

SCHWARZ



Implementation Plan Climate Protection

Net-Zero Target

Implementation Plan for the Net-Zero Target of the Companies of Schwarz Group

This implementation plan relates to the jointly established net-zero target of the companies of Schwarz Group and describes the planned measures and activities that will be implemented as part of the jointly developed, holistic climate strategy to achieve said target. Achieving this overall target involves a series of long-term climate targets (see below). To effectively steer these long-term targets, specific interim targets have been established for each. These are our near-term climate targets (see below).

The net-zero target covers all greenhouse gases required by the Greenhouse Gas Protocol (GHGP): carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

References to years refer to fiscal years (March 1 to February 28/29).

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1. Definitions

Scope 1 (direct emissions):

All greenhouse gases emitted from sources owned or controlled by companies of Schwarz Group, for example, from heating, cooling or vehicle fleets.

Scope 2 (indirect emissions from energy):

Greenhouse gases emitted from the generation of purchased electricity, steam, or heat. The companies of Schwarz Group do not produce these themselves but are responsible for them due to their energy consumption.

Scope 3 (all other indirect emissions):

Greenhouse gases from the entire value chain: The manufacture of products sold in Lidl and Kaufland stores, transportation by external service providers, business travel, customer commuting and use of the products sold.

Science Based Targets initiative (SBTi):

The Science Based Targets initiative (SBTi) is a voluntary joint initiative of the Carbon Disclosure Project (CDP), the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature (WWF) that supports companies and financial institutions in setting science-based targets for reducing greenhouse gas emissions. These science-based targets are aligned with the Paris Agreement to limit global warming to 1.5°C and are independently reviewed and validated by the SBTi.

Forest, Land and Agriculture (FLAG):

Greenhouse gas emissions from forestry, land-use change, land management, as well as biogenic CO₂ removals and sequestration. These emissions are included in GHGP category Scope 3.1 of the carbon footprint of the companies of Schwarz Group.

Energy & Industrial Processes (E&I):

Greenhouse gas emissions from the use of fossil fuels, energy consumption, and industrial manufacturing processes. E&I emissions are included in all scopes of the carbon footprint of the companies of Schwarz Group. Scope 3 includes all emissions that are not attributable to FLAG.

Net Zero:

Net zero describes the target of reducing greenhouse gas emissions along 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. (See SBTi Glossary)

Product Carbon Footprint (PCF):

The Product Carbon Footprint (PCF) is the total greenhouse gas emissions footprint along the product life cycle, presented as greenhouse gas emissions per unit of product (e.g., CO₂e per kg of product).

Greenhouse Gas (GHG) Protocol:

The Greenhouse Gas Protocol provides globally standardized frameworks for measuring and managing greenhouse gas (GHG) emissions. They serve to account for emissions from private and public-sector activities, value chains, and mitigation measures.

2. Strategic Framework and Targets

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. To achieve this, the companies of Schwarz Group are pursuing a jointly developed, holistic climate strategy with ambitious milestones. Within their strong ecosystem – from production and retail to recycling and digitalization – the individual companies each make a valuable contribution through their own individual climate measures, which work toward the jointly established net-zero target.

By adopting science-based climate targets, we provide a solid foundation for our commitment. In fiscal year 2024, the companies of Schwarz Group submitted a joint net-zero commitment to the SBTi. Before submitting this commitment, the fundamental feasibility of achieving the net-zero target was assessed based on detailed potential and feasibility analyses. As such, we have committed to reducing all greenhouse gas emissions generated along the value chain to net zero by 2050 at the latest. Unavoidable residual emissions will be neutralized through carbon removal solutions in accordance with the SBTi standard. In 2025, the SBTi validated the near- and long-term climate targets of the companies of Schwarz Group, as well as their jointly established net-zero target, confirming their scientific basis. The independent review and validation by the SBTi confirms that the companies of Schwarz Group are on a clearly defined path toward reducing emissions.

