

Lidl GB

Sustainable Soy Policy

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Our Position

Soy

The soybean can be thought of as the 'king of beans'. It contains 38% protein, which is around three times the amount of protein found in eggs, and twelve times the amount of protein found in milk.

In the EU, around 90% of soy is used to feed livestock, so it is a vital raw material in the production of our meat, poultry, dairy and eggs. It is also estimated that on average, each European consumer eats 87kg of meat and 250 eggs per year. To produce these volumes 400 m² of land is required for soy production as feed.

Through rapid population growth, and the emerging middle class, the demand and ultimately, consumption of animal protein is on the rise. This has placed significant strain on some of the world's precious resources as millions of hectares of forest, grassland and savannah have been converted to enable soy production.

According to work commissioned by WWF, the UK sources soy from countries such as Argentina, Brazil and Paraguay where pressures on these landscapes is high, driven in part by the expansion of soy production.

Environmental impacts of soy in these regions include soil erosion and degraded pastureland, biodiversity loss and carbon emissions.

The production of soy has also been connected to several social impacts, including land grabbing, the displacement of local populations for industrial scale production and health risks from water contamination.



Tackling deforestation

Approximately 30% of the world's land mass is covered by forest land. Many of the world's threatened species and endangered animals live in forests, and 1.6 billion people rely on the benefits that forests have to offer, such as food, fresh water and clothing. Forests are also home to much of the world's biodiversity and play a critical role in mitigating climate change; 15% of greenhouse gas emissions are released as a result of deforestation as carbon is released into the atmosphere.

Considerable efforts have been made to halt deforestation, through global-leading environmental legislation such as the forest code in Brazil, to the industry-led Amazon Soy Moratorium that since 2006 has dramatically reduced forest loss in the Amazon biome.

Despite this, the expansion of soy production, alongside cattle ranching, timber and land speculation has continued to be a significant driver in the loss of native vegetation in South America, with consequent impacts on biodiversity, carbon emissions, water systems and local communities.

For these reasons, we are prioritising zero-deforestation within our sustainable soy policy. This policy forms part of Lidl GB's wider approach to tackling deforestation.

Global Developments

A range of international and national developments are underway in response to the challenge of soy production, and specifically its impact on deforestation. Through our sustainable soy policy, we are committed to supporting the following initiatives:

United Nations Sustainable Development Goal 15

“Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.”

New York Declaration on Forests

During the UN Secretary General’s Climate Summit in 2014, world leaders set a global timeline to cut natural forest loss in half by 2020, and strive to end it by 2030. This was endorsed by the national government of the United Kingdom.

Amsterdam Declaration

In 2016, selected European member states, including the United Kingdom, declared themselves supportive of private sector and public initiatives to halt deforestation by no later than 2020, initially focusing on soy, palm oil and cocoa.

Partnerships for Forests

UK Department for International Development invests in ‘Partnerships for Forests’, a five year programme that catalyses investments in which the private sector, public sector and communities can achieve shared value from sustainable forests and sustainable land use.

UK Roundtable on Sustainable Soya

With support from multiple government departments, including the Department for Business, Energy & Industrial Strategy (BEIS), the Department For International Development (DFID) and the Department for Environment, Food and Rural Affairs (DEFRA), the UK Roundtable on Sustainable Soya convenes organisations from across the UK soy supply chain, including traders, the feed industry, protein producers, retailers and trade associations to enable a sustainable soy supply chain.

What is the aim of the UK Roundtable on Sustainable Soya?

The UK government recognises the need to accelerate progress towards a secure, resilient, supply of sustainable soya to the UK.

The UK Government has funded the Roundtable, which promotes soya that is **legal and cultivated in a way that protects against conversion of forests and valuable native vegetation**.

This will be achieved by signatories committing to:

- **Publish time-bound plans by April 2019 to achieve this**
- **Meaningfully and demonstrable progress towards this goal by 2020**

Our Scope

Our Soy Footprint

In order to develop this policy we have used the RTRS soy calculator to build a picture of our soy footprint in high impact supply chains. The RTRS soy calculator uses conversion factors to understand the average volumes of soy required as feed to produce the following primary proteins:

- Chicken
- Pork
- Cheese
- Beef
- Egg
- Milk-based products

END PRODUCT	UNIT	SOY CONVERSION FACTOR
Chicken	kg	0.88
Pork	kg	0.35
Cheese	kg	0.15
Beef	kg	0.29
Margarine	kg	0.66
Egg	Unit	0.03
Milk	Litres	0.017

We understand that there are limitations to using such a blunt tool to calculate a complex figure, but feel that this methodology provides us with enough information to implement this first policy and drive the desired impacts in our supply chains. As this policy evolves we will continue to map our supply chains and understand our impacts (where the products listed above might be used as an ingredient in other products, for example).

