

Lidl GB

Policy on Sustainable Timber and Wood-Based Products

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Our Position

Timber and wood-based products (including manufactured wood-based fibres such as viscose) derive from forests; the world's largest and most important eco-systems.

Approximately 30% of the world's land mass is covered by forests. 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.¹

Increasing global demand for low-cost timber products supports a multi-billion dollar business of illegal and unsustainable logging in forests worldwide. The world's natural forests cannot sustainably meet this soaring global demand for timber products under weak forest management practices, making it critical that we take action to ensure that the wood-based fibres used in our products and packaging are from sustainable sources.²

To develop this policy we have taken into account the six overarching criteria of *FOREST EUROPE*'s³ approach to sustainable forest management. *FOREST EUROPE* is a cooperation of 46 European countries and the European Union, which deals with urgent politically and socially relevant questions in the field of forests and forestry. The criteria are as follows:

- Preservation and appropriate improvement of forest resources and securing their contribution to the global carbon cycles
- Preservation of the health and vitality of forest ecosystems
- Preservation and promotion of the production function of forests, both for timber and non-timber products
- Conservation, protection and adequate improvement of biological diversity in forest ecosystems
- Maintaining and adequately improving the protective function of forest management, particularly in the soil and water sectors
- Preservation of other socio-economic functions and conditions

At Lidl, we have translated these criteria into a range of business goals and commitments, which we are working actively to implement. We will continue to review our approach to Global Developments ensure we are driving the desired impacts and will evolve our policy in future iterations accordingly.

Wood-based cellulose fibres make up approximately 6.6% of the global market share of all fibres. Viscose is the most widely-used of all, at over 70% of this figure. It is notably a versatile material with a soft, silky finish which can be used across a multitude of products and alongside other fibres.

The production of viscose fibres involves the use of less water and cultivation space than other cellulose-based fibres such as cotton. Due to this, the global demand for viscose and other wood-based fibres is expected to rise substantially over the next 5 years. Recent NGO and media coverage highlight serious environmental and social risks involved in the production of viscose, as well as the lack of transparent supply chain, which is another huge challenge facing the industry. Currently viscose is mainly produced in China, India and Indonesia.

¹ <https://www.worldwildlife.org/threats/deforestation>

² <https://www.worldwildlife.org/industries/timber>

³ <https://foresteurope.org/sfm-criteria-indicators/>

The broader eco-system of sustainability impacts

Through this policy we complement several other priority areas in our sustainable sourcing strategy. For example, our commitment to tackling packaging and plastic waste and driving circularity aligns closely with the principles of timber and wood-based product sourcing. Where we chose to reduce plastic with a wood-based alternative, we must ensure that sustainability principles are upheld.

Supporting wider initiatives

Our policy on the sustainable sourcing of cellulose supports the 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.”

We are also supporting the **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 to strive to end it by 2030. This was endorsed by the national government of the United Kingdom. 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 as part of the Amsterdam Declaration.



Our Scope

For this policy we have assessed all the key areas where wood and timber are used within our business operations and set clear commitments on our approach to sustainable sourcing.



Our Actions

Legality

Since 2013, the EU Timber Trade Regulation (EUTR) has been in force, which prohibits the import of illegally harvested timber and products made from it into the EU. We fully comply with its legal requirements and due diligence obligations. We also accept FLEGT licensed timber. The EU's FLEGT Action Plan was established in 2003 and aims to reduce illegal logging by strengthening sustainable and legal forest management, improving governance and promoting trade in legally produced timber.⁴

We have processes in place to address the risks of wood from illegal sources in full compliance with the EUTR. For products imported ('placed on the market') by Lidl GB directly, as an 'operator' under the EUTR, we conduct our own due diligence assessment to ensure that any risks of illegally logged timber content have been satisfied. This includes gathering information through our risk assessment procedure and risk mitigation process. Records of this due diligence assessment are held and incorporated into our business management systems. In the case of products not imported by us, our suppliers and business partners are required to meet the due diligence obligations of the EUTR to assess and address risks of illegally logged timber.