SBTi-validated near-term climate targets:

E&I

- By 2030, the companies of Schwarz Group will reduce their absolute operational emissions (Scope 1 and 2) by 48 percent compared with the base year of 2019.²
- By 2034, the companies of Schwarz Group will reduce their absolute indirect emissions in the area of energy and industrial processes (Scope 3 E&I) by 35 percent compared with the base year of 2022.
- By 2034, the companies of Schwarz Group will reduce their absolute emissions arising from the use of sold fuels (Scope 3 E&I) by 58.8 percent compared with the base year of 2022.

FLAG

- By 2034, the companies of Schwarz Group will reduce their absolute indirect forestry, land and agricultural emissions (Scope 3 FLAG) by 42.4 percent compared with the base year of 2022.³

SBTi-validated long-term climate targets:

E&I

- By 2050, the companies of Schwarz Group will reduce their absolute operational emissions (Scope 1 and 2) by 90 percent compared with the base year of 2019.⁴
- By 2050, the companies of Schwarz Group will reduce their absolute indirect emissions in the area of energy and industrial processes (Scope 3 E&I) by 90 percent compared with the base year of 2022.
- By 2050, the companies of Schwarz Group will reduce their absolute emissions arising from the use of sold fuels (Scope 3 E&I) by 90 percent compared with the base year of 2022.

FLAG

- By 2050, the companies of Schwarz Group will reduce their absolute indirect forestry, land and agricultural emissions (Scope 3 FLAG) by 72 percent compared with the base year of 2022.⁵

¹The terms greenhouse gas emissions and carbon emissions are used interchangeably throughout the implementation plan. For greater readability, the text also refers to CO₂ instead of CO₂e/CO₂ equivalents.

²Target for Scope 1 and 2 also includes biogenic emissions and the removal of biogenic raw materials.

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

⁴Target for Scope 1 and 2 also includes biogenic emissions and the removal of biogenic raw materials.

⁵Target includes a commitment to deforestation-free supply chains for key raw materials as of December 31, 2025.

3. Carbon Footprint

The Greenhouse Gas Protocol serves as the globally recognized framework for the carbon accounting of the companies of Schwarz Group. It defines how greenhouse gas emissions are accounted for, calculated, and reported at the company level. The carbon footprint forms the basis of our jointly developed climate strategy, as it illustrates how emissions have developed over the years, thereby making it possible to measure and verify whether our targets have been met. Greenhouse gas emissions are reported in CO₂ equivalents.

Carbon accounting is performed in a recurring annual process. Most of the required activity data is collected using a jointly defined set of CR key performance indicators. Greenhouse gas emissions are then calculated by linking the activity data to specific emission factors. To determine product emissions, product quantities and other relevant information are obtained from the respective companies' merchandise management systems. This data is calculated using matching emission factors from secondary data sources.

User-defined adjustment rules prevent double counting, for example, for products that Schwarz Produktion manufactures for both Lidl and Kaufland. The carbon footprint of the companies of Schwarz Group is subject to an annual external audit in the context of the audit of the joint sustainability report. The following table presents the carbon footprints for the current fiscal year 2025 and the respective base years, FY 2019 and FY 2022. Scope 3 emissions are also broken down into the FLAG and E&I categories.

Volume of greenhouse gas emissions (in tons of CO ₂ equivalents) ^{6 7 8 9}		2019	2022			2025		
Scope	GHGP category	Emissions (tCO ₂ e)	Emissions (tCO ₂ e)	E&I emissions (tCO ₂ e)	FLAG emissions (tCO ₂ e)	Emissions (tCO ₂ e)	Target E&I emissions (tCO ₂ e)	Target FLAG emissions (tCO ₂ e)
Scope 1	Total	2,358,170	2,404,486			2,428,025		
	Fugitive emissions	606,944	637,572			464,556		
	Mobile combustion	838,967	829,347			987,321		
	Stationary combustion	912,258	937,567			976,148		
Scope 2	Total	2,144,809	228,363			87,337		
	Electricity (market-based approach)	2,099,933	175,725			35,294		
	District heating	44,876	52,638			52,043		
Scope 3	Total		170,228,951	85,673,318	84,555,644	194,786,901	103,529,912	91,256,995
	Cat. 1: Purchased goods and services		134,414,777	49,859,134	84,555,644	149,302,749	58,045,755	91,256,995
	Cat. 2: Capital goods		3,053,088	3,053,088		2,230,118	2,230,118	
	Cat. 3: Fuel and energy-related emissions		975,835	975,835		1,037,661	1,037,661	
	Cat. 4: Transportation		8,365,851	8,365,851		8,372,799	8,372,799	-

⁶ 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.

