Sustainable Business

Acting Ahead

Sustainability Report
of the Companies of Schwarz Group

2025 Fiscal Year

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About this Report

Content and Scope of the Report
[GRI 2-1, 2-2 and 2-14]

This report is the joint Sustainability Report of 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 circular economy companies of PreZero Group, Schwarz Produktion, Schwarz Digits and Schwarz Corporate Solutions (see also The Companies of Schwarz Group in Profile). 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. The sustainability report has been reviewed by CR/CSR and the relevant departments in the companies of Schwarz Group.

Navigating the Report

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

Reporting Period and Cycle
[GRI 2-3]

The companies of Schwarz Group publish a joint sustainability report annually. This report relates to the period between March 1, 2025 and February 28, 2026, and therefore covers the 2025 fiscal year (FY). 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, 2026, unless otherwise indicated; the editorial deadline was June 30, 2026. If information from outside the reporting period was included, these passages are clearly indicated in the text.

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 2025 fiscal year 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 which 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.

For Schwarz Produktion, the Göbber Group – a jam and honey producer acquired during the reporting period – has been included in the key performance indicators since FY 2025. In the event of deviations from the figures published in the FY 2024 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 2026, 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, and presentation of the materiality analysis (see the Materiality Analysis chapter for more information). Reviewed content is indicated with ✪. The independent public auditor's note can be found here.

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,

Resources are becoming scarcer, geopolitical tensions are rising and societies are growing increasingly polarized. In these complex times, corporate responsibility requires clear answers. For us, the companies of Schwarz Group, one thing is certain: We are not wavering on our ambitious targets but are instead driving our plans forward with determination. Every day, we prove that economic success goes hand in hand with social and environmental action.

Re-thinking value creation:
From the circular economy to net zero

Our net-zero target validated by the Science Based Targets initiative (SBTi) and our joint climate transition plan form the basis for measurable environmental protection in action. Furthermore, our key performance indicators substantiate the successful completion of our jointly created REset Plastic strategy. Now, we are taking the logical next step toward a circular economy with our holistic REset Resources strategy and specific initiatives for resource conservation such as "Road to Zero Waste."

Securing the future:
Focus on specialists and cohesion

Our 604,000 employees worldwide are at the core of our ecosystem. The current development in employee numbers clearly shows our reliability: Nine thousand newly created jobs in the past fiscal year. At the same time, we are focusing on the training of our future talents: We train over 10,000 people across Europe and offer over 100 job profiles.

Demonstrating responsibility:
data-driven transparency

Strategic ambition requires reliable facts. In the meantime, we manage our sustainability targets via more than 1,500 key performance indicators. The fact that we not only demand transparency and a systematic approach internally, but demonstrably live by them, is validated by the recent recognition with the independent ESG Transparency Award for our transparent sustainability reporting.

We do not just talk responsibility; we put it into practice every day. For, above all else, the complex challenges of our times require trusted partnerships and values-based collaboration. This is the strong foundation upon which we are building solutions and products for a better life together with our employees, customers and suppliers.

Gerd Chrzanowski
General Partner
of Schwarz Group

The Companies of Schwarz Group in Profile

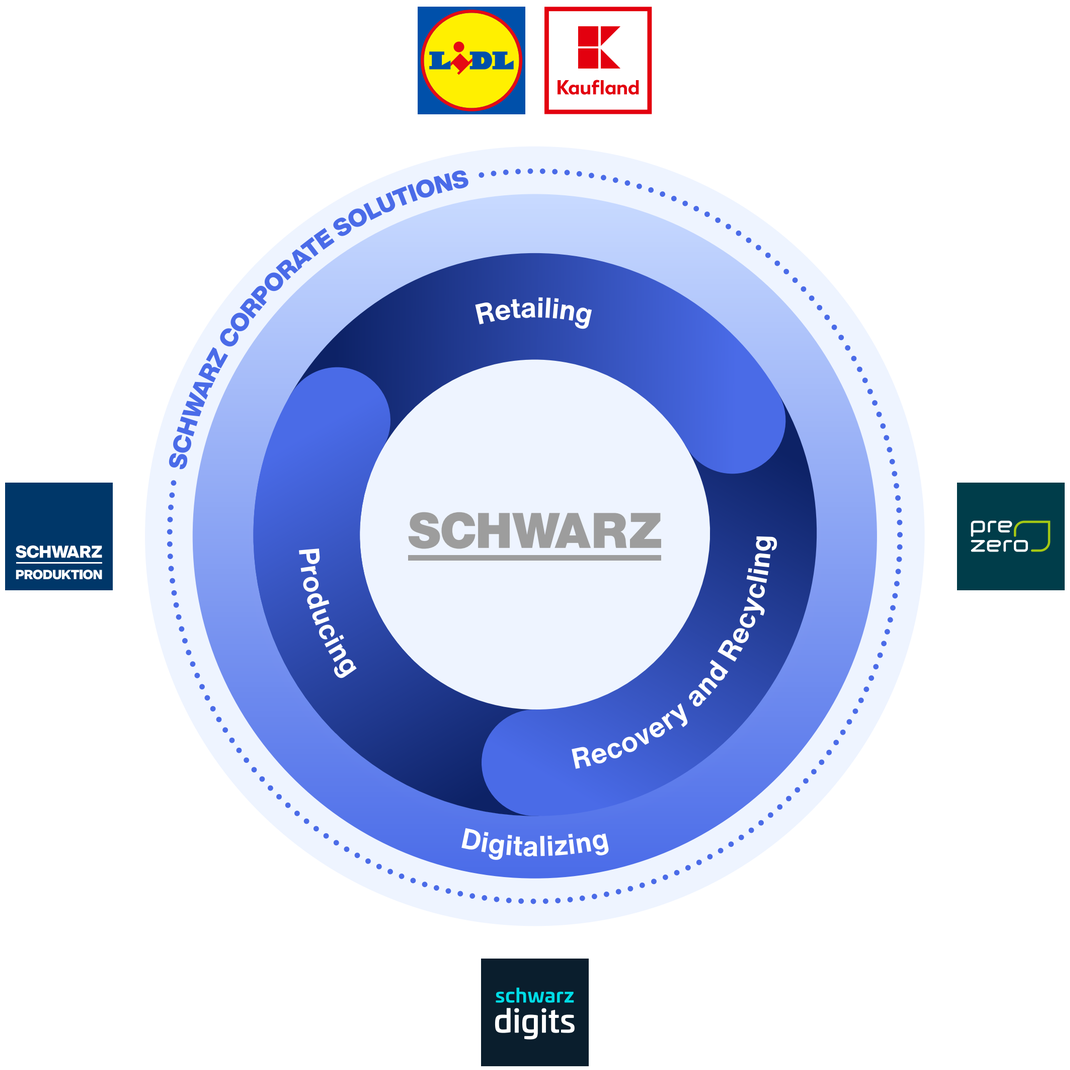
Our Ecosystem

[GRI 2-1, 2-6 and 2-7]

Schwarz Group is a world-leading retail group with around 14,500 stores and over 604,000[1] (2024: 595,000) employees. In the 2025 fiscal year, the companies of Schwarz Group generated total revenue of 185.6 (2024: 175.4) billion euros. With our ecosystem, we cover the entire value cycle – from production and retail to recycling and digitalization. We create solutions that make life more sustainable, healthier and more secure, both today and in the future – we act ahead.

Lidl and Kaufland form the pillars in the food retail market and are an integral part of their customers' daily lives in 33 countries. Many of their own-brand products and much of the packaging come directly from Schwarz Produktion. The circular economy division, PreZero, is pursuing the vision of closed recycling loops in waste disposal and recycling management. The IT and digital division, Schwarz Digits, provides compelling digital products and services that meet the high German data protection standards, and ensures the maximum degree of digital sovereignty. As a partner service provider, Schwarz Corporate Solutions assists the companies of Schwarz Group with all matters related to administration, HR, operational activities and everything in between.

As at the end of fiscal year 2025, Schwarz Group comprised 1,290 (2024: 1,237) companies.



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

[GRI 2-1 and 2-6]

The national companies of the Lidl retail division are food retailers in the discount sector. Lidl currently operates around 12,900 stores in 32 countries, as well as around 230 goods distribution and logistics centers. In total, the retail companies have over 395,000 employees. In the 2025 fiscal year, Lidl generated revenue of 140.2 (2024: 132.1) billion euros. In 2022, Lidl founded a shipping company – TAILWIND Shipping Lines – in order to secure the sovereignty of the supply chain from Asia to Europe. Lidl also employs staff in Asia.

Customers can find a wide range of products for all their daily needs in Lidl's stores and online shops. In its stores alone, Lidl offers an average of 4,640 single items in its permanent assortment, supplemented by 2,558 additional products on average as part of its special offers.

For Lidl, corporate responsibility means working on the key issues of the future as well as finding a way to reconcile sustainability and profitability. Lidl has set up its organization, strategy and product range in such a way that it can act as a system provider and find global solutions for all companies. Its international CSR strategy is more than just a policy for Lidl – it is the compass guiding the way to a better tomorrow. The companies of Lidl Group follow and anticipate political and social debates and consider them in the context of their fields of action. Lidl views European aims to increase sustainability not just as a requirement, but as a clear call for action.

By defining clear, measurable targets, Lidl is firmly embedding this ambition in all that it does. Lidl's five central fields of action are: "Protecting Climate", "Conserving Resources", "Respecting Biodiversity", "Promoting Health" and "Acting Fairly."

[GRI 2-1 and 2-6]

With 1,600 (2024: 1,577) stores and around 162,000 (2024: 157,000) employees, the companies of Kaufland Group are present in eight European countries. The companies of Kaufland Group operate five meat processing plants across Europe (hereinafter also referred to as "Kaufland meat processing plants"), which produce the meat and sausage products for the stores – as well as 17 logistics centers. With 17,000 to 30,000 items per store[1] on average, Kaufland offers a wide assortment of food and everyday products. In the 2025 fiscal year, Kaufland generated revenue of 36.7 billion euros – an increase of 4.3 percent year on year.

For us Kaufland, sustainability is much more than a buzzword – it is a clear mandate. As an integral part of our corporate strategy, sustainability guides our actions everyday, worldwide and across all business units. With our four areas "Good Nutrition", "Strengthen Society", "Conserve Resources" and "Protect Environment", we are systematically working on making our own business and supply chain processes more sustainable as well as reducing environmental impacts. In doing this, we never lose sight of our core strength: offering a diverse assortment of food. We understand our mission to be this: Making good nutrition accessible to everyone today and tomorrow.

[GRI 2-1 and 2-6]

In the 2025 fiscal year, the 24 companies of Schwarz Produktion – with around 6,500 (2024: 6,000) employees – reliably supplied millions of people across Europe with high-quality food products every single day. Nineteen (2024: 18) production facilities produce beverages, chocolate, ice cream, baked goods, nuts and dried fruit, coffee, pasta and fruit spreads. Three plastic and recycling plants form integral elements of a groundbreaking PET recycling loop (for more information, see the Circular Economy chapter). The portfolio is supplemented by Schwarz Produktion's own paper mill. The companies of Schwarz Produktion firmly believe that long-term company success and ecological, social and economic aspects are inextricably linked. To fulfill their responsibility, they have jointly set themselves clearly defined sustainability goals and are pursuing these goals in collaboration with their employees and partners.

1 | The size of the assortment varies by national company and depends on the size of the respective store.

[GRI 2-1 and 2-6]

The companies of PreZero Group (hereinafter also referred to as "PreZero") are among Europe's leading partners for the circular economy. The circular economy division of Schwarz Group helps businesses, municipalities and communities to keep resources in the loop, reduce emissions and transform waste into measurable added value. This strengthens resource sovereignty and contributes to decarbonization.

The comprehensive portfolio covers the entire recyclables and disposal chain: from collection and sorting to recycling – providing high-quality recycled material – through to the energy recovery of any remaining waste. By linking infrastructure, operational business and digital processes, PreZero transforms fragmented services into circular systems. Using sensor-based monitoring and automated dashboards, the company creates transparency, tracking material flows throughout the cycle and enhancing the traceability of waste streams as well as recovery rates. This data is a strategic advantage in matters of compliance, efficiency and adherence to regulations – it is compatible with ERP interfaces, audit-certified and compliant with tender specifications.

The company works with a wide range of partners, from large industrial corporations to players in the sports and events sector. The support provided is data-driven, for example, using the WasteEco-Savings concept. It transparently tracks emissions based on waste disposal routes, allowing companies to directly optimize material flows at an operational level and lower costs. With around 30,000 (2024: 30,000) employees at approximately 470 (2024: 468) locations across 10 countries, PreZero lends the circular economy operational strength.

Through its treatment of over 26 (2024: 26.8) million tons of recyclable material annually, PreZero strengthens resource and energy sovereignty. In the 2025 fiscal year, the company generated revenue of 4.1 (2024: 3.9) billion euros. PreZero increased its revenue by 5.1 percent to 4.1 billion euros, partly due to increased volumes in recyclables trading and an expanded market share within Germany's dual system.

[GRI 2-1 and 2-6]

Schwarz Digits delivers digital freedom of choice to the largest retail group in Europe, as well as customers and partners throughout Europe. As a pioneer of digital sovereignty, the IT and digital division of Schwarz Group offers secure, powerful solutions in the areas of cloud, cybersecurity, data and AI, communication and workspace, paving the way for a digitally self-determined future in Europe.

- **Cloud:** With data-sovereign cloud and colocation solutions, Schwarz Digits offers scalable, powerful systems for holistic digitalization projects.
- **Cybersecurity:** With cutting-edge continuous threat exposure management (CTEM), Schwarz Digits effectively protects systems and sensitive data against cyberthreats.
- **Data and AI:** Schwarz Digits develops sovereign AI solutions that are industry-specific, ready to use and tailored to critical business processes.
- **Communication:** The Wire communication platform for messages, audio and video calls combines security with technological independence. Schwarz Digits develops secure, browser-based collaboration solutions, particularly for regulated industries.
- **Workspace:** Workspace by STACKIT is the product of a strategic partnership with Google. It adds digital collaboration solutions for regulated industries in Germany and Europe to Schwarz Digits' portfolio of services. The browser-based collaboration with client-side encryption protects against unauthorized third-party access. Combined with the cloud solutions offered by Schwarz Digits, the result is a secure and sovereign collaboration solution that provides greater efficiency in the workplace.

SCHWARZ CORPORATE SOLUTIONS

[GRI 2-1 and 2-6]

Schwarz Corporate Solutions (SCOS) provides support to all the units of Schwarz Group. Acting as a strategic advisor, Schwarz Corporate Solutions provides the administrative and operational structure for the other companies of Schwarz Group and implements solutions to support their development, 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 Kommanditbolag (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)

Kaufland e-commerce

...

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)
- PreZero Nederland Holding B. V. (NL)
- PreZero Polymers Austria GmbH (AT)
- PreZero Belgium BV (BE)
- ...

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)

Sindra Übach-Palenberg GmbH & Co. KG
(Services)

...

Schwarz Digits

Schwarz Digits KG

STACKIT

XM Cyber

Schwarz Media

mmmake

Schwarz Digits IT KG

Schwarz Digital

Lidl e-commerce

Omniac

SCHWARZ CORPORATE SOLUTIONS

Schwarz Corporate Solutions KG

- Schwarz Beschaffung GmbH
- Schwarz Campus Service GmbH & Co. KG
- Schwarz Restaurant-betriebe GmbH & Co. KG
- Schwarz Immobilien Service GmbH & Co. KG
- Schwarz Logistics Solutions GmbH
- Schwarz Mobility Solutions GmbH
- Schwarz Corporate HR Solutions GmbH & Co. KG
- Schwarz Projektentwick-lung 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 and 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. As at the end of the 2025 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. It assumes the role of a supervisory board 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
(until July 2026)

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 have closed the 2025 fiscal year with a significant increase in revenue and a further consolidation of their market position. In an environment beset by economic and geopolitical crises, the companies of Schwarz Group generated total revenue of 185.6 billion euros (previous year: 175.4 billion euros). That corresponds to growth of 5.8 percent. In the reporting period, the number of employees rose by 9,000 from 595,000 to 604,000 – with 5,000 new jobs in Germany alone. The companies of Schwarz Group invested nine billion euros in fiscal year 2025, 3.7 billion euros of which were invested in Germany as a business location.

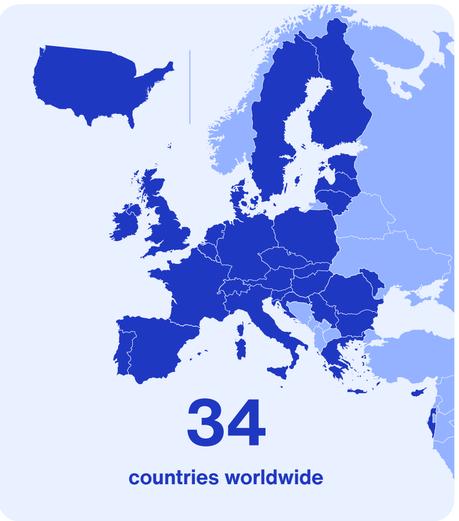
The retail divisions are the very backbone of Schwarz Group. As reliable local suppliers, Lidl and Kaufland place great value on being close to their customers. That is why they expanded their network by adding 300 stores in fiscal year 2025, and now operate 14,500 stores (previous year: 14,200). Lidl increased its store revenue to 140.2 billion euros (previous year: 132.1 billion euros). This 6.1 percent increase was due in large part to the expansion of the store network and customer growth in Germany and Europe. Kaufland generated store revenue of 36.7 billion euros, a 4.3 percent increase year on year (previous year: 35.2 billion euros). The division recorded growth in Germany as well as eastern European markets, thereby consolidating its market position.

The circular economy division PreZero is expanding its business model: It is supplementing its comprehensive waste disposal and recycling expertise with a sharper focus on securing key raw materials and is thus also positioning itself as a strategic partner for resource sovereignty. With a recycling revenue of 4.1 billion euros (+5.1 percent; previous year: 3.9 billion euros), PreZero entered into battery recycling by acquiring RE.LION.BAT and – together with investments in energy recovery – is setting new standards for a self-sufficient circular economy.

The production companies of Schwarz Group ensure the supply of essential foodstuffs and increased their revenue by 23.9 percent to 5.7 billion euros (previous year: 4.6 billion euros). In addition to ensuring the full operational capacity of its plant in Derby, England, Schwarz Produktion acquired jam and honey manufacturer Göbber to increase the independence of its supply chains.

Schwarz Digits is making an important contribution to the digital sovereignty of Germany and Europe by providing cloud computing, cybersecurity, artificial intelligence, communications and workplace solutions. The growing relevance of the topic is reflected in a significant increase in revenue of 15.8 percent to 2.2 billion euros in the IT and digital division of Schwarz Group (previous year: 1.9 billion euros).

1 | These employee figures relate to the fiscal year end cut-off date and also include employees on long-term leave as well as employees on maternity leave.



9
billion euros in investments

185.6
billion euros in revenue

Corporate Responsibility Strategy
Our Driving Force

We live in an era of polycrisis, where geopolitical tensions, environmental threats and social division do not occur in isolation but rather amplify one another. Current analyses, such as the World Economic Forum's Global Risks Report, tell us that we are facing an increasingly fragmented world. Accordingly, our business models are significantly influenced by the following global developments:

- **Climate change and extreme weather:** Anthropogenic climate change is no longer merely a forecast – it is reality. Extreme weather events such as heat waves, droughts and storms are on the rise and pose a threat to agricultural yields and supply chains around the world.
- **Resource scarcity and loss of biodiversity:** Global resource consumption has more than tripled since 1970 (Global Resources Outlook 2024, UNEP). This development is leading to noticeable shortages and volatile prices, making a functioning circular economy essential for our security of supply. At the same time, the loss of biodiversity forms a "twin crisis" with climate change, as intact ecosystems are the basis of our food production.
- **Geopolitical tensions and the economy:** Armed conflicts and geoeconomic confrontations (e. g., tariffs, sanctions) hinder global cooperation and create uncertainty.
- **Social polarization and disinformation:** In the short term, disinformation and social division are among the most acute global risks destabilizing markets and societies.

In the midst of this change, we, as the companies of Schwarz Group, remain steadfast in our commitment to our ambitious sustainability goals. We view sustainable business activity as a form of strategic risk management and a driver of innovation in times of global crises. Therefore, we are future-proofing our business models and making targeted investments in energy and resource sovereignty. We are consistently expanding our ESG commitment and are acting ahead.

Corporate Responsibility Strategy

Our Strategic Approach

In our jointly updated corporate responsibility (CR) strategy, we – the companies of Schwarz Group – combine economic stability with ecological and social responsibility.

We have taken this approach because, in order to live up to our responsibility in this complex world, we need more than just the desire to effect change: We need a clear compass to give us direction. Our ESG wheel is that compass. It visualizes our holistic understanding of sustainability and ensures that we do not think in isolated silos, but rather are able to understand and manage the interdependencies among ecological necessities, social responsibility and good corporate governance.

The wheel divides our activities into three inseparable dimensions, which together define our understanding of "sustainable business activity."

Our Understanding of Sustainable Business Activity

ENVIRONMENT (E) – Conducting Business With Environmental Responsibility

We recognize that our economic activities are based on limited natural resources. We understand that exceeding critical limits will lead to irreversible effects and global tipping points that jeopardize our environmental stability. Through specific measures, our ecological strategy aims to contribute to global climate protection, establish circular business models and to avoid and diminish negative impacts on biodiversity.

SOCIAL (S) – People at the Center of Our Actions

Whether it is in relation to our employees, people in the supply chain or society as a whole – we take social responsibility. We promote fair, safe and respectful cooperation because we firmly believe that people are the key to our success.

GOVERNANCE (G) – Creating Added Value Systematically and With Conviction

Sustainability does not happen by chance: It is the result of clear processes, structures and values. We manage our activities transparently, backed by data and based on principles of integrity and compliance. In this way, we foster trust among our stakeholders and are safeguarding our future. Because we view sustainable business activity as a form of strategic risk management and a driver of innovation.

Corporate Responsibility Strategy

Mission Statements

ENVIRONMENT (E) – Conducting Business With Environmental Responsibility

Circular Economy

We establish circular business models through measurable actions targeting the reduction of resources and prevention of waste.

Climate Change

We reduce emissions through targeted actions, actively contributing to global climate protection.

Biodiversity

We improve our processes step by step to avoid and diminish negative impacts on biodiversity and to conserve habitats and ecosystems.

SOCIAL (S) – People at the Center of Our Actions

Employees

We live up to our responsibility to our employees by investing in their professional growth and creating a fair, motivating work environment that fosters an enduring sense of belonging.

Supply Chain

Together with our suppliers and partners, we ensure human rights are respected across our global supply chain and promote safe, fair working conditions.

Society

We are aware of our responsibility to society and take it seriously, which is why we are actively contributing to solving the major social challenges of our time.

GOVERNANCE (G) – Creating Added Value Systematically and With Conviction

Values

We strengthen the trust of our stakeholders by promoting a corporate culture based on integrity, transparency and ethical conduct.

Management

We ensure sustainable and responsible corporate governance by implementing effective management structures and decision-making processes.

Compliance

We minimize legal risks and protect the company's reputation by complying with applicable law and internal guidelines.

Environment

Conducting Business With Environmental Responsibility

Circular Economy
Strategic Approach

Priority Topics
[GRI 301 and 306-2]

With REset Resources, we are jointly pursuing a holistic circular economy strategy that integrates responsible resource management into all business processes.

As companies of Schwarz Group, we use our ecosystem to shape the future viability of the circular economy across all divisions and in all of our target countries. Together we want to conserve resources and actively help shape the circular economy. Our goal is to reduce the use of resources, promote reuse, improve circularity and recyclability, ensure access to recyclable materials and increase the use of these.

Against this backdrop, REset Resources encompasses all key areas: from packaging and products to construction, food waste and innovative recovery processes. The circular economy should be promoted along the entire supply and value chain.

Through our holistic circular economy strategy, we want to jointly set new benchmarks for European resource sovereignty. By conserving resources, avoiding waste and closing recycling loops. we are making ourselves more independent of supply bottlenecks and are strengthening our resilience. In this way, we are ensuring the long-term viability of our business models.

The jointly developed REset Resources circular economy strategy is based on five specific fields of action:

- **REdesign:** We design our business models to align with circular economy principles (for more information, see REdesign).
- **REduce:** We reduce the use of resources and prevent waste (for more information, see REduce).
- **REuse:** We focus on reuse (for more information, see REuse).
- **REcollect:** We ensure access to recyclable materials (for more information, see REcollect).
- **REcycle:** We strengthen sophisticated recovery processes and increase the use of recycled materials (for more information, see REcycle).

1 | Recyclate is a material obtained through recycling, and it can be reused for the production of new products and packaging. In other words, it is secondary raw material. Example: New bottles are made from old PET bottles. Recyclate saves on virgin material, reduces waste, closes recycling loops and reduces carbon emissions – a core building block of the circular economy.

67.3%
Recyclability of all plastic private-label packaging

35.7%
Less plastic in private-label packaging and transport aids made from plastic (compared with the base year 2017)

26.1%
Recycled material[1] in our private-label plastic packaging

Impacts
[GRI 306-1]

Global resource consumption has more than tripled since 1971.[1] The "Earth Overshoot Day" arrives earlier every year. At the same time, the global scarcity of strategically important resources in the face of growing demand is leading to bottlenecks. Particularly in Europe, these threaten business models far beyond those of the companies of Schwarz Group. Resource scarcity already ranks as one of the most significant global risks. Driven by regulatory requirements as well as political and societal expectations, it is shifting the concept of a functioning circular economy to the fore. As a result, the topic is becoming increasingly important, both politically and within society. We can ensure access to important raw materials by means of circular processes. The circular economy therefore makes us more independent of global supply chains.

The efficient use of resources not only helps to reduce potential environmental impacts but is also becoming more relevant against the backdrop of rising prices for raw materials and resources. In response, the companies of Schwarz Group have established an ecosystem that covers the entire value chain – from production to recycling – and, with their holistic circular economy strategy REset Resources, are making an important contribution to resource sovereignty for their own business processes and for the European market.

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, with their ambitious packaging targets or the "Road to Zero Waste" (see also Road to Zero Waste). Regulatory changes are further driving this momentum: Key regulatory developments include:

- The Packaging Ordinance (Packaging and Packaging Waste Regulation, PPWR) of the European Union (EU) will replace or complement the existing regulation on packaging and packaging waste. 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 recyclable materials.
- The EU Ecodesign Regulation (Ecodesign for Sustainable Products Regulation, ESPR) 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 (WFD), 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.

1 | United Nations Environment Programme: Global Resources Outlook 2024 (https://www.unep.org/who-we-are/about-us)

→ Renewed Global Commitment to the Circular Economy

The companies of Schwarz Group have stepped up their commitment to the circular economy by re-signing the Ellen MacArthur Foundation's (EMF) Global Commitment. In doing so, they reaffirm their continuing commitment to the partnership, which has been in place since 2018, until 2030 and want to further promote resource sovereignty by advancing a systematic circular economy. As a signatory of the Global Commitment 2030, the companies of Schwarz Group have committed to use less new plastic. The specific aim is to reduce new plastic in the plastic primary packaging of their private-label products by 5 percent by 2030 compared to 2018 levels.

The Ellen MacArthur Foundation is a leading global organization accelerating the transition to a circular economy. As members, the companies of Schwarz Group belong to a network of over 300 companies, governments, NGOS and initiatives.

The Plastics Pact Network of the Ellen MacArthur Foundation includes national plastics pacts in countries such as the UK, the USA and Poland as well as cross-border initiatives 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. PreZero Poland, for example, is involved in publications produced by the Plastics Pact Network on the topics of packaging labels and waste separation facilities.

ELLEN MACARTHUR FOUNDATION Member

Targets, KPIs and Target Attainment

Targets[1]	KPI/Measurement	Status	Target Attainment	Page(s)
By 2025, Lidl and Kaufland will use on average 25 percent recycled material in their own-brand primary plastic packaging.	Target attainment in percent	↗	**26.1%** 25.0%	18
By 2025, Lidl and Kaufland will ensure 100% of their own-brand primary plastic packaging is fully recyclable.	Target attainment in percent	↗	**67.3%**	18
By 2025, Lidl and Kaufland will use 30% less plastic in their own-brand primary plastic packaging and plastic transport aids[2] compared to the base year of 2017.	Target attainment in percent	↗	**-35.7%** -30.0%	18
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 are being revised.			
By the end of 2025, the companies of Schwarz Group will reuse, recycle or recover a significant proportion of the waste they generate.	Target attainment in percent	↗	**89.4%**	26

1 | The attainment of targets refers to the respective fiscal year.

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

REset Plastic Strategy Successfully Completed

The circular economy is becoming a key lever for Europe's security of supply and resource sovereignty. As companies of Schwarz Group, we recognized this back in 2018 and launched the jointly developed REset Plastic strategy with specific, measurable targets. At the end of the 2025 fiscal year, we successfully concluded REset Plastic. We reached or significantly exceeded our ambitious targets. Furthermore, we achieved significant percentage gains in both our use of recyclates and overall recyclability during the last fiscal year.

Plastic reduction target exceeded: The targets set for reducing plastic use were exceeded: Instead of the targeted 30 percent reduction in plastic in own brand primary packaging and transport aids compared to the base year of 2017, the companies of Schwarz Group achieved a 36 percent reduction. Specific examples illustrate the progress: Lidl uses a paper tray for its Bioland soup greens, thus saving over 55 metric tons of plastic each year. Kaufland reduced the weight of the bottles used for its K-to-go smoothies, thus saving 6.5 metric tons of plastic.

Recycled material usage target achieved: We also achieved our target for the use of recycled material. Thanks to a six-percentage-point increase year-on-year, the share of recycled material in private-label plastic packaging now averages over 26 percent, exceeding the target of 25 percent. Examples include Lidl's Cien sunscreen for children (SPF 50+) – which features 54 percent recycled content – as well as the lid of Kaufland's K-Gold Edition cheddar slices, which is made up of 35 percent recycled material.

Recyclability target achieved: Lidl and Kaufland increased the share of their recyclable private-label packaging by another four percentage points to 67 percent during the reporting year. This value reflects the maximum recyclability currently possible, taking into account the trade-offs between product protection, material usage and the use of recycled materials. The specific European measurement methodology for the pending packaging ordinance (PPWR) has not yet been finalized. For this reason, the comparatively strict German minimum standard currently serves as the basis for calculation.

Further Development Of Targets Within the REset Resources Framework:

The companies of Schwarz Group are extending their jointly developed REset Plastic strategy to achieve a holistic circular economy strategy, REset Resources.

As part of this process, we are also transforming our data collection by developing shared tools and automated interfaces. This allows us to manage our progress even more effectively. Our focus is on the comprehensive collection of all product and packaging data across all material groups and packaging levels. This approach ensures that we have direct access to primary data and provides a sound basis for accurate assessments.

REset Resources 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 own brand products by 15 percent (absolute) by 2030. The companies of Schwarz Group will reduce their food waste by 50 percent at group level by 2030 compared with 2018.
REuse	We will transition to nearly 100% multi-use pallets for our internal picking processes[2] by 2027.
REcollect	We will collect and recycle the same quantity of recyclable materials as we put into circulation with our private-label packaging and our household leaflets by 2030. By 2030, the companies of Schwarz Group will reuse, recycle, compost or ferment a total of 95 percent of their own operational waste.
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.

Status of New REset Resources Targets

	Packaging	Products	Construction	Food Waste	Road to Zero Waste
REdesign	✓				
REduce	✓				
REuse	✓				
REcollect	✓				✓
REcycle	✓				

✓ SMART targets have been established

SMART target-setting is currently being developed

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

2 | "Internal" refers to the picking of goods within the regional distribution center for delivery to 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 Approach

Organization and Responsibility

To support a functioning circular economy, the companies of Schwarz Group have jointly aligned their business models across the entire value chain: In particular, the retail divisions Lidl and Kaufland, Schwarz Produktion, Schwarz Corporate Solutions as well as the circular economy division PreZero (along with GreenCycle GmbH), work together closely to reduce resource consumption, promote reuse and keep recyclable materials in the loop. Specific responsibilities for measures and process steps are defined on a division-by-division basis and are supplemented by regular professional exchanges.

The retail divisions view the prevention of food waste as a cross-functional and cross-company task. At Lidl, the development and implementation of operational guidelines, projects and measures are primarily the responsibility of Operations. At Kaufland, the topic is driven by various departments, including Sales. Purchasing in the respective retail divisions provides support on topics affecting the product assortment or cooperation with suppliers of the respective retail divisions. At the production sites of Schwarz Produktion and the Kaufland meat processing plants, the development and implementation of measures to combat food waste are primarily the responsibility of the production facilities. GreenCycle GmbH, belonging to PreZero, also supports with the recovery process in its role as service provider. Schwarz Restaurantbetriebe GmbH & Co. KG is also taking steps to prevent food waste.

Reuse is another key lever for conserving natural resources. For example, PreTurn, a company belonging to PreZero, is developing smart multi-use pallets and pooling services in collaboration with Schwarz Beschaffung GmbH.

PreZero plays a key role in waste and recycling management – both for external customers and for other companies of Schwarz Group. As such, as a service provider, GreenCycle GmbH handles the internal waste and recycling management for Lidl and Kaufland, the administrative locations and Schwarz Produktion. These services include, among other things, waste prevention, improving raw material efficiency and providing secondary raw materials through the proper collection and processing of recyclable materials. In doing so, country-specific requirements are taken into account, and group-wide guidelines on resource-efficient circular economy are implemented.

The use of recycled materials in products and building materials is being promoted through close collaboration between Schwarz Beschaffung GmbH, GreenCycle GmbH and the retail divisions Lidl and Kaufland. In collaboration with manufacturers and recyclers, suitable solutions are being developed to continuously increase the proportion of recycled materials.

Stakeholder Involvement

On the topic of recyclability, the companies of Schwarz Group engage in regular dialog with relevant stakeholders, including suppliers, interested industry professionals, nongovernmental organizations and the scientific community. This exchange takes place primarily through conferences, expert presentations and workshops: It and provides important impetus for the further development of business processes. As part of our exchange with the scientific community, we work with universities such as RWTH Aachen to incorporate the latest research findings into our processes.

Customers are also key stakeholders, particularly regarding the design of recyclable packaging and textiles; the expansion of reusable solutions; reuse and refurbishment models in nonfood areas and a well-functioning recycling loop. The companies of Schwarz Group take different approaches to raising awareness and fostering engagement, such as by including relevant information on packaging.

In addition, the companies of Schwarz Group have been working together with the Ellen MacArthur Foundation since 2018 to promote circular economy principles throughout the value chain and to further develop recyclable solutions for resource conservation and recycling (for more information, see p. 16).

A specific example of cross-sector exchange is the "Pakt gegen Lebensmittelverschwendung" (Pact against Food Waste): This is a voluntary agreement signed jointly in the Summer of 2023 by Lidl and Kaufland in Germany together with the Federal Ministry of Food and Agriculture (BMELH), the Federal Association of German Food Retailers (BVLH), and other industry representatives. In 2024, a report was submitted for the first time that included verifiable agreements, such as a commitment to donate goods that are still fit for consumption to nonprofit organizations. The Thünen Institute is evaluating the success of the measures.

Furthermore, the companies of Schwarz Group engage in constant exchange with external industry experts in order to further develop sustainable waste and recyclable materials management. Thus, in 2021 – at the initiative of PreZero – we, as the lead organization, worked with a consortium of organizations and certification bodies (TÜV Süd, DEKRA, TU Dresden, Resourcify, Repaq, Circular Berlin and DIN) to develop a new standard: the reference model for operational waste and recyclables management aligned with the "Zero Waste" vision (DIN SPEC 91436). In addition, the label creates an opportunity to bring together all companies certified under DIN SPEC 91436 to foster the exchange of knowledge and ideas.

Measures and Projects

REdesign

The Field of Action at a Glance

The companies of Schwarz Group are jointly establishing circular business models along the value chain. Above all, the focus is on the recyclability of packaging and products. This is of central importance since composite materials, for example, can currently rarely undergo high-quality recycling. That is the reason that they are often subject to thermal recovery. In this way, valuable raw material is lost permanently. Furthermore, process-related carbon emissions are generated.

Against this backdrop. we are pushing forward with the transition to monomaterials, particularly in the area of plastic packaging, in order to improve sortability and recyclability. One specific example is the optimization of the "Fix-Tüten" – the soup and sauce pouches sold under Kaufland's private label, K-Classic. The sachet is a multilayer package made from monomaterial. While adapting the packaging, Kaufland and PreZero jointly developed an innovative composite material with significantly improved recyclability. With appropriate waste disposal, the material remains in the recycling loop.

In addition to optimizing plastic packaging, we continuously evaluate the use of alternative materials such as paper or cardboard, provided they offer functionally equivalent properties. For example, the previous plastic cap on K-Classic air fresheners has been replaced with a cardboard version. As a result, approximately six grams of plastic were saved per lid compared to reference projects.

