held 235 of these campaign days. At a national level, Croatia and Slovakia have been committed to this topic for several years.

Lidl is also involved in promoting conscious and healthy nutrition for children: Lidl Czechia has been conducting the "Essbarer Schulgarten" (Edible Gardens) project in schools since 2022. In 2024, gardens were opened in six schools to promote healthy eating habits among children.

We are also committed to the health of our own employees: For example, our employees can learn about conscious nutrition by means of campaigns held in the Schwarz Restaurantbetriebe restaurants during the Sustainability Weeks, or through the balanced menu on offer there. Calorie information is provided for all of the meals on the menu, and this transparency allows our employees to make an informed decision about how many calories they want to consume. Nine out of the ten Schwarz Restaurantbetriebe restaurants have undergone the organic certification process. This process involves testing the food and cleaning products with regard to harmful substances, environmental compatibility, and the supplier and supply chains. In the course of occupational health management at Kaufland, lectures and courses – also on the topic of healthy eating – are offered to employees on a regular basis.

1 | Target implementation for Lidl at the end of calendar year 2025

Conscious Nutrition and Plant-based Sources of Protein

Lidl continues to drive forward its commitment to "Conscious Nutrition" – together with the WWF. Lidl and the WWF are cooperating in 31 countries for the first time as part of an international, strategic partnership (find more information in the Governance chapter). For example, Lidl is aligning its product assortment with the model of the Planetary Health Diet of the EAT-Lancet Commission and has set itself ambitious goals.

By 2030, Lidl will increase the proportion of its sales of plant-based foods, such as plant-based protein sources, whole grain products, and fruit and vegetables, by 20 percent compared to 2023.[1] Lidl is the first grocery retailer to create transparency in all 31 Lidl countries with stores for all food categories in the assortment based on the PHD. Lidl uses the WWF methodology to calculate this. In this way, Lidl enables its customers to make more environmentally friendly choices.

As part of its protein strategy, Lidl in Germany also became the first German food retailer to ascertain and publicly disclose the ratio of animal protein sources to plant-based protein sources in its product range.[2] Lidl in Germany has been publishing its protein ratio each year since 2023. In the 2023 fiscal year, the overall percentage of plant-based protein sources was 11.8 percent and the percentage of alternative dairy products was 6.6 percent. Lidl in Germany has also set itself the goal of increasing the share of alternative dairy products to 10 percent by 2030. Lidl has set itself a goal for whole grains too: By 2030, Lidl in Germany wants to increase the share of whole-grain products compared to all grain variants in its product range to 20 percent (base year: 2023). Lidl is also expanding its selection of whole-grain products: Already today there is a whole grain alternative in almost all product categories. It intends to offer at least one whole-grain alternative in all relevant product categories in its product range by 2030.

In addition to individual targets for specific product groups, Lidl in Germany is also putting concrete measures in place: For example, in 2023, the retail division aligned the prices of virtually the entire range of Vemondo private-label vegan alternatives in Germany to those of comparable non-vegan products. As a result, the majority of Vemondo products are available at the same basic price as comparable animal products. Kaufland has also lowered the prices of the products from its K-take it veggie private label to match their meat-based counterparts.

Kaufland is currently evaluating suitable methods for its wide assortment to check how the proportion of plant-based proteins can be increased.

Another focus of the companies of Schwarz Group is increasing the nutritional properties of food. With regard to our private-label products, some examples include reducing sugar and salt and using more sustainable and healthier fats with the highest possible proportion of unsaturated fats. Items whose salt, sugar or saturated fat content has already been reduced will be continuously reviewed for further reduction possibilities.
One of Lidl's aims in the context of conscious nutrition is to reduce sales-weighted quantities of added salt or sugar by 20 percent by 2025. However, Lidl's action focuses equally on product safety and the sensory quality of the products. As a result, there are limits to the reduction of sugar and salt in some products. In total, this may lead to a downward trend, such as with changes and extensions to the assortment. Lidl is continuously working on improving recipes in its own private-label range, also in consideration of sugar and salt. The accuracy and constant plausibility checks of the data basis are equally as important to Lidl. The aim is to constantly further develop monitoring on the basis of validated data, so as to get a more accurate picture of progress toward the goal. While assessing the data in the 2023 calendar year, articles containing sugar substitutes were compared with previous years to illustrate shifts in the product range. Accordingly, the 2015 base year was retrospectively corrected to include these articles. In order to leave clients a choice, products sweetened with sugar are still offered in the Lidl product range, and in line with the strategy, these will not be replaced by sweeteners.