⁷ In order to avoid multiple calculation of emissions in the joint carbon footprint of the companies of Schwarz Group, the emissions for products from Schwarz Produktion that appear both in the Schwarz Produktion carbon footprint and in the Lidl and Kaufland retail divisions' carbon footprints are only considered once for aggregation into the group carbon footprint.

⁸ Scope 2 emissions according to the market-based approach were used for the total calculation of (operational) greenhouse gas emissions.

⁹ Due to non-materiality, emissions in GHG categories 3.8, 3.13 and 3.14 are not accounted for.

	Cat. 5: Waste generated in operations		363,898	363,898		345,766	345,766	
	Cat. 6: Business travel		149,085	149,093		166,707	166,707	-
	Cat. 7: Employee commuting		692,907	692,907		714,170	714,170	
	Cat. 9: Transportation		35,022	35,022		30,861	30,861	
	Cat. 10 Processing of sold products		518,628	518,628		323,542	323,542	
	Cat. 11 Use of sold products		12,359,136	12,359,136		24,904,311	24,904,311	
	Cat. 12 End-of-life treatment of sold products		9,135,585	9,135,587		7,182,419	7,182,423	
	Cat. 15: Investments		165,139	165,139		175,798	175,798	
Total			172,861,800	85,673,318	84,555,644	197,302,264	103,529,912	91,256,995

4. Levers and Measures for Emissions Reduction

4.1 Reduction of 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 thus contribute to our net-zero target. The emissions reduction targets are to be achieved in the following fields of action:

Transportation and mobility (reduction contribution approximately 61 percent)

The companies of 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 lower-emission alternatives. In procurement logistics, for example, Lidl is leveraging its own shipping company, TAILWIND Shipping Lines, to implement 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 (reduction contribution approximately 26 percent)

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 Lidl and Kaufland 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 of Schwarz Group rely on energy and resource-efficient construction practices and established building standards to minimize raw materials consumption over the entire real estate life cycle.

Renewable energy (reduction contribution approximately 13 percent)

The companies of Schwarz Group jointly pursue a diversified strategy for integrating various types of renewable energy sources 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. Where appropriate, intelligent battery storage is deployed to temporarily store solar energy and then release it when the sun is not shining. To further secure the electricity supply

from renewable sources, 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 of Schwarz Group are also relying on renewable resources for heating to systematically reduce operational emissions and dependence on fossil fuels.

4.2 Emissions Reduction in the Upstream and Downstream Value Chain

As a retail group, the companies of Schwarz Group record approximately 98 percent of their carbon emissions in the upstream and downstream value chain (Scope 3). This presents both a complex challenge and a crucial lever for the companies of Schwarz Group on their pathway to net zero. Despite the challenging complexity caused by limited influence, complex supply chains and insufficient data availability, the companies of Schwarz Group identify the reduction of their Scope 3 emissions as an essential tool for climate protection.

4.2.1 Reduction of 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 the supply chains. In an effort to reduce these, the companies of Schwarz Group have set themselves a binding, science-based target: By fiscal year 2034, absolute Scope 3 FLAG emissions are to be reduced by 42.4 percent compared with the base year of 2022. By 2050, they are to be reduced by 72 percent compared with the same base year. The emissions reduction targets are to be achieved along the following fields of action:

Food transition (reduction contribution approximately 33 percent)

Promoting a plant-forward diet is a key lever for achieving our SBTi targets, as animal-sourced products account for a large share of product emissions. 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-sourced ranges, optimized product placement, attractive pricing and transparent monitoring based on WWF methodology. An example of this approach is the price parity at both Lidl and Kaufland in Germany, which matches the prices of plant-sourced private label products with their animal-sourced counterparts.