We also apply the REdesign approach in non-food areas. We systematically analyze our textile portfolio to assess its recyclability. In addition, we have developed a style guide for recyclable textiles in cooperation with the Institut für Textiltechnik (ITA) of RWTH Aachen University (see also Material Style Guide for Recyclable Textiles).

Information and Analysis Services

The Dual System and PreZero's Sustainable Packaging Competence Center provide customers with information and training on regulatory requirements such as recycled content and the recyclability of packaging. In addition, the "Road to PPWR" concept supports PreZero's partners – from strategic analysis and portfolio optimization to operational implementation. PreZero also helps companies optimize their packaging through PreZero SPOT, a free digital platform for packaging optimization (in cooperation with Packaging Cockpit): The platform's features enable the analysis and assessment of recyclability, carbon emissions and costs, and support decision-making from both environmental and economic perspectives.

Recyclable Textile Collection

In April 2025, Lidl launched a recyclable textile collection in its stores, developed in collaboration with the Ellen MacArthur Foundation. It complies with the guidelines of the "Jeans Redesign" project. The textiles are composed of at least 98 percent cellulose-based fibers. All small parts that have been added are easy to remove, ensuring that the recyclable jeans can be easily identified and sorted. Only chemicals that meet the ZDHC MRSL standards, as a minimum, are used. Conventional methods such as electroplating, stonewashing and potassium permanganate sandblasting were not used. Instead, cellulose-based fibers produced using renewable, organic or transitional methods are used. Moreover, the garments contain at least five percent recycled material on average by weight.

Material Style Guide for Recyclable Textiles

The companies of Schwarz Group have developed a material style guide for recyclable textiles in cooperation with the ITA of RWTH Aachen University. This provides clear orientation for product development in line with circular economy requirements. It is intended for product developers, buyers, CSR controllers and quality managers. The target is to design textile products in such a way that they can be recycled under environmentally and economically sustainable conditions – in compliance with legal requirements and in line with the principles of responsible product design.

Key drivers in the transformation process are:

- Product design and material selection based on technical recyclability criteria
- Collaboration along the value chain – from purchasing through production to waste disposal
- Systematic return through logistically and legally secured take-back and collection systems
- Recycling infrastructure that supplements mechanical processes with chemical ones

→ Sustainable Construction

For us, the transition to a circular economy does not end with products or packaging but encompasses the entire infrastructure of the companies of Schwarz Group. The construction unit is a key strategic area that we will continue to expand and firmly anchor in our holistic circular economy strategy, REset Resources. Even during the planning phase for new stores, logistics centers and administrative locations, we take into account the entire life cycle of buildings and view them from the outset as a potential source of raw materials for future construction projects. As part of the Innovation Park Artificial Intelligence (IPAI) project, which empowers organizations in their AI transformation, Schwarz Corporate Solutions is reducing the environmental impact of buildings throughout their life cycle, for example. This is achieved, among other things, through wood-hybrid and modular construction methods as well as the use of building products based on renewable raw materials. The creation of a building material passport provides transparency regarding the materials used in a building, thereby establishing a central foundation for circular construction. SCOS supports a functioning circular economy by ensuring that the materials can be dismantled and separated. In addition, low-emission building materials, such as wood wool insulation, and construction products that meet DGNB quality standards are used. Additional measures and projects can be found under Buildings.

REduce

The Field of Action at a Glance

We reduce our use of resources and avoid wasting them: The REduce field of action focuses on the efficient use of resources. The target is to minimize their use from the outset or, where possible, avoid it entirely. On one hand, every resource saved helps conserve primary raw materials. On the other hand, reduced volume and weight lower transport-related emissions. Furthermore, the companies of Schwarz Group are committed to combating resource and 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 selling them at heavily discounted prices. In May 2025. Kaufland in Germany also introduced the "Rettertüte" (rescue bag) as an option in all stores.

As companies of Schwarz Group, we are driving targeted material minimization without compromising the functionality of packaging. At the same time, we are increasingly turning to innovative raw materials to reduce the demand for conventional virgin materials. One example of this is the use of silphium fibers in paper and cardboard packaging (for more information, see the section "Fiber and Paper Products from the Silphium Plant").

We are also achieving measurable effects through strategic weight reductions: For instance, we are selectively replacing heavy packaging units, such as those made of glass, with optimized rPET alternatives. This increases resource efficiency per transport unit. In addition, we are optimizing the design of our packaging systems by eliminating non-essential components such as carrying handles. In addition, we are reducing the material thickness and size of plastic shopping bags in the fruit and vegetable segment to further minimize the use of high-quality raw materials.

Fiber and Paper Products Made from the Silphium Plant

Together with the OutNature company, PreZero is developing fiber and paper products derived from the silphium plant for packaging solutions in retail and industry. Silphium paper is resource-efficient and versatile. The fibers from this energy crop make up 35 percent of the paper and form the basis for the packaging. Silphium cultivation in Germany reduces transport distances and associated carbon emissions. The fibers are extracted through a biothermal process without the use of chemicals. OutNature is currently working on developing additional raw materials alongside the silphium plant as a basis for its fiber-based products.

The two retail chains, Lidl and Kaufland, have introduced the new paper packaging for various product categories. Internationally, Kaufland uses these for K-Bio smoked salmon, K-Bio hot-smoked "Stremel" salmon, and seasonally for K-Bio Golden Delicious apples, as well as for Cameo® club apples in Germany. Lidl in Germany uses them for Bioland apples, while Lidl Austria uses them for organic cherry tomatoes. Moreover, Procter & Gamble used silphium fibers for packaging solutions.

In addition to silphium fibers, OutNature is systematically expanding its portfolio to include another innovative resource: straw fiber. In this way, the company is promoting the use of agricultural by-products to further reduce the environmental footprint caused by packaging. To meet growing demand, PreZero is investing in infrastructure expansion: A dedicated production facility for straw fibers is currently under construction. Commissioning is scheduled for late 2026 and represents an important step toward scaling up recyclable fiber solutions produced in Germany.

Stop Food Waste

Preventing food waste is also part of the REset Resources circular economy strategy. Accordingly, the companies of Schwarz Group have implemented measures throughout the entire value chain to reduce food waste.

As part of its division-specific sustainability strategy, Schwarz Produktion pursued the goal of reducing reduce food waste. Between fiscal years 2017 and 2025, food waste was reduced by 43 percent for beverages and by a total of 48 percent for all other food products, measured per metric ton of net production volume. At the Schwarz Produktion locations and the Kaufland meat processing plants, optimized production processes that minimize operational disruptions reduce raw material losses. For example, a new topper for donut production at the Übach-Palenberg plant reduces waste due to its lower susceptibility to malfunctions, resulting in fewer undecorated products. An integrated recovery system for excess toppings further reduces raw material losses. Simultaneously, a more precise and uniform application ensures consistently high product quality and fewer production disruptions. In addition, risk-optimized foreign object detection improves product safety and thus prevents product recalls and product disposals.

As a sub-goal of their division-specific sustainability strategy, the Kaufland meat processing plants are also working on reducing food waste.

As part of the "Rette mich" (Rescue Me) initiative launched in 2022, Lidl offers perfectly good items from all relevant product groups that are approaching their best-before date or use-by date at a discounted price. The Lidl national companies also draw attention to food that is still edible but only mildly blemished or discolored, or has soiled or slightly damaged packaging. Baked goods, dairy products and sausage products from the self-service area are included in the initiative, along with products from the dry food assortment and frozen goods. Another measure is the Lidl "rescue bag" for fruit and vegetables that no longer entirely meet our quality standards, yet are still suitable for consumption. These items are sold as a mixed bag or in a cardboard box at a discounted fixed price. Schwarz Beschaffung GmbH achieved a 50 percent recycling content for the design of the "Rettertüte" bags. The Lidl "Rettertüte" concept is already being successfully implemented in a total of 24 national companies and is currently in the testing phase at one additional national company. As a result, the sale of more than 27 million "Rettertüte" during the reporting year saved more than 110,000 metric tons of fruit and vegetables from being thrown away.

In May 2025. Kaufland in Germany also introduced the "Rettertüte" (rescue bags) as an option in all stores. In addition, through initiatives such as "Ich bin noch gut – IBNG" (I'm Still Good), Kaufland

offers items of impeccable quality across all relevant product groups – such as baked goods, dairy and sausage products from the self-service area – at significantly discounted prices in all its national companies when these items are nearing their best-before or use-by dates, or have soiled or slightly damaged packaging. This also applies to the dry food assortment and frozen goods. For example, Kaufland in Germany has set up "Ich bin noch gut" (I'm Still Good) corners in its chillers for refrigerated products that are nearing their best-before dates.

Lidl and Kaufland in Germany are implementing measures and recommendations to help consumers prevent food waste and to raise awareness. To this end, Lidl uses a wide range of digital and analog channels. On the company's own website and the "Lidl Kochen" (Lidl Cooking) platform, customers can find targeted information on reducing food waste, supplemented by practical recipes for using up leftovers and a special "Retterfilter" (rescue filter) to help with conscious meal planning. These messages are consistently reinforced through a broad-based communication campaign on social media as well as in traditional advertising media such as household leaflets and customer magazines. To highlight the social importance of this issue, Lidl in Germany regularly participates in the "Food Rescue Action Weeks," which are organized by the Federal Ministry of Food and Agriculture and the state of Baden-Wuerttemberg. There is also a special focus on educational initiatives: In close collaboration with the nonprofit organization RESTLOS GLÜCKLICH e. V., 18 "DICH RETT'ICH" workshops were held at elementary schools in 2025, during which more than 350 children were trained as certified food savers. In conjunction with this initiative, special teaching materials were developed in collaboration with the "Zeit für die Schule" (Time for School) initiative to provide teachers with well-founded approaches for teaching students to appreciate food. In its role as an intermediary, Kaufland also aims to empower both producers and consumers to reduce food waste through education and partnerships.

In the 2025 fiscal year, Kaufland also participated in the nationwide campaign week against food waste, offering "Die Etwas Anderen" (The Slightly Different), i. e., fruit and vegetables with minor visual blemishes, in its employee cafeterias. This was intended to further raise awareness among employees for food appreciation. Accompanying materials, including displays, flyers and posters explained the topic.

Kaufland also raises customer awareness in its stores through various measures, such as posters. In addition, Kaufland provides year-round information on its website regarding topics such as planning shopping trips, proper storage, and utilizing food leftovers; recipes and additional educational resources are also offered for this purpose. In and around its stores, Kaufland also draws attention to its food rescue zones, such as the "Ich bin noch gut" (I'm Still Good) corners.

We are also committed to reducing food waste in the restaurants operated by the companies of Schwarz Group. For instance, we minimize food waste before it occurs through demand-oriented, AI-assisted volume planning and carefully designed menus. We also rely on the systematic separation and recycling of food waste by organic waste management specialists. When new restaurants are built, dedicated wet waste treatment systems for organic waste are already being installed and operated. We also recover vegan waste as part of a pilot project to feed black soldier flies. (For more information, see Food Waste as a Basis for Insect Protein.)

Lidl and Kaufland also collaborate with companies that specialize in converting food waste into animal feed: They accept bakery products, as well as fruits and vegetables in the case of Lidl, that are no longer fit for sale to reprocess them into animal feed. If leftover food cannot be prevented, is not used for the "Rettertüte" bags, is not passed on to the Tafel food banks or processed into animal feed, the retail divisions in almost all countries largely have it processed into biogas.

Collaboration with Nonprofit Organizations
[GRI 413-1]

Despite forward-looking volume planning, there are times when food items must be written off in the retail divisions. In compliance with applicable regulations, Lidl donates food that is still edible but no longer fit for sale to nonprofit organizations that distribute food to those in need. To this end, the Lidl national companies work together with local food banks.

Kaufland in Germany has been working in partnership with local food banks for over 20 years: The stores and all logistics centers donate goods that are no longer fit for sale to food banks and other nonprofit organizations when the best-before date is approaching. In addition to its regular food donations, Kaufland supports the Tafel food banks with additional deliveries and donations. There are similar commitments in place in other Kaufland national companies. For more information, see Donations.

REuse

The Field of Action at a Glance

We are committed to reuse: In the REuse field of action, we focus on extending the useful life of packaging and products. Linear consumption models often lead to high resource consumption, as materials are disposed of after a single use. This short lifespan increases the demand for primary raw materials and raises the environmental impact per life cycle. To avoid this, we are expanding our use of systematic multi-use solutions in the packaging sector. The target is to keep materials productively in use over many cycles.

One lever in the REuse field of action is the replacement of conventional wooden pallets with circular economy alternatives. These conserve primary resources while increasing the efficiency of logistics. Examples include the Heilbronn half-pallet and the Neckarsulm Euro pallet from PreTurn GmbH, a PreZero company. They are made of recyclable HDPE plastic and are sturdier, lighter and more durable than traditional wooden pallets. With over 100 turnarounds, they achieve a service life more than twenty times longer than that of conventional Düsseldorf pallets or EPAL Euro pallets. This reduces the need for new production.

Reusable Packaging

With their reusable nets for fruit and vegetables and reusable bread bags, the companies of Schwarz Group reduce the consumption of produce bags and bread bags, and thus the use of virgin plastic. Since 2019, the divisions have rolled out the reusable nets in almost all countries. In total, the number of reusable nets for fruit & vegetables sold amounted to approximately 5.7 million pieces in 2025; this corresponds to an increase of 57.9 percent year on year. At Kaufland, the reusable bread bag was introduced in 2022 and was sold in Germany, Poland, Czechia, Slovakia, Croatia and Bulgaria during the 2025 fiscal year.

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" start-up. The containers can then be returned at the stores using the reverse vending machines.

In logistics, we also deploy resource-conserving technologies. For example, we use our own proprietary development, the Kaufland folding pallet (KKP), to pick and transport goods between distribution centers and stores. With a service life of more than ten years, it is significantly more durable than a standard Euro pallet. Fold-out side panels save about 250 metric tons of plastic film each year that would otherwise be needed to secure goods on conventional Euro pallets.

At the Lidl logistics centers, reusable load carriers are used for goods picking.

To reduce truck transportation, Schwarz Produktion deploys its own pool of multi-use pallet cages. These are used to transport bottle blanks and caps. The pallet cages are not only reusable, but also collapsible: An empty truck can carry about three times as many folded cages as a full one. This eliminates around two-thirds of truck trips during return transport to the plastic and recycling plants.

When purchasing goods for Schwarz restaurants, we also make sure that food is delivered in reusable crates. Our aim is to offer a high proportion of fresh products and avoid outer packaging. In addition, we have implemented a reusable packaging system for food purchases at our ten employee restaurants in Germany: When serving drinks, we only use reusable cups or glasses. We also reduce the amount of packaging materials used for additional products such as ketchup and mayonnaise.

Reuse of Non-Food Articles

The ReValue unit of the PreZero company, GreenCycle GmbH, ensures that unsold goods, such as textiles and non-food products, are channeled into structured reuse rather than being disposed of. In this way, the company helps waste prevention and conserves resources. ReValue handles the marketing of overstock, non-conforming items and returns from Lidl, Kaufland and external customers. At several export centers in Europe, the products are inspected for usability and classified into specific sales categories. They are then sold outside their saturated domestic markets. This systematic sorting makes it possible to redistribute the goods and create a functional solution for the circular economy.

Through this initiative, the companies of Schwarz Group are helping to implement EU requirements aimed at preventing the destruction of new goods under the Ecodesign Regulation. At the same time, customers benefit from additional storage capacity, reduced storage costs and the opportunity to generate revenue to mitigate losses. The growing demand from external customers underscores the relevance of this model in the context of sustainable product cycles.

REcollect

[GRI 306-1]

The Field of Action at a Glance

We ensure access to recyclable materials:
In the REcollect field of action, we use our collection and sorting systems to convert waste generated both internally and externally into recyclable materials. A high return rate enables material recycling and helps reduce our carbon emissions.

A key lever is to increase the purity of waste streams. We support this by means of sorting systems in stores and logistics centers as well as by the use of established bottle deposit systems. This is how we lay the groundwork for keeping resources in circulation on a long-term basis.

As companies of Schwarz Group, we consistently pursue the "Road to Zero Waste", in order to ensure sustainable access to raw materials.

"Road to Zero Waste"

Our jointly defined strategic approach, centered on the "Road to Zero Waste" vision, aims to conserve resources, reduce waste and return recyclable materials to the loop. Thanks to our diverse collection and sorting systems, we sort waste generated both internally and externally systematically and channel it into high-value recovery processes. This is how we convert waste into recyclable material along the whole value chain. PreZero, the circular economy division of Schwarz Group, is pioneering the "Road to Zero Waste" in its function as a central, strategic consultant and was significantly involved in the development of the DIN SPEC 91436 standard, which came into existence in 2021.

During the reporting year, the companies of Schwarz Group reviewed and further developed their jointly defined recycling target as part of the "Road to Zero Waste" initiative: By 2030, the companies of Schwarz Group will reuse, recycle, compost or ferment a total of 95 percent of their own operational waste.

The scope of this policy covers waste from all units of the companies of Schwarz Group, including stores, logistics centers, administrative offices and production sites; this excludes waste from the Group's own recycling and disposal facilities, as well as construction waste.

Thermal recycling with energy recovery is deliberately not counted toward the internal target in order to clearly focus on waste prevention, reuse and material recycling. The basis for this is the definition set forth in DIN SPEC 91436.

In addition, a sub-target was established: The national companies of Lidl and Kaufland, as well as the PreZero central administrative offices, will be certified (by an accredited independent external auditing organization) pursuant to the DIN SPEC 91436 by 2030. We measure our progress on the "Road to Zero Waste" using consolidated waste key performance indicators. The percentage of total operational waste recycled rose to 90.1 percent in fiscal year 2025 (2024: 89.2%).

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

2 | The updated "Road to Zero Waste" objective excludes recovery and disposal facilities as well as construction waste from the calculation, since it is currently not possible to exert any operational or regulatory influence over the corresponding material and data streams. As such, the values on this page deviate from the recyclable materials table on the following page.

Road to Zero Waste

Objective

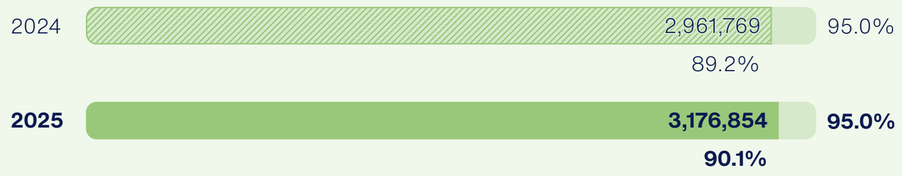
By 2030, the companies of Schwarz Group will reuse, recycle, compost or ferment a total of 95 percent of their own operational waste.

Sub-target

The national companies of Lidl and Kaufland, as well as PreZero central locations, will be certified (by an independent organization) pursuant to the DIN SPEC 91436 standard.

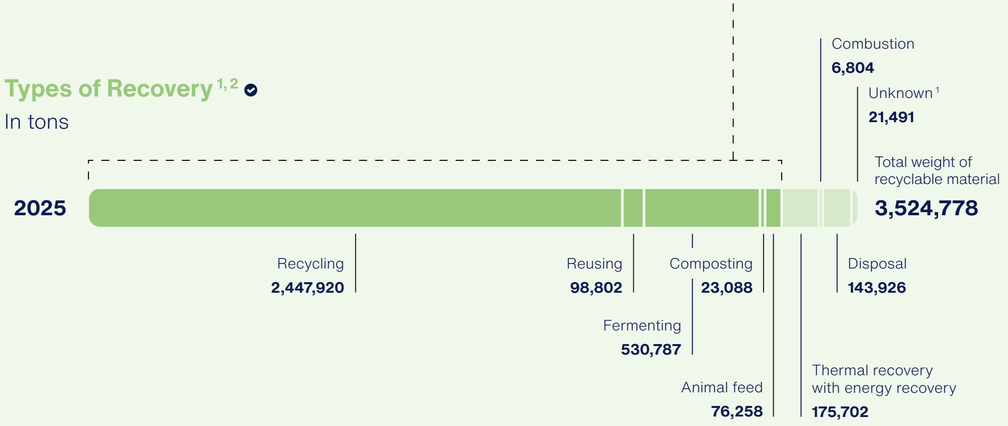
Target attainment

In tons



Types of Recovery [1, 2]

In tons



Recyclable Materials and Waste by Type and Recovery Process [1, 2, 3]

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[4]	Total
Total weight of recyclable material	2024	2,410,163	89,315	494,145	43,390	60,713	194,303	7,614	148,438	37,144	3,485,225
	2025	**2,566,230**	**98,828**	**530,792**	**58,723**	**76,258**	**221,308**	**6,804**	**143,952**	**21,491**	**3,724,386**
	Trend 2024/25	+6.5%	+10.7%	+7.4%	+35.3%	+25.6%	+13.9%	-10.6%	-3.0%	-42.1%	+6.9%
Of which, non-hazardous recyclable materials	2024	2,402,192	87,795	494,145	43,390	60,713	193,373	6,548	148,054	37,144	3,473,094
	2025	**2,555,159**	**98,577**	**530,792**	**58,723**	**76,258**	**220,742**	**5,653**	**143,757**	**21,491**	**3,711,130**
	Trend 2024/25	+6.4%	+12.3%	+7.4%	+35.3%	+25.6%	+14.2%	-13.7%	-2.9%	-42.1%	+7.2%
Paper/cardboard/carton	2024	1,776,561	45	0	0	0	241	0	0	294	1,777,142
	2025	**1,847,559**	**46**	**0**	**0**	**0**	**317**	**10**	**0**	**529**	**1,848,461**
	Trend 2024/25	+4.0%	+0.7%	– %	– %	– %	+31.7%	+5,591.1%	– %	+79.9%	+4.0%
Organics	2024	26,398	33,164	494,145	42,569	60,713	1,294	2,491	5,027	14,350	680,150
	2025	**15,777**	**40,215**	**530,792**	**58,408**	**76,258**	**1,374**	**1,515**	**5,625**	**4,260**	**734,224**
	Trend 2024/25	-40.2%	+21.3%	+7.4%	+37.2%	+25.6%	+6.2%	-39.2%	+11.9%	-70.3%	+8.0%
Residual waste	2024	10,739	0	0	0	0	150,644	3,715	135,611	18,219	318,929
	2025	**10,742**	**0**	**0**	**0**	**0**	**165,424**	**3,550**	**130,264**	**14,319**	**324,300**
	Trend 2024/25	+0.0%	– %	– %	– %	– %	+9.8%	-4.4%	-3.9%	-21.4%	+1.7%
PET	2024	214,600	0	0	0	0	6	0	0	67	214,672
	2025	**233,987**	**0**	**0**	**0**	**0**	**2**	**0**	**0**	**297**	**234,286**
	Trend 2024/25	+9.0%	– %	– %	– %	– %	-71.3%	– %	– %	+341.4%	+9.1%
Plastics	2024	90,920	0	0	0	0	4,835	35	270	315	96,375
	2025	**99,705**	**13**	**0**	**0**	**0**	**4,711**	**45**	**145**	**940**	**105,558**
	Trend 2024/25	+9.7%	– %	– %	– %	– %	-2.6%	+311.7%	-46.3%	+198.5%	+9.5%

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.

2 | The figures shown refer to the respective fiscal years.

3 | The updated "Road to Zero Waste" objective excludes recovery and disposal facilities as well as construction waste from the calculation, since it is currently not possible to exert any operational or regulatory influence over the corresponding material and data streams. Accordingly, the figures in this table differ from those in the graphic on p. 25, as the data in this table reflects all recyclables within the companies of Schwarz Group.

4 | The category "Unknown" is a compound category which also includes volumes that cannot be positively assigned to the above-mentioned categories.

5 | 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.

Recyclable Materials and Waste by Type and Recovery Process [1, 2, 3]

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[4]	Total
Wood	2024	56,664	38,902	0	821	0	7,560	148	1,624	46	105,766
	2025	**66,940**	**41,821**	**0**	**316**	**0**	**2,724**	**73**	**1,509**	**61**	**113,444**
	Trend 2024/25	+18.1%	+7.5%	– %	-61.6%	– %	-64.0%	-50.6%	-7.1%	+31.7%	+7.3%
Scrap metal	2024	60,759	0	0	0	0	0	0	10	24	60,793
	2025	**72,136**	**0**	**0**	**0**	**0**	**0**	**0**	**7**	**7**	**72,150**
	Trend 2024/25	+18.7%	– %	– %	– %	– %	– %	– %	-30.2%	-71.2%	+18.7%
Glass	2024	82,901	0	0	0	0	0	0	3	27	82,931
	2025	**129,948**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**71**	**130,025**
	Trend 2024/25	+56.8%	– %	– %	– %	– %	– %	– %	+123.0%	+160.5%	+56.8%
Textiles	2024	265	3,502	0	0	0	35	30	5	0	3,837
	2025	**162**	**4,133**	**0**	**0**	**0**	**152**	**69**	**29**	**0**	**4,546**
	Trend 2024/25	-38.7%	+18.0%	– %	– %	– %	+332.9%	+134.8%	+499.0%	-129.5%	+18.5%
Other	2024	12,182	82,385	0	0	0	28,759	130	5,504	3,540	132,499
	2025	**12,350**	**78,201**	**0**	**0**	**0**	**46,037**	**391**	**6,173**	**986**	**144,137**
	Trend 2024/25	+1.4%	-5.1%	– %	– %	– %	+60.1%	+201.4%	+12.2%	-72.2%	+8.8%
Of which, hazardous recyclable materials[5]	2024	7,971	1,520	0	0	0	930	1,065	384	260	12,130
	2025	**11,071**	**251**	**0**	**0**	**0**	**566**	**1,151**	**195**	**21**	**13,255**
	Trend 2024/25	+38.9%	-83.5%	– %	– %	– %	-39.1%	+8.0%	-49.3%	-91.8%	+9.3%

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Types and Sources of Waste

In the retail divisions Lidl and Kaufland, waste from branches and warehouses takes priority. At production facilities, the focus is on waste emanating from food production, paper, cardboard and carton waste as well as residual materials from PET recycling processes. This includes organic waste, plastics and metals. At the administrative locations, waste is predominantly made up of municipal waste from the social areas.

Waste at PreZero is generated at the administrative locations as well as at the recovery 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. By 2030, all central administration buildings will have implemented the "Road to Zero Waste" concept and will be certified pursuant to the DIN SPEC 91436 standard. For more Information see "Road to Zero Waste."

Generally speaking, waste is avoided or reused. If this is not possible, it is recycled according to the specific national laws, and the remnants are fed into other recovery methods. Individual sites also implement additional measures to reduce waste. For example, Lidl and Kaufland provide return and collection infrastructures in the form of used-clothes containers at some stores. Several Lidl national companies donate textiles and near-food goods to nonprofit organizations, including in Austria, Hungary, Latvia, Estonia and Romania. Lidl Austria and the HUMANA People to People Association have already collected over 75 tons of textiles with clothing donation bins at 36 stores – with plans for more.

New Sorting Plant

In 2025, PreZero brought one of the most cutting-edge sorting plants for lightweight packaging in Europe into operation in Sollenau, Austria. Spanning some 44,000 square meters, the plant can process up to 100,000 tons of lightweight packaging waste every year fully automatically. It uses advanced AI technology and 35 near-infrared separators for precise object recognition. In addition, an integrated, AI-based sorting process identifies incorrectly disposed lithium batteries and electrical appliances containing batteries, specifically filtering them out to significantly reduce the risk of fire during the sorting process. Even before the plant started operating, local residents had the opportunity to tour the site and gain an insight into the largely odorless sorting process.

Enablement

PreZero company GreenCycle GmbH provides advice and training to employees and managers of the companies of Schwarz Group in the form of partially tailored workshops, training measures, information letters and sorting instructions. The content covered includes current circular economy topics such as separation concepts and changes in legislation. In addition, GreenCycle regularly evaluates relevant KPIs and discusses them with the responsible departments.

In 2026, the companies of Schwarz Group also launched a joint enablement campaign on the "Road to Zero Waste" vision. Within this framework, we have introduced a new separation concept at the central administration sites in Germany, which makes it possible to clearly separate recyclable materials in day-to-day work. Central disposal facilities in the break areas combined with standardized waste fractions as well as clear labels and instructions help employees to separate waste correctly. There are plans to gradually roll out this new concept at other sites. Thanks to the improved separation processes, recyclable materials are returned to the loop and resources are conserved.

REcycle

The Field of Action at a Glance

We strengthen sophisticated recovery processes and increase the use of recycled materials: In the REcycle field of action, we focus on using these resources again. Thanks to cutting-edge recovery processes, we are able to use recyclable materials in high-quality applications wherever possible. In this way, we ensure that materials become valuable secondary raw materials when they reach the end of their life cycle – thus closing recycling loops. The targeted use of recycled materials conserves natural resources and improves the emissions balance compared with virgin materials. As such, we support economic recycling and the long-term availability of resources.

We are driving the use of recycled materials in packaging and products in order to return materials to the recycling loop. 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, with the exception of the cap and label. This saves around 67,000 tons of virgin plastic every year and reduces carbon emissions by more than 110,000 tons.

Recycled materials are already being used partially, and in some areas even fully, for other private-label plastic packaging. In addition, we are developing the recovery of other material streams, for example with pilot projects for recycling used work clothes and reusing the resulting textile fibers.

High-quality recycling and recovery processes also include the use of food waste as animal feed, as well as the production of fertilizer, for instance, from unavoidable food waste that is unsuitable as animal feed.

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 virgin plastic in other packaging materials. An example of this can be found in the food storage containers that are 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.

The use of recycled material in non-PET packaging that comes into contact with food is currently still very restrictive. So far, recycled material has mainly been used in the non-food and near-food areas and only selectively in the food area. However, a project launched in 2022 involving recycled polystyrene saw the successful development of yogurt pots made from recycled material. The process uses polystyrene collected from consumer recycling, which is then sorted and cleaned before being processed into pellets and finally made into new yogurt pots. The project was carried out in collaboration with the partners PreZero, Lidl, and the suppliers T.M.A. and INEOS and makes an important contribution to the packaging (plastic) targets set (see also Circular Economy – Targets, KPIs and Target Attainment). We successfully concluded the pilot project, which also marks an important step in our preparations for the European Packaging Regulation (PPWR), in March 2025.

Recycled plastic is not the only secondary material that PreZero provides for packaging: PreZero Pyral GmbH supplies recycled aluminum, which is used in the production of aerosol cans for Lidl private label Cien, among other things.

PET Recycling Loop

[GRI 301-3 and 306-2]

The ecosystem of the companies of Schwarz Group covers all stages of the PET recycling loop in Germany: from deposit returns, sorting and recycling to the production, filling and sale of new PET bottles.

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 "closed-loop bottle" from Schwarz Produktion is one of the most ecological bottles in comparison to other multiuse bottles commonly found on the market that were assessed.

Plastic Reduction and the Use of Recycled Material[2,3]

	Unit	2024	2025	Trend 2024/25
Recycled materials in private-label primary plastic packaging				
Recycled materials content	%	19.7	**26.1**	6.4%P
Recycled materials content laundry/cleaning/household products/cosmetics	%	21.3	**34.0**	12.7%P
Recycled material produced				
Recycled material produced by Schwarz Produktion	t	64,912	**62,641**	-3.5%
Recycled material produced by PreZero	t	104,900	**109,931**	+4.8%
Plastic reduction in private-label packaging				
Plastic use	g/€ revenue	6.1	**5.9**	-2.8%
Development of plastic use g/€ (base year 2017)[4]	%	-33.8	**-35.7**	-1.8%P

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

2 | The figures shown in the table are for the respective calendar year.

3 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

4 | In the report published in the previous year for FY 2024, 2019 was incorrectly stated as the base year. The correct base year is 2017. The historical calculations and comparative figures remain unaffected.

The PET recycling loop also depends on consumer commitment. By using the bottle deposit system, the customers provide the basis for a functioning recycling loop. As a company of Schwarz Group, we support the development of single-use bottle deposit systems in all European countries in which no such systems currently exist. This also counteracts littering in public areas. As part of a trial project, in selected stores, Lidl already allows customers to return single-use PET bottles and beverage cans via reverse vending machines in countries that do not require this by law. Through this collection, we create the basis for processing the materials into high-quality recycled materials, ensuring the raw material remains within our own value chain. This demonstrates that Lidl takes responsibility even without statutory requirements and invests in economically viable circular economy solutions. Kaufland also voluntarily offers the take-back of single-use deposits in countries without a national bottle deposit system: In Czechia and Bulgaria, selected stores voluntarily take back PET bottles; neither country has a single-use deposit system yet.

HDPE Recycling Loop

Thanks to state-of-the-art recycling technology, PreZero has also established a recycling loop for bottles made from high-density polyethylene (HDPE). 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. Afterward, the single-origin HDPE packaging is baled by PreZero to optimize transport capacity. Then these are transported to the PreZero recycling plant in Gruenstadt for processing. This is where the recycling process takes place: First, the bottles are sorted by color, then shredded and washed. After the flakes are cleaned and post-sorted, they are processed into high-quality regranulate that can then be used to produce new HDPE bottles. The bottles can already be found in Lidl and Kaufland stores, for example as packaging for detergents and shampoos.

SCHWARZ PRODUKTION

→ Single-Use PET Bottles Made of 100 Percent Recycled Material

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. This means that virgin plastic is no longer needed to produce the bottle bodies as they are made from returned bottles. Schwarz Produktion achieved this by investing heavily in the recycling loop, implementing innovative solutions, some of which were developed in-house, and building up expertise over many years. In the 2025 fiscal year, the recycled content of all single-use PET bottles brought into circulation in Europe by Schwarz Produktion was 98.8 percent: This underscores the high ambitions of Schwarz Produktion. These significantly exceed the content required across the EU: As of 2025, this proportion amounts to 25 percent and is set to rise to 30 percent as of 2030.

In the 2025 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 about 67,000 metric tons of virgin plastic (2024: nearly 65,000) compared with PET bottles without recycled material. This reduces carbon emissions by more than 110,000 tons compared with the use of virgin plastic (2024: approx. 109,000 tons of carbon emissions).

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

As companies of Schwarz Group, we also use recyclate in products and stores. Together with PreZero, Lidl and Kaufland offer promotional private-label household goods with plastic components made from recycled material[1]. The recycled raw material is the base material for the production of new household goods, such as organizers, plant pots, garden boxes, waste bins, cleaning buckets, laundry baskets, foldable boxes, and transport and storage containers. Kaufland multiuse carrier bags and freezer bags are already made of 80 percent recycled material, part of which comes from Kaufland's used film.

Both retail divisions Lidl and Kaufland are also rethinking their roller and hand-held baskets: In the future, hand-held baskets will be made from 93 to 95 percent recycled material; roller baskets from 80 percent recycled material; and XXL roller baskets, from 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. The new models will then be distributed to all countries where Lidl and Kaufland operate. The entire recycling and manufacturing process is handled in Europe. PreZero collects the plastic waste used in this process, cleans it and processes it into regranulate. By making this change, Lidl saves over 390 tons of virgin plastic across all countries and is reducing carbon emissions by more than 698 tons. Lidl and Kaufland also use wall protection strips made from 100 percent recycled material[2], to conserve further resources and minimize its ecological footprint.

In addition, individual fixtures and fittings and parts of store equipment, such as the dividers used on checkout conveyor belts and buckets for cut flowers, are made entirely or partially out of recycled plastic. For example, the checkout dividers that were developed in a cooperation between PreZero, Schwarz Beschaffung and Sales departments of the respective retail division are made of 100 percent recycled plastic. In the 2025 fiscal year, we supplied 2,185 tons of recycled plastic for the production of the cut-flower buckets.

In the future, the companies of Schwarz Group will continue to extend its range of products containing recycled material.

Materials Used by Weight and Volume
In tons

[GRI 301-1]

FY	2024	2025	Trend 2024/25
Total promotional materials	376,064	**347,882**	-7.5%
from fresh fibers[3]	64,188	**62,066**	-3.3%
from recycled fibers[3]	311,876	**285,816**	-8.4%
Total printing paper	3,720	**3,689**	-0.8%
from fresh fibers[3]	1,173	**1,508**	+28.6%
from recycled fibers[3]	2,547	**2,181**	-14.4%

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 | Excluding masterbatch, filler and additive etc.

3 | For consumables made from paper, we differentiate between fresh-fiber and recycled-fiber 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

To recover unavoidable food waste from retail stores, PreZero relies on processing it into insect protein. In this framework, the division is researching how black soldier fly larvae can be used on an industrial scale to recover vegetarian food waste, thereby returning the nutrients back into the food cycle. The larvae break down the food waste, rendering the nutrients that it contains reusable. Due to the high protein content and fat content of the larvae, they are processed into feed ingredients such as protein meal and puree, and can then be used to feed farm animals and pets or in aquacultures. 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 2027 for the continued industrial development of the project.

→ PreZero Obtains Raw Materials From Batteries

Batteries contain valuable raw materials such as lithium, nickel, cobalt and copper, and recovering these raw materials not only makes environmental sense but is also increasingly important from an economic perspective. Simultaneously, due to their hazard potential, they place high demands on collection, transport and recycling processes.