Sustainability

As a discount retailer, our first commitment is to ensure we use all resources within our business and supply chain efficiently. Where resources are needed, we are committed to ensuring that by 2020, 100% of the wood and timber used within our product range is from either verified recycled and/or from FSC and/or PEFC certified sources. This is in line with the UK Government's assessment of FSC and PEFC against the UK Timber Procurement Policy.⁵

1. Resource efficiency

We are acutely aware of the importance of using our natural resources efficiently – it's part of our DNA as a discount retailer. We believe that we should shift to a food system which captures and retains the valuable resources that we use.

As part of this commitment to circularity, our priority is to make sure that the timber and wood-based products used within our range and operations are used as efficiently as possible, at all stages of the supply chain, enabling us to sell high quality products at the most competitive prices.

2. Increasing recyclability and the use of recycled content

We are committed to increasing the use of recycled content and the recyclability of our product and packaging range. By making this commitment we reduce our reliance on virgin fibres and ensure that we are supporting a circular economy.

Our full strategy on sustainable packaging, including what plastic packaging we have replaced for cardboard / paper-based alternatives, as well as steps we are taking to help customers to recycle in their homes can be found here:

<https://corporate.lidl.co.uk/sustainability/plastics>

⁴ <http://www.euflegt.efi.int/what-is-flegt>

⁵ <https://www.gov.uk/government/publications/forest-certification-schemes-category-a-evidence>

3. Sourcing virgin material from certified sources

When sourcing virgin material for use within our business and supply chain, we work closely with third party certification schemes to ensure that material is procured from certified sustainable sources, ensuring that the principles of sustainable forestry are upheld.

Wood and Timber

For all wood and timber products, we work with third party certification schemes, currently limited to the Forest Stewardship Council (FSC) and the Program for Endorsement of Forest Certification (PEFC). The Forest Stewardship Council (FSC) runs a global forest certification system, offering both forest management and chain of custody (CoC) certification. This system allows consumers to identify, purchase and use wood, paper and other forest products produced from well-managed forests and/or recycled materials.⁶ The scheme is organised around *10 responsible forest management principles* covering a range of sustainable forest management issues such as legality, workers' rights and the management and/or enhancement of high conservation areas.

The Programme for the Endorsement of Forest Certification (PEFC) is an international nonprofit, non-governmental organisation dedicated to promoting Sustainable Forest Management through independent third-party certification. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. As an umbrella organisation, PEFC works by endorsing *national forest certification systems* developed through *multi-stakeholder processes* and tailored to local priorities and conditions.⁷

We will also accept alternative evidence that can demonstrate equivalence to these standards on a case by case basis.

Both FSC and PEFC Chain of Custody (CoC) certification guarantees complete traceability to source. We contractually define and routinely check compliance with these requirements

Textiles

For our wood-based fibres, we partner with Lenzing, a leader in sustainable cellulosic fibre production. Lenzing procure wood and pulp from sources certified to the FSC and PEFC standards. Lidl aims to only use the following more sustainable cellulose-based textiles in its non-food product range: LENZING™ ECOVERO™, TENCEL™ modal and TENCEL™ lyocell.

⁶ <https://www.fsc-uk.org/en-uk/about-fsc/what-is-fsc>

⁷ <http://www.pefc.org/>

Our Commitments

We are committed to ensuring that by 2020, 100% of the wood and timber used within our product range, as well as all pulp and fibre-based packaging, is from either verified recycled and/or from FSC and/or PEFC certified sources

Permanently listed food and household products

- By the end of 2020, we are committed to sourcing all our own brand wood and paper products from either verified recycled wood fibre sources or FSC / PEFC certified virgin fibre sources.

Packaging

- By the end of 2020, we are committed to ensuring that 100% of the pulp and fibre-based packaging in our own label core food range is responsibly sourced from either FSC, PEFC, or equivalent sources, or made using recycled content.