Deforestation-free supply chains (reduction contribution approximately 9 percent)

Deforestation is a major driver of 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 supply chains. We pursue this in line with the requirements of the EU Deforestation Regulation (EUDR) and our SBTi targets.

Agricultural emissions reduction (reduction contribution approximately 48 percent)

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 achieving our jointly established climate targets. To this end, we work in partnership with our suppliers and external experts to develop targeted strategic climate projects. Our shared goal is to effectively leverage synergies both within the companies of Schwarz Group and industry wide, 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.

Reduction of food waste (reduction contribution approximately 10 percent)

Reducing food waste is an effective lever for conserving resources and simultaneously contributes to reducing emissions in Scope 3. Given that nearly one-third of total global food production is lost or wasted, the companies of Schwarz Group aim to reduce food waste through targeted measures and initiatives.

4.2.2 Reduction of Product Emissions (E&I)

The Scope 3.1 emissions in energy and industrial processes address the emissions from indus-

trial processing, the production of packaging materials 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). The emissions reduction targets are to be achieved in the following fields of action:

Expanding the use of renewable energies in processing (reduction contribution approximately 29 percent)

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 major food manufacturers, the companies of Schwarz Produktion already use renewable energy sources to a large extent today.

Empowering suppliers for climate protection in non-food (reduction contribution approximately 41 percent)

For the companies of Schwarz Group, the highly diverse non-food area includes items, such as textiles, tools and electrical appliances, which are sold at Lidl and Kaufland. 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 collaborate with our suppliers to optimize our product ranges. One example of our commitment is our online climate school for suppliers called Supplier LOCT (Leadership on Climate Transition). Through Supplier LOCT, the companies of Schwarz Group enable their respective suppliers to contribute to climate protection and set their own climate targets. More than 1,000 suppliers have already been called upon to set their own science-based climate targets by the end of 2026 in order to initiate and accelerate the transformation of the value chain.

Reduction of packaging emissions (reduction contribution approximately 30 percent)

Product packaging is responsible for about 5 percent of Scope 3.1 emissions. To reduce this impact as part of our SBTi targets, the companies of Schwarz Group rely on the jointly developed holistic circular economy 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).

4.2.3 Activities Supporting the Reduction of Product Emissions

Unlike with Scope 1 and 2 emissions, the companies of Schwarz Group can only indirectly influence the reduction of Scope 3 emissions. This relates in particular to the procurement of goods and services, which is the primary source of emissions of the companies of Schwarz Group. Therefore, the development of management tools is crucial for reducing emissions along our complex value chains. To this end, we are carrying out numerous activities that support targeted and measurable reductions in the aforementioned fields of action. This includes, for instance, working together with suppliers to develop net-zero roadmaps and incentive and empowerment programs.

Net-zero roadmaps for product categories

The companies of Schwarz Group are developing individual net-zero roadmaps for specific product categories – starting with meat, followed by dairy products, eggs, fruits, vegetables, grains and oilseeds. These roadmaps take into account the varying supplier structures and potential for reduction within each supply chain. The aim is to use these analyses as a basis for implementing targeted reduction measures, empowerment programs, and incentive systems for the upstream value chain.

Empowering suppliers through Supplier LOCT

To actively engage and assist suppliers in reducing emissions, the companies of Schwarz Group joined the global “Supplier Leadership on Climate Transition” (Supplier LOCT) initiative in 2024. Through a course program led by sustainability experts, suppliers gain in-depth knowledge on topics such as carbon accounting under the GHG Protocol, setting climate targets in line with the SBTi, and developing action plans. Sharing best practices and engaging in collaborative learning formats lowers barriers to entry and strengthens the collective commitment to the net-zero target.

Carbon footprints to manage product-related emissions

Creating greater transparency regarding the environmental footprint of products is a crucial step

toward expanding a lower-emission product range. A central element of our jointly developed climate strategy is the significant improvement of data quality, particularly in the accounting of product-related emissions, also known as the product carbon footprint. A strategic shift from secondary to primary supply chain data is necessary in order to better measure – and thus manage – changes in emissions. Collecting this data poses a considerable challenge given the diverse product ranges of Lidl and Kaufland.