Kaufland is focusing on specific product groups for the reduction of salt, sugar and fat. The strategy of Kaufland in Germany also centers on products frequently consumed by children, such as soft drinks or cereals as well as frozen and convenience product groups. These are also part of the national reduction and innovation strategy for sugar, fat and salt advocated by the BMELH (Federal Ministry of Agriculture, Food and Regional Identity). On an international level, Kaufland works with its suppliers to gradually optimize the formulations of its private-label products. For new recipes, attention is paid to keeping the sugar, salt and fat content as low as possible from the outset.

Nutri-Score

[GRI 417-1]

Lidl and Kaufland were two of the first companies to introduce the Nutri-Score voluntary nutritional label. Since taking this step, both divisions have been gradually extending the label to their private-label portfolio. By doing so, Lidl and Kaufland make it possible for customers to consider the nutritional value of foods when making a purchasing decision. At Lidl, the Nutri-Score is also used in all countries that do not yet have a corresponding labeling system and where permitted by legislation. Lidl in Germany has been successively extending Nutri-Score to its entire private-label permanent assortment since 2021.

In 2020, Kaufland started introducing the nutritional label and is seeking to introduce it for all eligible products that fulfill regulatory stipulations. Since then, the food retailer has already introduced the voluntary Nutri-Score rating for many items from its K-Bio, K-Classic and K-take it veggie private labels.

Other Markings and Labels

[GRI 417-1]

The companies of Schwarz Group strive to further increase the level of transparency around their products. They are already using traceability solutions in order to achieve this goal. These solutions make it possible to trace the origins of individual raw materials and provide access to the information via bar codes on the packaging. Kaufland customers receive extensive information about all fish products and certain meat products

1 | Compared with the base year 2023; in terms of the PHD: pulses, nuts, seeds, whole grains and fruits and vegetables; except for potatoes (starchy vegetables)

2 | Lidl uses the WWF methodology for the calculation. The items are first grouped into animal protein sources and plant-based protein sources. Dairy products and plant-based dairy alternatives are calculated separately.

from various private labels. At Lidl, information is also provided for fish and meat products.

On a large proportion of its packaging for marinated and seasoned meat, Lidl has introduced a voluntary country of origin label. This is also used for all fish items. As a result, Lidl has exceeded the legal requirements within the EU. When it comes to labeling of origin, a QR code is usually used. The next step will involve providing a more transparent picture with regard to potential CSR risks in the food retail supply chains. The aim is to digitally map out supply chains and to identify social and environmental risks. In this context, Lidl is currently considering working together with external service providers that offer relevant solutions in this area.

Both retail divisions are also implementing programs and projects to continuously reduce the use of pesticides beyond what is required by law. To this end, Lidl and Kaufland each have the internal requirement that only one third of the legal residues of active substances is permitted in fruit and vegetables. Merchandise produced according to ecological and social standards is clearly identified at Lidl and Kaufland with independent certifications and respective product labels. To highlight the benefits, consumers are informed about the sustainability of the products in leaflets and on packaging. For example, Kaufland marks the respective products from its private-label assortment with the logo "Machen macht den Unterschied" (Our actions do the talking), in connection with the relevant and current sustainability labels such as Fairtrade or Rainforest Alliance. For more information on this, see the Certified Sustainable and Regional Raw Materials Procurement chapter.

Transparency and awareness regarding the end-of-life impact of products are key elements of effective action within the companies of Schwarz Group. For example, sorting and disposal instructions on multi-component packaging were gradually introduced at the Lidl and Kaufland retail divisions as part of the REset Resources circular economy strategy. The goal is to motivate customers to properly dispose of their packaging waste. By doing this, we want to help to improve recycling processes. PreZero has also been supporting these efforts. The division is part of associations and initiatives that explicitly strive to increase the amount of recyclable materials that are recycled by sharing knowledge about waste separation. You can also find more information about the REset Resources circular economy strategy in the Circular Systems chapter.

