



**CHANGE STARTS
WITH A SINGLE**

BOTTLE

Less plastic - closed loop



With care for nature and society - highlights for 2024

- Less plastic** - 32% average for all own-brand packaging
- Recycled content used** 20% average for all own-brand plastic packaging
- Material reinserted into production cycle** 827 tonnes of plastic
215 tonnes of aluminium
- From bottle to bottle** 51 million own-brand bottles with 30% recycled material
- Added social value** Over BGN 235,000 donated by customers via Reverse Vending Machines (RVMs) for PET bottles and cans



Our CSR strategy

Taking responsibility, creating the future

Sustainability is an integral part of our corporate strategy and lies at the heart of all our actions. We recognize our responsibility towards people and nature; therefore, we focus our efforts on making sustainable consumption simple, efficient, and accessible to everyone, while respecting the boundaries of our planet. At Lidl, we continuously develop our CSR strategy to meet major global challenges with clear ambitions. It is based on five strategic fields of action that drive us forward:



Engaging in dialogue

Sustainable changes take place only when we act together – in open dialogue with customers, suppliers, business partners, NGOs, policymakers, institutions, colleagues, and the media. Through continuous open communication, we not only secure the future of our business model but also tangibly contribute to the sustainable development of society and the environment.

- Protecting climate**
 - As a major food retailer, we bear responsibility for emissions from our operations and supply chain.
 - We aim to reduce our greenhouse gas emissions to Net-Zero no later than 2050, to help limit global warming to 1.5 degrees.
- Conserving resources**
 - At Lidl we are committed to continuous protection and responsible management of resources across the entire value chain – from field to shelf.
 - We strive to close material loops.
- Respecting biodiversity**
 - Biodiversity is of essential importance to maintaining healthy ecosystems.
 - At Lidl, we support the conservation and sustainable use of biodiversity.
- Acting fairly**
 - We are a people-focused business. Through appropriate mechanisms, we support producers in our global supply chains for greater transparency, ethical conduct, and respect for human rights.
 - We strive to improve people's quality of life and create added value for society.
- Promoting health**
 - Our goal is to ensure high-quality healthy food is accessible to everyone.
 - We aim to be the #1 choice for sustainable and healthy nutrition by 2050, in harmony with the Planetary Health Diet.

From waste to resource: the necessary change

The Global Challenge

For decades, humanity has been consuming more resources than the planet can replenish. Growing consumption leads to enormous amounts of waste that threaten our environment and the climate. Although this is a global challenge, it has its local dimensions.

The Paradox in Bulgaria

The situation in our country is specific. Although we generate less waste per person than the average European (490 kg here vs. 511 kg in the EU), the real challenge lies in its ineffective management and low recycling rates. While in Europe only 23% of waste goes to landfills on average, here in Bulgaria, we bury over 60% of it. These are thousands of tonnes of plastic, metal, and paper – valuable resources that we lose irrevocably and which burden our beautiful nature*.



* Source: Eurostat

Lidl's Philosophy

We at Lidl Bulgaria believe that business bears its own responsibility. Our philosophy is clear:

For us, waste is a valuable raw material in the wrong place.

This is where the **circular economy** comes into play: it is an opportunity to turn waste back into a resource.

Deeds instead of words

In March 2023, this philosophy took on a tangible dimension as a pilot project for the return of plastic bottles and cans launched for the first time in Bulgaria. These are not just reverse vending machines; they are a working model of the circular economy, which we are expanding and upgrading.

In 2024, we included new cities, installed dual machines in all locations, incorporated more recycled material into own-brand packaging, and created a donation option for socially significant causes via the machines.

The following pages tell the story of a **closed loop**. The story of millions of packages that, thanks to the **REset Plastic** strategy and the active participation of our customers, ended up as new bottles, instead of as plastic pollution. From the return machines, through the incorporated recyclate, to the cleaning of Bulgarian rivers – this is our significant contribution to a cleaner world. For us and for everyone after us.