To provide clarity for our business partners and minimize the burden on all stakeholders to the greatest possible extent, we pursue a pragmatic approach that prioritizes dialog with our partners. The companies of Schwarz Group are thus currently reviewing their data requirements for the supply chain and developing a set of guidelines for collecting data and calculating product emissions. In addition, our experts are involved in various industry initiatives and engage with tool providers, academic institutions, NGOs and industry peers with the aim of harmonizing PCF calculation methods. The aim is to establish uniform industry-wide standards that promote the comparability and transparency of product-related emissions and reduce administrative burdens along the entire value chain.

4.2.4 Reduction Initiatives in the Value Chain

We also focus on continuously refining the data baseline and introducing operational incentive systems with regard to other areas of the upstream value chain that produce emissions. 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 also 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 consumer behavior that results in lower emissions. 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. We achieve this primarily by continuously increasing the energy efficiency of our devices.

4.2.5 Neutralizing Unavoidable Residual Emissions

In line with the SBTi-validated net-zero target, the companies of Schwarz Group will reduce all greenhouse gas emissions they generate along the entire value chain to net zero by 2050 at the latest. According to the SBTi, despite significant efforts to reduce emissions, unavoidable residual emissions remain, for instance, from agricultural processes where emissions cannot be entirely avoided (see SBTi Corporate Net-Zero Standard Version 1.3.1). These typically account for no more than ten percent of a company's initial total emissions. On their path to net-zero, the companies of Schwarz Group are guided by the "mitigation hierarchy": Emissions are first systematically avoided and reduced. Only the unavoidable residual emissions are then neutralized. These unavoidable residual emissions will be neutralized by 2050 at the latest through permanent carbon removals outside the own value chain. In this process, CO₂ is permanently removed from the atmosphere and sequestered long-term. Short-term storage solutions, pure emission avoidance, and traditional offsetting measures do not meet the SBTi's requirements.

To this end, the companies of Schwarz Group are currently evaluating suitable carbon removal solutions. Going forward, a jointly developed decision-making framework will ensure that the most appropriate nature-based or technical method for carbon removal is selected for each specific application.

Quality criteria, such as permanence, reliable quantification and the elimination of double counting, will be crucial for evaluating carbon removal solutions going forward. Recognized certifications and independent audits ensure the credibility and transparency of the future solutions to be implemented. In this way, the companies of Schwarz Group ensure that only high-quality carbon removal solutions are used for the future, permanent neutralization of unavoidable residual emissions.

5. Governance

5.1 Process Description and Implementation Plan

This plan is the primary resource for implementing the net-zero target of the companies of Schwarz Group. It is based on data that is collected annually and on updates to the climate transition plan jointly developed by the companies of Schwarz Group. Given the ecosystem of the companies of Schwarz Group, the implementation plan comprises technical information and measures from each individual company. This decentralized data was systematically aggregated to create a uniform, consolidated implementation plan. Reduction measures are documented through a structured and standardized data collection process in place for all companies of Schwarz Group. This process systematically captures both ongoing and future initiatives aimed at reducing greenhouse gas emissions. As part of this data collection, binding key parameters are identified for each measure. The company-specific information obtained in this way was subsequently consolidated, aggregated, and distilled into a comprehensive implementation plan for the companies of Schwarz Group.

To ensure the measures can be verified, the implementation plan is subject to a multi-stage quality and governance process. The data provided is cross-checked directly by the Corporate Responsibility department of Schwarz Corporate Affairs GmbH & Co. KG and the respective departments of the divisions and validated in accordance with the principle of dual control. In addition, the Corporate Responsibility department of Schwarz Corporate Affairs GmbH & Co. KG performs a plausibility check to ensure that the estimated potential reduction does not exceed the physically available emissions budgets of the respective companies. To proactively prevent targets from being missed, deviations are identified early on as part of the continuous monitoring process, so that proactive and binding corrective and adjustment measures can be developed without delay together with the departments as part of the established governance process. To identify deviations as part of the monitoring process, changes in relevant overall conditions are identified and taken into account, and specific performance indicators with regard to the implementation measures are developed and used. Furthermore, all departments must retain the underlying data, calculation models and supporting documentation in a manner that allows for verification during future audits. Once the substance and figures have undergone a quality assurance review, the finalized climate transition plan and the resulting implementation plan are formally approved by the designated decision-making bodies, such as the meeting of division representatives on the joint climate strategy of the companies of Schwarz Group and the overarching Environment Steering Committee.