GRI Index

Use Declaration	Schwarz Corporate Affairs GmbH & Co. KG has reported in accordance with the GRI Standards for the period from March 1, 2024, to February 28, 2025.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector standard(s)	None

For the "Content Index – Essentials Service" GRI Services has verified that the GRI content index has been presented in a manner that complies with the reporting requirements according to the GRI standards and that the information in the index is clearly presented and accessible to stakeholders. The service was performed for the German version of the report.

GRI CONTENT INDEX ESSENTIALS SERVICE 2025

GRI Standards	Page(s)	Omissions/Notes
General Disclosures		
GRI 2: General Disclosures 2021		
1. The organization and its reporting practices		
2-1: Organizational profile	3, 5, 6, 7, 8, 9	
2-2: Entities included in the organization's sustainability reporting	3	
2-3: Reporting period, frequency and contact point	3	
2-4: Adjustment or restatement or of information	3	Retrospective corrections of individual key performance indicators are indicated with footnotes on the relevant pages.
2-5: External Assurance	3	
2. Activities and employees		
2-6: Activities, value chain, and other business relationships	5, 6, 7, 8, 11, 105, 107	
2-7: Employees	5, 99, 100	Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.
2-8: Workers who are not salaried		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.

GRI Standards	Page(s)	Omissions/Notes
General Disclosures		
GRI 2: General Disclosures 2021		
3. Corporate management		
2-9: Governance structure and composition	10	
2-10: Nomination and selection of the highest governance body	10	
2-11: Chair of the highest governance body	10	
2-12: Role of the highest governance body in overseeing the management of impacts	23	
2-13: Delegation of responsibility for managing impacts	23	
2-14: Role of the highest governance body in sustainability reporting	10, 24	
2-15: Conflicts of interest	23	
2-16: Communication of critical concerns	17, 23	
2-17: Collective knowledge of the highest governance body	23	
2-18: Evaluation of the performance of the highest governance body	10	
2-19: Remuneration policies	101	
2-20: Process to determine remuneration		Restrictions due to a duty of confidentiality: Individual salaries of employees are subject to non-disclosure as confidential information and their forwarding, even for purposes of statistical evaluation, remains limited.
2-21: Annual total compensation ratio		Restrictions due to a duty of confidentiality: Individual salaries of employees are subject to non-disclosure as confidential information and their forwarding, even for purposes of statistical evaluation, remains limited.

GRI Standards	Page(s)	Omissions/Notes
General Disclosures		
GRI 2: General Disclosures 2021		
4. Strategy, policies and practices		
2-22: Statement on sustainable development significance and strategy	4	
2-23: Corporate responsibility policies	13, 39, 69, 93, 105, 107	
2-24: Implementation of corporate responsibility principles	13, 105, 107	
2-25: Processes to remediate negative impacts	35, 39, 107	
2-26: Mechanisms for seeking advice and raising concerns	17, 107	
2-27: Compliance with laws and regulations	13	Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.
2-28: Membership associations	19, 20	
5. Stakeholder engagement		
2-29: Approach to stakeholder engagement	16, 17, 18, 20, 35, 39	
2-30: Collective bargaining agreements	86	

GRI Standards	Page(s)	Omissions/Notes
Material Topics		
GRI 3: Material topics 2021		
3-1: Process to determine material topics	25	
3-2: List of material topics	25, 26	
Adapting to climate change		
GRI 3: Material topics 2021		
3-3: Management of material topics	43, 44	
GRI 201: Economic performance 2016		
201-2: Financial consequences of climate change for the organization, and other risks and opportunities associated with climate change	44	
Klimaschutz		
GRI 3: Material topics 2021		
3-3: Management of material topics	43, 44	
GRI 305: Emissions 2016		
305-1: Direct GHG emissions (Scope 1)	50	
305-2: Energy indirect (Scope 2) GHG emissions	50, 51	
305-3: Other indirect (Scope 3) GHG emissions	50, 51, 52, 53	
305-4: GHG emissions intensity		Not applicable: Due to the planned change to the calculation methodology, this information is not currently being reported.
305-5: Reduction of GHG emissions	50	