Using this methodology, in 2017/18, we calculated that approximately 130 thousand tonnes of soy were used indirectly as feed in the production of the fresh and frozen product groups listed above. Approximately half of this footprint is attributed to the feed used for our poultry products, and approximately 20 thousand tonnes are used as part of the feed for egg laying hens.

Key Geographical Source Regions

Due to the complex nature of soy supply chains it is hard, at the current time, to truly understand the physical origins of the soy entering our supply chains. However, using sector information, and research conducted by 3 Keel on behalf of WWF and RSPB in 2017, we understand that 77% of UK soy imports come from high risk sourcing countries: Argentina, Brazil and Paraguay. Within these countries our focus for action is within the South American Biomes of the Cerrado, Gran Chaco, Amazon and Atlantic Coast. This is due to the potential risk of deforestation or land-use conversion in these regions, as well as the reported social challenges in these regions.



Our Actions

At Lidl GB, we are taking action to ensure that soy production is sustainable and deforestation-free for the long term. As part of one of Europe's leading organisations in the retail food industry, we recognise the need to accelerate progress towards a secure, resilient supply of sustainable soy.

In order to achieve this we have divided our strategy into two phases:

In phase 1, we will act as a catalyst for change. We recognise the need to take immediate action in our own supply chains and stimulate market demand for sustainable, zero-deforestation soy.

In phase 2, we want sustainable, zero-deforestation soy to be the norm. Aiming for market transformation, we want to see physical supply chains of sustainable, zero-deforestation soy into the UK and Europe.

Although there is a lot of work to be done to achieve the aim of phase 2, we are clear on our vision and will work closely with stakeholders to refine the approach over the coming years.

To underpin our commitments within phase 1 and 2 of our strategy, we are actively engaging in the following collaborative initiatives:

Engaging through the UK Roundtable on Sustainable Soya to work together in a pre-competitive space, towards a common goal of sustainable soy, with support from partners in producing countries and in alignment with other national 'demand-side' initiatives.

Supporting the Cerrado Manifesto

In October 2017, we were a founding signatory of the 'Statement of Support' to the Cerrado Manifesto. This was a call to action to halt deforestation and native vegetation loss in Brazil's Cerrado, a global biodiversity hotspot and critical carbon store.

Supporting the principles of the Amazon Soy Moratorium

This is an industry-led initiative, initiated by two Brazilian industry associations, who have pledged not to trade or finance soy originating from land in the Amazon Biome, which has been deforested post July 2006.

Working with our suppliers, traders and the wider industry to ensure the principles of sustainable soy production are built in to purchasing practices across the supply chain.

What do we mean by 'zero-deforestation' soy?

In line with the UK Roundtable on Sustainable Soya, we understand zero-deforestation soy to be soy that is:

'legal and cultivated in a way that protects against conversion of forests and valuable native vegetation'

This ensures that regions of valuable native vegetation, such as the Brazilian Cerrado, that do not technically fall under legal definitions of 'forest' are protected under the scope of our policy.

Our Commitments

Phase 1 | Lidl as a catalyst for change

Lidl GB is committed to sourcing soy from sustainable, deforestation-free sources for the long term. In phase 1, we are investing in soy produced to the Roundtable for Responsible Soy (RTRS) standards, improving the living, environmental and working conditions of farmers in South America.

Why RTRS?

Although we recognise that there are always limitations to certification schemes, we have chosen to work with RTRS in phase 1 as it is a multi-stakeholder initiative that involves the mainstream soy industry in all aspects of decision making.

The RTRS standard requires the implementation of relevant legal requirements (such as the forest code in Brazil), and has been benchmarked against the European Feed Manufacturers Federation (FEFAC) Soy Sourcing Guidelines and as silver according to the Sustainable Agriculture Initiative (SAI)

The RTRS requires the following cut-off dates to meet their 'zero-deforestation' standards:

From May 2009 No soy from areas critical for biodiversity

From June 2016 All natural vegetation protected



Phase 1 Commitment:

"From September 2018, Lidl will purchase RTRS certificates on an annual basis through a 'Book and Claim Direct Trade' approach to cover 100% of our soy footprint, creating a clear market signal for sustainable, zero-deforestation soy.

We have worked closely with RTRS to ensure that the certificates we source through the 'Direct Trade' system will have as positive an impact as possible, both socially and environmentally. For this reason, we have identified three farms based in the Piaui and Maranhao states of Brazil, all of which are in RTRS category 4 'green' regions.

What is a 'Book and Claim Direct Trade' approach?