5.2 Collaboration Structures

The companies of Schwarz Group actively engage stakeholders — from management and employees to suppliers and partners — to optimize climate-relevant processes and achieve measurable environmental progress.

Since 2020, all relevant business units across all companies of Schwarz Group have been working closely together as part of the jointly developed climate strategy. 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 the head of the ecosystems topic area, who in turn reports to the Senior Vice President of Corporate Responsibility at Schwarz Corporate Affairs & Co. KG.

As part of the jointly developed climate strategy of the companies of Schwarz Group, the companies of Schwarz Group are driving organizational efforts to reduce emissions in the energy, transportation, products, buildings, and waste priority topics:

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 at other companies of Schwarz Group, Schwarz Energy Trading GmbH 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 jointly set climate targets of the companies of Schwarz Group.

Transport

Lower-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 the rising use of alternative drive technologies in logistics. Schwarz Logistics Solutions GmbH, as part of Schwarz Corporate Solutions, supports the decarbonization of logistics as a central service provider for the companies of Schwarz Group. Moreover, Schwarz Beschaffung GmbH 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 a demand-driven 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 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 GmbH & Co. KG in Bad Wimpfen and the Schwarz Digits Campus in Bad Friedrichshall, highlight this commitment. When planning new properties, Schwarz Immobilien Service GmbH & Co. KG and the respective real estate units of the companies of Schwarz Group take recognized standards for energy- and resource-efficient construction into account.

Waste

Additional significant contributions to emissions reduction come from activities related to the circular economy. PreZero implements its own measures to reduce emissions in waste recovery and supports the other divisions in waste prevention.

In addition to reducing emissions in the aforementioned priority topics, the climate strategy addresses topics in five additional modules:

- **Targets and reporting:** includes defining and updating near- and long-term climate targets, fulfilling reporting obligations, preparing carbon footprint, and conducting peer analyses.
- **Data and IT systems:** aims to optimize processes and IT systems for processing emissions data, as well as to obtain and evaluate relevant data and information from business partners.
- **Management tools:** focuses on developing decision-making aids and performance indicators for planning and decision-making processes, as well as defining uniform requirements.
- **Empowerment:** addresses incentivizing business partners, providing financial aid to reduce emissions, and actively shaping cross-industry standards.
- **PMO:** encompasses the overarching project organization and serves as an interface with Communications and Public Affairs.

With regard to operational implementation, specialized project groups comprising experts from the companies of Schwarz Group are formed within the modules for relevant projects; these groups are led by dedicated project managers. This cross-divisional collaboration involves more than 100 employees at all levels of the organization. The projects are managed on the basis of a clear, multi-tiered collaboration structure consisting of the following bodies:

- **Project groups:** Groups of approximately 5–15 people each from various departments, such as Purchasing, Corporate Responsibility, Controlling, Procurement, and Logistics, meet on an ad hoc basis to assess progress, coordinate next steps, and jointly establish a general framework.
- **Meeting of division representatives (steering level):** A quarterly high-level review is held at the management level with approximately 15 people from the Purchasing, Corporate Affairs, Logistics, Operations, and Administration departments. At these meetings, the participants discuss the climate strategy project plan, the current statuses of the respective projects and milestones achieved, approve results and project budgets, and agree on the future focus topics of the climate strategy.
- **Environment Steering Committee (decision-making level):** A decision-making meeting is held every six months at the Executive Board level with approximately 15 people from the Purchasing, Sales, Logistics, Operations, and Administration departments. At these meetings, the participants discuss the climate strategy project plan, the current statuses of key projects and milestones achieved, approve results and project budgets, and adopt the future focus topics of the climate strategy.