Linear economy model



Circular economy model



The REset Plastic strategy

As part of Schwarz Group, we follow international REset Plastic strategy of the companies of Schwarz Group. The holistic approach covers five key areas of activity to turn the vision "Less plastic - closed loop" into reality:



REduce

We refrain from using plastic when possible and sustainable.



REdesign

We design our products to be recyclable and we close their life cycle.



REcycle

We collect, sort, recycle, and we close the raw material loops.



REmove

We support the removal of plastic waste from the environment.



REsearch

We invest in research and development for innovative solutions and educate on the topic of recycling and resource conservation.



Our targets and status for plastic as of the end of FY 2024:

◆ **35% less plastic** in our own-brand product packaging by 2027.

Status
-32%

◆ **100%** of own-brand product packaging to be **as recyclable as possible** by 2025.

Status
68%

◆ To incorporate an average of **25%** recycled material in all own-brand product plastic packaging by 2025.

Status
20%

Complete information about our targets and their status as of the end of FY 2024 across all focus areas of our Sustainability Strategy can be found here.

From bottle to bottle

European model and accessible recycling

With our pilot project for the return of PET bottles and cans, we helped Bulgarian society prepare for the introduction of a deposit system, following the successful example of Western European countries. We have always maintained a strong belief in the high environmental awareness of Bulgarian consumers and their willingness to participate actively when provided with the right infrastructure. With this initiative, we made recycling accessible and convenient, transforming it from a dull chore into a seamless daily habit.

As of February 2025, reverse vending machines (RVMs) for PET bottles and cans are available in 17 cities and 26 stores.

**You return, we recycle,
together we do good.**

With the start of our pilot project in March of 2023, this philosophy took on a real dimension through the specially installed machines in our stores accepting PET bottles up to 3 l and cans. What started as a pilot project quickly expanded into a network and turned bottle return into a natural part of shopping.

17 cities **26** stores



BGN
8,8
mln
investment

For change to be sustainable, it must be accessible to everyone. That is why we invested in building multiple in-store premises purchasing and installing the machines. This pilot project not only collects PET packaging but turns it into a resource right here in Bulgaria.

Eco-voucher or Donation

The system offers customers a choice between two options: receiving an eco-voucher to use with their next shopping trip, or donating the amount in support of significant charitable causes in Bulgaria. The value of each returned package is 5 stotinki.

"With this project, we demonstrate the key role of retail chains in effective packaging collection and building a working circular economy. The packaging collected at Lidl is used to produce new bottles for our own-brand beverages. Thus, we bring to life the 'bottle-to-bottle' model, closing the resources loop."

Milena Dragijska
CEO of Lidl Bulgaria

over
51,000,000
new bottles with **30%**
recycled material



This project is a successful example of a closed resources loop in Bulgaria with proven results. In partnership with local manufacturers, we put the circular economy model into practice by transforming the collected PET material into valuable raw material, which is processed domestically and incorporated into new bottles for our own brands. In this way, we ensure that plastic remains in the economy as a resource instead of ending up in nature as pollution.

Closing the loop with sustainable partnerships

Bringing the circular economy to life is impossible without reliable partners. For our pilot project, we developed an expert network of enterprises, guaranteeing full transparency and efficiency of the process:

- **Technical assurance:** TOMRA Collection Bulgaria EOOD provides the backbone of the system – the high-tech reverse vending machines, specialized data management software, and constant technical support.
- **Sorting and preparation:** ECO PET EAD takes the collected packaging and performs precise material preparation to make it suitable for subsequent processing.
- **Recycling and production:** ITD EOOD transforms the prepared material into high-quality granulate and produces the new preforms for the bottles.
- **Closing the loop:** By 2024, seven Bulgarian beverage manufacturers had started bottling a total of 29 own-brand products in the new packaging with 30% rPET, bringing them back to the Lidl shelf.

"The partnership between Lidl Bulgaria and Baldaran Spring is an exceptionally good collaboration between a retail chain and manufacturers and is key to the circular economy. This collaboration is also a pilot model for the introduction of the future deposit system in Bulgaria."

Anna Larsson

Director, Circular Economy Development at the NGO ReLoop Platform.