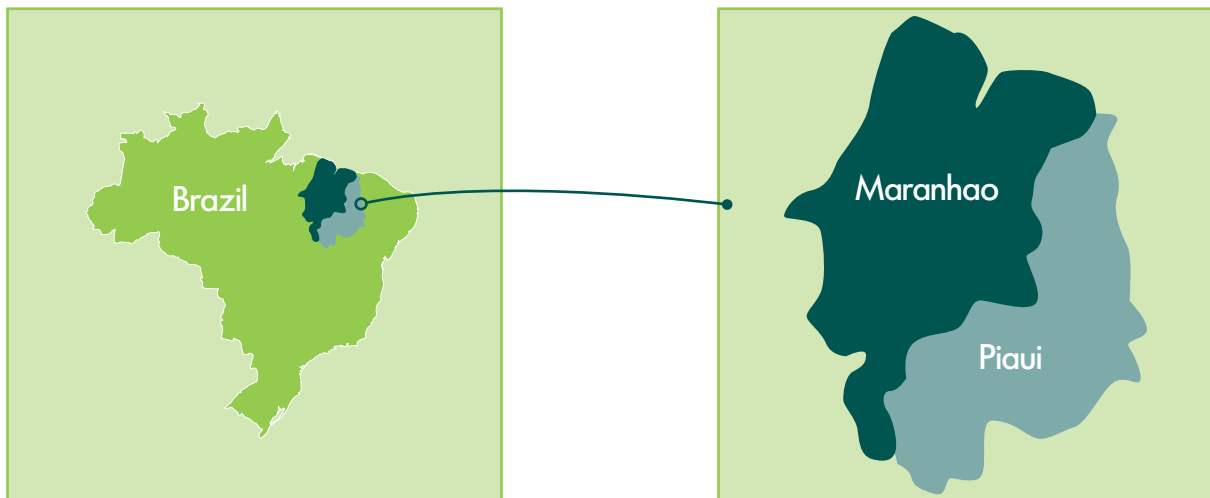
In a book and claim direct trade approach, buyers of certificates purchase certificates from known sources, meaning that they are able to support sustainable production on those farms directly.

Piauí

Located in the northeast region of Brazil, Piauí is the poorest state with a GDP per capita income of R\$8,137. Like most Brazilian states, Piauí has a large service sector with a GDP contribution of about 60%. The industrial and agricultural sectors come in second and third with a contribution of 27.3% and 12.6% respectively. Piauí mainly exports agricultural products including soybeans and cashews.

Maranhão

Maranhão has a GDP per capita income of R\$8,760, making the state the second poorest in Brazil, which contributes less than 1% to the national economy. The state has a large service sector representing 54.5% of the state's GDP followed by the industrial sector at 25.45 and the agriculture sector at 20.1%. Most of the residents in the state depend on palm tree products to generate income. Top exports from Maranhão include aluminium, iron and soybeans.



What production standards does the RTRS Scheme require?

By supporting the RTRS scheme, we are driving production of soy that stands for the following:

- Adheres to legal regulations and good business practices
- Ensures responsible working conditions and strong community relations
- Promotes Good Agricultural Practices
- Ensures traceability along the supply chain

Within these regions we are supporting three specific farms, all that form part of the FAPCEN cooperative.

1. Fazenda Progresso

State	Piauí
City	Sebastião Leal
Total area (hectares)	47,200
Cultivated area (hectares)	37,900
Native forest area (hectares)	9291



2. Fazenda Serra Vermelha

State	Maranhão
City	Sambaíba
Total area (hectares)	22,950
Cultivated area (hectares)	14,359
Native forest area (hectares)	8590



3. Fazenda Sol Nascente

State	Maranhão
City	Balsas
Total area (hectares)	112
Cultivated area (hectares)	71
Native forest area (hectares)	41



Phase 2 | Making sustainable soy, zero-deforestation consumed in the UK the norm

We recognise that we cannot achieve a sustainable soy industry on our own. Our long term vision is to achieve a physically traceable supply of sustainable, deforestation-free soy into the UK. We anticipate that this will mean working with a wide range of standards (including RTRS) and market mechanisms, to achieve our vision. Through market demand and collaboration with the whole supply chain, we believe this is achievable.

Over the coming years we will work with our supply chain and the industry to ensure that this commitment is delivered in a realistic and achievable way. We recognise that there are currently a range of challenges that need to be better understood and overcome in order for us to achieve our goal. These include weak governance structures in producing countries, lack of long term incentives to protect forests and other native vegetation, climate change and emerging human rights risks.

Through the UK Roundtable of Sustainable Soya we will define 'sustainable, zero-deforestation' soy and align ourselves with other actors in the market place. Future solutions may include strengthening standards beyond RTRS, jurisdictional sourcing and area mass balance sourcing.

In future iterations of this policy, we will introduce sector specific timescales to help meet our phase 2 commitment.

Lidl International Soy Initiative

Internationally, Lidl forms part of the Schwarz group. Since 2014, the Schwarz group has been Europe's largest food retailer representing significant buying power. As an international business we are actively working across Europe to gradually increase the global market share of sustainable soy and the ambitions of the Lidl GB policy are reflected across multiple European markets.

Recognition of support

Lidl GB would like to recognise the World Wildlife Fund (WWF), the UK Roundtable for Sustainable Soy (supported by DFID, Defra, BEIS and managed by Efeca) and the Roundtable for Responsible Soy (RTRS), for their guidance in developing this policy.

 lidl.co.uk/sustainability