PreZero is tackling these challenges with specialized take-back systems and the targeted expansion of its own recycling competence. The acquisition of battery recycler RE.LION.BAT. Circular in August 2025 is a major strategic step in this regard. It gives PreZero access to innovative procedures for processing lithium-ion batteries and strengthens its position in the growing market for battery recycling. The aim is to establish closed material loops and reintroduce secondary raw materials into industrial production.

Textile Recycling

With a view to closing material loops, PreZero and the AUNDE Group signed an agreement in the reporting year for the joint development and operation of an innovative textile recycling plant. The aims of the cooperation are the material recycling of textile waste containing polyester and the production of high-quality recycled polyester granulate.

The new plant is scheduled to go into operation in 2026 and addresses a key challenge in the industry: While the production of polyester fibers continues to increase worldwide, around 99 percent of recycled polyester fibers are currently based on PET bottle flakes. As there are already efficient recovery processes in place for PET bottles in the packaging industry, there is increasing competition for this resource. The planned plant provides an alternative option and aims to establish the foundations for a largely closed recycling loop within the textile industry.

Battery Recycling

PreZero is continuously expanding its activities in the area of battery recycling and has positioned itself as an integrated solution provider across the entire value chain – from collection and logistics to recovery. This is driven by the increasing importance of lithium-ion batteries, particularly in electromobility, and the regulatory requirements relating to extended producer responsibility.

In operation since the start of 2025, PreZero's battery take-back system ensures the legally compliant take-back and recycling of device, industrial and vehicle batteries within the scope of extended producer responsibility. PreZero organizes the collection, secure logistics, sorting and recycling, as well as the legally required reporting. Producers and distributors take care of registration and financing, while PreZero handles the operational implementation. Thanks to its integration into existing material streams and the expansion of internal recycling capacities the system is scalable and plays a key role in the recovery of critical raw materials and the promotion of circular material streams. PreZero is also driving forward cooperation with industrial partners. Particularly notable is the collaboration with the BMW Group, which aims to advance the circular economy in the European automotive industry. The focus is on the return of end-of-life vehicles and the development of efficient recycling solutions for high-voltage batteries.

PreZero is also expanding its capacity for the collection and recycling of used electrical equipment, in particular white goods and large electrical appliances, for example by acquiring additional recycling sites. These activities are a sensible addition to the battery business, as electrical appliances often contain batteries and are therefore an integral part of holistic material flow management.

Overall, PreZero aims to build a high-performance infrastructure for the circular economy through vertical integration and partnerships, contributing to resource conservation and the reduction of carbon emissions.

Climate Protection
Strategic Approach

Priority Topics
[GRI 302 and 305]

Climate protection is becoming a key indicator of competitiveness and resilience. As companies of Schwarz Group, we therefore want to jointly play our part in limiting global warming. We intend to systematically reduce our greenhouse gas emissions1 and implement climate-related measures. This is underpinned by our jointly defined net-zero target: By 2050, our aim is to reduce all greenhouse gas emissions along the entire value chain to net zero2 . In 2024, we submitted our net-zero commitment to the Science Based Targets initiative (SBTi). In 2025, the SBTi validated the near-term and long-term climate targets, thereby confirming the scientific basis of the climate strategy. (For more information on the climate targets, see Targets, KPIs, Target Attainment and Climate Transition Plan.)

We put our ambitions into action by implementing specific reduction measures in the five priority topics of our jointly developed climate strategy:

- **Energy:** The use of renewable energies is an important lever to step up climate protection. We are also focusing on expanding the self-generation of renewable energies and improving energy efficiency.
- **Mobility and transport:** Low-emission mobility and logistics concepts are another priority topic area of our climate strategy. Among other things, the focus is on expanding the charging infrastructure at the locations of the companies of Schwarz Group, using alternative drive technologies in logistics and offering company mobility options for employees.
- **Products:** One core business element of the companies of Schwarz Group is designing the product assortment as a lever to boost climate protection. Greenhouse gas emissions can be reduced by avoiding animal-sourced products. The retail divisions also offer an increasing range of plant-sourced alternative products for this reason. Other targets being pursued by the companies of Schwarz Group include reducing the ecological footprint of their product packaging.
- **Buildings:** In the construction of our stores, logistics centers and administrations, we are relying increasingly on resource conserving construction methods and energy-efficient operations. As part of this process, we take into account renowned national and international standards for sustainable construction.
- **Waste:** As companies of Schwarz Group, we reduce greenhouse gas emissions at the end of the value chain by avoiding waste where possible and reducing emissions in the waste collection and waste treatment processes.

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

2 | Net zero describes the aim of reducing greenhouse gas emissions throughout the entire value chain to a minimum. Since, scientifically, it is assumed that even after undertaking significant reduction efforts some emissions will remain, these residual emissions must be neutralized by implementing removal solutions (e. g., technical carbon dioxide sinks) within or outside the value chain.

+10%
Increase in the number of buildings with photovoltaic systems year on year

+3.7%
Increase in number of buildings with a sustainability certificate year on year

Impacts
[GRI 201-2]

Climate change is not an abstract threat – it is already a reality. According to current risk analyses, including the WEF Global Risks Report and the latest IPCC assessment report, extreme weather events and far-reaching changes to the Earth's systems are among the greatest risks to the world economy in the coming decade. Simultaneously, global emissions continue to rise.

Climate-related risks such as supply bottlenecks, rising raw material prices and a lower degree of planning certainty are increasing. The companies of Schwarz Group therefore view climate-friendly action as key to safeguarding their business models in the long term. By taking measures to improve energy efficiency and by both procuring and generating our own renewable energies, for example using photovoltaic systems, we are cutting our operating costs in the long term and simultaneously reducing dependencies on volatile energy markets and geopolitical events.

A significant part of our climate-relevant impacts is attributable to upstream processes in the value chain. For this reason, our product emissions are also the focus of our objectives in addition to our operational emissions. (See below for more information on this Climate Transition Plan.)

Principles, Policies and Obligations

By adopting science-based climate targets, we provide a solid foundation for our commitment. This is why the companies of Schwarz Group joined the SBTi back in 2020. The alliance of renowned international organizations CDP (formerly Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute) and WWF (World Wide Fund for Nature) aims to promote science-based climate targets in order to achieve a low-carbon economy in the long term. The STBi validated the near-term and long-term climate targets of the companies of Schwarz Group in the 2025 fiscal year. (For more information on the climate targets, see Targets.)

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

A central tool for illustrating and monitoring emissions and their development 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. These are aggregated to form the joint carbon footprint of the companies of Schwarz Group. An illustration of the carbon footprint can be found under Greenhouse Gas Emissions.

→ Commitment to Deforestation-Free Supply Chains

In accordance with the SBTi, the companies of Schwarz Group are committed to ensuring that their primary deforestation-relevant raw materials are deforestation-free ("no deforestation"), by Dec. 31, 2025.

The approach of the companies of Schwarz Group to protecting the climate and biodiversity includes the focus raw materials of palm (kernel) oil, soy, cocoa, coffee, natural rubber, beef, wood and cellulose. Lidl and Kaufland align their measures with the Accountability Framework initiative (AFi) guidelines. Accordingly, they have set 2020 as the reference year after which no further deforestation is permitted. The strategy is based on the three pillars of transparency, establishment of stringent standards and promotion of systemic change.

Initial progress has already been made with high certification rates, in particular for palm (kernel) oil and cocoa. In future, additional monitoring and verification systems to ensure freedom from deforestation and legality will be implemented in raw material areas with and without comprehensive sustainability certification – taking into account the requirements of the EU Deforestation Regulation (EUDR). In preparation for the EUDR, the companies of Schwarz Group have already made significant investments in new system solutions and appropriate human resources.

At the same time, delayed regulatory application deadlines and limitations in global traceability continue to pose challenges when it comes to implementing the no-deforestation commitment. Against this background, it was not possible to guarantee traceability and full assurance of deforestation-free status for all primary deforestation-relevant raw materials by the end of 2025.

In order to minimize risk, the companies of Schwarz Group therefore continue to make substantial use of a combination of recognized certifications and verified monitoring systems. Moreover, depending on the raw material, Lidl and Kaufland participate in initiatives, multi-stakeholder processes, certification measures and local pilot projects in order to promote responsible supply chain structures and tackle deforestation.

Targets, KPIs, Target Attainment and Climate Transition Plan

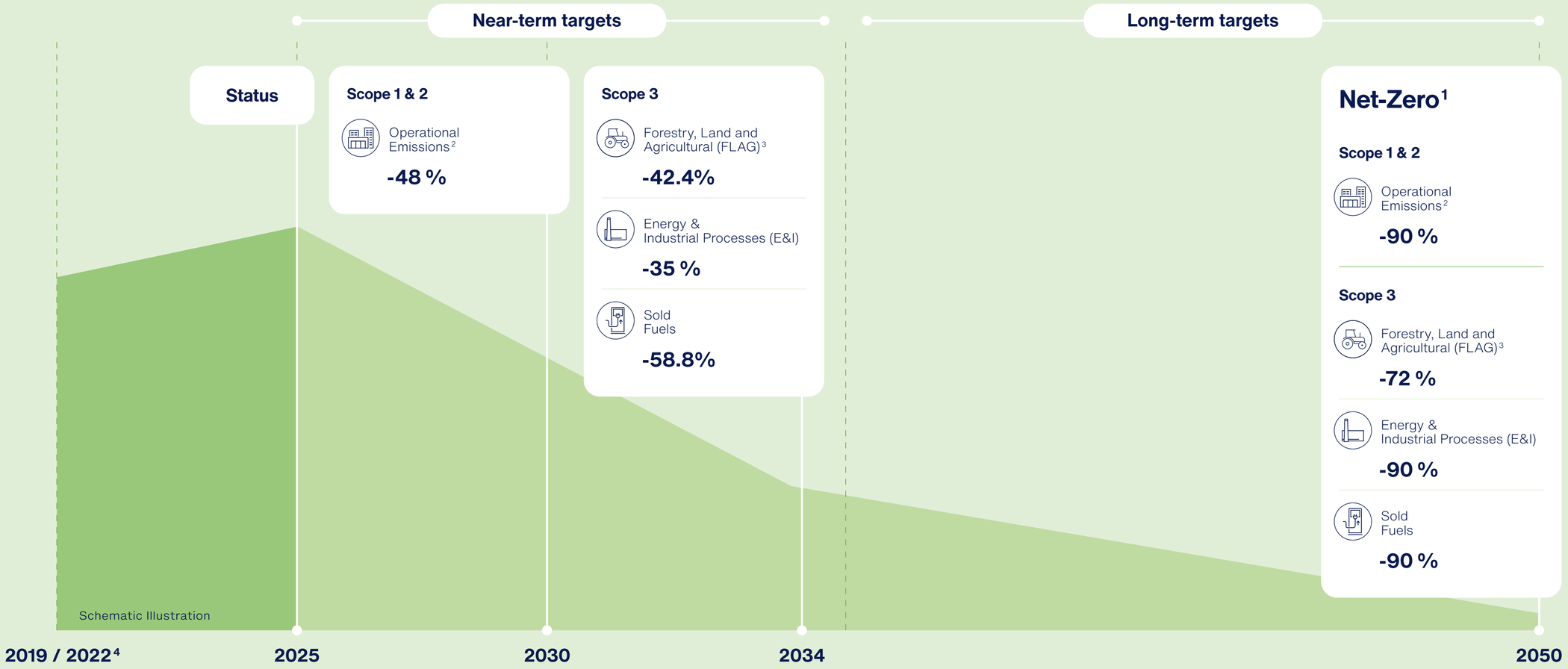
As companies of Schwarz Group, we have jointly set ourselves a net-zero target for 2050 in order to fulfill our responsibility as a globally operating retail group and to make an active contribution to combating climate change. By 2050 at the latest, we will reduce all greenhouse gas emissions generated along our entire value chain to net zero in the long term. Net zero describes the aim of reducing greenhouse gas emissions throughout the entire value chain to a minimum. Since scientific models assume that some emissions will remain even after significant reduction efforts, these residual emissions must be neutralized by implementing removal solutions. In order to reach our net-zero target by 2050, we have jointly set ourselves near term and long term climate targets. The STBi validated these in 2025.

Target	KPI/Measurement	Status	Target Attainment	Page(s)
Near-term target: By 2030, the companies of Schwarz Group will reduce their operational emissions (Scope 1 and 2) by 48% in total compared with the base year of 2019.[1]	Scope 1 and 2 greenhouse gas emissions	↗	-44.1% Target: -48.0%	40-42
Near-term target: By 2034, the companies of Schwarz Group will reduce their indirect forestry, land and agricultural emissions (FLAG) by 42.4% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	9.0% Target: -42.4%	40-42
Near-term target: By 2034, the companies of Schwarz Group will reduce their indirect emissions in the area of energy and industrial processes (E&I) by 35% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	30.3% Target: -35.0%	40-42
Near-term target: By 2034, the companies of Schwarz Group will reduce the emissions arising from the use of sold fuels by 58.8% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↗	-3.1% Target: -58.8%	40-42
Long-term goal: By 2050, the companies of Schwarz Group will reduce their operational emissions (Scope 1 and 2) by 90% in total compared with the base year of 2019.[1]	Scope 1 and 2 greenhouse gas emissions	↗	-44.1% Target: -90.0%	40-42
Long-term goal: By 2050, the companies of Schwarz Group will reduce their indirect forestry, land and agricultural emissions (FLAG) by 72% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	9.0% Target: -72.0%	40-42
Long-term goal: By 2050, the companies of Schwarz Group will reduce their indirect emissions in the area of energy and industrial processes (E&I) by 90% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↘	30.3% Target: -90.0%	40-42
Long-term goal: By 2050, the companies of Schwarz Group will reduce the emissions arising from the use of sold fuels by 90% compared with the base year of 2022.	Scope 3 greenhouse gas emissions	↗	-3.1% Target: -90.0%	40-42

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

Climate Transition Plan

With our new, jointly developed Climate Transition Plan (CTP), we, as companies of Schwarz Group are establishing a strategic steering instrument for our commitment to climate protection. This forms a group-wide basis for future-proofing business models. The CTP defines the key levers for the reduction of emissions on the road to net zero and identifies targeted climate protection measures. We are continuously working to further define our Climate Transition Plan.



1 | Net zero describes the aim of reducing greenhouse gas emissions throughout the entire value chain to a minimum. Since, scientifically, it is assumed that even after undertaking significant reduction efforts some emissions will remain, these residual emissions must be neutralized by implementing removal solutions (e. g., technical carbon dioxide sinks) within or outside the value chain.

2 | Target also includes biogenic emissions and the removal of biogenic raw materials.

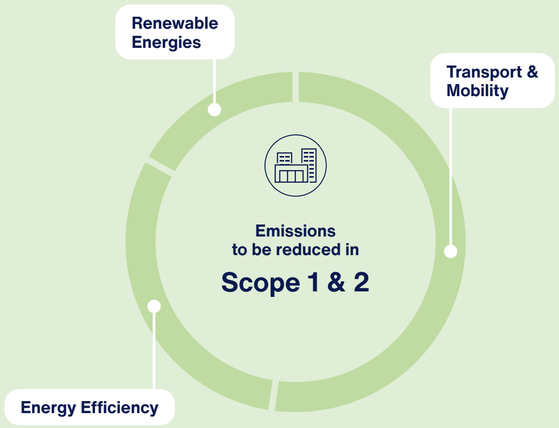
3 | Target includes a commitment to deforestation-free supply chains for key raw materials as of December 31, 2025

4 | Targets for Scope 1 and 2 refer to the base year 2019; targets for Scope 3 to the base year 2022

Operational Emissions

The reduction of operational greenhouse gas emissions forms a central pillar of the jointly developed climate strategy of the companies of Schwarz Group.

We have committed to reducing these emissions by 48 percent by 2030 compared to the 2019 base year. By 2050, we will reduce our operational greenhouse gas emissions by 90 percent and contribute to our net-zero target.



Transport & Mobility

The companies of the Schwarz Group are continuously optimizing their logistics processes, in particular by maximizing capacity utilization across all modes of transport, implementing efficient route planning, and constantly evaluating low-emission alternatives. In procurement logistics, for example, our own shipping company, TAILWIND Shipping Lines, is implementing targeted measures to reduce emissions. In addition, PreZero is driving efforts to decarbonize its disposal logistics among other measures by converting its fleet to electric powertrains and alternative fuels.

Energy Efficiency

A significant lever for increasing energy efficiency is the consistent implementation of optimization potential systematically identified through a comprehensive ISO 50001 energy management system. In our stores, energy demand is reduced by using modern refrigeration technology. As such. natural refrigerants are used to minimize the global warming potential of direct emissions. Innovative heat recovery systems utilize waste heat from refrigeration to provide store heating, increasing system efficiency and saving additional energy. Moreover, the companies rely on sustainable construction practices and renowned building standards to minimize resource consumption over the entire real estate life cycle.

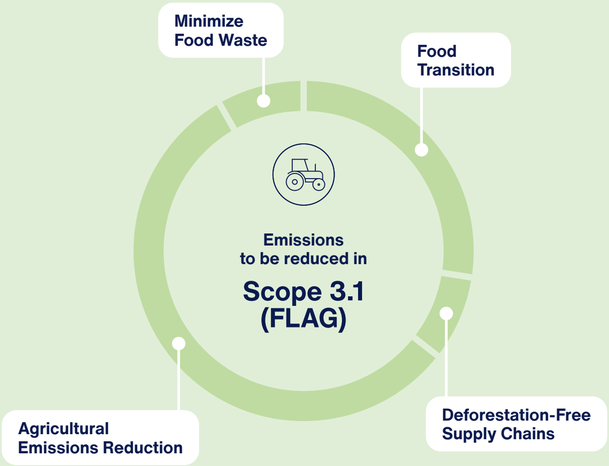
Renewable Energies

The companies of Schwarz Group pursue a diversified strategy for integrating various types of renewable energies into their business processes. A central pillar is increasing self-generation of energy, primarily through the systematic expansion of large-scale photovoltaic systems at our locations. In some cases, intelligent battery storage is deployed to temporarily store solar energy and then release it when the sun is not shining. To further secure the renewable electricity supply, part of the demand is covered through strategic power purchase agreements, enabling the long-term sourcing of wind energy and other sustainable energy sources. Beyond the electricity sector, the energy transition is also being driven forward in the heating sector: By gradually replacing fossil heating systems with highly efficient heat pumps, the companies are also relying on renewable resources for heating to systematically reduce operational emissions and dependence on fossil fuels.

Product Emissions (FLAG)

Scope category 3.1 encompasses all emissions from purchased goods and services, and thus represents the most significant part of the carbon footprint of the companies of Schwarz Group.

A crucial lever in this regard are FLAG emissions (Forest, Land, and Agriculture) resulting from land use within our supply chain. To proactively address these, the companies of Schwarz Group have set themselves an ambitious, science-based target. By fiscal year 2034, absolute Scope 3 FLAG emissions are to be reduced by 42.4 percent (base year 2022).



Food Transition

Promoting a plant-based diet is a key lever for achieving our climate targets, as animal products account for a large share of product emissions. A conscious food transition not only protects our planet's resources, but also enriches our diets with healthy and delicious alternatives. That is why we align our approach with the EAT-Lancet Commission's recommendations regarding the Planetary Health Diet. In doing so, Lidl and Kaufland are focusing on expanding their plant-based ranges, optimized product placement, attractive pricing and transparent monitoring based on WWF methodology. An example of this approach is price parity at Lidl and Kaufland in Germany, which matches the prices of plant-based private labels products with their animal-based counterparts (See Vegan and Vegetarian Assortment).

Deforestation-Free Supply Chains

Deforestation is a major hotspot for global emissions. The companies of Schwarz Group therefore systematically advocate for deforestation-free supply chains for high-risk raw materials to eliminate these emissions from their upstream chains. We pursue this in line with the requirements of the EU Deforestation Regulation (EUDR) and our SBTi climate targets. (See Commitment to Deforestation-Free Supply Chains).

Agricultural Emissions Reduction

A significant portion of our emissions comes from agriculture, specifically from the release of methane, nitrous oxide and carbon dioxide, particularly in connection with the use of animal feed as well as in fertilizer and energy management. Preventing and reducing these emissions is essential. To this end, we work in partnership with our suppliers and external experts to develop targeted strategic climate projects. Our goal is to effectively leverage synergies within the companies of Schwarz Group and to find innovative, collaborative solutions with our business partners to reduce agricultural emissions. Simultaneously, agriculture holds significant potential for carbon sequestration in soils and biomass through nature-based solutions. These include, for example, agroforestry systems, the use of biochar or other crop cultivation measures.

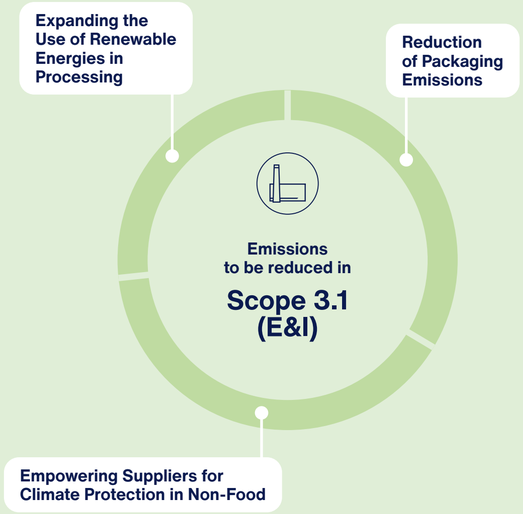
Minimize Food Waste

The reduction of food waste is an effective lever for conserving resources and simultaneously contributes to reducing emissions in our Scope 3. Since approximately one-third of all food is lost globally, the companies of Schwarz Group aim to reduce food waste through targeted measures and initiatives. (See Stop Food Waste).

Product Emissions (E&I)

The Scope 3.1 – emissions in energy and industrial processes (E&I) addresses the emissions from industrial processing, packaging and the non-food area.

In this segment, the companies of Schwarz Group have set themselves a binding, science-based target: By fiscal year 2034, indirect emissions in the area of energy and industrial processes are to be reduced by 35 percent (base year 2022).



Reduction of Packaging Emissions

Packaging is responsible for about 5 percent of Scope 3.1 emissions. To reduce this impact as part of our climate targets, the companies of Schwarz Group rely on the group-wide circular strategy REset Resources. In practice, we achieve this by optimizing our packaging portfolio: For example, we are reducing the weight of packaging, increasing the proportion of recycled materials, and promoting innovative solutions such as regionally sourced Silphium and straw fibers. Other levers include the use of single-use and multi-use systems as well as the transition to recyclable packaging designs. In this way, we contribute to the decarbonizing our value chain through efficient resource management. (See REcycle).

Empowering Suppliers for Climate Protection in Non-Food

The highly diverse non-food area includes items such as textiles, tools and electrical appliances. Most emissions here arise from energy consumption during manufacturing as well as from the consumers themselves when the products are used. In the non-food area as well, we rely on collaborative partnerships and assortment design. One example of our commitment is our online climate school for suppliers called Supplier LOCT (Leadership on Climate Transition), where they learn how to set their own climate targets.

Expanding the Use of Renewable Energies in Processing

Processes such as heating and drying in food processing are energy-intensive and cause a significant portion of emissions in the supply chains. For example, as a major food manufacturer, Schwarz Produktion already uses renewable energy sources to a large extent today.

Other Reduction Initiatives in the Value Chain

In the area of upstream value creation, we focus on continuously refining the data baseline and implementing operational incentive systems. A key lever is the continuous improvement of the accounting methodology for capital goods in order to manage environmental impacts more precisely. To decarbonize transport routes, we promote the use of low-emission technologies by purposefully providing freight forwarders and suppliers with EV charging infrastructure at our locations, thereby incentivizing the transition to battery-electric heavy-duty trucks. In addition, we are working on the systematic reduction of waste.

In the downstream value chain, the focus is on resource conservation and the promotion of more sustainable consumer behavior. We reduce the environmental impact of our products and packaging over their entire life cycle. The goal is to systematically reduce the remaining carbon footprint in the use and post-use phases through innovative recovery processes and the promotion of reuse. To complement this, we are aiming for a significant reduction in emissions during the use phase We achieve this primarily by continuously increasing the energy efficiency of our devices.

Greenhouse Gas Emissions

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

In the 2025 fiscal year, the companies of Schwarz Group recorded an increase in total emissions of more than 10 percent year on year. This development is primarily due to the continuous growth of the corporate group as well as an increased volume of goods in the retail divisions. This is particularly reflected in the increase of indirect greenhouse gases in the upstream and downstream value chain (Scope 3). Despite this growth dynamic, operational emissions (Scope 1 and 2) once again fell slightly in the reporting period. We were able to reduce our direct emissions (Scope 1) by using fewer fossil fuels and lowering refrigerant emissions. In parallel, progress with the group-wide renewable energy commitment has led to a slight decrease in indirect energy-related emissions (Scope 2).

Volumes of Greenhouse Gas Emissions

In tons of CO_2 equivalent[1, 2, 3, 4, 5]

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

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Total	**Gross volume GHG emissions[6]**	2024	136,879,151	36,012,696	3,554,339	4,555,955	328,127	672,925	179,104,893
		2025	**153,971,514**	**36,590,573**	**3,571,296**	**4,529,859**	**490,053**	**1,060,543**	**197,302,264**
		Trend 2024/25	+12.5%	+1.6%	+0.5%	-0.6%	+49.3%	+57.6%	+10.2%
Scope 1 & 2	**Direct and indirect GHG emissions (Scope 1 & 2)[6]**	2024	997,697	382,690	1,043,424	166,576	6,370	8,486	2,605,242
		2025	**915,388**	**356,641**	**1,061,857**	**164,725**	**8,288**	**8,463**	**2,515,363**
		Trend 2024/25	-8.2%	-6.8%	+1.8%	-1.1%	+30.1%	-0.3%	-3.4%
Scope 1	**Direct (Scope 1) GHG emissions**	2024	983,011	354,280	1,000,772	160,159	6,049	6,984	2,511,255
		2025	**900,911**	**327,011**	**1,026,872**	**158,495**	**7,803**	**6,934**	**2,428,025**
		Trend 2024/25	-8.4%	-7.7%	+2.6%	-1.0%	+29.0%	-0.7%	-3.3%
	Fugitive emissions	2024	139,517	204,605	152,099	977	0	0	497,197
		2025	**136,061**	**175,747**	**151,108**	**1,640**	**0**	**0**	**464,556**
		Trend 2024/25	-2.5%	-14.1%	-0.7%	+67.9%	— %	— %	-6.6%
	Mobile combustion	2024	731,139	32,322	275,187	4,784	5,747	6,606	1,055,786
		2025	**675,959**	**32,618**	**260,892**	**4,585**	**6,840**	**6,427**	**987,321**
		Trend 2024/25	-7.5%	+0.9%	-5.2%	-4.2%	+19.0%	-2.7%	-6.5%
	Stationary combustion	2024	112,355	117,353	573,486	154,398	302	378	958,272
		2025	**88,891**	**118,646**	**614,872**	**152,269**	**963**	**506**	**976,148**
		Trend 2024/25	-20.9%	+1.1%	+7.2%	-1.4%	+218.5%	+33.9%	+1.9%

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 | 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.

4 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

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 divisions do not correspond to the values of the 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.

8 | To enable a practicable approach to the calculation of category 11 emissions, our products have been clustered into 31 product groups to determine the lifespan and average energy consumption. Appropriate assumptions have been made for these product groups. The year-on-year increase is due to higher activity data. Due to delayed data availability, the positive impact of improvements in the electricity mix has not yet been taken into account.

Volumes of Greenhouse Gas Emissions

In tons of CO_2 equivalent[1,2,3,4,5]

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

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Scope 2	**Indirect GHG emissions (Scope 2) including electricity acc. to market-based approach**	2024	14,686	28,410	42,653	6,416	321	1,501	93,987
		2025	**14,476**	**29,631**	**34,986**	**6,230**	**485**	**1,530**	**87,337**
		Trend 2024/25	-1.4%	+4.3%	-18.0%	-2.9%	+51.1%	+1.9%	-7.1%
	District heating	2024	14,194	28,410	773	6,416	272	1,166	51,230
		2025	**14,035**	**29,631**	**509**	**6,230**	**301**	**1,337**	**52,043**
		Trend 2024/25	-1.1%	+4.3%	-34.1%	-2.9%	+10.9%	+14.7%	+1.6%
	Electricity acc. to market-based approach	2024	492	0	41,880	0	49	336	42,757
		2025	**442**	**0**	**34,476**	**0**	**183**	**193**	**35,294**
		Trend 2024/25	-10.2%	– %	-17.7%	– %	+274.1%	-42.5%	-17.5%
	Electricity acc. to location-based approach	2024	1,733,823	851,079	86,065	238,405	15,071	3,826	2,928,270
		2025	**1,506,921**	**741,545**	**67,609**	**223,836**	**15,615**	**2,906**	**2,558,432**
		Trend 2024/25	-13.1%	-12.9%	-21.4%	-6.1%	+3.6%	-24.1%	-12.6%
Scope 3	**Indirect GHG emissions (Scope 3)[7]**	2024	135,881,454	35,630,007	2,510,914	4,389,380	321,757	664,439	176,499,651
		2025	**153,056,126**	**36,233,932**	**2,509,439**	**4,365,134**	**481,765**	**1,052,080**	**194,786,901**
		Trend 2024/25	+12.6%	+1.7%	-0.1%	-0.6%	+49.7%	+58.3%	+10.4%
	Cat. 3.1 Purchased goods and services	2024	111,794,966	30,853,212	65,184	3,616,635	176,829	130,898	144,138,350
		2025	**116,348,832**	**31,208,994**	**64,502**	**3,624,157**	**151,803**	**416,063**	**149,302,749**
		Trend 2024/25	+4.1%	+1.2%	-1.0%	+0.2%	-14.2%	+217.9%	+3.6%
	Cat. 3.2 Capital goods	2024	1,209,342	290,745	145,742	26,048	16,465	275,777	1,964,118
		2025	**1,356,303**	**248,872**	**192,045**	**20,173**	**94,219**	**318,507**	**2,230,118**
		Trend 2024/25	+12.2%	-14.4%	+31.8%	-22.6%	+472.3%	+15.5%	+13.5%
	Cat. 3.3 Fuel and energy-related emissions	2024	668,929	256,537	84,785	84,927	4,827	2,290	1,102,295
		2025	**628,233**	**238,006**	**80,441**	**83,448**	**5,419**	**2,114**	**1,037,661**
		Trend 2024/25	-6.1%	-7.2%	-5.1%	-1.7%	+12.3%	-7.7%	-5.9%
	Cat. 3.4 Transportation (upstream)	2024	6,185,493	1,281,980	126,466	399,448	89	94	7,768,433
		2025	**6,849,831**	**1,259,301**	**81,300**	**395,300**	**79**	**12,063**	**8,372,799**
		Trend 2024/25	+10.7%	-1.8%	-35.7%	-1.0%	-10.6%	+12,782.8%	+7.8%

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.

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Volumes of Greenhouse Gas Emissions

In tons of CO_2 equivalent[1,2,3,4,5]

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

		FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Scope 3	Cat. 3.5 Waste generated in operations	2024	268,461	61,260	0	12,585	48	69	342,423
		2025	**271,264**	**60,960**	**0**	**13,438**	**37**	**67**	**345,766**
		Trend 2024/25	+1.0%	-0.5%	– %	+6.8%	-21.5%	-3.4%	+1.0%
	Cat. 3.6 Business travel	2024	103,398	26,082	14,413	4,067	7,514	8,811	164,284
		2025	**95,294**	**26,682**	**5,316**	**6,387**	**13,950**	**19,078**	**166,707**
		Trend 2024/25	-7.8%	+2.3%	-63.1%	+57.0%	+85.7%	+116.5%	+1.5%
	Cat. 3.7 Employee commuting	2024	458,894	182,117	31,756	7,134	8,088	5,467	693,456
		2025	**463,654**	**194,585**	**33,719**	**7,417**	**10,363**	**4,433**	**714,170**
		Trend 2024/25	+1.0%	+6.8%	+6.2%	+4.0%	+28.1%	-18.9%	+3.0%
	Cat. 3.9 Transportation (downstream)	2024	30,697	0	0	0	633	0	31,329
		2025	**30,505**	**0**	**0**	**0**	**356**	**0**	**30,861**
		Trend 2024/25	-0.6%	– %	– %	– %	-43.8%	– %	-1.5%
	Cat. 3.10 Processing of sold products	2024	0	0	487,317	0	0	0	487,317
		2025	**0**	**0**	**323,542**	**0**	**0**	**0**	**323,542**
		Trend 2024/25	– %	– %	-33.6%	– %	– %	– %	-33.6%
	Cat. 3.11 Use of sold products[8]	2024	10,446,777	1,271,085	402,034	13,355	102,360	232,473	12,453,921
		2025	**22,230,330**	**1,580,847**	**621,188**	**13,234**	**198,849**	**273,510**	**24,904,311**
		Trend 2024/25	+112.8%	+24.4%	+54.5%	-0.9%	+94.3%	+17.7%	+100.0%
	Cat. 3.12 Disposal/recovery of sold products	2024	4,585,086	1,406,272	1,113,331	223,048	2,415	0	7,170,526
		2025	**4,656,855**	**1,415,685**	**1,067,483**	**199,447**	**4,198**	**0**	**7,182,419**
		Trend 2024/25	+1.6%	+0.7%	-4.1%	-10.6%	+73.8%	– %	+0.2%
	Cat. 3.15 Investments	**2024**	**129,411**	**718**	**39,887**	**2,133**	**2,491**	**8,561**	**183,200**
		2025	125,027	0	39,903	2,133	2,491	6,245	175,798
		Trend 2024/25	-3.4%	-100.0%	– %	– %	– %	-27.1%	-4.0%

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 | 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.

4 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

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 divisions do not correspond to the values of the 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.

8 | To enable a practicable approach to the calculation of category 11 emissions, our products have been clustered into 31 product groups to determine the lifespan and average energy consumption. Appropriate assumptions have been made for these product groups. The year-on-year increase is due to higher activity data. Due to delayed data availability, the positive impact of improvements in the electricity mix has not yet been taken into account.

Climate Protection

Management Approach

Organization and Responsibility

Since 2020, the business divisions of all companies of Schwarz Group that are relevant for our jointly developed climate strategy have been involved in this process. These include, for example, the respective business areas of Corporate Responsibility (CR), Purchasing, Procurement, Operations or Sales and Supply Chain Management, Real Estate and Administration. Those involved have defined clear tasks and responsibilities for their collaboration. 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. We are driving the implementation of our defined targets across the priority topic areas of energy, transport, products, buildings and waste. The project groups established for this purpose consist of experts from all of the companies of Schwarz Group and are managed by a mandated project manager depending on the topic area.

Energy

The companies of Schwarz Group pursue a jointly developed, holistic energy strategy that combines economic efficiency and security of supply with social and environmental responsibility. We are convinced that a resilient energy system relies on diversification. In close collaboration with the relevant units within the divisions of Schwarz Group; Schwarz Energy Trading GmbH (SET) is responsible for managing the implementation of the strategy and the investment portfolio. This approach is closely integrated with our jointly developed climate strategy and, therefore, provides a decisive contribution to achieving the joint climate targets of the companies of Schwarz Group.

Transport

Low-emission logistics concepts are a priority topic in the climate strategy of the companies of Schwarz Group. Among other things, the focus here is on use of alternative drive technologies in logistics.

Schwarz Logistics Solutions GmbH (SLS), as part of Schwarz Corporate Solutions, supports the decarbonization of logistics as a central service provider for the companies of Schwarz Group. Moreover, SBES procures, for example, lower-emission transportation solutions such as electric trucks. In procurement logistics, the Lidl-owned shipping company, TAILWIND Shipping Lines, is implementing targeted measures to reduce emissions. At our logistics sites, we are also expediting the development of an electric vehicle charging infrastructure for our transportation service providers. In addition, PreZero is driving efforts to reduce emissions in disposal logistics by converting its fleet to electric drives and alternative fuels.

Products

A significant portion of our emissions comes from agriculture, specifically from the release of methane, nitrous oxide and carbon dioxide, particularly in connection with the use of animal feed as well as in fertilizer and energy management. Preventing and reducing these emissions is essential. In close partnership, Lidl, Kaufland, and Schwarz Produktion are developing targeted, strategic climate projects with our suppliers and external experts. Our goal is to effectively leverage synergies within the companies of Schwarz Group. Through this, we aim to find innovative, collaborative solutions with our business partners to reduce agricultural emissions.

Buildings

As companies of Schwarz Group, we are increasingly focusing on energy and resource efficiency during both the construction and operation of our real estate. In addition to innovative store concepts, flagship projects such as the IPAI Campus, the headquarters of Lidl Dienstleistung in Bad Wimpfen and the Schwarz Digits Campus in Bad Friedrichshall highlight this commitment.

When planning new properties, Schwarz Immobilien Service GmbH & Co. KG (SIS) and the respective real estate divisions of the companies of Schwarz Group take recognized standards for energy- and resource-efficient construction into account. (See Certifications and Standards).