The Lidl Effect for Bulgarian manufacturers – an opportunity to execute bold investments and grow sustainably while creating a product with care for the environment

Our partnership with **Baldaran Spring** – the bottling company producing Lidl's own-brand table and spring waters – is proof that closing the packaging loop brings large-scale benefits, both for nature and the Bulgarian economy. Our joint work, started in December 2020, gave the Bulgarian manufacturer the security to invest boldly and modernize its production:

- **80%** growth in turnover with Lidl for each year from 2021 to 2023.
- **Over BGN 15 million** investment in new technologies and infrastructure, fulfilled thanks to guaranteed volumes.
- **30% recycled material** (rPET) incorporated in Saguaro 1.5 L spring water bottles since December 2023.
- **114 tonnes** less plastic generated annually thanks to the bottle weight reduction by 4 grams.
- **2.2 MW** capacity of the solar park built by Baldaran Spring, which is also the largest among bottled water producers in Bulgaria.

Together we do good – the causes that unite us

"Caps for the Future"

is more than a campaign – it is one of the largest and most beloved charitable initiatives in Bulgaria, uniting thousands of people with big hearts. Integrating it into our pilot project for bottle return was not accidental – it reflects our aspiration to create a sustainable model that transforms circular economy principles into direct benefit for society.



BGN 180,000

donated for children's health by December 2024

Through our strategic partnership with the "Lazar Radkov" Foundation, driving the Caps for the Future initiative, we turn ecological impact into an act of empathy. Besides the machines (which generated over BGN 165,000), we also took over the logistics care for the caps collected in special containers in our stores. From these alone, about 18,000 kg of material worth BGN 15,000 were handed over for recycling.



**Customers chose:
cap by cap and bottle by bottle**

The funds are already working for the future of children – invested in life-saving medical equipment for hospitals in **Pernik, Montana, Vidin, and Silistra**, as well as in first aid training for students.

Support in development

In 2025, we are expanding the horizon of good, including new partners. Together with our customers, we support three additional causes: protecting wild nature through **WWF Bulgaria** and their "Bear Rescue Squad", developing young talents from the **Association of Olympic Teams in Natural Sciences**, and humane care for stray animals at **Animal Rescue Sofia**. Thus, every collected package will continue to transform into real help where it is needed most.



More than a decade of care for Bulgarian rivers

Our responsibility extends beyond our retail sites and carries over into nature through the volunteer spirit of our team. For over 10 years, we have been working actively to protect Bulgaria's water riches through two strategic directions. Since 2013, we have been developing the initiative **"Give the Balkan trout a chance"** in partnership with the "Balkanka" association, thanks to which we have cleaned over 35 km of riverbank zones and stocked over 30 rivers. In 2024, this program continued with an innovative approach to restoring the population of the Balkan trout in the **Mesta, Struma, and Maritsa** rivers.



In parallel, as part of the international jointly elaborated by companies of Schwarz Group – **Cleanup Collective**, we mobilized employees for large-scale cleanup actions. The focus for 2024 was placed on the **Topolnitsa River** (in the region of Koprivshtitsa), where nearly 90 of our volunteers and their families demonstrated that care for nature is a personal conviction. The initiative was upgraded – besides collecting over 2 tonnes of waste, our team planted 200 black alder trees, ensuring natural reinforcement of the riverbanks and a long-term contribution to the river's ecosystem.

Looking ahead: REset Plastic evolves into REset Resources.

Setting new standards in the circular economy

Resource conservation and circular economy in action:

We are evolving in challenging times, which is why in 2025 we took a decisive step forward with the evolution of **REset Plastic** into a holistic circular economy strategy – **REset Resources**.

We are guided by the conviction that today's waste is tomorrow's raw material. We work actively in five key fields of action, expanding our focus to cover all key aspects of the circular economy – from packaging and products to construction, food waste, and resource management.



With their jointly developed and holistic circular economy strategy, **REset Resources**, the companies of Schwarz Group set ambitious goals for resource sovereignty and supply security. REset Resources shapes resource management across the five fields of action and in all divisions and countries.

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



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