GRI Standards	Page(s)	Omissions/Notes
Material Topics		
Energy		
GRI 3: Material topics 2021		
3-3: Management of material topics	43, 44, 54	
GRI 302: Energy 2016		
302-1: Energy consumption within the organization	47, 56	
302-3: Energy intensity		Not applicable: Due to the planned change to the calculation methodology, this information is not currently being reported.
302-4: Reduction of energy consumption	47	
302-5: Reductions in energy requirements of products and services	47	
Biodiversity and ecosystems		
GRI 3: Material topics 2021		
3-3: Management of material topics	61, 63	
GRI 304: Biodiversity 2016		
304-2: Significant impacts of activities, products, and services on biodiversity	61, 64	
Circular economy: Resource streams and us		
GRI 3: Material topics 2021		
3-3: Management of material topics	66, 67, 69, 72, 80	
GRI 301: Materials 2016		
301-1: Materials used by weight or volume	82	
301-2: Recycled input materials used	82	
301-3: Reused products and their packing materials	80, 81	

GRI Standards	Page(s)	Omissions/Notes
Material Topics		
Circular economy: recyclables and waste		
GRI 3: Material topics 2021		
3-3: Management of material topics	66, 67, 69, 76	
GRI 306: Waste 2020		
306-1: Waste generation and significant waste-related impacts	69, 77	
306-2: Management of significant waste-related impacts	65, 66, 80	
306-3: Waste generated	70	
Workforce: working conditions		
GRI 3: Material topics 2021		
3-3: Management of material topics	85, 86	
GRI 403: Health and Safety at Work 2018		
403-1: Occupational health and safety management system	96	
403-2: Hazard identification, risk assessment, and incident investigation	86, 96, 99	
403-3: Occupational health services	86, 96, 99	
403-4: Employee participation, consultation and communication on occupational health and safety	94	
403-5: Employee training on occupational health and safety	96	
403-6: Promotion of employee health	99	
403-7: Avoidance and minimization of impacts on occupational health and safety directly linked to business relationships	96	
403-8: Workers covered by an occupational health and safety management system		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.
403-9: Work-related injuries		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.
403-10: Work-related ill health		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.

GRI Standards	Page(s)	Omissions/Notes
Material Topics		
Workforce: equal treatment and equal opportunities		
GRI 3: Material topics 2021		
3-3: Management of material topics	85, 86, 91, 92	
GRI 202: Market presence 2016		
202-1: Ratios of standard entry level wage by gender compared with local minimum wage	101	
GRI 401: Employment 2016		
401-1: Newly hired employees and employee turnover	93, 100	
401-3: Parental leave		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.
GRI 404: Training and development 2016		
404-2: Programs for upgrading employee skills and transition assistance programs	93, 94, 96	
404-3: Percentage of employees receiving regular performance and career development reviews	94	
GRI 405: Diversity and equal opportunity 2016		
405-1: Diversity of governance bodies and employees	91, 92, 101	
405-2: Proportion of basic salary and remuneration of women compared with basic salary and remuneration of men	101	
GRI 406: Non-discrimination 2016		
406-1: Discrimination incidents and remedies taken	92	
Value chain: equal treatment and equal opportunities		
GRI 3: Material topics 2021		
3-3: Management of material topics	104, 105	
GRI 407: Freedom of association and collective bargaining 2016		
407-1: Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	86, 105	