Waste

Additional significant contributions to emissions reduction come from activities in the area of circular economy. (For more information, see Circular Economy). PreZero implements its own measures to reduce emissions in waste recovery and supports the divisions in waste prevention.

Measures and Projects

Energy

Energy Management Systems

A holistic energy management system based on the international ISO 50001 standard helps the companies of Schwarz Group systematically improve their energy efficiency and reduce carbon emissions. This is implemented using the company's own energy management systems, which are used to specifically manage measures aimed at improving efficiency.

At Lidl, all European stores, logistics centers and national headquarters buildings are certified pursuant to the ISO 50001 energy management system. 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 makes it possible to identify inefficiencies and opportunities for optimization early on. Local energy teams have also been formed at all certified locations to drive forward 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

national companies are certified pursuant to ISO 50001. Kaufland regularly carries out internal and external audits to evaluate the energy management.

Administrative locations in the greater Heilbronn area as well as the production locations of the Kaufland meat processing plants and Schwarz Produktion, have been certified pursuant to ISO 50001, with the exception of Bon Pasta and MEG Derby. Bon Pasta is EMAS-certified. Schwarz Produktion draws on the energy management software EnEffCo 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.

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.

Energy Efficiency

> The companies of Schwarz Group share the goal of reducing carbon emissions in new and existing buildings by using heat recovery systems and lower-emission energy sources. In addition, the energy consumption of building services systems is optimized through standardized monitoring, control and regulation systems and consistently tailored to actual demand.

The measures implemented by Schwarz Produktion and the Kaufland meat processing plants include efficiency optimizations, heat recovery and the reduction of idle times. In addition to standard measures, process optimizations also play a key role. Energy-efficiency measures at Schwarz Production and the Kaufland meat processing plants also range from adjusted driving practices to optimized cleaning procedures, preheating processes and temperature adjustments.

In the 2025 fiscal year, Schwarz Produktion was able to increase energy efficiency by about 13 million (2024: 15 million) kilowatt-hours. From the 2018 fiscal year through 2025, energy efficiency was increased by more than 87 million kWh through all implemented energy efficiency measures.

To increase energy efficiency, Kaufland aims to use lower-emission energy sources in new or existing buildings. Since 2012, the retail division has been using an innovative energy concept called Kälte-Klima-Verbund (an integrated cooling and heating system) for all new locations, which efficiently uses waste heat from refrigeration systems to heat the stores. In winter, this system covers more than 80 percent of the heating demand. A reversible air to water heat pump supplements the system as needed for heating and also regulates the building's temperature in summer.

The Kaufland meat processing plants have also set a goal to systematically optimize energy consumption in their own plants. In so doing, they are pursuing the goal of increasing energy efficiency by five percent by 2030 (fiscal year 2025 is the base year). The measures implemented the Kaufland meat processing plants include, for example, efficiency optimizations, heat recovery and the reduction of idle times.

By modernizing the technical equipment at its properties, Lidl has increased the energy efficiency at many of its locations, including in Spain, Cyprus, Finland, Latvia and Estonia. Existing systems/technologies that were inefficient were replaced with new, more energy-efficient systems/technologies. In doing so, Lidl is adhering to its high construction standards. Examples in the reporting period include the installation of LED lights for artificial lighting, the switch to more efficient chiller equipment and the replacement of fossil-fueled heating systems with highly efficient heat pumps. Heat pumps are already fitted in 59 percent of buildings, which in concrete figures equates to 7,650 of our stores, 86 of our logistics centers and 25 of the Lidl national headquarters buildings.

Renewable Energies

In the reporting year, the companies of Schwarz Group sourced more than 98 percent of their electricity from renewable energies, financially backed by guarantees of origin. The remaining parts are attributable to supply contracts that the companies of the Schwarz Group cannot influence, such as those for individual leased properties with a binding electricity procurement clause.

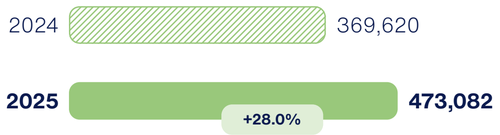
The self-generation of renewable energies, particularly through photovoltaics (PV), is a key component of our energy and climate strategy. In the 2025 fiscal year, the companies of Schwarz Group generated 473,082 (2024: 370,000) megawatt-hours: an increase of +28.0% percent year on year. The power generated is sufficient to supply over 136,000 (2024: 106,500) households[1].

On the roof of its logistics center in Lübbenau, Germany, Kaufland operates its largest photovoltaic system to date, spanning approximately 72,000 square meters. In addition to photovoltaics, PreZero uses recycling facilities to generate energy from renewable sources. With the production of biogas and biomethane, gases arising during recovery (in particular methane) become usable In the 2025 fiscal year, PreZero generated a total of approximately 363,602 megawatt-hours of energy in this manner. Renewable energy is also generated through the thermal recovery of biogenic components in waste: 466,654 megawatt-hours in the fiscal year 2025.

Under a long-term power purchase agreement (PPA) with RWE Supply & Trading, Lidl and Kaufland in Germany will also source a portion of their electricity directly from an offshore wind farm in the North Sea going forward. 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. It makes a valuable contribution to the energy turnaround.

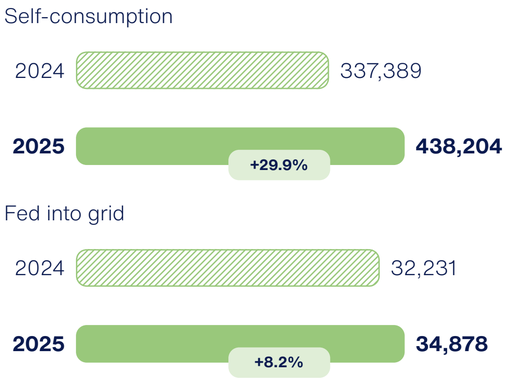
Self-Generation of Renewable Energies from PV Systems in MWh

[GRI 302-1]



Use of Self-generated Electricity from PV Systems

[GRI 302-1]



Photovoltaic systems: Buildings and Performance

[GRI 302-1]

	Unit	2024	2025	Trend 2024/25
Buildings with photovoltaic systems	Number	3,992	**4,374**	+9.6%
Photovoltaic systems output	kWp	597,837	**673,080**	+12.6%

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

Energy Consumption in the Companies of Schwarz Group

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

In the fiscal year 2025, the companies of Schwarz Group demonstrated a high degree of stability in their energy balance: Total energy consumption fell slightly, by 0.5 percent year on year. Given the continued expansion of business activities, this development underscores the effectiveness of energy efficiency measures implemented in the companies of Schwarz Group.

The qualitative shift within the energy mix is of particular note. As companies of Schwarz Group, we were able to slightly reduce the absolute consumption of fossil fuels. We actively offset this decline through increased use of renewable energy. Thanks to this conscious joint decision, we were able to further consolidate the share of lower-emission energy sources in our overall mix.

Another key driver of this positive development is the increased self-consumption of electricity from renewable energy sources, which rose by 15.8 percent year on year. The internal use of self-generated electricity from photovoltaic systems even rose by 29.9 percent. This highlights our commitment to gradually reducing our dependence on external fossil fuel sources and expanding our self-sufficiency through sustainable capacities.

Due to reporting requirements pursuant to the CSRD Directive, key performance indicators needed to be collected before the end of the fiscal year; thus, appropriate projection methods were used for the figures for the remaining time period.

Energy Consumption in the Companies of Schwarz Group[1,2,3]

In megawatt-hours

[GRI 302-1]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Total energy consumption	2024	10,142,434	3,133,129	1,928,327	2,325,042	66,331	45,092	17,640,355
	2025	**9,998,393**	**3,155,063**	**1,864,215**	**2,414,505**	**81,409**	**44,688**	**17,558,273**
from renewable sources	2024	6,663,605	2,257,872	558,566	1,642,295	41,906	11,279	11,175,524
	2025	**6,842,775**	**2,265,410**	**590,341**	**1,701,743**	**47,959**	**10,481**	**11,458,708**
from non-renewable sources	2024	3,478,829	875,257	1,369,761	682,746	24,425	33,812	6,464,831
	2025	**3,155,618**	**889,653**	**1,273,874**	**712,762**	**33,450**	**34,207**	**6,099,565**
Electricity	2024	6,663,047	2,262,927	471,483	906,642	41,088	11,352	10,356,538
	2025	**6,835,376**	**2,270,023**	**480,820**	**924,248**	**46,930**	**9,955**	10,567,353
from renewable sources	2024	6,657,872	2,256,270	401,395	830,264	40,908	10,409	10,197,117
	2025	**6,829,208**	**2,263,878**	**404,969**	**846,180**	**46,474**	**9,308**	**10,400,017**
Outsourcing	2024	6,350,784	2,232,060	271,218	649,927	40,908	9,487	9,554,383
	2025	**6,441,138**	**2,219,823**	**265,884**	**674,119**	**46,474**	**8,078**	**9,655,516**

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

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

3 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

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

5 | 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)

6 | 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 gas oil: 12579.79485/Hydrogen: 0.03703)

7 | Fuels for own vehicle fleet

Energy Consumption in the Companies of Schwarz Group[1,2,3]

In megawatt-hours

[GRI 302-1]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Own use from self-generated energy	2024	307,088	24,210	130,178	180,336	0	921	642,734
	2025	**388,070**	**44,055**	**139,085**	**172,061**	**0**	**1,230**	**744,500**
from non-renewable sources	2024	5,175	6,657	70,088	76,378	181	943	159,421
	2025	**6,168**	**6,145**	**75,851**	**78,068**	**457**	**648**	**167,337**
Outsourcing	2024	5,175	0	14,132	0	181	943	20,430
	2025	**6,168**	**0**	**5,065**	**0**	**457**	**648**	**12,337**
Own use from self-generated energy	2024	0	6,657	55,956	76,378	0	0	138,991
	2025	**0**	**6,145**	**70,786**	**78,068**	**0**	**0**	**155,000**
District heating	2024	97,239	115,979	149,947	32,904	1,107	4,819	401,995
	2025	**96,725**	**120,855**	**43,469**	**31,949**	**1,228**	**5,470**	**299,697**
from renewable sources	2024	0	399	79,656	0	1	77	80,132
	2025	**1,356**	**307**	**37,685**	**0**	**1**	**32**	**39,381**
Outsourcing	2024	0	399	0	0	1	77	476
	2025	**1,356**	**307**	**838**	**0**	**1**	**32**	**2,535**
Own use from self-generated energy	2024	0	0	79,656	0	0	0	79,656
	2025	**0**	**0**	**36,847**	**0**	**0**	**0**	**36,847**
from non-renewable sources	2024	97,239	115,580	70,291	32,904	1,106	4,742	321,862
	2025	**95,370**	**120,549**	**5,784**	**31,949**	**1,226**	**5,438**	**260,316**
Outsourcing	2024	97,239	115,580	3,143	32,904	1,106	4,742	254,715
	2025	**95,370**	**120,549**	**2,072**	**31,949**	**1,226**	**5,438**	**256,603**
Own use from self-generated energy	2024	0	0	67,148	0	0	0	67,148
	2025	**0**	**0**	**3,712**	**0**	**0**	**0**	**3,712**
Natural gas (non-renewable)	2024	554,519	580,510	34,161	252,981	1,471	1,719	1,425,363
	2025	**448,585**	**593,242**	**39,791**	**286,787**	**4,924**	**2,424**	**1,375,754**
Other gases/fuels[4] (non-renewable)	2024	3,763	763	72,254	5,467	0	0	82,247
	2025	**1,871**	**792**	**82,917**	**5,648**	**0**	**56**	**91,283**

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

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

3 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

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

5 | 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)

6 | 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 gas oil: 12579.79485/Hydrogen: 0.03703)

7 | Fuels for own vehicle fleet

Energy Consumption in the Companies of Schwarz Group[1,2,3]

In megawatt-hours

[GRI 302-1]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Heating oil[5] (non-renewable)	2024	11,150	40,987	27,716	5,590	0	0	85,444
	2025	**5,247**	**37,391**	**28,583**	**1,912**	**0**	**0**	**73,133**
Wood pellets (renewable)	2024	0	0	1,223	0	0	0	1,223
	2025	**0**	**0**	**1,077**	**0**	**0**	**0**	**1,077**
Emergency power systems and sprinkler systems	2024	23,500	4,161	29	765	0	253	28,708
	2025	**17,176**	**3,442**	**307**	**273**	**0**	**213**	**21,411**
from renewable sources (biodiesel)	2024	1,144	501	0	0	0	0	1,645
	2025	**1,038**	**238**	**0**	**0**	**0**	**0**	**1,277**
from non-renewable sources (diesel, heating oil, HVO)	2024	22,356	3,660	29	765	0	253	27,063
	2025	**16,138**	**3,203**	**307**	**273**	**0**	**213**	**20,134**
Coal (non-renewable)	2024	0	0	534	112,192	0	0	112,726
	2025	**0**	**0**	**603**	**102,421**	**0**	**0**	**103,024**
Sludge/alternative fuels/biomass	2024	0	0	0	990,492	0	0	990,492
	2025	**0**	**0**	**0**	**1,043,488**	**0**	**0**	**1,043,488**
from renewable sources	2024	0	0	0	811,723	0	0	811,723
	2025	**0**	**0**	**0**	**855,200**	**0**	**0**	**855,200**
from non-renewable sources	2024	0	0	0	178,770	0	0	178,770
	2025	**0**	**0**	**0**	**188,289**	**0**	**0**	**188,289**
Mobile combustion[6,7]	2024	2,789,217	127,802	1,170,307	18,008	22,665	26,948	4,154,947
	2025	**2,593,412**	**129,319**	**1,186,144**	**17,777**	**28,327**	**26,569**	**3,981,547**
from renewable sources	2024	4,589	703	76,292	309	997	793	83,683
	2025	**11,173**	**987**	**146,610**	**363**	**1,484**	**1,141**	**161,756**
from non-renewable sources	2024	2,784,628	127,100	1,094,015	17,699	21,668	26,155	4,071,264
	2025	**2,582,239**	**128,332**	**1,039,534**	**17,414**	**26,843**	**25,428**	**3,819,791**

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

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

3 | Discrepancies from the Sustainability Report FY 2024 are a result of retrospective corrections due to additional data availability.

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

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6 | 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 gas oil: 12579.79485/Hydrogen: 0.03703)

7 | Fuels for own vehicle fleet

Transport

Mobility Solutions and Charging Infrastructure for Customers and Employees

Employees of the companies of Schwarz Group who are eligible for company cars receive a mobility budget as an incentive to opt for lower-emission mobility solutions. We also offer the Deutschland-Ticket for local public transportation. Furthermore, we are continuously expanding our range of lower-emission mobility solutions.

> The companies of Schwarz Group have made significant progress in the development of their charging infrastructure. Group-wide, at the end of the fiscal year 2025, there were 24,024 (2024: 19,871)[1] electric charging stations available at 6,973 (2024: 5,570)[1] locations. To maximize the efficiency of our charging stations while minimizing the strain on public power grids, we rely on targeted control and use of innovative systems. This enables us to offer our customers a reliable charging infrastructure even in locations with limited power availability.

Approaches to Reducing Emissions in Logistics

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 the transport service providers to measure and reduce their own emissions.

In addition, the companies of Schwarz Group are pursuing various approaches to expanding the charging infrastructure for logistics and are collaborating with selected partners.

Lidl is also optimizing its logistics processes and transportation, thus saving energy and reducing its greenhouse gas emissions. Lidl aims to reduce emissions from logistics and transportation through various measures and in collaboration with its business partners.

Furthermore, Lidl is working on cooperation agreements with partners in procurement logistics, for example, to shift transportation from road to rail. In some countries, Lidl has entered into partnerships for the transportation of merchandise using vehicles with alternative drive types.

Electric trucks are already deployed in several countries, specifically in Austria, Switzerland, Germany, Denmark, the Netherlands, Poland and Sweden. By the end of the fiscal year, more than 100 electric trucks with electric semitrailers were on the road in all Lidl countries. Lidl Netherlands is taking a leading role: More than 80 vehicles are in operation there, with the target of completely switching to electric trucks for store deliveries by 2028. In Sweden, 100 percent of energy supplies have been fossil-free since February 2025. The rollout is based on the "Playbook Electric Transport." This standard concept guides the systematic integration of e-mobility into logistics processes – from selecting locations for charging stations and sourcing hardware to energy supply, which is optimized on a demand basis using PV systems and battery storage assets. Based on this, at least a third of the vehicles used for store deliveries are to be converted to electric drives in the future. Expansion in Austria, Switzerland, Germany, Denmark, the Netherlands, Poland and Sweden are planned for 2026.

In 2022, in order to secure more influence over logistics, Lidl founded its own shipping company, TAILWIND Shipping Lines. In so doing, emissions are shifted from Scope 3 to Scope 1 – therefore increasing the Lidl direct emissions. However, the retail division can intervene directly and implement targeted efficiency measures to reduce carbon emissions. In the reporting year, the focus was on using digital tools to increase efficiency.

To further increase the proportion of emission-free transport, Lidl is also investing in the necessary charging infrastructure for electric trucks at logistics centers.

Kaufland recognizes a great deal of potential, especially in its cooperation with freight forwarders. In order to assess the technical status of its vehicle fleet in terms of energy efficiency and carbon emissions, Kaufland commissions FUMO to audit their pool of over 100 freight forwarders. If they pass the auditing process, the freight forwarders are awarded the title "Green Carrier".

Back in 2023, Kaufland Dienstleistung GmbH & Co. KG opened a charging park with eight charging stations at its logistics site in Möckmühl (Baden-Wuerttemberg), Germany: Each station has its own lane for electric semi-trailers. To this end, Kaufland Stiftung & Co. KG cooperated with Einride, a leading provider of intelligent solutions for digital, electric and autonomous goods transport, to introduce heavy e-trucks in supplying the company's own stores. Thanks to the use of electric trucks, 1,500 tons of carbon emissions have already been avoided since the charging station opened (as of May 2026). In addition, Kaufland Dienstleistung GmbH & Co. KG opened another charging park at its Barsinghausen location in cooperation with Milence, where freight carriers are given priority charging. In another project, the "Chargen an der Laderampe" (charging at the loading dock) initiative was implemented with two charging stations at the Geisenfeld location in Germany.

Use of alternative drives also plays a key role in the ongoing development of the PreZero vehicle fleet. More than 12,000 vehicles collect waste, clean streets and transport recyclables. PreZero has performed 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. Since the spring of 2026, the PreZero Sweden vehicle fleet comprises 60 electric trucks, 54 of which are heavy-duty trucks. The remaining vehicles in the Swedish vehicle fleet run on HVO or biogas. PreZero Netherlands ordered 37 new electric vehicles in 2025.

In the Netherlands, PreZero is partnering with its competitor Renewi to implement the "Green Collective" concept, in which unmarked vehicles collect from customers of both companies – the "Green Collective" fleet has already been fully converted to electric and HVO drive technologies. The initiative was founded eight 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

1 | The difference in the figures for FY 24 compared to the FY 24 Sustainability Report is due to improved data availability and inclusion of electric trucks in the category.

and already accounts for savings of more than 2.3 million kilometers and 5.4 million kilograms of carbon dioxide.

Products

Vegan and Vegetarian Range

In particular, animal products are a significant cause of high greenhouse gas emissions. To reduce these emissions, the retail divisions are increasingly expanding their range of plant-sourced alternative products. With the Vemondo own brand range, for example, Lidl offers a wide variety of both vegan and vegetarian alternatives. The retail divisions are also working intently on changing the product assortment toward vegan and vegetarian products with the aim of increasing the share of plant-based protein sources to 20 percent by 2030. (For more information, see Conscious Nutrition).

Kaufland is implementing targeted measures to promote plant-forward diets. These measures include expanding the plant-based range, transparently publishing the share of animal- versus plant-based protein sources (the protein split) and matching the prices of plant-based alternatives to their conventional animal-based counterparts, a practice in place since 2023. In so doing, Kaufland would like to raise customer awareness and encourage them to make conscious choices in favor of plant-based alternatives. Protein split transparency is key to measuring the environmental impact of the product range and actively driving the transition toward a resource-efficient, sustainable diet. To that end, Kaufland assessed its brand-name and private-label product range in Germany using the World Wide Fund for Nature (WWF) methodology. This methodology was established as the preferred procedure in talks with relevant stakeholders. Kaufland also advocates for an industry-wide application of the updated WWF methodology as the basis for a standardized measurement approach.

Result: In 2025, 11.4 percent of the products in the "protein sources" category – including meat, fish, eggs, as well as legumes, nuts and seeds – were plant-based. In the "dairy products" category (milk, cheese, yogurt, cream cheese, as well as cream/sour cream), 5.5 percent of the products were offered as plant-based alternatives.

Regional Dairy Industry

As part of the added value program for its regional brand "Ein gutes Stück Bayern" (EgSB), Lidl in Germany is supporting approximately 50 farmers in their efforts to reduce greenhouse gas emissions per kilogram of milk by at least 25 percent by the end of the year, compared to the base year of 2021. To this end, the national company, together with its supplier, the private dairy "Privatmolkerei Bechtel", has established an advisory board comprising representatives from the Lake Constance Foundation, the Bioland Stiftung and the Thünen Institute of Farm Economics. Compliance with climate measures affects the financial subsidy that farmers receive for the additional work involved. This can be achieved by using locally produced feed, implementing methane-reducing feeding practices for cows or adjusting crop rotations. The EgSB program also covers the topics of animal welfare and ecology.

Collaboration with Agritech Companies

For example, to promote regenerative practices in agriculture, Kaufland Stiftung & Co. KG is collaborating with the agritech company Klim. Together, they have been helping farmers transition to regenerative agricultural practices since 2023. Such practices reduce greenhouse gas emissions and actively sequester carbon in the soil. Kaufland is also directly funding climate protection projects in its own supply chain in the form of insetting projects. Klim's modular, flexible platform makes emissions and emission reductions on farms measurable. In this way, together with Klim and the suppliers' farmers, Kaufland was able to successfully implement on-field measures to reduce greenhouse gas emissions – including during oat cultivation for K-Classic muesli – such as through optimized crop rotation and fertilization.

→ Building Targeted Climate Expertise in the Supply Chain

To support their suppliers in reducing emissions and actively involve them in this effort, companies of Schwarz Group joined the "Supplier Leadership on Climate Transition" (Supplier LOCT) initiative in 2024. With Supplier LOCT, they enable their suppliers to make their own contribution to climate protection and set their own climate targets.

More than 1,000 of our suppliers have already been called upon to set their own science-based climate targets by the end of 2026 in order to accelerate the transformation of the value chain. Supplier LOCT is an initiative in which companies worldwide participate. The primary focus is on knowledge transfer regarding GHG accounting, climate target-setting and emission reduction measures.

Buildings

Energy-Efficient Concepts

Data center projects by companies of the Schwarz Group prioritize the use of natural refrigerants and the implementation of water-efficient cooling technologies to minimize the IT infrastructure's ecological footprint over the long term. For every new data center construction project, we evaluate the specific potential for waste heat utilization to use resources effectively. A practical example is the data center in Lübbenau, where we actively support municipal heat planning with their waste heat, helping to reduce the city's emissions.

At Lidl and Kaufland, the waste heat from chiller equipment and refrigeration systems is used to some extent for heating the building, thus reducing the additional energy required from external sources. The long-term commitment of the retail divisions is evident in the total of 2,314 stores (2024: 2,074) that are equipped with refrigeration systems for product cooling with heat recovery capabilities. For all of the companies of Schwarz Group, 2,462 buildings (2024: 2,224) are equipped with this technology. To further reduce carbon emissions, natural refrigerants are already being used in the refrigeration systems at 4,828 Lidl stores and 164 distribution centers, as well as at 264 Kaufland stores[1] and six logistics distribution centers. As part of the modernization of the stores, we are also increasingly replacing fossil fuel-powered heat generators with heat pumps.

For locations built and operated by Schwarz Corporate Solutions, Schwarz Energy Trading develops site-specific and holistic energy concepts. To this end, various local energy sources and sinks[2] are taken into account to ensure an optimal energy concept throughout all construction phases.

Certifications and Standards

When developing new real estate such as stores, administrative buildings and logistics centers, the companies of the Schwarz Group rely on resource-efficient construction methods and energy-efficient operations. This is based on recognized standards including EDGE, BREEAM, LEED and the German Sustainable Building Council (DGNB) standard. A total of 4,591 Lidl buildings already hold this certification. That amounts to around 35 percent of the Lidl real estate portfolio. In the reporting year alone, 128 properties were certified. All company-owned Kaufland locations are already EDGE certified. At the end of the 2025 fiscal year, this represented a total of 1,002 locations across all countries. More than 40 percent of Kaufland buildings have already received EDGE Advanced certification. In total, the companies of Schwarz Group have over 5,000 EDGE-certified stores.

Additional buildings are set to be certified in the future, including new buildings as well as office and logistics locations. In the IPAI project, for example, the entire campus and four individual buildings are being certified pursuant to the DGNB standard. The project aims for platinum certification, with gold as the minimum requirement. In DGNB-certified buildings, the focus is on reducing carbon emissions and minimizing energy and resource consumption.

The first construction phase of the Schwarz Digits' data center in Austria also meets these requirements and has been awarded the DGNB Gold Certificate for sustainable industrial buildings.

1 | Only stores that have completely switched to using natural refrigerants are taken into account; locations that use them for the most part, but not yet exclusively, are therefore not included in the key performance indicator.

2 | An energy sink is a system or object that absorbs, stores, or dissipates energy. These include both natural sinks, such as the atmosphere, oceans and rivers, as well as technical sinks, such as cooling water basins.

3 | Net zero describes the aim of reducing greenhouse gas emissions throughout the entire value chain to a minimum. Since, scientifically, it is assumed that even after undertaking significant reduction efforts some emissions will remain, these residual emissions must be neutralized by implementing removal solutions (e. g., technical carbon dioxide sinks) within or outside the value chain.

→ Net-Zero Store in Ireland[3]

A recent example from the reporting year is the opening of a net-zero-energy supermarket by Lidl Ireland in Maynooth. It meets its operational energy needs with renewable energy generated on-site, particularly through a photovoltaic system. The store was designed in partnership with the Irish Green Building Council and reduces emissions throughout its entire life cycle. Energy-efficient building systems and materials are used, such as locally reused stone or concrete containing 50 percent recycled content.

Innovative and Climate-friendly Construction of Stores and Logistics Centers

In its construction measures, Lidl is increasingly using materials with the lowest possible environmental impact. We have already successfully built several stores, logistics centers and national headquarters buildings in line with this principle – including those with wooden supports and recyclable building materials such as wood fibers for insulation. The timber stores in Albstadt and Wangen, Germany, are characterized by a consistently resource-conserving construction approach and energy efficiency. Combined with a modern technical concept and environmental measures – such as the selection of regionally sourced plants – this commitment was recognized with the DGNB Platinum Certificate.

In addition, Lidl Italy has opened its store in Villafranca di Verona, the first store in the country to meet sustainability criteria exemplarily. The new building is energy self-sufficient on a net basis thanks to a large-scale photovoltaic system on the roof and additional PV modules on the carports. Exclusively PEFC-certified wood was used for the construction, which saved on concrete and significantly reduced carbon emissions. State-of-the-art cooling technology that uses carbon dioxide as a natural refrigerant reduces emissions by 99.8 percent. Rainwater is collected and is used for irrigation, which substantially reduces water consumption. In addition, a green space on the grounds helps preserve biodiversity. The store therefore serves as a model for future Lidl stores around the world.

Kaufland also ensures that the construction of its stores, administrative buildings and logistics distribution centers is energy-efficient and as sustainable as possible. Climate-conscious construction methods and use of climate-friendly technology help the retail division reduce its operational emissions. The Kaufland construction standards are continuously reviewed and further developed in line with environmental criteria and energy efficiency.

In several of its national companies, Kaufland is setting up dedicated test sites where – in collaboration with the international departments of Kaufland Stiftung & Co. KG – innovative and sustainable solutions are tested. These include, among other things, use of alternative building materials with a focus on the circular economy – such as wood or roof waterproofing membranes made from 60 percent recycled plastic film. Through these real-world tests, Kaufland is gathering valuable insights to make its construction methods even more sustainable and resource-conserving. (See the Circular Economy too).

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

	Unit	2024	2025	Trend 2024/25
Buildings with a sustainability certificate	Number	5,533	**5,735**	+3.7%
Percentage of stores with a sustainability certificate	%	35.9%	**37.8%**	1.9%P
Percentage of distribution centers/warehouses with a sustainability certificate	%	27.6%	**35.1%**	7.5%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.

Waste

Energy Recovery

PreZero collects, sorts and recovers recyclable material from its customers. As a general rule, whatever cannot be recycled, composted or fermented is recovered in waste-to-energy plants or – where still customary and legally permitted – in landfills operated by PreZero in compliance with respective legal requirements. At present, the operational emissions attributed to PreZero from the recovery of recyclable materials can only significantly be reduced in theory. In practice, there is a lack of regulation, infrastructure and financing options for large-scale emissions reduction, particularly for carbon capture and storage (CCS). PreZero is working on the development of future solutions and, together with partners in the Netherlands, has developed the concept for the OSIRIS project. The incineration of waste at the PreZero waste-to-energy plant in Roosendaal produces heat and carbon dioxide. The goal is to capture the carbon dioxide and supply it, along with the heat, to greenhouse operations.

The circular economy division operates Spain's largest waste-to-energy plant, as well as the country's largest plant for producing solid recovered fuel (SRF) from nonrecyclable waste. With the future construction of the city's first biomethane plant, PreZero is also advancing renewable energy production in Barcelona. With a total investment of more than 42 million euros, these projects will prevent 220,000 metric tons of waste from being landfilled each year. The new waste treatment center can process up to 190,000 metric tons of non-recyclable waste, produce 70,000 metric tons of alternative fuels and recover over 40,000 metric tons of recyclable materials. 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 certifiable green electricity. This accounting approach, which takes organic content into account, also applies to all of PreZero's other power generation facilities. In total, PreZero generated approximately 92,568 MWh of electricity from waste in fiscal year 2025. This could supply electricity to approximately 26,500 households, assuming an average consumption of 3,470 kWh per household. The plant also supplies approximately 13,000 MWh of district heating for the neighboring industrial park in the course of this.

PreZero is working with international experts to calculate, in a transparent and scientifically sound manner, the emissions avoided through the thermal recovery or recycling of recyclable materials, using an "Avoided Emissions KPI." This makes the circular economy's contribution to the transition measurable.

Against the backdrop of the evolving political and regulatory framework in Germany designed to facilitate Carbon Capture and Storage (CCS), PreZero is currently closely monitoring the relevant legislative initiatives and strategic guidelines.

Other contributions to reducing emissions and to meeting our climate targets – such as reducing operational waste – are examined in greater depth in the Circular Economy chapter.

Biodiversity
Strategic Approach

[GRI 101]

Priority Topics

> Biodiversity is the fundamental prerequisite for functioning ecosystems and, consequently, for a stable food system. Against this backdrop, the companies of Schwarz Group are committed to the mission: "We are gradually improving our processes to prevent and reduce negative impacts on biodiversity and to protect habitats and ecosystems."

In line with this mission, our joint efforts focus on three priority topics: the sustainable use of land and forests to support management practices that take biodiversity into account; the protection of species and genetic diversity through the conservation of natural ecosystems; and the responsible management of water and marine resources. The retail divisions put this commitment into practice through individually tailored priority topics, based on comprehensive risk analyses and a nuanced assessment of their business models:

Lidl pursues its own targets through a raw materials strategy based on four pillars: Understanding impacts, establishing standards, promoting alternatives and driving change. The approach of the retail divisions strictly follows the mitigation hierarchy. It defines a clear sequence for addressing impacts on biodiversity: First of all avoid, then minimize, then restore or regenerate, and only as a last resort, transform. The aim is to avoid damage to ecosystems as completely as possible and to keep unavoidable losses to a minimum.

Kaufland addresses the challenges of biodiversity loss within its risk management framework. At the heart of this approach is the ongoing identification and management of environmental hotspots along global supply chains. One central factor in preserving biodiversity is minimizing the use of synthetic chemical pesticides in agricultural production. Since 2006, Kaufland has been working with its suppliers on its own projects to promote integrated farming and to reduce as well as avoid the use of pesticides in fruit and vegetable cultivation. This preventive approach is complemented by targeted protection of critical ecosystems such as fens and forests.

Impacts

Intact ecosystems provide essential services that act as invisible production factors. These include, among other things, preservation of fertile soils, pollination by insects and regulation of global water resources. At the same time, scientific findings from the EAT-Lancet Commission[1] underscore the urgency of taking action: Between 33 and 66 percent of global agricultural areas are already functionally degraded to such an extent that they can no longer naturally perform their ecosystem services. In addition, the global freshwater cycle has meanwhile shifted outside the safe operating space for humanity.[2] For the companies of Schwarz Group, this creates a clear responsibility to actively protect and preserve the natural foundations of our economic activities.

The ongoing loss of biodiversity is driven primarily by five key factors, which are also influenced by the business activities of the companies of Schwarz Group: Changes in land and marine use, direct use of natural resources, environmental pollution, spread of invasive species and climate change. Climate change and species extinction, in particular, are closely interrelated and are viewed as what is known as a "twin crisis." The two reinforce each other and can only be addressed together. To this end, the companies of Schwarz Group are guided by the scientific concept of planetary boundaries[3].

Against this backdrop, the integration of the circular economy and climate strategy represents crucial synergy for the companies of Schwarz Group in their efforts to reduce pressure on natural systems. The commitment to biodiversity is viewed as an integrated process that encompasses both the ecological design of our own sites and responsible sourcing throughout the supply chain. In addition, the companies of Schwarz Group participate in collective initiatives to protect valuable ecosystems, for example through certifications (e. g., GLOBALG.A.P. BioDiversity Add-On).

Principles, Policies and Obligations
[GRI 101-1]

The companies of Schwarz Group aim to integrate environmental requirements into their business processes. Global and European objectives, including the Nature Restoration Law, the Global Biodiversity Framework and the EU Water Framework Directive (WFD), serve as additional guidelines in this respect. A key element in protecting global forest ecosystems is addressing deforestation risks in line with the requirements of the EU Deforestation Regulation and our Science Based Targets initiative climate goals. Beyond meeting legal requirements, this commitment is guided by the SBTi commitment of the companies of Schwarz Group to "no deforestation" by the end of 2025, with the goal of achieving full traceability of key raw materials: (For details on the progress and challenges, see Climate Protection: Principles, Policies and Obligations).

Purchasing Policy for Raw Materials (Lidl)

Purchasing Policy for Deforestation-Free Supply Chains (Lidl)

1 | The EAT-Lancet Commission on Healthy, Sustainable, and Just Food Systems, 2025 (https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(25)01201-2/abstract)

2 | Global Water Bankruptcy Report, 2026 (https://unu.edu/inweh/collection/global-water-bankruptcy)

3 | Vgl. Rockström et al. (2009): A safe operating space for humanity

Another priority topic is the protection of vital freshwater resources and their associated ecosystems. The retail divisions are committed to responsible water management, which is firmly embedded in their respective purchasing policies and guidelines.

Procurement Policy for Water (Lidl in Deutschland)

General Sustainability Requirements Water Guideline (Kaufland)

Targets, KPIs and Target Attainment

The companies of Schwarz Group recognize the importance of biodiversity as the foundation for functioning ecosystems and for stable supply chains.

To ensure minimum environmental standards in primary production, the retail divisions of Schwarz Group rely, among others, on internationally recognized labels such as Rainforest Alliance/UTZ, Fairtrade, MSC and ASC, as well as various organic certifications (including Demeter, Naturland, Bioland and EU Organic). The proportion of certified products in the total purchasing volume is continuously monitored to transparently manage progress in the transition of the product range. (See charts under Monitoring of Raw Material Certifications).

In this context, Lidl has set a goal to ensure that 100 percent of its private-label fish and seafood products across all national companies come from sources that score 1 to 3 according to WWF criteria or are certified to recognized standards. With this target in mind, the retail division aligns itself with the Global Biodiversity Framework, among other initiatives, contributing directly to its Target 5 (Sustainable, safe and legal use and trade of wild species) and Target 10 (Sustainable management of agriculture, aquaculture, fisheries and forestry).

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. At Kaufland, 100 percent of fruit and vegetable producers in key supplier countries such as Spain, Portugal, Italy, Greece, Egypt, South Africa, Morocco, Tunisia, Israel, India and Chile are already certified according to recognized water standards. A detailed overview of all relevant seals and certifications can be found on the Website.

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. In the fiscal year 2025, it was possible to reduce water consumption by 16 percent year on year. This reduction was driven primarily by process optimizations and the consolidation of two large cleaning facilities, which enabled one-time savings. Moreover, further measures to reduce water consumption were implemented at all locations, including reducing the water pressure on high-pressure spray washers and optimizing valve sizes.

Schwarz Produktion is committed to the responsible use of groundwater. The amount of water withdrawn from the springs is always less than the amount that is replenished in the long term. Compliance with water quality standards, withdrawal limits and protective measures is continuously monitored and documented. As a result, Schwarz Produktion's mineral water springs not only contribute to security of supply but also to the protection of water resources.