GRI Standards	Page(s)	Omissions/Notes
Material Topics		
Value chain: other work-related rights		
GRI 3: Material topics 2021		
3-3: Management of material topics	104, 105	
GRI 414: Supplier social assessment 2016		
414-1: New suppliers that were screened using social criteria		Information not available/incomplete: The data basis for the information is only partly available to companies of Schwarz Group. A consolidated collection and quality assurance for future reporting of the indicator will be checked, particularly for private-label suppliers.
414-2: Negative social impacts in the supply chain and actions taken	65, 105, 106, 107	
Consumers and end users: safety		
GRI 3: Material topics 2021		
3-3: Management of material topics	110, 112	
GRI 204: Procurement practices 2016		
204-1: Proportion of spending on local suppliers	41	
GRI 416: Customer health and safety 2016		
416-1: Assessment of the health and safety impacts of different product and service categories	35, 37	
416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	35, 36	Information not available/incomplete: For reasons of internal control relevance, we report the number of recalled sales items of public product/merchandise recalls for private-label products and not violations of regulations and/or voluntary codes related to the health and safety impacts of products and services.
GRI 417: Marketing and labeling 2016		
417-1: Requirements for product and services information and labeling	35, 40, 113	

GRI Standards	Page(s)	Omissions/Notes
Additional reported topics		
Economic performance and impacts		
GRI 201: Economic performance 2016		
201-1: Direct economic value generated and distributed	11	
GRI 203: Indirect economic impacts 2016		
203-1: Infrastructure investments and promoted services	11	
Use and protection of water resources		
GRI 3: Material topics 2021		
3-3: Management of material topics	61, 64	
GRI 303: Water and effluents 2018		
303-1: Interactions with water as a shared resource (management approach)	64	
303-2: Management of water-discharge related impacts (management approach)	65	
303-3: Water withdrawal	62	Information not available/incomplete: We report our water consumption without breaking it down by further sources and regions with water risks. We are working on improving our data basis for future reporting.
GRI 308: Supplier environmental assessment 2016		
308-1: New suppliers that were screened using environmental criteria		Information not available/incomplete: The data basis for the information is only partly available to the companies of Schwarz Group. A consolidated collection and quality assurance for future reporting of the indicator will be checked, particularly for private-label suppliers.
308-2: Negative environmental impacts in the supply chain and actions taken	65	
Conscious nutrition and health		
GRI 3: Material topics 2021		
3-3: Management of material topics	110, 112	
GRI 413: Local communities 2016		
413-1: Production sites that involve local communities, impact assessments and funding programs	74, 112	

GRI Standards	Page(s)	Omissions/Notes
Additional reported topics		
Compliance		
GRI 3: Material topics 2021		
3-3: Management of material topics	13, 14	
GRI 205: Anti-corruption 2016		
205-1: Operations assessed for risks related to corruption		Restrictions due to a duty of confidentiality: The compliance management systems are regularly checked by the Auditing department. For confidentiality and competitive reasons, no other information is published.
205-2: Communication and training courses on anti-corruption policies and procedures	14	
GRI 207: Tax 2019		
207-1: Approach to tax	15	
207-2: Tax governance, control, and risk management	15	
207-3: Stakeholder engagement and management of concerns related to tax	15	
207-4: Country-related reporting		Restrictions due to a duty of confidentiality: The companies of Schwarz Group provide country-by-country reporting (CbCR) on the basis of international agreements worldwide to participating tax authorities. In accordance with the currently applicable regulations, we refrain from publishing the CbCR beyond this, as the required transparency for the participating tax authorities is already ensured.
GRI 415: Political influence 2016		
415-1: Party donations	18	

Independent auditor's report on a limited assurance engagement

The assurance engagement performed by EY relates exclusively to the German version of the Sustainability Report 2024 of the companies of Schwarz Group. The following text is a translation of the original German independent assurance report.

To Schwarz Corporate Affairs GmbH & Co. KG, Neckarsulm

We have performed a limited assurance engagement on selected performance indicators and explanations in the sustainability report of Schwarz Corporate Affairs GmbH & Co. KG, Neckarsulm, (hereinafter the "Company"), whose disclosures were identified by a "✓" in the sustainability reporting, for the period from 1st of March 2024 to 28th of February 2025 (hereinafter the "non-financial reporting").

Our engagement exclusively refers to the disclosures marked with the "✓" symbol in the German pdf version of the sustainability report. Not subject to our assurance engagement are other disclosures made in the sustainability report.

Responsibilities of the executive directors

The executive directors of the Company are responsible for the preparation of the sustainability report, which includes the selected disclosures, with reference to the "GRI Sustainability Reporting Standards" (hereinafter "applicable criteria").

These responsibilities of the Company's executive directors include the selection and application of appropriate methods for the preparation of the non-financial Reporting and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of a non-financial Reporting that is free from material misstatement, whether due to fraud (manipulation of the non-financial Reporting) or error.

Independence and quality assurance of the auditor's firm

We have complied with the German professional requirements on independence as well as other professional conduct requirements.

Our audit firm applies the national legal requirements and professional pronouncements – in particular the BS WP/vBP ["Berufssatzung für Wirtschaftsprüfer/vereidigte Buchprüfer": Professional Charter for German Public Accountants/ German Sworn Auditors] in the exercise of their Profession and the IDW Standard on Quality Management issued by the Institute of Public Auditors in Germany (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)) and accordingly maintains a comprehensive quality management system that includes documented policies and procedures with regard to compliance with professional ethical requirements, professional standards as well as relevant statutory and other legal requirements.

Responsibilities of the auditor

Our responsibility is to express a conclusion with limited assurance on the non-financial Reporting based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's non-financial Reporting is not prepared, in all material respects, in accordance with the applicable criteria.

In a limited assurance engagement, the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly, a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgment of the auditor.

In the course of our assurance engagement we have, among other things, performed the following assurance procedures and other activities:

- Gain an understanding of the structure of the sustainability organization and stakeholder engagement,
- Inquiries of the executive directors and relevant employees involved in the preparation of the non-financial Reporting about the preparation process, about the internal controls related to this process as well as disclosures in the non-financial Reporting,
- Inspection of the relevant documentation of the systems and processes for collecting, aggregating and validating relevant data in the reporting period,
- Identification and assessment of risks of material misstatement in the non-financial Reporting,

- Analytical procedures on selected disclosures in the non-financial Reporting,
- Inquiries, inspection of sample documents and obtaining evidence relating to the collection and reporting of selected disclosures in the non-financial Reporting,
- Evaluation of the presentation of disclosures in the non-financial Reporting.

Assurance conclusion

Based on the assurance procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial Reporting of the Company for the period from 1st of March 2024 to 28th of February 2025 is not prepared, in all material respects, in accordance with the applicable criteria.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. As a result, it may not be suitable for another purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company alone. We do not accept any responsibility to third parties. Our assurance conclusion is not modified in this respect.

General Engagement Terms and Liability

The enclosed "General Engagement Terms for Wirtschaftsprüferinnen,]Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" as issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] on 01 January 2024 are applicable to this engagement and also govern our relations with third parties in the context of this engagement (ey-idw-aab-en-2024.pdf). In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties. We accept no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we will not update the report to reflect events or circumstances arising after it was issued, unless required to do so by law. It is the sole responsibility of anyone taking note of the summarized result of our work contained in this report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Stuttgart, 16th July 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Hinderer	Rodriguez
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Legal Notice

Schwarz Corporate Affairs GmbH & Co. KG,
based in Neckarsulm, Registry Court Stuttgart,
HRB 735837, is represented by Schwarz
Corporate Affairs Management GmbH,
based in Neckarsulm, Registry Court Stuttgart,
HRB 769866, which in turn is represented by
two managing directors with joint power
of representation, e.g., Susanne Marell and
Florian Schütze.

Schwarz Corporate Affairs GmbH & Co. KG
Stiftsbergstraße 1 | 74172 Neckarsulm

www.group.schwarz | cr@mail.schwarz

Editorial
Corporate Responsibility-Team
of Schwarz Corporate Affairs
GmbH & Co. KG;
Accenture GmbH, Kronberg im Taunus

Design Concept and Layout
Corporate Brand Marketing
of Schwarz Corporate Affairs
GmbH & Co. KG;
infotectures GmbH, Heidelberg

Copyright ©2024 Sustainalytics, a Morningstar company. All rights reserved. This sustainability report includes information and data provided by Sustainalytics and/or its content providers. Information provided by Sustainalytics is not directed to or intended for use or distribution to India-based clients or users and its distribution to Indian resident individuals or entities is not permitted. Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect. Use of such data is subject to conditions available at https://www.sustainalytics.com/legal-disclaimers/.