Schwarz Produktion has also defined the key performance indicator "Specific Water Consumption" for its six beverage plants. Annual targets are set for each location and supported by specific measures to improve water efficiency.

Biodiversity

Management Approach

Organization and Responsibility
[GRI 2-23]

To take a holistic approach to protecting biodiversity, the companies of Schwarz Group leverage the specific strengths of their individual divisions and departments.

In this regard, the specific responsibilities for the protection of ecosystems and the conservation of biodiversity are regulated on a departmental and divisional basis. The strategic direction and operational implementation of measures and guidelines are primarily focused on those units whose business activities have a significant impact on biodiversity. The CR departments at each company ensure that biodiversity-related aspects are integrated into their processes, while the central units establish the methodological framework. Currently, the companies of Schwarz Group are also working to further improve their data infrastructure and the collection of relevant key performance indicators so that they can develop even more targeted measures to promote biodiversity in the future. The role of Schwarz Corporate Affairs GmbH & Co. KG and the corporate responsibility department is to bundle these activities on behalf of the other companies of Schwarz Group and to serve as a coordinating function.

At Lidl, the Purchasing department is responsible for protecting biodiversity in the cultivation of raw materials and products. To achieve this, the ecology team in the programs and standards unit develops the guidelines implemented in the international and national purchasing of these products. Responsibility for biodiversity during construction, for example, of our logistics centers or stores, lies with the Real Estate department, which is supported by the CSR unit in the Operations & Real Estate business unit at Lidl Stiftung & Co. KG.

The topic of biodiversity at Kaufland is addressed and implemented by various departments based on their respective areas of expertise. The Purchasing department is responsible for ensuring compliance with and implementing environmental standards in the supply chain, managing raw material targets and – in collaboration with Quality Assurance – managing pesticides. The CR department of Kaufland Stiftung & Co. KG supports this process by providing impetus and serving as an internal advisor. The Real Estate/Construction department of Kaufland Stiftung & Co. KG is responsible for environmental protection in the construction and operation of stores and logistics centers.

For both retail divisions, expanding regional offers and the procurement of local products is predominantly the domain of the national companies.

Within Schwarz Production, biodiversity-related issues are addressed in a manner tailored to specific tasks and departments. In particular, the Corporate Responsibility unit – as a strategic interface – as well as the Purchasing and Legal & Compliance departments are involved with regard to the supply chain. For selected strategic product groups, Schwarz Produktion also utilizes the Lidl purchasing department and Schwarz Beschaffung GmbH (SBES) as service providers in the procurement process.

The respective Real Estate/Construction department of the companies of Schwarz Group is in turn responsible for environmental protection in the construction of stores and logistics centers. In the IPAI and Schwarz Digits Campus projects, Schwarz Immobilien Service GmbH & Co. KG uses targeted measures to create near-natural habitats and promote local biodiversity.

Regarding the handling of water resources, the Construction/TFM department at Kaufland is responsible for operational management, while at Lidl, responsibility for freshwater in the supply chain lies with the Quality and Sustainability unit in Purchasing. At Schwarz Produktion, responsibility for implementing efficiency measures and investigating water consumption is held by the central Production/Technology department 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.

Measures and Projects
[GRI 101, 101-1, 308-2 and 414-2]

Value Creation in Consideration of Environmental Factors

Funding for Deforestation-Free Supply Chains

Lidl and Kaufland's commitment to deforestation- and conversion-free supply chains is a key element of their efforts to reduce risks to ecosystems and biodiversity: This commitment has also received external recognition: As a result, both retail divisions achieved good results in the WWF's 2024 palm oil scorecard: Of the 285 companies contacted by the WWF, Lidl ranked fifth and Kaufland ranked eleventh. Back in 2022, when the last WWF deforestation scorecard was recorded, both divisions achieved very good results: Lidl performed as the top company, while Kaufland rated very well, particularly for its raw materials certification, commitment to human rights and implementation of corporate due diligence.

In 2020, Lidl in Germany, Great Britain and the Netherlands and Kaufland in Germany signed the Cerrado Manifesto, which was launched by the WWF along with other organizations, by which they commit themselves 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.

Soy is a focus raw material when it comes to implementing 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 non-profit organization Donau Soja back in 2019.

The retail divisions are therefore helping to increase the market share of deforestation-free, cultivated soy and expand the use of European soy. They are also in a strong position to effectively tackle the social, environmental and economic challenges associated with the production and use of soy.

You can find more information about the work of Lidl and Kaufland in the area of soy cultivation online.

Certified Products in the Food Industry

[GRI 417-1]

The companies of Schwarz Group are increasingly focusing on responsible product design using 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 responsible product assortment. In the food industry, the retail divisions rely on recognized standards to promote socially- and environmentally sustainable production.

The retail divisions are continuing to work with suppliers and traders to improve transparency in their supply chains. To this end, the retail divisions are focusing on the continuous expansion of their range of certified food and non-food products in accordance with their guidelines for critical raw materials.

Particular focus is placed on critical raw material groups such as coffee, tea and cocoa, which account for a large share of the total purchasing volume. The growth in certification rates, particularly within the private-label range, demonstrates the advanced stage of implementation of the defined measures. For example, the private-label coffee ranges at Lidl and Kaufland already feature a certification rate of over 98 percent.

The certification of private-label brands serves as a key lever for embedding effective measures directly into the value chain. At Lidl, all items containing cocoa are certified[1] according to Fairtrade, Rainforest Alliance or organic standards. Lidl now only stocks Fairtrade-certified chocolate bars. At Kaufland, the majority of private-label products that contain cocoa are Fairtrade, Rainforest Alliance or organic certified. The proportion of items with these certifications in the own-brand product range is steadily increasing (see chart on the right). At Schwarz Produktion, all raw materials containing cocoa used in the various production units have been Fairtrade or Rainforest Alliance certified for years. This is carried out in accordance with the strict requirements set down by Lidl Purchasing.

The retail divisions support the protection of aquatic ecosystems and strive for responsible sourcing of fish and seafood by focusing on transparency, traceability and a steadily increasing certification rate under recognized labels, including MSC, ASC, GGN, organic and GLOBALG.A.P. (see the chart on the right).

The corresponding Lidl target applies to all own-brand products in the fish and seafood range across all Lidl national companies (see Targets, KPIs, Target Attainment). At Kaufland, the requirements for fish products are set down in the general sustainability requirements for business partners. This clearly defines requirements regarding certifications, countries of origin and traceability.

These requirements apply to all Kaufland own-brands in all countries. Kaufland has completely switched its own-brand frozen food range to certified products.

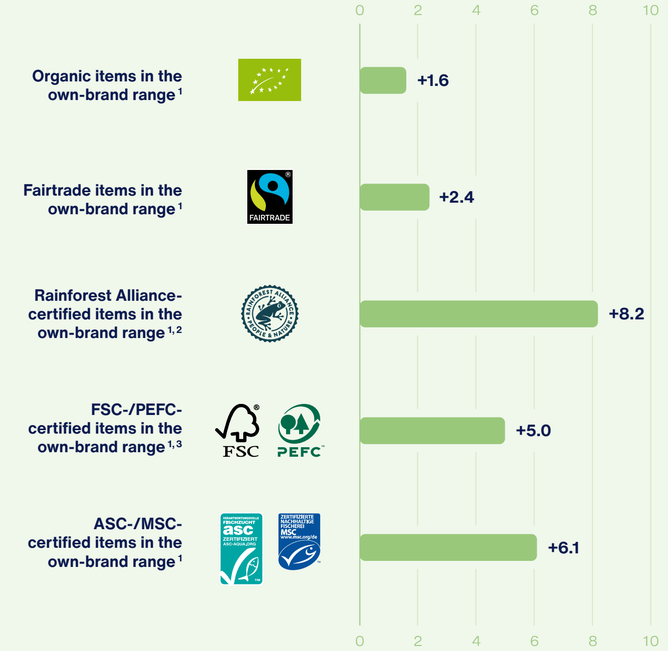
1 | Refers to all items in the permanent assortment, excluding promotional items from all national companies of Lidl and Kaufland

2 | www.ra.org

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

Certified Products in the Food Industry: Development from FY 24 to FY 25

in Percent



Monitoring of Raw Material Certifications – Lidl

KPI	Credited certifications	Development	Status[1]
Proportion of sustainable coffee in coffee assortment	Rainforest Alliance/UTZ, Fairtrade, organic (Demeter, Naturland, Bioland, EU organic)	↗	98.4%
Proportion of sustainable roasted coffee articles in the roasted coffee assortment	Rainforest Alliance/UTZ, Fairtrade, organic (Demeter, Naturland, Bioland, EU organic)	↗	87.7%
Proportion of sustainable tea articles in the tea assortment[2]	Rainforest Alliance/UTZ, Fairtrade, organic (Demeter, Naturland, Bioland, EU organic)	↗	80.3%
Proportion of sustainable fish articles in the fish assortment	MSC, ASC, BAP, Organic (Demeter, Naturland, Bioland, EU Organic Label), FAD-free, Pole and line, GlobalGAP/GGN, FIP	↗	78.8%
Proportion of sustainable cocoa in the cocoa assortment	Rainforest Alliance/UTZ, Fairtrade, organic (Demeter, Naturland, Bioland, EU organic)	↗	95.6%

1 | All figures refer to own-brand items exclusively.
2 | "Tea articles" includes the following categories: black, green, rooibos, herbal and fruit teas.

Monitoring of Raw Material Certifications – Kaufland

KPI	Credited certifications	Development	Status[1]
Proportion of sustainable coffee in coffee assortment	Rainforest Alliance; Fairtrade; Organic (Bioland, Demeter, EU Organic, Naturland)	↗	99.7%
Proportion of sustainable roasted coffee articles in the roasted coffee assortment	Rainforest Alliance; Fairtrade; Organic (Bioland, Demeter, EU Organic, Naturland)	↗	100.0%

1 | All percentages refer exclusively to own-brand items.

→ GLOBALG.A.P. BioDiversity add-on

Lidl is playing an active role on the new Technical Advisory Committee (TAC), as well as in various other technical working groups, to systematically refine GLOBALG.A.P. standards. Together with GLOBALG.A.P., the Lake Constance Foundation and other important partners in the fruit and vegetable supply chain, Lidl has developed the "BioDiversity add-on". It is the first industry-wide standard on biodiversity in conventional fruit and vegetable production, as an add-on to the GLOBALG.A.P. Integrated Farm Assurance (IFA) standard. Since April 2022, GLOBALG.A.P. has made this add-on available to all market participants. Lidl worked hard during the reporting period to extend it to all its European fruit and vegetable producers. By 2025, over 1,200 of its producers were already applying the add-on across more than 12,000 hectares of farmland in various European countries. Among other things, participating producers commit to implementing biodiversity-strengthening measures on at least three percent of their agricultural land, rising to ten percent by 2030. The standard also prohibits the use of neonicotinoids.

As a member of the GLOBALG.A.P. Working Group on the Environmental Sustainability Solution (ESS), Lidl is working closely with 80 other stakeholders to develop an integrated sustainability standard for producers. The GLOBALG.A.P. ESS not only covers biodiversity, water, climate and soil health, but also other aspects of sustainability. This environmental sustainability standard is intended to consolidate various existing certifications. For example, Lidl is planning to link the BioDiversity add-on and the GLOBALG.A.P. SPRING certification, which covers responsible water management in agriculture.

Regional Products
[GRI 204-1]

Transparency and regionality are additional focus areas in agricultural supply chains. The retail divisions of the companies of Schwarz Group support short transport routes, fresh products, regional variety 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.

In 2024, for example, a cross-sector origin label called "Gutes aus deutscher Landwirtschaft" (Good products from German agriculture) was introduced to identify products that were produced and processed in Germany. By 2026, more than 1000 articles will bear the seal "Gutes aus deutscher Landwirtschaft" (Good products from German agriculture). Today, more than 1,200 Kaufland private-label products already feature either the "Gutes aus deutscher Landwirtschaft" or Kaufland's own "Qualität aus Deutschland" seal.

Other Lidl and Kaufland national companies also label their domestically produced own brands with corresponding seals.

Water-Related Environmental Standards and Management

Based on a hotspot analysis conducted by an external service provider in 2020, focus product groups and fields of action were identified in which Kaufland aims to systematically reduce water consumption and pollution through defined measures. Lidl also analyzes its water risks: With the help of the WWF Water Risk Filter, Lidl is focusing on nine water-risk countries: Spain, Italy, Greece, Portugal, Egypt, Morocco, Israel, Chile and South Africa. 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. Lidl's approach to addressing the risks identified in this process is also based on the four-pillar model: Understanding impacts, establishing standards, promoting alternatives and driving change.

Lidl and Kaufland continue to use certifications for relevant areas of their assortments in order to ensure responsible water use. Aspects of water use are also considered here. Further relevant standards in the non-food area for Kaufland include Cotton made in Africa® (CmiA), Fairtrade, the Global Organic Textile Standard and the OEKO-TEX® STeP. For the non-food sector, Lidl is a member of the Leather Working Group (LWG) and the Partnership for Sustainable Textiles, as well as a partner of CmiA.

Schwarz Produktion exclusively uses its own mineral water springs for the production of its mineral waters. Product-related mineral water from proprietary springs is also used for the production of beverages. To this end, several deep wells are operated in each of the six beverage plants. None of the springs used are located in a nature reserve. Schwarz Produktion bases its operations on compliance with all requirements of the German Mineral and Table Water Ordinance (MTVO) at its mineral water springs in Germany Furthermore, the Rheinblick water spring at the Wörth am Rhein site and the Schlossblick water spring at the Leißling site meet the stricter criteria for premium mineral water as defined by the SGS standard.

Pesticide Management

Agriculture 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 aimed at ensuring the responsible use of chemically synthesized pesticides.

With the GLOBALG.A.P. IFA standard, which is mandatory for all producers, Lidl is consistently reducing the use of pesticides in the fruit, vegetable, flower and plant product assortments. Over the years, the retail division has developed and adopted a target agreement in conjunction with its producers and suppliers. This agreement sets out a reduction in the use of pesticides. The Lidl Pesticide Reduction Program was launched to achieve the common goal. This program consists of concrete Lidl specification values for active substance residues in conjunction with strategic active substance lists, which detail critical active substances that need to be gradually phased out. The requirements go far beyond industry-specific and legal standards alone and, as part of a preventive approach, form the basis for safe products that are grown in a more sustainable manner.

Since 2006, Kaufland has been working with its suppliers on its own projects to promote integrated farming and to reduce as well as avoid the use of pesticides in fruit and vegetable cultivation. Kaufland's standards go beyond legal requirements by also strictly limiting approved active ingredients to keep pesticide use in cultivation as low as possible. The general Kaufland specifications and the Kaufland exclusion list for particularly dangerous or harmful pesticides provide detailed information and guidelines. The exclusion list thus specifies all active ingredients that are prohibited or excluded by Kaufland or international regulations (WHO Lists 1a and 1b and the Rotterdam and Stockholm Conventions).

Designing Our Operational Spaces for the Future

The companies of Schwarz Group are continuously working to promote habitats for plants and animals on their own properties through targeted measures. At logistics sites, administrative buildings and stores, among others, projects such as nature-oriented outdoor spaces, insect-friendly plantings and green roofs are being gradually implemented. Furthermore, the companies of Schwarz Group use resource-efficient management and water-saving technologies to minimize the environmental impact of the sites.

More information on the resource-conserving construction of stores, administrative buildings and logistics centers operated by the companies of Schwarz Group can be found in the Climate Protection chapter under Buildings.

Dealing with Water Responsibly

[GRI 303-1, 303-2]

Furthermore, Lidl continues to work on steadily reducing water consumption in stores, logistics centers and national headquarters buildings. To this end, the retail division is installing water-saving sanitary equipment and taps in both existing and new buildings within its real estate portfolio. Lidl is using special washbasins with sensor controls and self-closing faucets, as well as showers with optimized timer settings, to prevent unnecessary water wastage.

Schwarz Immobilien Service GmbH & Co. KG is designing a climate-resilient district based on the sponge city principle: through reduced paving, green roofs, proactive heavy-rain management, and efficient rainwater and graywater use.

At its recycling plant in Austria, PreZero Polymers operates a wastewater treatment plant designed to optimize water use by recirculating process water multiple times. As such, PreZero treats about 1,500,000 m^3 of water each year and therefore economizes on approximately 95 percent of its water consumption.

Groundwater protection is an important issue for PreZero, especially at its landfills. PreZero in Poland, for example, goes beyond simply complying with the water act, which has been in effect since 2018: Along with meeting ISO 9001 and ISO 14001 standards, video surveillance is also deployed to monitor seepage tanks.

Water Consumption in the Companies of Schwarz Group

In cubic meters

[GRI 303-3]

	2024	2025
Water withdrawal	38,488,799	**41,426,163**
of which returned water	31,062,449	**33,413,662**
Total water consumption	7,426,351	**8,012,501**

Collective Responsibility for Resilient Ecosystems

[GRI 2-25 and 2-29]

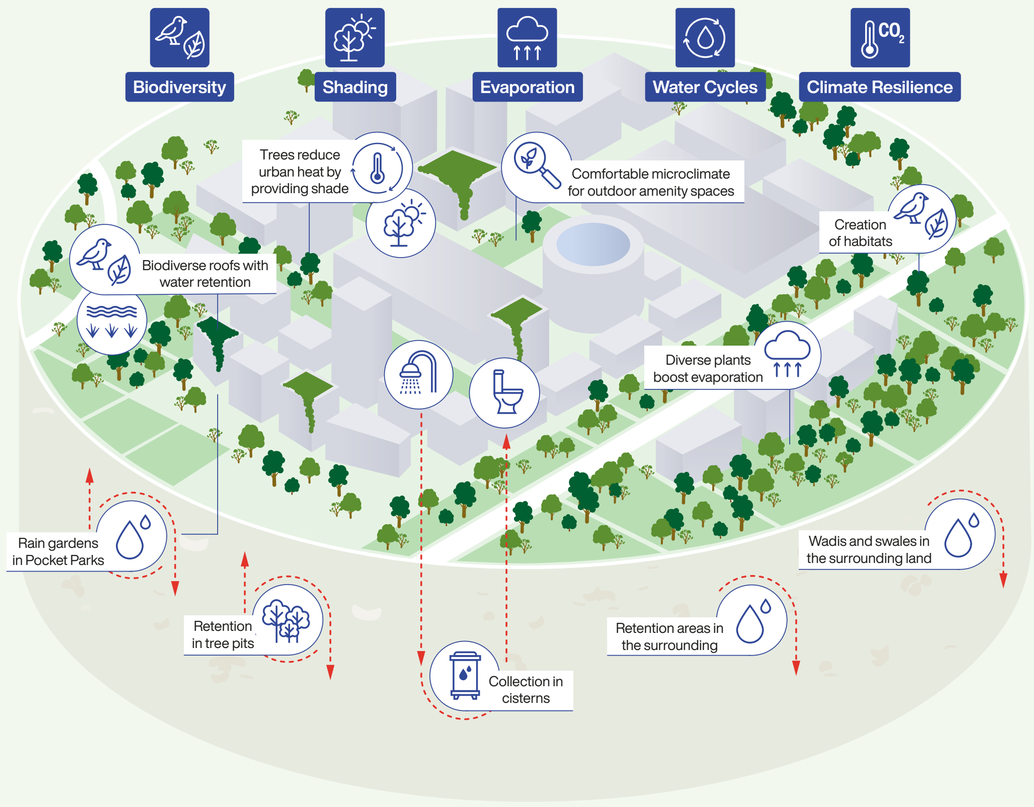
Beyond individual initiatives, the companies of Schwarz Group are working together with partners to protect biodiversity and ensure the long-term preservation of resilient ecosystems.

Lidl has been working with the World Wide Fund for Nature (WWF) since 2024 as part of a long-term international partnership. Priority topics are climate action as well as the protection of biodiversity and natural resources such as freshwater. For more information, see Cooperations.

Additional cooperations help the companies of Schwarz Group to promote biodiversity and its conservation. As such, Kaufland Stiftung & Co. KG has been supported by the German Lake Constance Foundation in the development of biodiversity projects since 2016. The foundation evaluates biodiversity measures and nature-based solutions for climate protection and strategically classifies them. Together with the Global Nature Fund and the Lake Constance Foundation, a practical test of the Biodiversity Performance Tool was conducted, enabling the first-ever recording and assessment of the current biodiversity situation on farms.

→ IPAI: Sponge City Concept

We are implementing the "sponge city" concept at the Innovation Park Artificial Intelligence (IPAI) in Heilbronn. This is how we are reducing the burden on wastewater treatment plants, improving air quality and enhancing the microclimate. Rainwater is also collected in cisterns for use in irrigation or as firefighting water. Green roofs and green facades, as well as preservation of natural habitats in outdoor areas, are integral components of efforts to help protect local species diversity and biodiversity.



As founding members of Food for Biodiversity e. V., Lidl and Kaufland are committed to fostering industry-wide dialog. Through the association, representatives from food industry companies, organizations and standard-setting bodies contribute to preserving biodiversity via various projects.

Moreover, Lidl in Germany has supported the Bioland Stiftung since 2020, promoting pioneering agricultural projects, such as training programs 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 humus-building measures. 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.

Together with the Leibniz Institute of Vegetable and Ornamental Crops, Gemüsering Stuttgart GmbH and the Analytica Alimentaria laboratory, Kaufland Stiftung & Co. KG launched a scientific project in 2020 to study and implement agricultural practices that promote soil health. By supporting nearly 20 fruit, vegetable and potato farms in Germany, Poland and Czechia, the project analyzed and improved biodiversity, humus content and soil fertility using scientific insights. Since 2022, soil-enhancing measures have been implemented based on these results. The project was successfully completed in mid-2025.

In addition, the retail divisions are involved in various multi-stakeholder partnerships at the national and international levels – for example, the Roundtable on Sustainable Palm Oil (RSPO; license number for Lidl: 3-0049-12-100-00/for Kaufland: 3-0052-12-100-00), the Sustainable Palm Oil Forum, the Sustainable Cocoa Forum, the Sustainable Nut Initiative, the Sustainable Rice Platform (SRP) or 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.

A greater focus on plant-based protein sources allows for more efficient use of agricultural land and helps protect biodiversity. 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). Through their membership, all participants benefit from a cross-network exchange. For more information on the goals in this area, see Conscious Nutrition and Plant-Based Protein Sources.

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 together from pilot projects and thus drive scaling through independently verifiable standards for the protection and restoration of shared water resources. AWS, in turn, supports our value chains in strengthening the understanding of water as a common good and the need for collective approaches.

Employees are also involved in the initiative. For example, in 2025, employees at Schwarz Produktion used an app to track the kilometers they moved over a four-week period as part of a team sports challenge. At the end of the campaign period, the distance covered was converted into an equivalent number of trees. In total, this resulted in 3,050 trees being planted not far from one of our locations by the end of 2025.

Renaturation Measures

As valuable ecosystems, fens and wetlands contribute significantly to climate protection and preserve unique plant and animal species. Through a project to renaturize fens, Kaufland Stiftung & Co. KG is actively protecting these valuable ecosystems on site. To this end, Kaufland Dienstleistung GmbH & Co. KG joined forces in April 2024 with its partners Coca-Cola Europacific Partners and the Association of German Nature Parks (VDN): In nine nature parks in Germany, a total of 500 hectares of wet grassland and floodplain areas will be restored, and five fens will be rewetted over the course of three years. Rewetting not only reduces emissions; it also protects biodiversity and provides natural water reservoirs. Kaufland will report further findings in a final report following the project's completion at the end of 2026.

In the reporting year, Kaufland also continued its cooperation with the Allianz der Pioniere (Alliance of Pioneers) in the context of the toMOORow initiative. The initiative is committed to rewetting fens and to using paludiculture biomass from wet fens to combine climate protection with highly sustainable land cultivation Together with OutNature, a company of Schwarz Group, Kaufland is working to further advance pilot projects utilizing these renewable resources and to develop packaging alternatives that contain paludiculture biomass.

Lidl in Germany has been actively working to protect and promote biodiversity since 2018 with the Lidl Lebensräume (lidl Habitats) Project, which was officially recognized as part of the UN Decade on Biodiversity in 2019. The aim of this 360-degree initiative is to raise awareness of threatened biodiversity and contribute to the protection of wild bees and other pollinating insects. Since 2019, the Heinz Sielmann Stiftung has been sharing its scientific expertise with the retail division as part of an initiative to plant natural flowerbeds on Lidl sites. In order to create additional habitats, 800,000 square meters of wildflower areas and 100,000 square meters of traditional orchards have been established in cooperation with the Heinz Sielmann Stiftung since 2022, alongside the restoration of 100,000 square meters of fens. With Lidl partners in Germany, it was possible to extend this habitat for insects to a total of five million square meters.

Social

We put people at the center of our actions

Employees
Strategic Approach

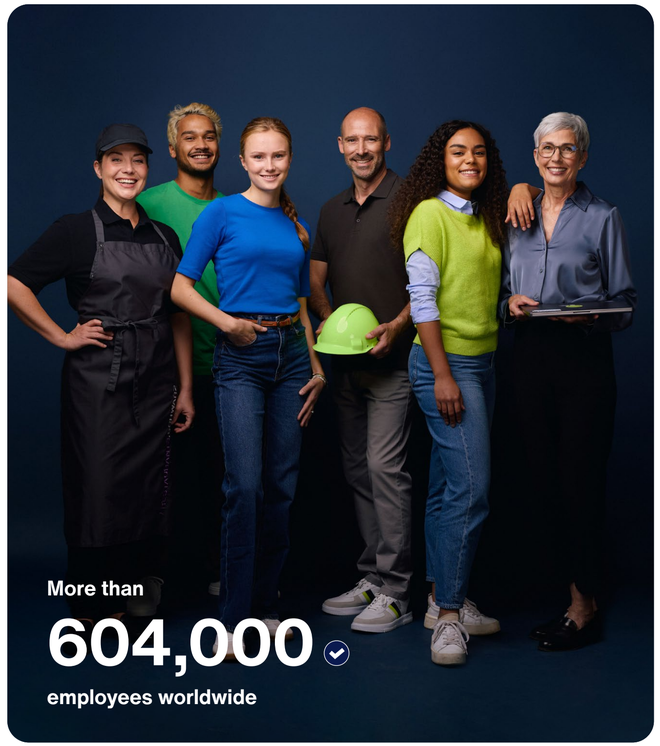
Priority Topics

The employees of the various companies of Schwarz Group are a key factor in the companies' long-term success. As responsible employers, we put people first and create an environment that supports health, safety and work-life balance.

Attractive working conditions form the foundation for this. These include flexible working models, a fair and competitive wage and training opportunities tailored to employees' needs. The companies of Schwarz Group actively support the development of their employees through, among other things, a structured talent management program, transparent career prospects and a thriving feedback culture. Our aim is to create work environments characterized by diversity and equal opportunities. We also raise awareness of sustainability topics among employees through targeted initiatives and campaigns.

Impacts

Committed and qualified employees are essential to the long-term success of the companies of Schwarz Group. High employer attractiveness helps to combat the shortage of skilled workers, attract suitable employees and retain them within their respective companies over the long term. A shortage of well-trained and motivated workers can lead to bottlenecks in individual departments and also have a negative effect on competitive ability in addition to productivity losses. Forward-looking HR 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 HR planning therefore strengthens the future viability of the companies. Lidl, Kaufland, Schwarz Produktion, PreZero and Schwarz Digits are regularly awarded the "Top Employer" seal by the Top Employers Institute.



Employees from
174
countries

Employee turnover dropped by
5.9
percentage points

Around
130
managers in a shared 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 center of our actions. Diversity, equity and belonging (DE&B) are integral parts of our daily actions. All employees are given equal opportunities for personal and professional development; discrimination is not tolerated. In Germany, we act in accordance with the German General Equal Treatment Act (Allgemeines Gleichbehandlungsgesetz – AGG) and provide mandatory training on its provisions to all employees across the companies of Schwarz Group. In addition, we provide all employees with access to grievance offices.

In the jointly developed values of the companies of Schwarz Group, we have defined respect as being a central pillar. By this 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 (more information on the values of Schwarz Group can be found in the Values section).

A holistic approach to diversity and equal opportunities strengthens employee loyalty to the respective company and the performance of the teams. We promote a management culture that relies on working together and motivates. We encourage our employees to contribute their diverse range of skills and perspectives, knowledge, creativity, and experiences as part of their roles. When shaping career opportunities, the companies of Schwarz Group are deeply committed to equal opportunities and use recognized selection tools and objective criteria when making personnel decisions and supporting talent development.

We offer employees a modern work environment in their respective company that supports a wide range of life and work situations. Together, we are constantly developing key elements such as working time models, the work environment and occupational health management. Fair remuneration systems are in place 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 respectively and ensure that we reach our organizational targets.

Lidl Stiftung & Co. KG, Kaufland Stiftung & Co. KG, Kaufland Dienstleistung GmbH & Co. KG and the national companies in Slovakia, Poland, Bulgaria, Romania and Moldova, as well as Schwarz Produktion Stiftung & Co. KG, PreZero Service Deutschland GmbH & Co. KG and Schwarz Corporate Solutions also signed the Diversity Charter – a voluntary corporate agreement to promote diversity – or comparable national initiatives.

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 countries. In this context, every employee of a company 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 elected employee representative bodies. They are involved in accordance with the respective national legal requirements. 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.

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 chains. Moreover, all divisions make grievance mechanisms available, which are open to both employees and external third parties. As such, the divisions can respond on an ad hoc basis to potential risks that may arise from reports received.

Binding internal regulations in each company are in place to ensure that whistleblowers are protected from retaliation as a result of submitting a report.

Collective Bargaining Agreements

Proportion of employees to whom collective agreements apply[1]

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

Targets, KPIs and Target Attainment

Target	KPI/Measurement	Status	Target Attainment
By 2030, the companies of Schwarz Group will empower 100 percent of their permanent employees each year through training, engagement initiatives or informational events on sustainable practices within their respective areas of responsibility.[1]	Semiannual tracking of measures, including level of implementation (e.g., reports on training participation rates, engagement initiatives, informational events and quantitative feedback surveys)		In development

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 our progress toward target attainment through regular, anonymous employee surveys.

Schwarz Produktion conducted its last survey in 2025. The results show that some members of the workforce consider themselves to be well-informed on the company's commitment to sustainability. At the same time, there is growing interest in support services for sustainable practices. A comprehensive package of measures is planned for this purpose in the future.

At Schwarz Corporate Solutions, too, the results of the 2025 employee survey highlight the high importance of sustainability: Two-thirds of those surveyed rate environmental and social sustainability topics as important or very important.

PreZero includes separate questions on sustainability in its employer attractiveness survey. The employee survey was rolled out in all countries.

Lidl has been conducting the survey annually since 2023 – most recently for the 2025 fiscal year. At Lidl Stiftung & Co. KG, 73 percent of respondents rated Lidl's commitment to CSR as strong or very strong. Employees already consider themselves to be well-informed on the sustainability activities, yet 85 percent would like to learn even more. According to the survey, the topics "Conserving resources", "Promoting health" and "Acting fairly" are particularly relevant. More than 70 percent of respondents would like to become more involved in sustainability commitment at Lidl in the future; about 80 percent would like specific information on how they can make a contribution in their day-to-day work.

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1 | The target has been updated and will take effect starting in the 2026 fiscal year.

Employer Awards

Lidl

Europe	Europe 2025
Belgium	België Belgique Belgium 2025
Bulgaria	България Bulgaria 2025
Denmark	Danmark Denmark 2025
Germany	Deutschland Germany 2025
Estonia	Eesti Vabariik Estonia 2025
Finland	Suomi Finland 2025
France	France 2025
Greece	Ελλάδα Greece 2025
Ireland	Éire Ireland 2025
Italy	Italia Italy 2025
Croatia	Hrvatska Croatia 2025
Latvia	Latvija Latvia 2025
Lithuania	Lietuva Lithuania 2025
Luxembourg	Luxemburg Luxembourg 2025
Malta	Malta 2025
Netherlands	Nederland The Netherlands 2025
Austria	Österreich Austria 2025
Poland	Polska Poland 2025
Portugal	Portugal 2025
Romania	România Romania 2025
Sweden	Sverige Sweden 2025
Switzerland	Schweiz Suisse Switzerland 2025
Serbia	Србија Serbia 2025
Slovakia	Slovensko Slovakia 2025
Slovenia	Slovenija Slovenia 2025
Spain	España Spain 2025
Czechia	Česká republika Czech Republic 2025
Hungary	Magyarország Hungary 2025
USA	United States of America 2025
United Kingdom	United Kingdom 2025
Cyprus	Κύπρος Cyprus 2025

Kaufland

Europe	Europe 2025
Bulgaria	България Bulgaria 2025
Germany	Deutschland Germany 2025
Croatia	Hrvatska Croatia 2025
Moldova	Moldova 2025
Poland	Polska Poland 2025
Romania	România Romania 2025
Slovakia	Slovensko Slovakia 2025
Czechia	Česká republika Czech Republic 2025

Schwarz Produktion

Germany	Deutschland Germany 2025

PreZero

Portugal	Portugal 2025
Spain	España Spain 2025

Employees

Management Approaches

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 handled by different units acting as service providers on a division-specific basis. At Lidl, overall responsibility lies with the Chief HR Officer (a role currently performed by the Chief Financial Officer) of Lidl Stiftung & Co. KG. The Total Rewards department of Lidl Stiftung & Co. KG coordinates remuneration, while the Culture & Engagement department of Lidl Stiftung & Co. KG coordinates working models. At Kaufland, the Chief HR Officer of Kaufland Stiftung & Co. KG is in charge of remuneration. Together with other departments, the HR department coordinates the enhancement of working time models and the design of training and development concepts.

Responsibility for occupational health and safety and promoting the health of employees is extensively regulated in all companies of Schwarz Group. The processes are defined in the respective 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, occupational health and safety committees are set up respectively, 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 relevant 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. In addition, employee representatives – such as works councils in Germany – serve as important points of contact when it comes to sensitive topics.

The development and implementation of training and development concepts is also reflected in the organizational structure. Across all companies of Schwarz Group, this subject is managed 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 support managers and departments with targeted processes, programs and seminars. At the two divisions, the countries receive additional support from the service units via 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. Strategic talent management is also of central importance to Schwarz Corporate Solutions. Individual development plans are created 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, highlight career opportunities and create transparent career paths.

In addition, 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, gender or gender identity, physical and mental abilities, religion and belief, sexual orientation, or socioeconomic 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. At Lidl, the respective departments are responsible for the operational implementation of these processes, while 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 Corporate Solutions, this is the direct responsibility of the Chief HR Officer of the respective company. Their international HR departments are tasked with overall coordination. The national companies implement the developed frameworks and, where applicable, additional country-specific measures. They collect key performance indicators to manage and evaluate 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 for the entire Schwarz Digits division at the moment.

Stakeholder Involvement

[GRI 406-1]

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

In terms of training and development 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.

Our employees are also our most important stakeholders when it comes to diversity, equity and belonging. 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. They 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.

We also support diversity and equal opportunities publicly: Since 2020, Lidl has been involved in the international LEAD network (Leading Executives Advancing Diversity), supporting women in management positions in the European retail and consumer goods sector, even beyond its own company. By taking part, all Lidl employees benefit from free access to the network's website. There, they can share ideas with people from other companies and attend various webinars. To further strengthen women's opportunities, Lidl has signed the UN Women's Empowerment Principles (WEPs). This is the first global initiative designed to systematically promote and empower women in business. Some key aspects include equal pay for equal work, promoting measures designed to empower women, as well as a zero-tolerance policy on sexual harassment in the workplace.

Total Workforce[1-3]

[GRI 2-7]

	FY	Lidl	Kaufland	PreZero	Schwarz Produktion	Schwarz Digits	SCOS	Companies of Schwarz Group
Total number of employees	**2025**	**395,362**	**162,458**	**28,213**	**6,378**	**8,443**	**3,625**	**604,479**
Of which full time employees	**2025**	**180,063**	**74,902**	**24,500**	**5,400**	**7,211**	**2,761**	**294,644**
By gender								
Female	2025	95,340	47,212	4,130	1,016	1,661	1,390	150,720
Male	2025	84,706	27,689	20,371	4,383	5,550	1,371	143,906
Diverse	2025	17	1	0	0	0	0	18
Of which part-time[4]	**2025**	**215,244**	**87,556**	**3,713**	**636**	**830**	**864**	**309,025**
By gender								
Female	2025	145,866	67,493	1,291	281	525	782	216,340
Male	2025	69,330	20,058	2,422	355	304	82	92,632
Diverse	2025	48	5	0	0	0	0	53

1 | Due to changes in the definition to align with annual financial statement requirements, our number of employees for FY 25 also includes employees on long-term leave and those on maternity leave. When breaking down the data by employment relationship, gender and age group, the figures were projected accordingly.

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 | 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.

Measures and Projects

Entry-Level Programs and Training

[GRI 404-2]

All companies of Schwarz Group offer a traditional apprenticeship program. In addition, Lidl, Kaufland and Schwarz Digits offer additional programs for high school graduates.

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. 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". As of the reporting date of November 30, 2025, at Lidl, 7,316 people were enrolled in the apprenticeship program and 526 in the work-study program.

In general, all apprentices 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 respective training workshops. The comprehensive exam preparation and the relevant responsibilities can therefore be defined on a division and country-

Employees by Employment Relationship

[GRI 2-7]

	2025	
	Permanent	Fixed-term
Total number of employees [1-3]	**548,312**	**55,361**
By gender		
Female	**338,433**	**28,624**
Male	**209,820**	**26,723**
Diverse	**57**	**14**
By region [4]		
Germany	198,366	15,370
International	349,946	39,991

1 | Due to changes in the definition to align with annual financial statement requirements, our number of employees for FY 25 also includes employees on long-term leave and those on maternity leave. When breaking down the data by employment relationship, gender and age group, the figures were projected accordingly.

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. Employees of Lidl Stiftung, Schwarz Produktion and Schwarz Digits, who are employed in companies abroad, are classified under the "international" region.

Employee Turnover

[GRI 401-1]

	2025
	Rate [5]
Total number of employees who have left the company [6-8]	**18.0%**
By gender	
Female	**15.6%**
Male	**21.8%**
Diverse	**50.7%**

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 2024 are a result of retrospective corrections due to additional data availability.

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, apprentices 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.

The "Ready2GrowTogether" program includes a joint onboarding day for all new apprentices and students in work-study programs in and around Neckarsulm, which takes place during the first week at the Bildungscampus. The focus is on conveying the corporate values and providing insights into how the individual divisions work together. Also aimed at promoting cross-divisional exchange and knowledge transfer, the annual event entitled "Schwarz Gruppe erleben!" (Life at Schwarz Group) is held for students in their final year of study. In addition, Schwarz Corporate Solutions organizes specific programs for trainees (TraineeSConnect), mentors (EDUnet) and external participants.

Like all other employees, apprentices 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 grievances at any time. Some locations at Kaufland in Germany, PreZero Germany, Schwarz Produktion and Schwarz Digits also have their own representative body for young people and apprentices.

In 2026, the companies of Schwarz Group received the Employer Branding Award for their project "EDUnet: Das Netzwerk für Ausbildungserfolg" (The network for training success). Its goal is to improve the quality of on-the-job training by providing targeted education for those responsible for training. The focus is on enhancing the skills of the mentors, who play a key role in fostering a sense of belonging among apprentices and students in work-study programs. The program is tailored to the different roles and needs of the target group. In 2025, approximately 200 responsible staff members participated in the programs.

In 2024, the companies of Schwarz Group launched TalentSphere, a digital platform for career guidance and talent attraction. This virtual space brings together the group's apprenticeship, work-study and entry-level opportunities, presenting them in a way tailored to specific target audiences. The aim is to provide young people, in particular, with a structured look at the fields of activity, career paths and working conditions within the companies of Schwarz Group. TalentSphere complements existing information and dialog formats and supports transparent and early guidance on career prospects. For this project, Schwarz Corporate Solutions KG received the TRENDENCE Award for the "Beste Schüler:innen-Kampagne" (Best School Student Campaign) and the HR Excellence Award. In addition, Schwarz Corporate Solutions KG was awarded Gold at the Deutscher Personalwirtschaftspreis (German HR Awards) 2025 in the "Apprenticeship and Work-Study Programs" category for its Young Talent Journey approach.

→ Lidl in Germany: Recognition as a Training Company

Lidl in Germany has received the "Great Start!" certification from the Great Place to Work Institute for the 2026-2027 period. The award is based on an anonymous survey of apprentices, participants in high school graduate programs and students in work-study programs, and reflects their assessment of training conditions. In a representative survey on topics, such as credibility, fairness, team spirit, pride and respect, Lidl received very high ratings and was recognized as one of the top trainer providers for the second time.

Onboarding and Further Training

New employees also receive in-depth onboarding at the companies of Schwarz Group. At the administrative locations, this sometimes includes a hands-on introduction at the start of employment, such as gaining insights into Lidl or Kaufland store operations or – in the case of PreZero – into the operational processes of collecting, sorting and recycling materials. Store employees are also specifically prepared for their role through structured onboarding measures.

At the companies of Schwarz Group, the training and development opportunities are tailored to each individual. Accordingly, all companies provide extensive training programs for their employees in order to accommodate individual requirements and support the targeted development of the workforce. To this end, they rely on e-learning concepts in addition to in-person events. The individual divisions also take industry-specific topics into account. Schwarz Digits 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 Stiftung & Co. KG also offers the job rotation program on an international level. It allows employees from junior levels upward to develop their skills overseas and

encourages international exchanges. Stays abroad last from 12 to 24 months, during which time participants get to complete a language course, receive on-the-job training and independently take on a range of different tasks. The Lidl national companies also benefit from the scheme. As of the reporting date (November 30, 2025), 180 employees were taking part in the job rotation program in 2025.

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 work, and render the values tangible for everyone. In 2025, all teams at Lidl in Germany reviewed the measures defined during the values factory events as part of a values recap. They outlined how to continue implementing these measures and defined new steps to further embed the corporate values into their daily work.

The management feedback offered at all companies of Schwarz Group gives management the opportunity to receive transparent feedback from their employees on their management style. The feedback comprises 20 questions and is based on the leadership principles and the five corporate values that underpin them. It is conducted together with an external service provider.

The companies of Schwarz Group place importance on structured talent management for all employees. It encompasses the systematic planning, implementation and management of processes designed to identify, develop, retain and make optimal use of employees' skills and potential in alignment with the goals of each company. At Kaufland, the annual talent management process identifies high-potential employees, outlines development perspectives and creates transparent career paths. A central element is the employee meeting, in which managers and employees define a development plan together. Lidl has established numerous programs and measures to create an environment in which employees can continuously develop their skills. When selecting training opportunities, Lidl employees and managers have access to a wide range of courses, seminars, training sessions, workshops and e-learning modules.

Similarly, Schwarz Produktion facilitates intensive exchange between employee and manager during the annual employee meetings, thus creating a platform for mutual feedback.

At Schwarz Corporate Solutions, more than 65 percent of employees and managers took advantage of at least one individual development measure in 2025. In addition, the HR Development department implemented targeted team-building measures in more than 90 teams.

1 | Due to changes in the definition to align with annual financial statement requirements, our number of employees for FY 25 also includes employees on long-term leave and those on maternity leave. When breaking down the data by employment relationship, gender and age group, the figures were projected accordingly.

2 | 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.

3 | 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. Employees of the Lidl Stiftung, Schwarz Produktion and Schwarz Digits who work at national companies abroad are assigned to the "International" region.

New Hires[1, 2]

[GRI 401-1]

	2025	
	Number	Proportion
Total new employees hired	**136,890**	**100.0%**
By age		
Age group < 30 years old	**86,379**	**63.1%**
Age group 30 to < 50 years old	**42,644**	**31.2%**
Age group > 50 years old	**7,867**	**5.7%**
By gender		
Female	**71,047**	**51.9%**
Male	**65,808**	**48.1%**
Diverse	**36**	**– %**
By region[3]		
Germany	**39,974**	**29.2%**
International	**96,916**	**70.8%**

Manager development

A 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. As a matter of principle, the path to a management position is open to all employees at the companies of Schwarz Group. The 2025 fiscal year ended with 41.5 percent of management positions held by women across the companies of Schwarz Group (previous year 41.3%), marking a slight increase. At Kaufland, female managers account for more than half of the management positions across all countries.

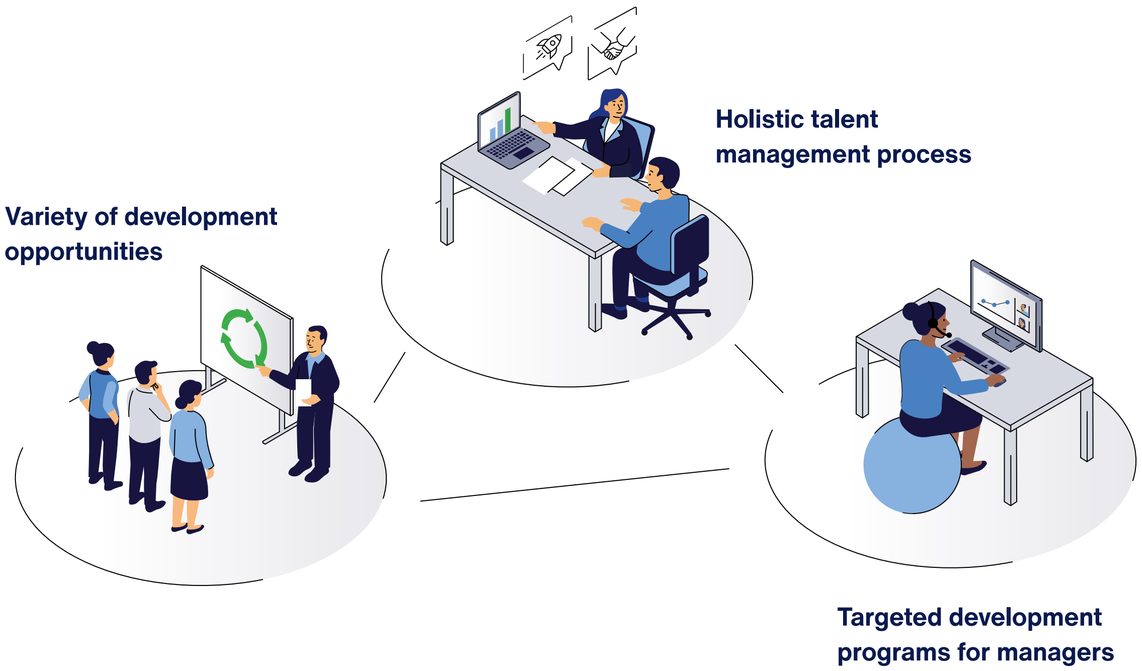
To help suitable employees become team managers, senior managers or vice presidents, Lidl launched an international management development process back in 2020 covering all levels of the company. Through various development days and seminar series, potential managers are trained on topics such as targeted communication and leadership to ensure they have the right skills to take on higher-level roles in the future.

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.

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 School in Spain and Portugal and the Leadership Academy in Poland. To complement standardized programs, there are numerous individual measures for targeted development of managers, such as coaching.

At Schwarz Corporate Solutions and Schwarz Digits, new managers complete the "Leadership Essentials Program" during their first year in management. This program runs alongside their day-to-day duties and combines practical workshops with training sessions. At Schwarz Corporate Solutions, managers receive targeted support through a modular development program focused on the dimensions of Lead yourself, Lead others and Lead the business.



Occupational Health and Safety

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

Protecting the physical, mental and social health of the 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 health and safety measures during the reporting period.

Almost all companies of Schwarz Group have defined 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 the ISO 45001 standard. In addition, all Kaufland meat processing plants in Germany have been awarded the "Sicher mit System" (safe with a system) seal by the employers' liability insurance association "Nahrungsmittel und Gastgewerbe" (Food and Catering) since 2012, which is also based on ISO 45001. In November 2024, the occupational health and safety management system of Schwarz Immobilien Service GmbH & Co. KG was awarded the quality seal "AMS – Arbeitsschutz mit System" (occupational health and safety management with a system) by the administration employers' liability insurance association (VBG). It is regularly reviewed and optimized through internal audits. 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.

PreZero is implementing a unified occupational health and safety management system to harmonize responsibilities and documentation processes across countries. The rollout is scheduled to be completed in 2026.

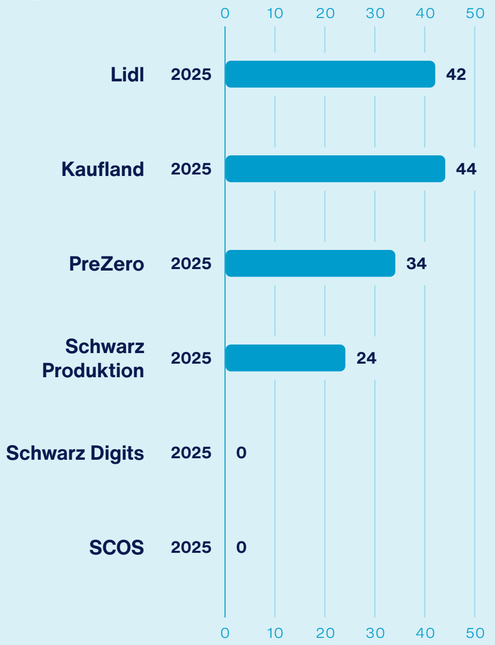
Schwarz Produktion uses an IT-based tool for its production plants to manage environment, health and safety (EHS) aspects. This tool enables all documentation such as risk assessments, operating instructions and registers of hazardous materials to be created, updated and made available to all production facilities in digital form. In addition, Schwarz Produktion uses another IT-based tool to manage its legal register for EHS-related obligations.

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. 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 – such as articles or videos – as well as safety messages. These are shared across plants to encourage proactive risk assessment.

Number of Work Accidents

Work accidents per 1,000 full-time employees

[GRI 403]



PreZero has also consistently continued to improve accident prevention: Following the successful joint implementation of an international reporting process, standardized KPIs have now been established. These make it possible to develop even more targeted 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 audited and adjusted where necessary. A proactive safety culture is a key component of the H&S strategy. To this end, the "PreVent" cultural transformation program was rolled out internationally during the past fiscal year and supplemented by the exchange of best practices for communication campaigns.

> In Murcia (Spain), PreZero has also strengthened its existing heat protocol for street cleaning and waste management operations. As part of the "Frente al Calor" campaign, which runs from March through September, working hours and break schedules are being adjusted to better protect employees from heat-related stress. In addition, smart wristbands are used to provide early warning signs of heat stress. Training sessions and accompanying informational materials help promote prevention and raise awareness among employees.

At Kaufland, occupational safety analyses at five logistics distribution centers identified potential for improvement in the management of occupational safety, communication and the development of corrective measures. Based on these findings, best-practice workshops were held at two distribution centers during the reporting period. The goal was to develop tailored processes for improving occupational safety, acting on behalf of and in collaboration with the logistics distribution centers. The following measures were adopted: validation of the occupational safety organization in each country, introduction of a management safety meeting, optimization of the immediate accident reporting process through digitization, and establishment of a regular exchange across all countries to share best practices and lessons learned from accidents.

Lidl has begun rolling out the Platform for Organizational Safety and Health (POSH) software for occupational safety management across all its national companies, a process that is expected to be completed by the end of 2026. 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. Lidl also encourages employees to play an active role by involving them in risk assessment processes. They can also share their own suggestions for improvement by speaking directly to their manager. Every suggestion is carefully reviewed and discussed with employees. Workable ideas are communicated to all national companies as best practice.

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. Each division uses 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 also 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 have been 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 deployed corresponding measures too: Schwarz Produktion has installed special tools to record ergonomic loads. At Lidl, all newly introduced equipment is assessed against safety and ergonomic criteria.

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. At the Kaufland national companies, for example, regular site-based occupational health and safety inspections are conducted to identify potentials for optimization at an early stage and to implement appropriate measures. For this process, Kaufland relies on close cooperation between the occupational health and safety experts and the operational department managers.

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 KG. 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. In addition, Schwarz Corporate Solutions conducts regular internal audits in accordance with the Occupational Health and Safety Management Manual and reviews progress toward its self-imposed goals.

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 of companies 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 KG, 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. To promote ongoing communication regarding occupational health and safety, Schwarz Restaurantbetriebe GmbH & Co. KG also introduced "safety spotlights" during the reporting year. These regularly address safety-related topics and identified accident hotspots in the workplace.

All 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.

Health Promotion

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

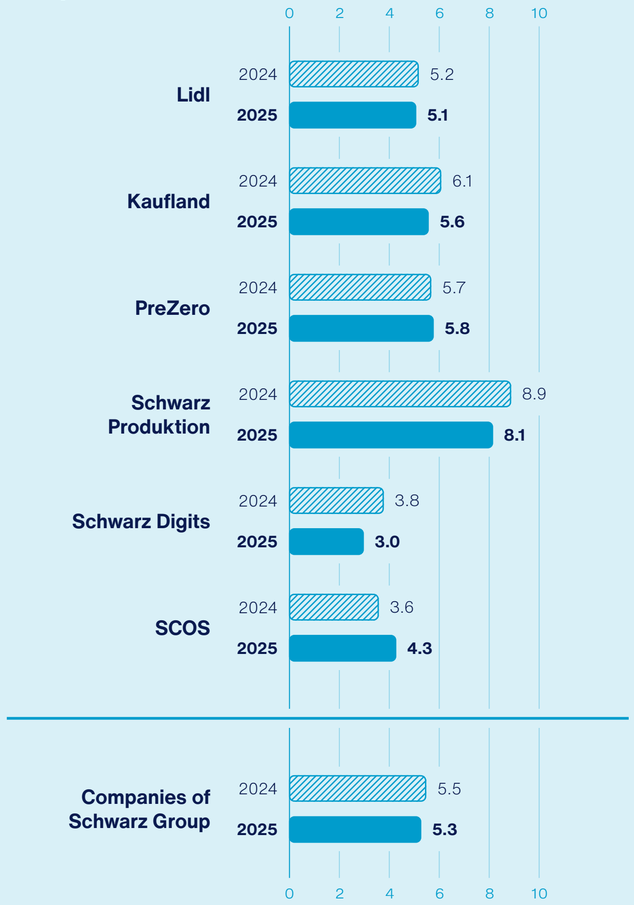
To promote employees' health and prevent work-related damage to health, the companies of Schwarz Group provide an occupational health service in all countries and companies in accordance with the statutory regulations. In this context, measures such as risk assessments and the range of optional and compulsory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

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 locations, there is also a comprehensive range of health-promoting measures for movement, ergonomics, healthy nutrition, stress management, relaxation, addiction prevention and social health.

Sickness rate

In percent

[GRI 403]



The companies of Schwarz Group have tasked the Occupational Health Management department with organizing a centrally managed annual plan as well as monthly rotating health-promotion measures.

Among others, these include digital sessions, lectures, workshops and podcasts looking at movement, healthy nutrition, mental health and addiction prevention, as well as providing healthy food options. Employees also have access to services like free and anonymous psychological counseling and discounted memberships with fitness providers.

Kaufland offers health/preventative health care and other awareness days at many sites in addition to the cross-divisional offers.

> At the beginning of 2025, the new medical care center (MVZ), the "S | Medical Center", opened in Neckarsulm. It is operated by the Sana MVZ am Stiftsberg GmbH, a company of Sana Kliniken AG. Schwarz Immobilien Service GmbH & Co. KG leases the premises and the medical technology. The MVZ provides GP and special care as well as preventive services. The center therefore complements existing regional medical services and consolidates the occupational health schemes available to the local workforce.

We also aim to provide adequate occupational health care in the national companies of the divisions: For example, Lidl employees in Cyprus can now access doctor's appointments directly in their stores. In all Kaufland national companies, preventive occupational health is assured by inter-company occupational health services, such as TÜV Rheinland in Germany.

Another area of focus is mental health. 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 such an Employee Assistance Program (EAP) back in 2020 already. The aim is to introduce EAPs in all countries by 2030. Since the start of 2024, PreZero employees in Germany, Poland, Spain and Portugal have been able to access advice on personal and psychological topics, as well as financial and legal matters, as part of EAP consultancy. The program is offered in cooperation with an external service provider and is being expanded in stages: Swedish employees gained access in October 2024, with Austrian employees joining in July 2025. As early as 2023, PreZero in the Netherlands had already initiated a similar offer comprising health checkups for employees and an optional, individually tailored health program. A similar bespoke health promotion model was introduced in Belgium in September 2024 and in Luxembourg in 2025. If required, Kaufland puts employees in touch with online psychological support via the employee relations consultants.

Occupational health management employees and employee relations consultants are available in the respective company 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 each also have representative bodies for disabled employees with a severe disability or equivalent status.

The respective companies of Schwarz Group have established a company integration management program in Germany 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. The companies of Schwarz Group are also 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. In addition, blood donation campaigns regularly take place at various locations (for more information, see Our Employees in Action).

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 administrative employees. 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.

Remuneration

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

As well as offering a variety of working models, all companies of Schwarz Group ensure that their employees receive a fair, competitive wage. Each company has therefore 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.

> As early as 2010, an internal minimum wage was introduced in Germany at Lidl, Kaufland, Schwarz Produktion and Schwarz Corporate Solutions.

It has been regularly updated to reflect the market conditions relevant to each individual company. In almost all national companies, Lidl has defined an internal minimum wage that is above the market minimum wage This applies to employees working in stores and warehouses. The pay structure is based on objective criteria, such as professional experience, expertise, skills and area of responsibility. For the vast majority of Schwarz Produktion employees, wage-related collective bargaining agreements or arrangements in line with these agreements apply.

Management personnel is remunerated according to the same principles. For this purpose, the companies of Schwarz Group have jointly defined frameworks and minimum standards. The level of remuneration is primarily calculated according to the tasks allocated and the associated responsibility. The focus is on achieving a reliable and secure remuneration structure with 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 Schwarz Digits, 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 managers and employees a competitive remuneration structure.

Providing a fair and competitive wage for their employees is essential to the companies of Schwarz Group – while, of course, adhering to the principle of equality. The majority of employees are covered by collective bargaining agreements. Setting wages through the bargaining parties makes a valuable contribution to pay equity. Furthermore, remuneration structures that determine pay based on objective and gender-neutral criteria were established years ago.

In 2025, Lidl Great Britain reduced its average gender pay gap[1] to 6.7 percent. The gender pay gap of Lidl Ireland was even lower in 2025 at just 3.8 percent.

1 | A company's average gender pay gap is calculated based on the difference between men and women's average hourly earnings (excluding overtime) compared to men's average hourly earnings.

Diversity, Equity & Belonging

[GRI 2-23 and 404-2]

The companies of Schwarz Group constantly make their 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. Lidl constantly devises individually tailored employee training sessions 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 "Together at Lidl" mission statement in 2023, followed by an international policy on equal treatment and non-violence in the workplace in 2025. Both fortify respectful, appreciative collaboration and forbid all forms of discrimination. Schwarz Corporate Solutions offers e-learning courses on diversity in the workplace and diversity in the workplace for managers.

Kaufland is currently working on further developing its existing employee training programs and extending them to include modules on related topics. The goal is to raise awareness among managers and employees at all management levels regarding diversity and value-oriented leadership through mandatory e-learning courses as well as specific training opportunities and development programs. In 2025, PreZero rolled out an international anti-discrimination policy.

The companies of Schwarz Produktion are also actively committed to the equal treatment of all employees. Their aim is to remove barriers, reduce prejudices and build bridges in order to take full advantage of the potential of employee diversity.

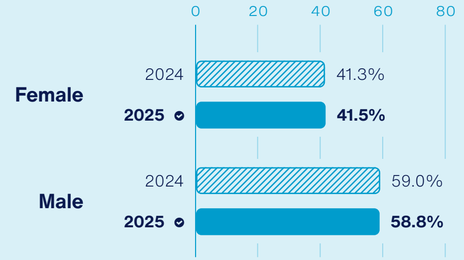
Aiming to curb common gender stereotypes right from the moment young people begin to think about their career, the companies of Schwarz Group have been supporting the "#empowerGirl" internship initiative since 2024. The aim of this initiative is to get girls interested in a career in STEM. Similarly,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

In addition, as part of the FemTech Initiative, Schwarz Digits is creating targeted programs to encourage networking, knowledge sharing and personal development for women throughout the division. Networking events take place twice a year. Around 140 female colleagues came together at the second event, held in early 2026, to share their views on topics such as mentoring, skill development and career paths. The focus was on inter-departmental dialog, alongside opportunities to speak with experienced internal role models directly.

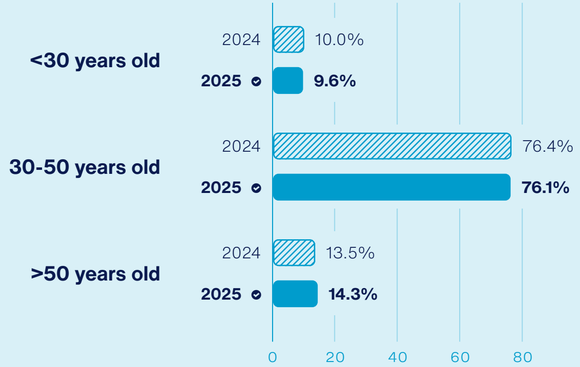
Diversity in Management Bodies

Proportion by gender in FY 2025

[GRI 405-1]



Proportion by age group



Empowerment of Our Employees and Managers

Organization and Responsibility

When it comes to sustainability topics, the companies of Schwarz Group are committed to training their employees, raising their awareness and getting them involved.

During the reporting year, the CSR Enabling department within the Corporate Affairs business unit of Lidl Stiftung & Co. KG was officially tasked with coordinating this topic at Lidl. At Kaufland, the responsible departments as well as HR Development are tasked with training sessions. The Corporate Affairs & Sustainability department bears overall responsibility for CR trainings. At Schwarz Produktion, different departments are responsible, depending on the focus topic. The Public Relations & Sustainability department is responsible for the Schwarz Produktion CR training course and regularly updates it.

Across all divisions and departments, the CR community comprises around 130 managers. The participants perform decisive functions to integrate sustainability into business and decision-making processes (such as in Controlling, R&C, Purchasing). Representatives from the CR departments of 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.

Employee Diversity

According to employee categories in FY 2025[1-5]

[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	563,486	93.2%	39,783	6.6%	846	0.1%	363	0.1%	604,479	100.0%
By age										
Age group <30 years old	172,419	30.6%	3,947	9.9%	2	0.2%	0	– %	176,368	29.2%
Age group 30-50 years old	281,736	50.0%	30,311	76.2%	625	73.8%	254	70.1%	312,926	51.8%
Age group >50 years old	107,086	19.0%	5,525	13.9%	220	25.9%	109	29.9%	112,940	18.7%
By gender										
Female	349,523	62.3%	16,830	42.3%	133	15.8%	55	15.3%	366,542	60.6%
Male	211,499	37.7%	23,091	58.0%	713	84.2%	308	84.7%	235,611	39.0%
Diverse	72	– %	0	– %	0	– %	0	– %	72	– %

1 | Due to changes in the definition to align with annual financial statement requirements, our number of employees for FY 25 also includes employees on long-term leave and those on maternity leave. When breaking down the data by employment relationship, gender and age group, the figures were projected accordingly.

2 | This includes full-time/part-time employees, employees in marginal employment, apprentices, students in work-study programs, employees on postings from abroad, employees on sabbatical and part-time retirees in their active phase, temporary employees like e. g., working students, interns, diploma students, and temporary staff (provided that working hours have been undertaken during the reporting period).

3 | 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.

4 | 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.

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

Stakeholder Involvement

Alongside their 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 on these topics via internal channels such as the intranet. Each division determines how to implement this training and sets the requirements for participation.

> In 2025, Schwarz Corporate Affairs GmbH & Co. KG introduced the Corporate Responsibility Impact Space (CRIS) in Neckarsulm for employees across all divisions. This internal exhibition was designed to bring the updated CR strategy to life and make it easily accessible.

Supplementary dialog formats help encourage in-depth discussion of some key sustainability topics and boost a shared understanding of sustainable economic activity in a corporate context. In the reporting year, the companies of Schwarz Group also brought the topic of the circular economy to life for employees via a dedicated action week at the administrative location in Neckarsulm. Around 1,000 employees visited the interactive stands to learn more about specific approaches to conserving resources, preventing waste and keeping recyclables within a closed loop. The event encouraged internal knowledge sharing and discussions with subject experts, alongside raising awareness of how we can all contribute to a functioning circular economy.

At Schwarz Corporate Solutions and Schwarz Digits, all new employees complete mandatory sustainability training sessions when they join the company, and all other employees, managers and members of the Executive Board complete this training every two years. The sessions highlight key components of the jointly defined sustainability strategies of the companies of Schwarz Group, including waste prevention, food waste, human rights, the circular economy and climate protection. In addition, employees receive practical tips on how they can incorporate the topic of sustainability into their day-to-day work environment. Schwarz Corporate Solutions is also developing additional awareness and empowerment formats, as well as a learning journey for success-critical target groups, to take a closer look at sustainability topics specific to their departments. Through formats such as the CR Summit and the CR Radar, Schwarz Corporate Affairs regularly informs management and employees across all divisions about sustainability-related societal and regulatory developments.

Schwarz Produktion revised the mandatory CR e-learning courses in 2026, in accordance with the new sustainability strategy. All employees and managers, including members of the Executive Board, complete this training session every two years. The e-learning courses inform about the Schwarz Produktion sustainability strategy and provide specific recommendations on how to act more sustainably. They also raise awareness of human rights topics in the context of the German Supply Chain Due Diligence Act.

Kaufland also raises awareness among its employees of sustainability-related topics and regularly communicates on these via internal channels such as the intranet. Its internationally rolled out training concept is regularly reviewed and expanded. It is mandatory for all employees of Kaufland Group. The concept includes e-learning courses and provides information on Kaufland's various measures, projects and targets, and offers tips on acting more sustainably in everyday life. For example, Kaufland employees take part in targeted training sessions to identify and prevent sources of waste from an early stage. Another key component is the introduction of digital processes to reduce paper consumption. During the reporting year, work was also underway on a new program designed to specifically empower the management of the companies of Kaufland Group on sustainability topics. Operational implementation is scheduled for the 2026 financial year.

The subject of sustainability is also addressed at the welcome event for new employees at Kaufland and Schwarz Corporate Solutions administrative locations.

→ Sustainability Initiative: Lidl YOU

Lidl also wants to develop a basic understanding of CSR among all employees and provides them with targeted training on the topic of sustainability through various training formats. To this end, the #teamlidl sustainability initiative "Lidl YOU" is aimed at all Lidl employees worldwide. As such, Lidl is making its commitment to sustainability visible and tangible internally through a wide range of communication and learning opportunities and by building a Lidl community.

For their office-based colleagues, Lidl developed a basic training course on its CSR strategy in the 2024 fiscal year, which was rolled out in all countries in 2024 and 2025. Separate CSR training was also designed and rolled out for in-store colleagues in the same period. In addition, selected existing training sessions for logistics employees were supplemented with sustainability topics and documents were created to raise awareness at the site. Furthermore, in September 2025, employees at Lidl Stiftung & Co. KG came together as part of the inaugural CSR awareness days to familiarize themselves with the Lidl CSR strategy and to share their ideas. With this in mind, the fourth Co-Working Day took place on October 24, 2025. All 140 CSR employees were invited to come together for the day in a shared workspace and to exchange ideas, network and create strategies through keynote speeches and during a special lunch.

Similarly, PreZero empowers employees through regular training sessions on sustainable economic activity and the importance of the circular economy. Marketing, Corporate Communications and Sales employees also receive training on the responsible use of resources with sessions that highlight the company's own sustainability performance in order to identify and prevent the risks of greenwashing. To reinforce its commitment to the responsible use of resources, the administration building of PreZero Stiftung & Co. KG has been fully branded with "Road to Zero Waste" messages. The site has held gold-level DIN SPEC 91436 certification since 2024.

In order to highlight the sustainability features of its own products and services, as well as their relevance to the retail divisions, PreZero runs targeted information and discussion sessions. Among other things, these events are designed to explain various approaches to reducing the ecological footprint of packaging and address aspects of recyclables management. In 2025, employees from Lidl in Germany working in packaging design and sustainability communication gained some insights into the complex processes involved in recycling plastics – from collection and sorting to producing regranulate as a raw material for new circular products.

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Supply chain
Strategic Approach

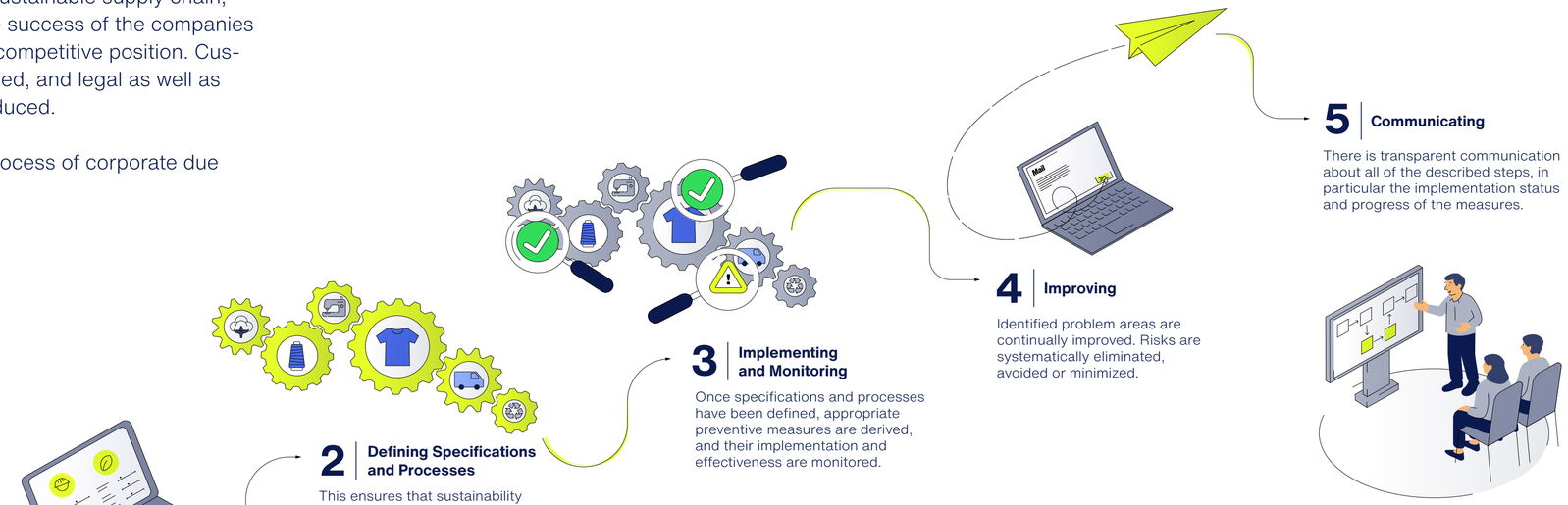
Priority Topics

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 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).

Impacts

Through their responsible commitment within their supply chains, the companies of Schwarz Group are dedicated to ensuring that their products are manufactured 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 companies and strengthening their competitive position. Customer trust is strengthened, and legal as well as reputational risks are reduced.

Our actions follow the process of corporate due diligence:



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)

The topics covered in the Code of Conduct for Business Partners of the companies of Schwarz Group include, but are not limited to:

- Non-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 environmental impacts

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.

Our Purchasing Structures and Overarching Services

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

The purchasing and procurement departments of the companies of Schwarz Group provide both division-specific and cross-divisional services. At Kaufland, as part of supplier management, the International Purchasing department of Kaufland Stiftung & Co. KG is tasked with partially sourcing the merchandise sold in multiple countries – always in close coordination with the purchasing departments of the Kaufland national companies. At Lidl, the respective Purchasing department coordinates supplier management for merchandise at a higher level and works 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 & Sustainability department in Purchasing International processes the strategic and operational implementation of all sustainability and quality matters in cooperation with the national companies. The Operations & Real Estate business unit within Lidl is tasked with managing non-product-related supply chains (for example, facility management service providers and freight forwarders).

At Kaufland, the International Sustainable Purchasing department of Kaufland Stiftung & Co. KG acts as a strategic point of contact for all purchasing-related sustainability matters. Together with the purchasing departments, it develops strategies and targets for fair and environmentally friendly products and for ensuring supply chain security. Among other things, its responsibilities include identifying risks, initiating and overseeing efforts to promote more sustainable supply chains and product ranges, as well as providing support when new purchasing-related regulatory requirements are introduced. This close collaboration between the International Sustainable Purchasing department, the Purchasing Organization department and those responsible for sustainability in purchasing within the national companies, alongside the respective purchasing departments, enables the planning and implementation of targeted measures. To leverage synergies, the purchasing of Kaufland non-food private labels is partially carried out in collaboration with Lidl. In this context, the sustainability requirements and targets for non-food own-brand products were largely developed jointly.

The Purchasing department of Schwarz Produktion Stiftung & Co. KG is 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.

Supply chain

Management Approach

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 and environmental due diligence obligations 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 obligations 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 carrying out independent, systematic annual risk analyses of all direct business partners, in accordance with the requirements of the German Supply Chain Due Diligence Act. In addition, intra-year or ad hoc risk analyses are carried out. Based on the results, business partners are prioritized according to their risk exposure in order to effectively counteract potential 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 obligations is most likely to occur, based on the different sources of information. The companies of Schwarz Group constantly strive to jointly improve and systematically expand the processes for identifying the risks.

Lidl's annual systematic risk analysis is supplemented by further assessments in the merchandise sector. Lidl carries out social impact studies, also known as human rights impact assessments (HRIAs), within its high-risk supply chains. These assessments are carried out in accordance with internationally recognized procedures. HRIAs focus on human rights risks at the lower end of the supply chain. Through HRIAs, Lidl hopes to gain a clearer understanding of the risks and impacts within a selected high-risk supply chain so that appropriate steps can be taken to reduce them. As part of this process, the division works with various stakeholders, including civil society organizations, employee representatives and communities. When action is required, specific action plans are drafted in which Lidl – in consultation with both internal and external stakeholders – can explore which measures are both feasible and appropriate to reduce the risks. To date, Lidl has carried out HRIAs for the supply chains for tea, berries, bananas, tinned tomatoes, wine, prawns, cashews, cut flowers and orange juice. All of these reports, as well as the resulting action plans, can be found on the Lidl website.

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, Schwarz Beschaffung GmbH 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 principles and standards set out in the CoC, Lidl has defined additional expectations for the purchasing of merchandise for private-label suppliers in its "Sustainable Purchasing Policies". More information can be found in the Lidl Purchasing Policy Human Rights in the Supply Chain section.

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. For Lidl, carrying out regular and ad hoc risk analyses is a key part of fulfilling its human rights and environmental due diligence obligations. Identifying and analyzing human rights and environmental risks is seen as an ongoing task and a central starting point for strategically shaping the company's approach. 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 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. Lidl sets out strategies,

Lidl Human Rights Impact Assessments (HRIA)

specifications and targets for purchase of merchandise in its diverse purchasing policies. The purchasing policies of the Lidl national companies are based on international purchasing policies and may be supplemented by additional national requirements and commitments. The defined strategies and practices form the basis for purchase of merchandise.

Contractual partners of Kaufland are made aware of their obligations in various contractual documents such as the Code of Conduct and General Sustainability Requirements (GSRs) for Suppliers. Kaufland has established specific requirements for raw materials associated with high human rights and environmental risks in particular, and constantly works to implement them. In addition, Kaufland sets clear requirements for its business partners to help achieve these standards. These requirements include certification for products and raw materials, participation in the further development of standards, and funding projects.

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 jointly developed an approach for assessing measures to ensure that appropriate standards are established with suppliers. To support the implementation of the requirements of the Supply Chain Act, the companies of Schwarz Group are already conducting corresponding training sessions for business partners. These training formats will be further developed in due course.

Certifications and Audits

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 along the supply chain and can contribute to going beyond statutory minimum standards. Certifications are therefore a fundamental component of meeting existing due diligence obligations. Internationally recognized standard-setting labeling 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. In accordance with the German Supply Chain Due Diligence Act, Lidl regularly reviews the portfolio of measures to assess its effectiveness and further develops it.

Since 2021, Lidl has effected purchasing of non-food private-label products on behalf of Kaufland. 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.

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. They consider their commitment in this regard to be an integral part of their corporate due diligence. This applies not only to the remuneration of their own employees, but also to that of partners throughout the global supply chain. In particular, this includes suppliers within international procurement markets as well as producers in the rural and agricultural sector, for whom they aim to ensure fair wages or income.

In 2022, Lidl launched its living wage project in the banana sector. As part of its human rights strategy for merchandise, the retail division is working with its suppliers to close its own share of the wage gap on plantations. Lidl is being supported in this effort by the IDH Sustainable Trade Initiative and certification body FLOCERT. This work is based on an annual, four-step project cycle:

1. Empowerment: All relevant business partners, their upstream suppliers and producers are trained on how to use the IDH salary matrix. The aim is to shine a light on actual wages on plantations as accurately as possible.

2. Data collection: All the information needed to determine the wage gap and calculate any compensatory payments is methodically gathered.

3. Data verification: Submitted data is first checked for its plausibility and then randomly audited by FLOCERT. This is intended to ensure that the data is complete, consistent and correct.

4. Payment: Based on the verified data, the company's share of the wage gap can then be worked out. Together with producers and suppliers, Lidl can draw up appropriate action plans to close the gap through targeted payments.

Another example is the "Way To Go" project launched by Lidl. With its Way To Go private-label range, Lidl promotes fair trade and taking responsibility for working conditions in global supply chains. In collaboration with Fairtrade, Lidl is supporting better wage conditions, further development, gender equity and transparency – particularly in regions where conventional cultivation barely allows for a living wage. Way To Go contributes to secure and higher incomes for smallholder families and, in the long term, to achieving a living wage. The program is intended to boost the economic self-determination of smallholders and is based on three pillars:

stable social framework conditions such as gender equity, protection of women and children, as well as occupational health and safety; environmental stability through climate adaptation measures and more sustainable cultivation methods; and economic security through wage increases and diversification. Complete transparency and product traceability are the cornerstones of the program.

Lidl is also shifting its entire range of own-brand chocolate bars in its permanent product range to a living-income program developed by Fairtrade. This partnership with Fairtrade began in March 2026 in Germany, the Netherlands, Belgium, Luxembourg and Austria. The arrangement is designed to last for at least five years and will remain in effect regardless of fluctuations on global markets.

Grievance Mechanisms and Remedial Measures

All grievance 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 grievance systems available. Suspected violations can be reported at any time to the respective 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.

Process Step 4: Improving

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

The companies of Schwarz Group strive to bring about improvements within their own processes and supply chains. In 2025, Schwarz Corporate Solutions aligned its training sessions for business partners more closely with the Code of Conduct to further develop due diligence processes.

By monitoring and evaluating the requirements and processes, the challenges identified can be continuously addressed. 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.

Involvement in Initiatives and Multi-Stakeholder Partnerships

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. Kaufland is a member of the German retail sector's working group on living incomes and wages. The aim is to support producers in producing countries to achieve a living income and living wages. A voluntary commitment was signed in 2020. The Sustainable Agricultural Supply Chains Initiative (SASI) organizes and coordinates the working group. A pilot project focuses on implementing living wages in the banana sector.

Lidl also plays an active role – together with other retail companies – in the German retail sector's working group on living incomes and wages under the umbrella of SASI. The aim is to improve living and working conditions in our global supply chains and promote a living wage for producers. In early 2025, the retail companies were part of the launch of a pilot project supporting coffee producers in Honduras and Peru. The project focuses on three strategic targets:

1. Establishing responsible and sustainable purchasing practices.
2. Promoting resilient production systems and strengthening producer organizations.
3. Expanding cooperation at local, regional and international levels and leveraging synergies for sustainable change in the entire sector.

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. In 2024, Lidl signed a binding agreement with IndustriALL in relation to the ACT country program in Cambodia. In doing so, Lidl has made a legally binding commitment to support a standardized collective bargaining agreement (CBA) for Cambodian production sites – developed by the Cambodian employer's association TAFTAC and the unions affiliated with IndustriALL in Cambodia – to ensure transparency around wage costs in its negotiations with suppliers, and to cover increased wage costs once the standardized CBA is signed at one of Lidl's production sites.

Lidl and Kaufland are actively involved in various industry initiatives with the aim of improving the effectiveness of reporting systems in general and across industries, and expanding the reach of their own grievance mechanisms. In this context, Lidl supports industry-wide grievance mechanisms when purchasing merchandise such as the International Accord, amfori Speak for Change and ACT. The company also continuously reviews participation in other pilot projects and the further development of existing mechanisms.

> In 2020, Lidl published a human rights impact assessment looking into the berry supply chain in Huelva, Spain. In response to the findings, Lidl piloted an effective grievance mechanism in the region in 2021. Based on the findings and recognizing that solutions require joint industry management, Lidl has driven forward the development of the first cross-retailer grievance mechanism in the fruit and vegetables sector. Developed in collaboration with all the major German retailers and the EHI Retail Institute, the system – known as "appellando" – is designed to create new, effective mechanisms while harmonizing existing ones. Employees working for producers are able to

report breaches of social and environmental standards without fear of retaliation. The system is currently being rolled out in Spain, with other countries soon to follow. As part of the "appellando" initiative, Kaufland is also working to establish an industry-wide grievance mechanism in global supply chains. The initial rollout in Italy's fruit and vegetables sector is already underway.

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 individual grievance mechanisms also fall under this umbrella.

- Lidl "Human Rights in Our Supply Chains" Progress Report
- Lidl Policy Statement
- Schwarz Produktion Policy Statement
- Kaufland Policy Statement
- PreZero Policy Statement
- Schwarz Digits Policy Statement
- Schwarz Corporate Solutions Policy Statement

Safety of Consumers and End Users
Strategic Approach

Priority Topics

The companies of Schwarz Group take a holistic approach to product safety, encompassing the safety of both food and non-food products, as well as data protection and secure IT and digital services.

In many countries, the companies of Schwarz Group contribute significantly to local supply, ensuring that food and non-food products are available to their customers. This involves particular responsibility for product quality, product safety and developing a future-viable product range. As such, the retail divisions, together with their partners, are constantly expanding their ranges of sustainably produced products, prioritizing certified raw materials and actively promoting regional food within their national companies.

Another key aspect is promoting a more conscious approach to nutrition. The companies of Schwarz Group facilitate access to high-quality food and raise awareness among the broader public regarding balanced and more sustainable nutrition.

In doing so, they are guided by scientific findings such as the Planetary Health Diet and implement corresponding strategies when developing their product ranges. Transparent product information regarding environmental and health aspects, for example, helps consumers make conscious purchasing decisions. This includes sustainability and nutritional labels, such as the voluntary Nutri-Score, as well as guidance on properly separating multi-component packaging.

Beyond product ranges, service and digital-based solutions are becoming increasingly important. High safety and quality standards form the basis of responsible data processing. The companies of Schwarz Group base their approach on digital sovereignty and rely on secure IT services developed in Germany by Schwarz Digits, the IT and digital division. The aim is to have high-performing digital infrastructure consistently designed in accordance with European data protection standards.

Impacts

Food production can generate potential environmental and social impacts throughout the value chain, for example due to intensive land use or working conditions that pose increased risks to workers. Responsible and quality-focused product development can help mitigate these impacts while ensuring consistently high product quality. The companies of Schwarz Group rely on recognized certifications that set binding environmental and social standards and establish transparent requirements around product quality, product conditions and raw material procurement. These certifications provide consumers with reliable guidance so they can make informed purchasing decisions.

Beyond this, food also has an impact on our customers' health. By developing their product ranges responsibly and being transparent about nutritional information, ingredients and manufacturing processes, the companies of Schwarz Group are raising awareness of the importance of adopting a balanced and more sustainable diet.

Complementing this, high safety standards underpin all goods sold and services provided – from quality and hygiene standards in food production to secure digital services. Inadequate data security and data breaches can pose a significant risk to consumers, including identity theft, loss of privacy and loss of trust in digital services. Responsible data processing is therefore essential to avoiding potential negative impacts and securing customer trust in the long term.

Principles, Policies and Obligations

Sustainable product design is a core responsibility of the companies of Schwarz Group. A key reference for further developing the product ranges at our retail divisions is the European Union's (EU) "Farm to Fork" strategy, among other things. It was introduced as part of the European Green Deal to make the European food system healthier, fairer and more environmentally friendly. In addition, further regulatory developments – such as carbon and plastic levies, as well as the EU Deforestation Regulation (EUDR) – are shaping the requirements for future-viable product design. More information on the EU Deforestation Regulation can be found in the Climate Protection chapter.

The companies of Schwarz Group are guided by guidelines and principles. The approaches and measures for developing more sustainable product ranges and procuring raw materials are outlined in various purchasing policies, position papers and guidelines. The content and documents provided on our websites are regularly reviewed and updated:

Lidl – International Purchasing Policies (German)

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 this report.

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

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 (PHD), which describes a diet that both promotes health and is environmentally sustainable. The targets and measures set by the retail divisions are aligned with the PHD.

Another key focus is on transparency and reliable product information. When introducing new measures, the retail divisions comply with the applicable legal requirements, particularly those relating to nutritional information and health claims. These include, among others, the EU Nutrition and Health Claims Regulation, which establishes mandatory requirements for the declaration of ingredients, nutritional values, vitamins and fiber in connection with nutrition and health claims such as "sugar-free" or "low-fat." Voluntary labeling systems, such as Nutri-Score, support transparent and understandable product communications.

Binding requirements also apply to digital solutions. Responsible data processing is governed by the requirements of the General Data Protection Regulation (GDPR), which mandates lawfulness, transparency, purpose limitation and data security when processing personal data, among other things. As the use of data-driven systems grows, the regulatory requirements surrounding artificial intelligence are becoming increasingly important. The EU AI Act establishes a uniform, risk-based legal framework throughout Europe for developing and using AI systems. It sets out certain requirements around transparency, safety, human supervision and data quality, with the aim of balancing innovation with protecting fundamental rights and consumers. The introduction of the NIS-2 Directive also strengthens the resilience of digital infrastructure against cyber threats with mandatory requirements on risk management and cybersecurity.

Safety of Consumers and End Users

Management Approach

Organization and Responsibility

[GRI 416-1 and 416-2]

Compliance with food regulations, evaluating potential consumer complaints and in-house specifications for labeling own-brand products are the responsibility of the Purchasing departments at Kaufland, together with Quality Management and Quality Assurance. At Lidl, the Quality & Sustainability and Quality Assurance Declaration departments coordinate these tasks. 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. Quality managers in the production plants organize and oversee that all quality-related regulations and processes are implemented and adhered to in operations.

High quality standards also apply to materials used. Post-consumer recycled material (PCR) from PreZero Polymers is developed to meet specific customer needs and adapted to the requirements of specific applications. Depending on the requirements, the specifications are verified either by accredited laboratories or in-house for quality assurance purposes. In this way, PCR materials can be produced that are suitable for use in children's toys, in accordance with DIN EN 71-3, and cosmetic products, in line with CosPaTox standards, among other things. Moreover, in-house tests are conducted on calibrated lab equipment, the use of which is confirmed as part of the ISO 9001 and EMAS certification processes. In this way, we ensure that our recyclate is safe and that it can be used by our customers in many different ways.

At Lidl, the Quality & Sustainability department plays a key role in laying the groundwork for a more conscious nutrition. It is also tasked with developing reduction strategies and concepts. Implementation takes place within individual purchasing departments in close collaboration with private-label suppliers and the production plants of Schwarz Produktion.

The Sustainable Purchasing department at Kaufland plays a key role in laying the groundwork for a more conscious nutrition. Building on this, the respective purchasing departments of the Kaufland national companies and the international purchasing departments set corresponding ambitions for more products that align with the four pillars as part of their product range responsibilities – taking into account internal insights, alongside scientific data, trend analyses and competitor monitoring.

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, corporate communications and stakeholder engagement. The Branding & Packaging and Quality & Sustainability departments in Purchasing are responsible for packaging design.

The CR department of Kaufland is tasked with implementing communication measures and initiatives designed to empower customers to make more conscious purchasing and consumption decisions, which it does in collaboration with Marketing and Corporate Communications. Customers can provide suggestions or criticism directly to Customer Management through feedback channels like hotlines.

Furthermore, strict security requirements also apply to digital services. Data security and digital sovereignty are key prerequisites for the STACKIT cloud solution. These are ensured by applying recognized architectural paradigms, including zero trust and the principle of least privilege, and by using modern authentication methods such as multi-factor authentication. The underlying security management system is ISO 27001 certified. The effectiveness of the implemented security measures and controls is verified annually through an external audit process based on the BSI C5 standard and confirmed in a corresponding attestation report.

Stakeholder Involvement

[GRI 2-25 and 2-29]

The needs of our customers are a top priority for us. A comprehensive complaints 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. We also maintain ongoing dialog with our stakeholders when it comes to the topic of conscious nutrition. In 2025, the "Lidl in Dialog" format took place once again – this time under the motto "The Future on Your Plate: How can a scientifically sound, healthy and sustainable diet be implemented in practice?"

For the third year in a row, Kaufland in Germany showcased its commitment to sustainability at "Grüne Woche" in Berlin, with its own dedicated stand in the farm experience zone and a place in the Bioland exhibition stand in the organic hall. The varied program of events offered a platform for in-depth discussions: Topics ranged from an expert dialog on organic beef and climate-friendly livestock farming to a panel discussion on early childhood nutrition education and a supplier day focusing on vegetables, bread and regional products.

Lidl has been working with the World Wide Fund for Nature (WWF) since 2024 as part of a long-term international partnership. In the course of this, the focus is on cooperation along the value chain to tackle the central, global, ecological challenges. More information about dialog formats with our stakeholders can be found in the Stakeholder Management chapter.

With regard to our whistleblower systems, we comply with legal requirements and internal guidelines. PreZero offers its customers an online contact form as well as a customer hotline. At Schwarz

Produktion, a complaint and queries management system has been established for years, including reporting to plant management and the Management Boards. The Quality department duly processes and analyzes all consumer inquiries and complaints, whether by phone, post, email or via the homepage. Schwarz Produktion plants also define effective corrective measures, as required.

Measures and Projects

Quality Management Systems

[GRI 416-1, 416-2 and 417-1]

To systematically manage product safety, legality and high quality, Lidl operates in accordance with a recognized quality management system certified to ISO 9001:2015 standard. Product safety is its top priority. At Lidl, all relevant processes are carried out according to this management system, which governs quality targets and principles, as well as clear process specifications and responsibilities.

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 according 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 as well as pet food in its own-brand range. 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 all private-label items in the food, near-food and non-food area by accredited institutes to test their marketability
- Verifying compliance with all specification values that go beyond legal requirements

All potentially critical findings identified during the processes mentioned above are assessed by the respective Product Safety department. In collaboration with suppliers, immediate corrective action is taken in the event of any deviations from the specifications.

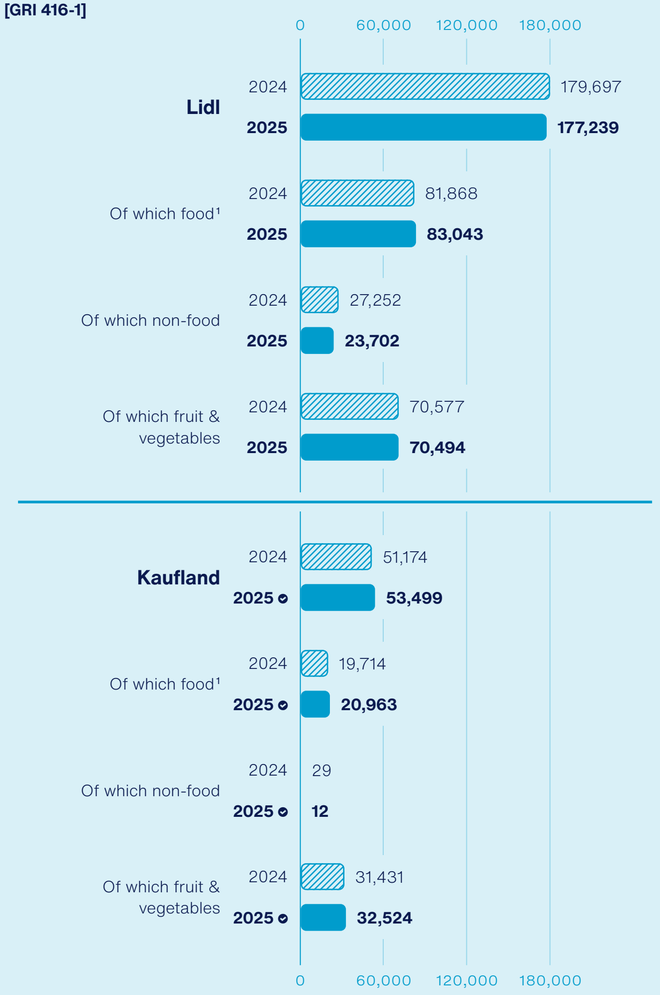
As manufacturers for the retail divisions Lidl and Kaufland, the production plants of Schwarz Produktion and the Kaufland meat processing plants have a direct impact on the product quality of private labels. The raw materials used and production conditions are subject to the highest requirements, like 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. In textiles, the retail divisions rely on certifications such as OEKO-TEX® STANDARD 100 and the Global Organic Textile Standard (GOTS). These help meet requirements for managing potentially hazardous substances – for example, by testing products for harmful substances and through specifications for chemical use along the production chain.

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

Number of Product Analyses Conducted in the Private-Label Assortment

[GRI 416-1]



A Focus on Ingredients

For private-label products from the companies of Schwarz Group, there are additional opportunities to achieve improvements in product quality by working with relevant partners. A key focus is the composition of ingredients: 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 own-brand 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.

Sustainable Textiles

[GRI 306-2, 414-2 and 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.

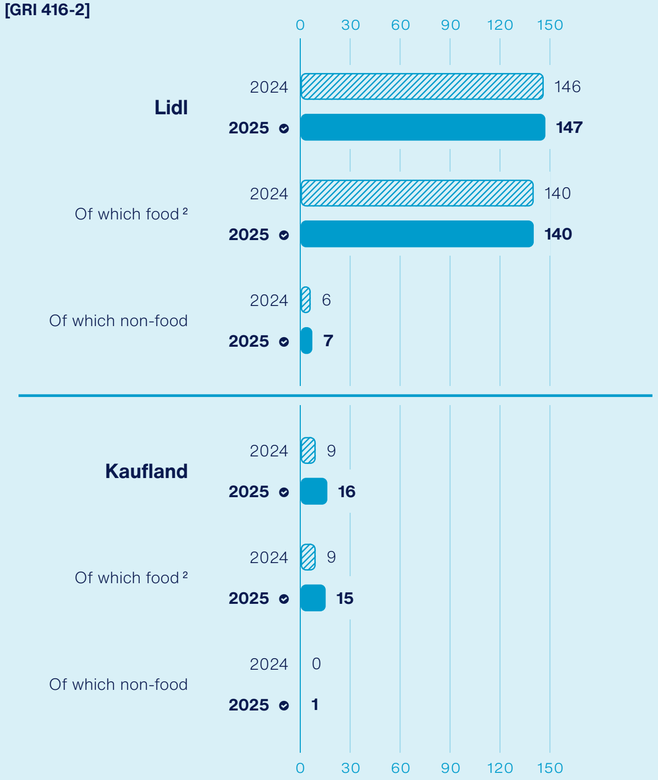
In the Lidl and Kaufland supply chain, companies who are commissioned to produce textiles for promotional goods and the permanent assortment of the retail divisions have to undergo a detailed audit. Textiles are checked for substances hazardous to health, on the basis of various legal specifications and voluntary commitments.

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, accessories and prints are reduced to a minimum, and all items fulfill the OEKO-TEX® STANDARD 100 as a minimum. When procuring employee clothing of store employees at Lidl and Kaufland, the divisions take relevant certifications into account, including GOTS for organic cotton and GRS and RCS for polyester.

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.

Number of Recalled Private-label Items[1]

[GRI 416-2]



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 | 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) that were designated for sale to customers during the fiscal year. This concerns in-store trade excluding promotional 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 nearfood 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 14,500 (2024: 14,200) Lidl and Kaufland stores worldwide. Product and food safety are of the utmost importance for this product group. The Lidl Pesticide Reduction Program consists of concrete Lidl specification values for active substance residues in conjunction with strategic active ingredient lists, which contain critical substances that need to be gradually phased out. Kaufland standards go beyond legal requirements by strictly limiting even approved active substances in order to keep pesticide use in cultivation as low as possible (more information can be found in the Biodiversity chapter).

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 is playing an active role on the new Technical Advisory Committee (TAC), as well as in various other technical working groups, to systematically refine GLOBALG.A.P. standards.
- Together with GLOBALG.A.P., the Lake Constance Foundation and other important partners in the fruit and vegetable supply chain, Lidl has developed the BioDiversity add-on (more information can be found in the Biodiversity chapter).
- Certification pursuant to recognized, international water standards for Kaufland fruit and vegetable growers from eleven risk countries: These certifications have been a requirement for suppliers since January 2026.
- Cooperation with and active support for all producers of fruit and vegetables during the implementation of the GLOBALG.A.P. SPRING additional module.

Conscious Nutrition and Plant-Sourced Proteins

Lidl continues to drive forward its commitment to conscious nutrition. Going forward, Lidl's assortment will be aligned even more closely with the science-based Planetary Health Diet, which recommends a predominantly plant-sourced diet.

During the reporting period, Lidl revised its "Conscious Nutrition" strategy and defined binding targets with packages of measures, which are described in detail in its "Conscious Nutrition" purchasing policy. The ultimate goal is to make Lidl the first choice for conscious nutrition. Within this strategic framework, the following targets will serve as key milestones on the path to the future:

- By 2030, Lidl will increase the share of plant-sourced food products[1] sold across all Lidl national companies by 20 percent compared to the 2023 base year. In the 2024 fiscal year, the retail division successfully increased its share of plant-sourced food products sold (fruit and vegetables, plant-sourced proteins and whole grains) by 2.6 percent.
- The Lidl national companies pursue the goal of increasing the share of whole grains in relation to total grains. They also offer a whole-grain alternative in each relevant product group and publish their progress annually.
- Each Lidl national company aims to increase the share of plant-sourced protein[2] in their product ranges versus animal-sourced protein by 2030 and will be transparent about their annual progress on the protein split.

In order to offer an increasingly plant-sourced range of food products within the meaning of the PHD, Lidl started providing transparency regarding the protein split – i. e., the proportion of animal-sourced versus plant-sourced protein in our product range – in the 2023 fiscal year. The Lidl national companies have set themselves corresponding targets and publish their progress on an annual basis. Lidl uses the WWF methodology to carry out this analysis and transparently set out the structure of its product range in line with the PHD. This methodology is based on the PHD, which aims to reach a ratio of 60 percent plant-sourced and 40 percent animal-sourced protein by 2050. Based on the results, Lidl plans to develop its strategy on conscious nutrition further, together with its partners. The methodology is also consistent with Germany's food pyramids and other national recommendations in EU member states.

In addition, Lidl in Germany has set itself the goal of increasing the share of alternative dairy products to 10 percent by 2030. Lidl in Germany has also set itself a goal for whole grains: By 2030, it wants to increase the share of whole-grain products compared to total grains in its product range to 20 percent (base year: 2023). Lidl in Germany 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.

1 | In terms of the PHD: legumes, nuts, seeds, whole grains, and fruit and vegetables; except for potatoes (starchy vegetables)

2 | Among other things, this includes legumes, nuts, seeds and algae, as well as alternative vegan substitutes for meat, egg and fish products.

Since October 2023, Lidl in Germany has adjusted the prices of almost the entire vegan Vemondo range to match comparable animal-sourced products. Surveys show that price is a major barrier to purchasing plant-sourced products. According to the 2025 ProVeg Price Survey, Lidl in Germany offers a plant-sourced shopping basket at a lower price than an animal-sourced one. In seven categories, plant-sourced products are available at a lower price than their animal-sourced counterparts in all Lidl stores. To better guide customers and provide easy access, relevant Vemondo products are placed directly next to their animal-based alternatives in all stores. To this end, the range of vegan convenience products in the frozen food section has been expanded. With the "It's Your Choice" campaign, Lidl is actively promoting plant-sourced alternatives. By the end of 2023, Kaufland had also aligned the prices of its K-Plant Based products[1] with those of comparable animal-sourced products.

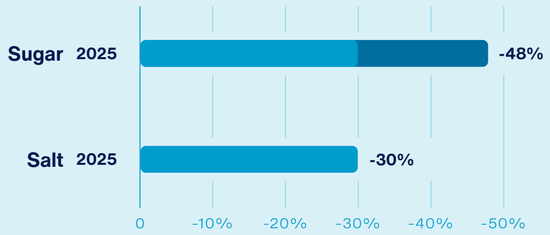
Another focus of the companies of Schwarz Group is increasing the nutritional properties of food. With regard to the private-label products, some examples include reducing sugar and salt and using more sustainable and healthier fats with the highest possible proportion of unsaturated fats. Items whose salt, sugar, or saturated fat content has already been reduced will be continuously reviewed for further reduction possibilities.

For example, Lidl is also looking at how it can improve the fatty acid profiles of its own-brand products by using more vegetable oils when updating recipes. This is part of its overall strategy to improve the nutritional profiles of its private-label products and therefore their Nutri-Scores.

Kaufland is focusing its efforts on reducing sugar, salt and fat in the specific product groups most frequently consumed by children, such as soft drinks or cereals. So far, the sugar, salt and/or fat content in 580 own-brand products has been successfully reduced. Kaufland is working to ensure that its products consistently offer the same high quality and excellent taste without the use of substitutes. For new recipes, attention is paid to keeping the sugar, salt and fat content as low as possible from the outset. Items whose salt, sugar, or saturated fat content has already been reduced will be continuously reviewed for further reduction possibilities. Kaufland is also committed to avoiding additives wherever possible and ensuring an authentic taste.

Targets Achieved: Reduction in Sales-Weighted Average Added Sugar or Salt Content

By 2025, the companies of Schwarz Produktion will reduce the average sugar content per liter of beverages sold by approx. 30 percent and the average salt content per kilogram of baked goods sold by approx. 30 percent (base year: 2015).



1 | As part of an own-brand rebranding at the end of the 2025 fiscal year, the former K-Take It Veggie brand was renamed K-Plant Based.

Raising Awareness of Conscious Nutrition
[GRI 413-1]

The companies of Schwarz Group have jointly 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 targeted at children is a key area of focus. Furthermore, starting in 2026, Lidl has set itself the goal of only selling private-label foods with child-friendly designs on the packaging if they meet WHO criteria for healthy foods and Lidl's own additional criteria. The packaging has been gradually updated over the course of the reporting period. This does not include promotional items for Christmas, Easter or Halloween, as these are special occasions in a child's life and are not reflective of everyday eating habits. As such, Lidl has decided to make an exception for these events. For example, a chocolate Santa or a chocolate Easter bunny are cultural symbols that the retail division does not want children to be deprived of.

It is also important to Kaufland that packaging designs for products – for example, those that are high in sugar – do not deliberately target children. Kaufland has therefore made the following commitment: For all own-brand products that are classified as unhealthy, in accordance with WHO criteria, the retail division refrains from using packaging designs targeted at children. Packaging designs have already been changed for all relevant own-brand products.

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 150 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 Bulgaria launched the #MindfulEating awareness and educational campaign in 2024 in partnership with two specialized NGOs and a medical university. It is based on two national studies on the eating habits of adults and children, the results of which were shared with experts, the media and opinion leaders. The campaign included numerous events, 18 press releases, around 270 media articles and reached over one million readers. Lidl and its partners were represented in five TV programs (2.5 million viewers) and two radio broadcasts. Two interactive live shopping events received over 200,000 views. Lidl aims to promote conscious nutrition through information and education campaigns as well as new, child-friendly learning opportunities such as the educational garden "Lidl Farm" and other measures.

We are also committed to the health of our own employees: For example, at our administrative locations, 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, 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.

Nutri-Score
[GRI 417-1]

> Lidl was among the first retail groups to introduce the Nutri-Score voluntary nutritional label. Since taking this step, Lidl has been gradually extending the label to its private-label portfolio. By doing so, Lidl makes 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. In these countries, the permanently available private-label products will be labeled with the Nutri-Score by 2030 at the latest to ensure transparency and make it easier to make healthier choices.

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 barcodes on the packaging. By scanning a QR code and entering the lot number on the product packaging, customers can access detailed information about the origin of all fish and numerous meat products, as well as some frozen and sausage products from Kaufland private labels in Germany, including details about the manufacturing or processing facility. At Lidl, information is also provided for fish and meat products.

On a large proportion of its packaging for marinated and seasoned meat, Lidl in Germany has introduced a voluntary country of origin label. This is also used for most fish items. As a result, Lidl in Germany 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 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.

Merchandise produced according to ecological and social standards is clearly identified at Lidl and Kaufland with independent certifications and respective product labels. More information can be found in the Certified Products in the Food Industry section.

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. More information about the REset Resources circular economy strategy can be found in the Circular Economy chapter.

Digitalization and Data Sovereignty

At the companies of Schwarz Group, data security is at the center of our actions. Our customers' data is protected by the highest security standards – based on our consistent focus on digital sovereignty. 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 ecosystem of the companies of Schwarz Group, continually developing it further. Moreover, Schwarz Digits creates suitable conditions for developing digital solutions 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 building up key enabling technologies in Germany and Europe – alongside the associated software, hardware and expertise – is in the interests of society as a whole.

Complementing this, Schwarz Digits is investing in high-performance digital infrastructure in Germany with the Lübbenau Data Center. The state-of-the-art facility is scheduled for completion by the end of 2027. The project combines digital transformation, technological sovereignty and regional responsibility. With a total capacity of around 200 megawatts, the site will become a high-performance digital infrastructure hub in Europe. When operating normally, the data center will run entirely on renewable energy and is expected to feed waste heat from its servers back into the municipal district heating network.

→ A Partnership for Digital Sovereignty

In January 2025, the companies of Schwarz Group and Google entered into a long-term strategic partnership. The aim is to support a secure and sovereign digital transformation. STACKIT, the cloud solution by Schwarz Digits, provides local data storage for Google Workspace and offers client-side encryption. Building on this foundation, the cloud-based Workspace by STACKIT solution has been available as part of this partnership since late 2025, particularly for regulated industries in Germany and Europe. Initial customers from the public sector and other industries are already using the solution.

Society
Strategic Approach

Priority Topics

As one of the world's leading retail groups, we view ourselves as an active part of society and assume responsibility beyond our core business. The aim of our commitment is to actively address societal challenges and contribute to the long-term quality of life for current and future generations.

Through targeted initiatives and strong partnerships, our strategic approach seeks to generate measurable value for communities at our locations and beyond. In doing so, we strengthen regional structures and promote fair conditions for the community. We rely on reliability and transparency to build long-term trust with our stakeholders.

Our commitment focuses on the following priority topics where our scale and expertise enable us to make a meaningful contribution to society:

- **Our employees in action:** Our employees are actively involved in various social and environmental projects. As such, they make a direct contribution to strengthening the local communities at our locations while simultaneously developing their own professional and personal skills.
- **Sponsorship and partnerships:** We contribute to the development of society through select sponsorship initiatives and strategic, long-term partnerships.
- **Donations:** We support nonprofit organizations through financial and in-kind donations, including support for disaster relief and humanitarian aid. The focus is on projects that strengthen social cohesion and the quality of life in the regions where we operate.

Schwarz Group is currently developing a group-wide strategic direction for its social commitment. In this way, measures can be more closely bundled, systematized and coordinated with each other. The strategic direction encompasses four fields of action and corresponding strategic targets:

- **Corporate volunteering:** Targeted shifts in perspective help build skills and boost organization resilience. At the same time, we can position ourselves as a values-driven employer.
- **Sponsorship:** We build trust among stakeholders by consolidating and focusing our efforts around social commitment. As such, our activities are consistently aligned with our core topics and target audience.
- **Donations:** We strengthen our regional roots with our employer branding and location-specific marketing. In terms of social impact, we offer support – for example, during environmental disasters – that is tailored to our specific business models and CR strategy.
- **Support for voluntary work:** By purposefully building skills that are relevant to our ecosystem, we are positioning ourselves as a strategic partner when it comes to addressing society's challenges.

Impacts

Food has a direct impact on our customers' health. Conscious consumer behaviors in terms of sustainable food support an environmentally friendly diet, which is an approach we encourage through transparent production communications and targeted educational initiatives. Our social commitments and collaborations with nonprofit organizations, including local food banks, strengthen local social structures and help prevent valuable resources being wasted. Through strategic partnerships and sports sponsorships, we also encourage people to adopt active lifestyles, leading to positive effects on the well-being of the general public. Through this combination of nutrition education, active local involvement and reliable support, we achieve a holistic, tangible impact for a healthy and cohesive society.

Principles, Policies and Obligations

When it comes to their social responsibility, the companies of Schwarz Group are guided by the latest scientific findings, such as the Planetary Health Diet, in order to actively promote healthy and sustainable diets. With the help of clear purchasing policies and WHO criteria on marketing targeted at children, we are committed to transparent product communications and developing our product ranges responsibly. Our commitments to society are based around long-term collaborations with partners, such as WWF, and local organizations, which allow us to systematically address environmental and social challenges beyond our own value chain. In terms of donations and sponsorships, we adopt a holistic approach that ranges from sports partnerships designed to promote healthy lifestyles to ongoing support for local food banks.

Society

Management Approach

Organization and Responsibility

Cross-divisional collaboration within Corporate Affairs consolidates key social fields of action, including sponsorship, donations and support for voluntary work, into a joint, holistic corporate citizenship strategy. This ensures, in particular, the coordinated and efficient handling of regional inquiries.

Collaborations and projects with a focus on society are managed at national and international level within the respective CR/CSR departments in our various divisions. Our operational departments launch and run these projects in coordination with the relevant CR department. For cross-divisional initiatives, major donations and sponsorships, Schwarz Corporate Affairs GmbH & Co. KG acts as a service provider, handling the technical review and overall coordination.

Stakeholder Involvement

For the companies of Schwarz Group, a continuous and trust-based exchange with stakeholders forms the basis of their social commitment. We actively engage with relevant stakeholder groups – including employees, customers, nongovernmental organizations, as well as the worlds of politics and science – to identify expectations from an early stage and develop solutions collaboratively. To do so, we use various formats, including employee surveys, regular reporting and dialog-focused events, such as "Lidl im Dialog" (Lidl in Dialog) and "Schwarz Impulse". The findings determine how our social commitment activities are developed further.

We also work with strategically selected partners who share our values and complement our efforts with their own expertise and content. This close collaboration means we can introduce initiatives in a more targeted manner and strengthen their long-term impacts – including at the regional level.

Initiatives and Projects

Our Employees in Action

To maintain a consistent and credible public image, social initiatives from the companies of Schwarz Group are first communicated and introduced internally to ensure our employees are fully committed. A key success factor is close collaboration across departments and divisions, allowing for the targeted use of synergies within the group. Through skills-based volunteering, we encourage targeted knowledge and experience sharing between the business world and society, combining social commitment with skill development.

In the reporting year, the companies of Schwarz Group carried out a cleanup campaign across all companies in the Heilbronn, Neckarsulm and Bad Wimpfen areas for the sixth time. Around 550 employees from different units took part and collected a total of 2.3 tons of litter. With the help of PreZero employees, the waste was professionally sorted, recycled and disposed of at a dedicated recycling point. The event also led to a donation of EUR 5,500 to the Stiftung Große Hilfe für kleine Helden (Great Help for Little Heroes), which supports children and their families who are having a tough time in life.

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 2025. 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.

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

The companies of Schwarz Group also support employees' social commitment: For example, Schwarz Corporate Solutions and Kaufland employees have the chance to get involved in blood donation campaigns in Germany, Poland, Romania, Slovakia, Czechia and Croatia. Expansion to other countries is being planned. This offer is also available to

SCHWARZ PRODUKTION

→ Schwarz Produktion: "Aktiv für die Umwelt" (Active for the environment)

As part of the "Aktiv für die Umwelt" (Active for the environment) initiative, Schwarz Produktion employees take part in two regular activities: plogging and a tree-planting campaign. Both formats were first introduced in 2024, continued in 2025 and are definitely on the agenda for future years. The plogging campaign combines outdoor exercise with commitment for the environment. Litter is collected while walking or jogging and afterwards sorted according to a recycling concept. Another way to get involved is the annual fitness challenge, where participants track their exercise sessions – such as jogging, cycling or yoga – via an app, which are then converted into trees and planted as part of the tree-planting campaign. In 2024, employees planted around 2,200 saplings in Weißenfels, followed by around 3,050 in Langerwehe in 2025 – a total of more than 5,250 saplings over two years.

employees of Lidl Stiftung & Co. KG and Lidl in Germany. In addition, employees of Schwarz Corporate Solutions, Lidl Stiftung & Co. KG and Kaufland 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 and Portugal. Employees here may donate a part of their salary to social organizations by choosing to round down their monthly pay. In the course of this, they also put organizations to the vote themselves. In Spain, over 220 suggestions were submitted in 2025 as part of the fourth round of the program. The ten organizations nominated by the employees with the most votes received the amount donated, which PreZero Spain then doubled. In Portugal, a total of eight projects were suggested in 2025. The two organizations and projects most favored by employees received the full amount donated, which was then more than doubled by PreZero Portugal.

Sponsorship and Partnerships

Through targeted sponsorships and selected partnerships, we are building a bridge between the companies and society.

> In 2025 and in previous years, the companies of Schwarz Group entered into several strategic partnerships focusing on resource conservation, cybersecurity and conscious nutrition. This involves a holistic approach – moving away from pure sponsorships toward long-term sports partnerships.

Together with the municipal administration of Murcia, PreZero has launched the pilot campaign "Un Solo Día" (Just one day), with the aim of making bulky waste disposal more efficient and environmentally friendly. The initiative began in seven districts (pedanías) within the municipality and, following its enormous success, was expanded to a total of eleven districts, reaching more than 70,000 residents. On the first day alone, over 16,000 kg of household items and furniture were collected and taken to the Cañada Hermosa recycling center for reuse and recovery.

The strategic partnership established between PreZero and DFL Deutsche Fußball Liga in 2025 aims to strengthen the further development of the Bundesliga and Bundesliga 2 in the areas of sustainability and the circular economy. As a circular economy company, PreZero contributes its expertise to the implementation of concrete measures for the clubs, including reducing avoidable waste, conserving natural resources such as water, and increasing recycling rates.

→ Kaufland: 150 campaign days on nutrition

In the 2025 fiscal year, Kaufland in Germany hosted 150 campaign days on nutrition nationwide at schools and at "Spielfreunde" (Teammates) partner clubs. Starting in 2026, Kaufland's nutrition education initiative is being elevated to a new level through a partnership with the Philipp Lahm Stiftung. The communication launch of the partnership took place at the "Grüne Woche" in January 2026. The first joint steps were already implemented during the summer camp of the Philipp Lahm Stiftung in August 2025: Kaufland was involved as a nutrition partner for the first time, contributed to the joint development of content for the nutrition workshops and provided the food for the cooking classes.

In early 2026, PreZero also entered into a strategic partnership with FC Porto. The aim is to guide the club toward becoming the first in Portugal to achieve DIN SPEC 91436 ("Road to Zero Waste") certification. The collaboration focuses on introducing circular economy principles and establishing an effective waste management system, in accordance with the DIN SPEC 91436 international standard. PreZero is supporting FC Porto by providing consultancy services and technical expertise to ensure any waste generated can be fully recovered and to avoid sending waste to landfill.

In addition, the partnership between PreZero, Schwarz Digits and VfB Stuttgart established in 2024 has been expanded. Schwarz Digits has been one of the club's premium partners since 2025, while PreZero supports waste management at the club's grounds on the "Road to Zero Waste" as their official circular economy partner.

Established in 2016, the partnership between Lidl in Germany and Deutscher Handballbund has been extended until 2030. As an official premium and fresh food partner, Lidl continues to support the women's and men's national teams with fresh food and works alongside the handball association to encourage physical activity and balanced nutrition in both competitive and grassroots sports. The cooperation benefits from the expertise that PreZero delivers in the area of the circular economy, and Schwarz Digits promotes the league's cybersecurity.

With the "KOPF AN!?" (Use your head!?) media literacy initiative, Schwarz Digits is also committed to promoting the conscious, safe and responsible use of digital media among children and young people. In collaboration with the VfB Stuttgart learning academy, this content is also conveyed via specialist educational formats at the MHP Arena. The aim is to empower and encourage especially young girls and ambitious young women on their path toward digital strength and a confident presence.

In the reporting year, PreZero and Schwarz Digits also expanded the partnership between the companies of Schwarz Group and FC Bayern München, which has been in place since 2023. As new platinum partners, both divisions now also support FC Bayern Basketball. Schwarz Digits therefore ensures that the club remains digital sovereign with the STACKIT sovereign cloud and the cybersecurity solutions by XM Cyber. PreZero supports the club in realizing its "Road to Zero Waste" vision. The aim of this close collaboration is to improve recycling rates, gradually close recycling loops and minimize non-recyclable waste. In addition, PreZero and XM Cyber supported La Liga club RCD Mallorca during the reporting year in becoming the first Spanish club to implement the "Road to Zero Waste" and achieve the corresponding certification. Furthermore, both companies are pursuing the goal of strengthening the club's IT security.

The partnership with the Bundesliga soccer team TSG 1899 Hoffenheim has been in existence since 2019. The cooperation goes far beyond the sponsorship of the stadium and renaming it the "PreZero Arena": As the official sustainability partner, PreZero supported the club in making its stadium the first Bundesliga soccer stadium to achieve DIN SPEC 91436/"Road to Zero Waste" certification. 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 Hoffenheim club headquarters also reached the Silver certification level. The PreZero Arena Gliwice is the first facility in Poland to see its operator achieve silver-level Zero Waste certification in accordance with DIN 91436 Standard. PreZero Poland worked as a consultant throughout all phases of the project. The first monitoring audit confirmed the previous year's results: silver status with a recycling rate of 92.5 percent for waste generated by the stadium operator. Both industrial and municipal waste – in particular packaging, paper/cardboard and glass – are collected separately and taken away to be recycled.

The companies of Schwarz Group entered into a long-term strategic partnership with the Deutscher Skiverband in 2025. The partnership will initially run until 2029 and covers all alpine and Nordic disciplines, as well as the biathlon. The goal of the collaboration is to holistically support elite sports in Germany and create a sustainable impact beyond traditional sponsorships. While Kaufland – as a premium partner – will focus on sustainable nutrition and supporting athletes, Schwarz Digits – as a partner of the Alpine national teams – will bring all its expertise to the table to strengthen their digital sovereignty. Schwarz Digits and soccer coach Julian Nagelsmann have also began a partnership, which is designed to raise public awareness of digital sovereignty.

Lidl has further expanded its commitment to soccer as an official partner of UEFA Take Care Nutrition and an Official UEFA Grassroots Partner, working alongside UEFA to promote conscious nutrition and active lifestyles in schools and clubs. Through programs like Football in Schools, Lidl will reach children and young people directly in their local communities. Practical materials are also in development to firmly embed content in grassroots sports for the long term. As an official partner of the UEFA Women's EURO 2025TM, Lidl sent a strong message in terms of its commitment to social responsibility and lived values, and introduced its own Awareness Team at the stadiums. 57 dedicated employees from Lidl in Germany, Lidl Switzerland and Lidl Stiftung & Co. KG formed a network to support visitors around the stadium, including dealing with issues like harassment and discrimination. Location-based QR codes, a direct presence and designated "safer spaces" meant we were able to provide quick and professional support. Intensive trainings prepared the team for the task ahead of them and helped turn the initiative into a gold standard for respectful and inclusive stadium experiences. The project was designed around fairness, diversity and respect, and had a tangible impact beyond the event itself. Our employees were clearly in favor of the scheme, with a comprehensive survey of all participants in the Awareness Team revealing a very positive rating.

Lidl is also continuing to support professional cycling. The acquisition of the majority stake in the UCI WorldTeam Lidl-Trek in October 2025, which Lidl has been supporting since 2023, also underscores its long-term commitment to top-class sport and actively promotes a healthy and sustainable lifestyle. Through the targeted promotion of young talent and investments in its own performance area, Lidl makes a significant contribution to the development of athletic performance, underpinned by a common culture and established values.

Donations

Based on the new jointly agreed strategic direction for social commitment, donation activities will be more strongly consolidated and aligned in the future. The focus is on humanitarian aid, encouraging a sense of regional belonging, as well as providing support during environmental and natural disasters. Furthermore, there are plans to provide targeted support to essential partners and organizations.

As part of the store donation program of Kaufland in Germany, "Jeder Cent zählt! Für deine Region." (Every cent counts! For your region.), customers in each of the more than 790 stores can round up to the next 10 cents at checkout and donate their bottle deposit receipts to support a social organization in their region. The stores independently choose who receives the money. Kaufland in Germany also regularly supports the organizations with its own donations via additional campaigns. Since 2020, Kaufland in Germany customers have already donated over seven million euros. More than 642 regional organizations have received a share of the proceeds.

Lidl in Germany donates a million euros to food banks in Germany each year from the sale of its "rescue bags". Since the introduction of the "rescue bags", over 110,000 tons of fruit and vegetables have been rescued, with over three million euros donated to the Tafel food banks. The money donated is used to fund important projects at the food banks, including digitalization, expanding storage and transport capacities and encouraging people to volunteer, including efforts to recruit new volunteers. More information about the "rescue bags" and the collaboration with the Tafel food banks can be found in the Stop Food Waste and Collaboration with Nonprofit Organizations sections.

Donation Volumes

[GRI 201-1]

	Unit	FY	Total
Companies of Schwarz Group	EUR	2025	**21,438,560**

Governance

We create added value systematically and with conviction

Values

The jointly defined values held by the companies of Schwarz Group form the basis of our daily work. 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 keep growing.

Grounded

We dream big while staying down-to-earth.

Being grounded is one of the pillars for our success and stability. It 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.

Belonging means cohesion and loyalty. We would like everyone to feel part of our community. Because we are stronger together than we are alone. We focus on strong, long-term relationships, both internally and externally. Because we know that we can only be successful together.

Corporate Responsibility Management

Materiality Analysis

[GRI 3-1]

In our materiality consideration, we regularly take a holistic look at the sustainability-related opportunities, risks and impacts that arise from the business activities of the companies of Schwarz Group. Based on this analysis, 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 then matched to the 31 topics. Various subject matter experts within the company were then identified and asked to assess the materiality. Together with their teams, they evaluated the materiality of the individual impacts, opportunities and risks associated with each topic. The subject matter experts 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 impacts, opportunities and risks, the companies considered the entire value chain in preparation for the upcoming 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.

Fristly, the impacts were divided into actual impacts and potential impacts. Impacts can be positive or negative. Those classified as actual impacts carry more weight than those classified as potential impacts. Every negative impact was then assessed based on three dimensions: scale, scope 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, government offices
- residents, municipalities, neighborhoods
- NGOs, civil society and initiatives
- press, media
- workers in the value chain
- academia
- nature

Corporate Responsibility Management

Material Topics

[GRI 3-2]

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

Environment

Material topics:

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

Voluntarily reported topics:

- Using and protecting 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
- Consumers and end users: Safety

Voluntarily reported topics:

- Value chain: Working conditions

Governance

Voluntarily reported topics:

- Compliance

Corporate Responsibility Management

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 of Schwarz Group work together closely to coordinate their sustainability activities. They also align their actions with their individual business models and operating environments.

Responsibility for sustainability lies with the management of the respective company of Schwarz Group. The Corporate Responsibility (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. Acting by mandate, 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 responsible heads of CR/CSR working in the departments of each company and national company. They act as coordinators for CR matters within their own business units and manage implementation.

[GRI 2-15]

The Schwarz Corporate Affairs GmbH & Co. KG CR department provides strategic impetus for the sustainability agenda of the companies of Schwarz Group. In this context, our updated sustainability strategy serves as a common framework, which has been aligned with CR managers in each individual company.

An essential element of this collaboration is the continuous exchange on specialist topics within the corporate group. Content development takes place within defined project structures, where experts work together to develop framework conditions. Regular discussions also take place between the Schwarz Corporate Affairs GmbH & Co. KG CR department and the other companies. These close relationships help to fully leverage potential synergies and ensure that global topics are efficiently integrated into operational processes.

Corporate Responsibility Management

Involvement of Top Management

[GRI 2-14]

Via the heads of Corporate Affairs, the heads of CR/CSR maintain a close connection to the management or the CEO of their respective companies. These close structures keep reporting lines short and mean knowledge can be shared quickly. Strategic milestones, such as the results of the materiality analysis, are validated and approved by each company's top management. To ensure overall transparency, heads of CA and heads of CR/CSR (as well as top management across the companies of Schwarz Group) are regularly kept up to date about the latest developments in CR.

To define and achieve the jointly developed, group-wide goals, cross-company project 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

IT-based Sustainability Management

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. In the companies of Schwarz Group, the respective processes are defined through an IT-based business process management system. Modeling takes place using select software solutions that ensure the end-to-end documentation, design and publication of processes.

The companies of Schwarz Group use a jointly-selected software module to further improve the transparency and management of their sustainability activities. The solution operates on a joint platform as part of a strategic partnership.

Beyond simply documenting CR measures, the solution allows users to track targets and key performance indicators. This involves collecting and consolidating data from all companies, countries and departments. This comprehensive pool of data facilitates the management of joint target attainment alongside internal and external reporting. Additionally, it fosters the exchange of best practices.

Following the successful technical implementation and initial pilot applications during the reporting period, a gradual business roll out is set to take place in the following fiscal year. The collectively agreed data-based sustainability management will be significantly strengthened as a result.

In addition, we, as the companies of Schwarz Group, are continuing to develop the sustainability key performance indicators together. Data collection is coordinated based on a collectively defined 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 thorough quality assurance for the more than 1,500 sustainability-related key performance indicators.

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. Identifying CR-specific aspects provides the necessary foundation for a comprehensive analysis.

Since 2022, the companies of Schwarz Group have been jointly completing annual ESG rating assessments in partnership with Sustainalytics. This involves an independent assessment of all potential sustainability risks and the corresponding risk management. In May 2025, the companies of Schwarz Group achieved a score of 21.5 in the food retail category. With this result, we were able to confirm our position with a solid rating and underline our ongoing commitment to environmental, social and governance issues. Due to changes to Sustainalytics' business model, we used the past fiscal year to explore the market. We were able to thoroughly assess various other providers and carry out a pilot process. This ensures that we will maintain a well-founded external rating from the 2026 financial year onward, keeping our ESG progress transparent and measurable.

Stakeholder Management
Dialog Formats at a Glance

Stakeholders of the Companies 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.

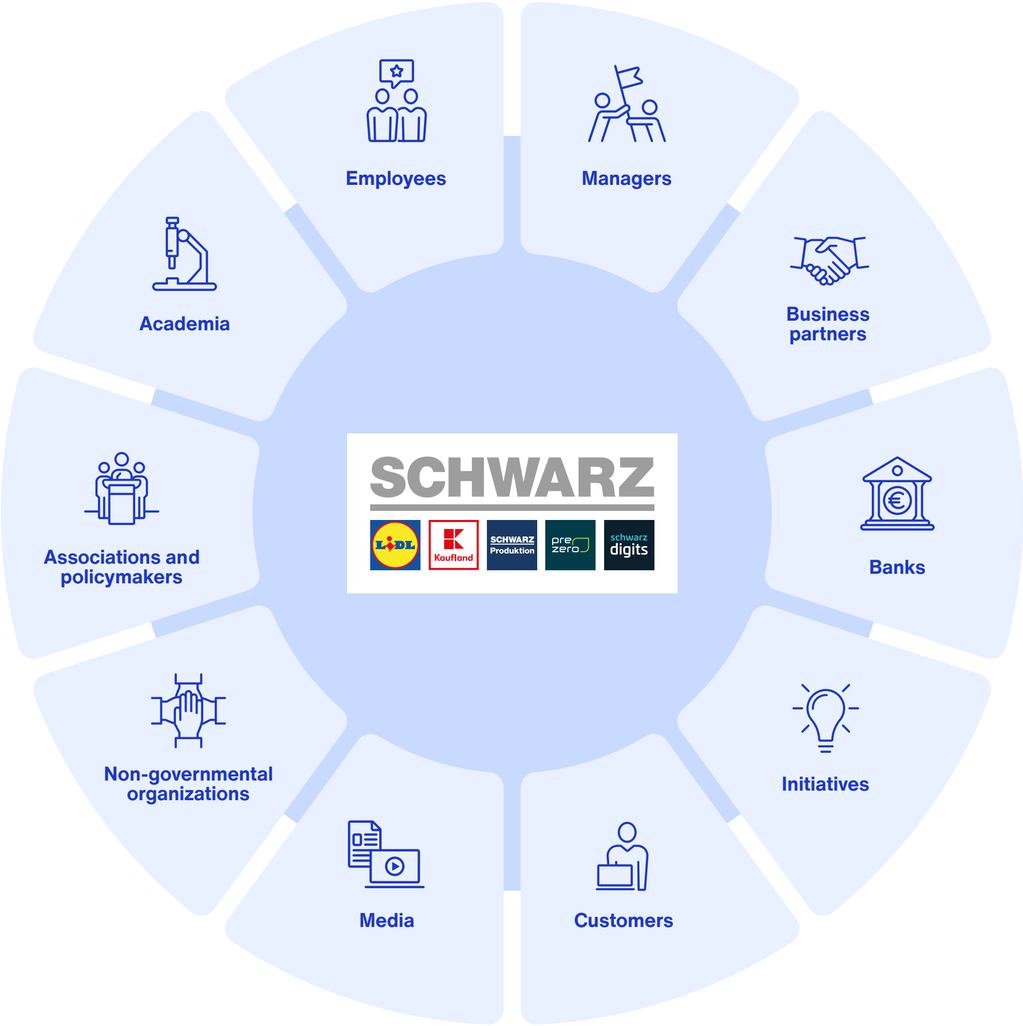
Involvement of Relevant Stakeholders
[GRI 2-29]

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 relevant stakeholders, 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 develop our business successfully and sustainably – and it ensures that information is shared and our actions are transparent.

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 out to customers and employees through customer brochures, social media and company intranet portals. Additionally, we actively use online surveys – for example, following seminars and training sessions – as a channel for feedback and exchange with employees. The companies of Schwarz Group enable and promote comprehensive dialog through series of events and personal talks with external stakeholders. 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.



Stakeholder Events

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

We engage in dialog with our stakeholders via our own formats as well as by taking part in external events. The following overview presents a selection of the dialog formats utilized during the reporting period:

- In September 2025, the companies of Schwarz Group invited representatives from the worlds of business, research, the public sector and politics to the first Schwarz Ecosystem Summit in Berlin. The event focused on three megatrends: healthy living, sustainable business activity and digital sovereignty.
- How can a scientifically sound, healthy and sustainable diet be implemented in practice? This question was the focus of an event organized by Lidl in Germany, which took place in Berlin in November 2025. Under the motto "The Future on Your Plate – The Planetary Health Diet in Practice: From Model to Reality", ideas from the worlds of science, politics and business were shared.
- In January 2026, Lidl in Germany took part in the "Grüne Woche" trade fair alongside Bioland e. V., demonstrating its commitment to sustainable agriculture.
- For the third year in a row, Kaufland in Germany showcased its commitment to sustainability at "Grüne Woche" in Berlin, with its own dedicated stand in the farm experience zone and a place in the Bioland exhibition booth in the organic hall. For more information, see the Consumers – Stakeholder Engagement section.
- During the reporting period, Kaufland hosted a climate roundtable where business partners were informed about the "Together for more climate protection" initiative and provided with supporting materials and best-practice examples.
- In 2025, PreZero used numerous stakeholder dialogs to highlight the importance of the circular economy for resource and energy sovereignty. Another key focus was developing a methodology to quantify emissions that have been successfully avoided thanks to the circular economy. Representatives from associations, academia and civil society were included. PreZero presented some initial findings at PRECOP in Kattowitz, Poland, before discussing them at the German Sustainability Award congress in Düsseldorf.
- At the One Circularity Forum in Leipzig, together with DFL Deutsche Fußball Liga GmbH, PreZero was able to demonstrate how the circular economy is a strategic driver of sustainability in professional soccer. The event featured expert insights, practical examples from stadium operations and cross-industry networking.
- PreZero and Lidl presented their shared vision as "partners for impact" at UEFA headquarters in Nyon, highlighting the collaboration between the companies Schwarz Group.
- As a partner of the German Sustainability Award and its associated conference, the German Sustainability Day, PreZero has developed the "Circular Transformation Talk." In December 2025, Prof. Kathrin Greiff (RWTH Aachen) analyzed the short study produced by PreZero and the ifeu Institute on the methodological assessment of avoided emissions. Alongside representatives of PreZero and Cradle to Cradle, discussions then focused on the necessary regulatory frameworks and specific management tools required to successfully implement an "avoided emissions" metric in the circular economy.
- As part of the SCHWARZ Brotzeit dialog series organized by the representative office of Schwarz Corporate Affairs GmbH & Co. KG in Berlin, politicians with subject matter expertise were invited to a discussion in the capital. In September 2025, 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, participants were given an outlook on the remaining political topics for 2025 as well as the relevant actions and targets of the companies of Schwarz Group.
- In October 2025, the Public Affairs department at Schwarz Corporate Affairs International GmbH & Co. KG organized the "Schwarz Impulse" event on the topic of digital sovereignty 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. A separate event was also organized for staffers of German-speaking EU lawmakers.

Employee Surveys

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

The companies of Schwarz Group regularly carry out jointly-developed employee surveys to systematically gauge the opinions of their employees. The 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. 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 transparent partner to state and politicians. They 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 can be seen, for example, in areas like healthy nutrition and packaging. 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 German Lobbying Register Act (Lobbyregistergesetz). On account of its representative office in Brussels, Schwarz Corporate Affairs GmbH & Co. KG is also registered on the European Union's Transparency register and is subject to the corresponding Code of Conduct.

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 each of the divisions to incorporate their specific focus areas. The 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:

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

The Public Affairs department 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 relevant companies of Schwarz Group across the respective target markets. The involvement of the companies of Schwarz Group in preparing to implement the PPWR in the countries, as well as their participation in developing the PPWR's secondary legislation, was a key focus.

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

[GRI 2-28]

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 all forms of corruption and are committed to environmental and climate protection. As part of the annual "Communication on Progress" process, 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 held by companies of Schwarz Group is set out below in alphabetical order. Their respective sustainability reports also offer an insight into other memberships on 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)
- Bundesverband des Deutschen Lebensmittelhandels (BVLH; Federal Association of German Food Retailers)
- 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)
- German Retail Federation (HDE)
- Circular Economy Initiative of the Federation of German Industries (BDI)
- Food Federation Germany
- Science Based Targets initiative (SBTi) (see also the Environment chapter)
- We Mean Business Coalition
- SPD Economic Forum
- CDU Economic Forum
- Wirtschaftsvereinigung der Grünen e. V. (Green Party Trade Association)
- We Mean Business Coalition
- Wirtschaftsforum der SPD e. V.
- Wirtschaftsrat der CDU e. V.
- Wirtschaftsvereinigung der Grünen e. V.

Stakeholder Management

Cooperations

[GRI 2-28 and 2-29]

Lidl has been working with the WWF since 2024 as part of a long-term international partnership. The focus of this collaboration has been on cooperation along the value chain to tackle the main global ecological challenges. Priority topics are climate protection as well as the protection of biodiversity and natural resources such as fresh water. The motto of the partnership is therefore: Together for a more sustainable choice. The aim is to join forces to ensure responsible sourcing of raw materials, tackle food waste and address the global environmental challenges of our time, such as climate change and biodiversity loss, beyond our own value chain. Drawing on WWF's expertise as a partner, Lidl is further developing its sustainability strategy. Going forward, Lidl's assortment will be aligned even more closely with the science-based Planetary Health Diet, which recommends a predominantly plant-sourced diet.

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 incorporating their commitment to German agriculture in the long term.

As one of the companies of Schwarz Group, PreZero is also a member of the initiative "Holy-Grail 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 start-ups with companies. As part of this network, PreZero develops innovative circular solutions together with its 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 start-ups in a variety of different ways.

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 January 2025, the companies of Schwarz Group and Google entered into a strategic partnership (further information can be found in the Digitalization and Data Sovereignty section).

Company portal and CoP report

WE SUPPORT UN GLOBAL COMPACT

Compliance
Corporate Governance

Key Corporate Principle
[GRI 2-23 and 2-24]

For all companies of Schwarz Group, economic success and responsible corporate governance are inextricably linked to each other. The compliance management systems established in the companies, which ensure conduct with integrity, are a key part of this. The wide-ranging training programs rolled out help to systematically raise awareness among employees about good conduct and applicable policies.

The companies of Schwarz Group endeavor to embody integrity. Their actions and the actions 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 the 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 therefore expressly commit to complying with this corporate principle and ensuring its implementation.

Respecting Human Rights and Environmental Standards

Whether as customers, employees or business partners, people are at the center 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 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.

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 incorporate binding rules. These systems define specific requirements and elements to ensure an appropriate level of compliance is maintained. The key aim of CMS is to avoid any violations of applicable law or internal guidelines and to resolutely pursue and prosecute whenever violations are identified (zero-tolerance principle). In terms of the content covered by the CMS, 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, tax and accounting compliance have also been established as focus areas. This ensures that the companies of Schwarz Group adhere to their tax, commercial as well as other financial and regulatory 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 gifts), 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 company. The departments responsible for compliance regularly review the suitability and effectiveness of the systems and assess their potential for improvements.

The Compliance working group of the companies of Schwarz Group provides a platform for regular discussions on all compliance matters 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 among 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 people encounter at work and the correct and appropriate conduct 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 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 their respective whistleblower systems. Tips concerning potential compliance violations can be reported if a violation has been committed, or is about to be committed, by a division or division employee in the course of their work, or by a third party in connection with the business activities of one 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, compliance email addresses, compliance hotlines for internal inquiries, online reporting systems and external ombudspersons.

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 Protection

The protection and security of the data of customers, business partners, and employees is a top priority. Digitalization and connectivity facilitate more efficient processes and planning that helps conserve resources. 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 protection requirements. This is an ongoing process.

Data protection forms part of the CMS at the companies of Schwarz Group and is covered by the respective measures defined 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 a personal data breach, the breach is analyzed and corrective actions are taken. Any reporting obligations with respect to supervisory authorities and/or notification obligations with respect to data subjects are fulfilled.

Business Partner Code of Conduct

Tax

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

The companies of Schwarz Group observe all applicable tax laws, policies and regulations around the world. All companies of Schwarz Group have committed to do so in their jointly adopted tax principles.

As such, we engage in legal and economically justified tax planning. We are opposed to aggressive tax practices based on artificial structures employed solely for tax-saving purposes. The same applies to transactions that lack economic substance and 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 governments and are thus a prerequisite for any 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. By mandate, 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. They also conduct training sessions if necessary.

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

GRI-Index

Declaration of Use	Schwarz Corporate Affairs GmbH & Co. KG is reporting in accordance with GRI Standards for the period from March 1, 2025, to February 28, 2026.
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 index has been presented in a manner that complies with reporting requirements, in accordance with 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.

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2-7: Employees	5, 70, 71, 103	Information not available/incomplete: We report employee data without a breakdown of non-guaranteed working hours.
2-8: Workers who are not salaried		Information not available/incomplete: The data for this disclosure is only partially available to the companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.

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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.

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403-8: Workers covered by an occupational health and safety management system		Information not available/incomplete: The data for this disclosure is only partially available to the 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 for this disclosure is only partially available to the 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 for this disclosure is only partially available to the companies of Schwarz Group. A consolidated collection and quality assurance for future reporting will be checked.

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GRI 404: Training and Development 2016		
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404-3: Percentage of employees receiving regular performance and career development reviews	69	
GRI 405: Diversity and Equal Opportunity 2016		
405-1: Diversity of governance bodies and employees	79, 80, 81	
405-2: Ratio of basic salary and remuneration of women to men	79	
GRI 406: Nondiscrimination 2016		
406-1: Incidents of discrimination and corrective actions taken	69	
Value Chain: Equal treatment and equal opportunities		
GRI 3: Material Topics 2021		
3-3: Management of material topics	84, 85	
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	65, 85	

GRI Standards Material Topics	Page(s)	Omissions/Notes
Value Chain: other work-related rights		
GRI 3: Material Topics 2021		
3-3: Management of material topics	84, 85	
GRI 414: Soziale Bewertung der Lieferanten 2016		
414-1: New suppliers that were screened using social criteria		Information not available/incomplete: The data for this disclosure is only partially available to the companies of Schwarz Group. A consolidated collection and quality assurance for future reporting of the indicator will be checked, particularly for own-brand suppliers.
414-2: Negative social impacts in the supply chain and actions taken	56, 85, 86, 87, 88, 94	
Consumers and end users: safety		
GRI 3: Material Topics 2021		
3-3: Management of material topics	92, 93	
GRI 204: Procurement Practices 2016		
204-1: Proportion of spending on local suppliers	60	
GRI 416: Customer Health and Safety 2016		
416-1: Assessment of the health and safety impacts of product and service categories	92, 93	
416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	92, 93, 94	Information not available/incomplete: For reasons of relevance, we report the number of recalled sales items as part of a public product/merchandise recall for own-brand products and not violations of regulations and/or voluntary codes relating to the health and safety impacts of products and services.
GRI 417: Marketing and Labeling 2016		
417-1: Requirements for product and service information and labeling	57, 93, 94, 97	

GRI Standards Additional reported topics	Page(s)	Omissions/Notes
Economic performance and impacts		
GRI 201: Economic Performance 2016		
201-1: Direct economic value generated and distributed	10, 103	
GRI 203: Indirect Economic Impacts 2016		
203-1: Infrastructure investments and services supported	10	
Using and protecting water resources		
GRI 3: Material Topics 2021		
3-3: Management of material topics	54, 55	
GRI 303: Water and Effluents 2018		
303-1: Interactions with water as a shared resource (management approach)	61	
303-2: Management of water discharge-related impacts (management approach)	61	
303-3: Water withdrawal	61	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 for this disclosure is only partially available to the companies of Schwarz Group. A consolidated collection and quality assurance for future reporting of the indicator will be checked, particularly for own-brand suppliers.
308-2: Negative environmental impacts in the supply chain and actions taken	56	
Value Chain: Working Conditions		
GRI 3: Material Topics 2021		
3-3: Management of material topics	86, 87	
GRI 413: Local Communities 2016		
413-1: Operations with local community engagement, impact assessments and development programs	23, 97	

GRI Standards Additional reported topics	Page(s)	Omissions/Notes
Compliance		
GRI 3: Material Topics 2021		
3-3: Management of material topics	115, 116	
GRI 205: Anti-Corruption 2016		
205-1: Operations assessed for risks related to corruption		Restrictions due to a duty of confidentiality: Compliance management systems are regularly checked by the Audit Department. For confidentiality and competitive reasons, no other information is published.
205-2: Communication and training about anti-corruption policies and procedures	115	
GRI 207: Taxes 2019		
207-1: Tax concept	116	
207-2: Tax governance, control and risk management	116	
207-3: Stakeholder engagement and management of concerns related to tax	116	
207-4: Country-related reporting		Restrictions due to a duty of confidentiality: The companies of Schwarz Group provide country-by-country reporting (CbCR), which is available to participating tax authorities worldwide, in accordance with the international agreements in place. 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: Political contributions	113	

Independent auditor's report on a limited assurance engagement

To Schwarz Corporate Affairs GmbH & Co. KG

Assurance conclusion

We have conducted a limited assurance engagement on the selected items of sustainability information whose disclosures were identified by a "✔" in the accompanying sustainability report of Schwarz Corporate Affairs GmbH & Co. KG, Neckarsulm, ("Company"), for the period from 1st of March 2025 to 28th of February 2026 ("sustainability information").

Our engagement exclusively refers to the selected items of sustainability information whose disclosures were identified by a "✔" in the sustainability report. Other disclosures made outside this sustainability information were not subject to our assurance engagement.

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the sustainability information of the Company is not prepared, in all material respects, in accordance with the reporting principles of the Global Reporting Initiative (GRI Standards).

Basis for the assurance conclusion

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 International Auditing and Assurance Standards Board (IAASB).

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our responsibilities under ISAE 3000 (Revised) are further described in the section "German public auditor's responsibilities for the assurance engagement on the sustainability information."

We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. Our audit firm has applied the requirements for a system of quality control as set forth in the IDW Quality Management Standard issued by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW): Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)). We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our assurance conclusion.

Responsibilities of the executive directors for the sustainability information

The executive directors are responsible for the preparation of the sustainability information in accordance with the reporting principles of the Global Reporting Initiative (GRI Standards) and for designing, implementing and maintaining such internal control that they have considered necessary to enable the preparation of sustainability information in accordance with these requirements that is free from material misstatement, whether due to fraud (i. e., fraudulent sustainability information) or error.

This responsibility of the executive directors includes selecting and applying appropriate reporting policies for preparing the sustainability information, as well as making assumptions and estimates and ascertaining forward-looking information for individual non-financial disclosures.

German public auditor's responsibilities for assurance engagement on the sustainability information

Our objective is to express a limited assurance conclusion, based on the assurance engagement we have conducted, on whether any matters have come to our attention that cause us to believe that the sustainability information identified by a "✔" has not been prepared, in all material respects, in accordance with the reporting principles of the Global Reporting Initiative (GRI Standards).

As part of a limited assurance engagement in accordance with ISAE 3000 (Revised), we exercise professional judgment and maintain professional skepticism. We also:

- Obtain an understanding of the process used to prepare the sustainability information.
- Identify disclosures where a material misstatement due to fraud or error is likely to arise, design and perform procedures to address these disclosures and obtain limited assurance to support the assurance conclusion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Consider the forward-looking disclosures, including the appropriateness of the underlying assumptions. There is a substantial unavoidable risk that future events will differ materially from the forward-looking disclosures.

Summary of the procedures performed by the German public auditor

A limited assurance engagement involves the performance of procedures to obtain evidence about the sustainability information. The nature, timing and extent of the selected procedures are subject to our professional judgment.

In performing our limited assurance engagement, we:

- Obtained an understanding of the determination of the sustainability information, the structure of the sustainability organization and stakeholder engagement.
- Inquired of the executive directors and relevant employees involved in the preparation of the sustainability information about the preparation process, about the internal controls relating to this process, and about disclosures in the sustainability information.
- Inspected relevant documentation of the systems and processes used to collect, aggregate and validate relevant data in the reporting period.
- Identified and assessed the risk of material misstatement of the sustainability information.
- Performed analytical procedures and made inquiries in relation to selected disclosures in the sustainability information.
- Performed selective testing relating to the collection and reporting of selected disclosures in the sustainability information and obtained evidence.
- Assessed the CO_2 compensation certificates with regard to their existence, but not with regard to their effectiveness
- Assessed the presentation of disclosures in the sustainability information.

Restriction of use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the assurance 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 assurance 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 "General Engagement Terms for Wirtschaftsprüferinnen, Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms]" dated 1 January 2024, which are attached to this report, 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 assurance 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 assurance report to decide whether and in what way this result is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

Stuttgart, 13 July 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Hinderer Wirtschaftsprüfer [German Public Auditor]	Rodriguez Wirtschaftsprüferin [German Public Auditor]

Impressum

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Schwarz Corporate Affairs GmbH & Co. KG is represented by Schwarz Corporate Affairs Management GmbH, with headquarters in Neckarsulm (Germany), District Court of Stuttgart, HRB 769866, which in turn is jointly represented by two managing directors with authorization to represent the company, namely Susanne Marell and Florian Schütze.

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