Promotional products (Middle of Lidl)

- By 2020 we are committed to sourcing all our non-food wood and paper-based products, typically sold in the middle of Lidl, from FSC or PEFC sources
- All charcoal sold by Lidl is sourced from either:
 - o FSC or PEFC certified sources or
 - o Strictly-controlled sources with alternative evidence that demonstrates equivalence to FSC and PEFC standards

Textiles

Viscose

- By 2019, we are committed to switching all own-brand textile products that contain viscose to LENZING™ ECOVERO™, a more eco-friendly form of viscose which has improved environmental standards, in comparison to traditional manufacturing methods.

LENZING™ ECOVERO™ is certified using the EU Eco label.

Other cellulose-based fabrics

Lidl has been working with LENZING since 2013 as a supplier of TENCEL™ modal and TENCEL™ lyocell. These more sustainable fabrics are used across various ranges including underwear, outer garments, sportswear and home textiles.

Marketing Materials

- As of March 2019, we are committed to ensuring that marketing materials, such as our weekly leaflets and magazines are produced using recycled material from either FSC or PEFC sources.

Goods Not for Resale

- As of March 2019, we are committed to ensuring that all timber and wood-based products procured for internal business use are sourced from either recycled sources or certified-sustainable sources, limited to FSC and PEFC:
 - o In our stores, this includes all timber woodwork used for in-store fittings, till roll, bakery bags and stickers
 - o In our offices, this includes printer paper, business cards and letter headed paper

Current exemptions

Lidl does not currently apply its timber policy to construction projects for developing, refurbishing and maintaining stores, warehouses and offices. However, we do encourage operating companies and developers to apply the policy as part of a wider sustainability plan.

Currently, Lidl does not apply its timber policy to non-timber forest products (NTFPs), for example cork. Lidl is aware of the importance of forest conservation linked to these products and will regularly review its position.

The policy is not applicable to branded products, although all suppliers of branded products to Lidl are encouraged to maintain robust sustainability policies.

Monitoring and Progress

Through our sustainability report (published every two years), we are committed to reporting on progress against our commitments, as well as reviewing opportunities to develop our commitments further.

We will keep a record of each timber or paper products supplied, and will identify the following information:

- Country of origin
- Volume
- Tree species
- Legal information

Where existing products are found to have been supplied that are not in compliance with this Policy, Lidl GB will work with suppliers to support them to meet our requirements.

This policy is owned by the Responsible Sourcing Manager, Lidl GB, and must be implemented by the Lidl GB supply base as part of the commercial business relationship. Lidl GB reserves the right to audit compliance against this policy at any time. Any queries associated with this policy can be directed to CSR@lidl.co.uk or suppliers can direct their questions to their regular Lidl point of contact.

This policy will be reviewed regularly, to ensure the scope and commitments remains in line with our ambition.

Additional information

Forest Stewardship Council

The FSC is an international non-profit organisation dedicated to promoting responsible forestry. FSC certifies forests all over the world to ensure they meet the highest environmental and social standards.

Find out more: <https://www.fsc-uk.org/en-uk>



Programme for Endorsement of Forest Certification

PEFC is an international non-profit, non-governmental organisation dedicated to promoting Sustainable Forest Management (SFM) through independent third-party certification. PEFC works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards.

Find out more: <https://www.pefc.co.uk/about-us/pefc-uk>



LENZING™ ECOVERO™

Derived from certified renewable wood sources using an eco-responsible production process LENZING™ ECOVERO™ stands for 100% traceable supply chains, with more eco-friendly controlled production, by using 50% less water and emitting 50% less carbon than conventional viscose.

Find out more: <https://www.ecovero.com/>



TENCEL™ Lyocell

TENCEL™ Lyocell is developed from FSC-certified wood sources, whereby more than 99% of non-toxic solvents are recycled in the closed-loop process. This ensures less waste, water usage and emissions. This fibre carries the EU Eco label and European Award for the Environment.

TENCEL™ modal

TENCEL™ modal is a Lenzing branded, cellulose-based fibre that originates from PEFC certified wood sources in Austria. Renewable energy is used in the production process and up to 95% of the by-products are recycled including water and process chemicals.

Find out more: <https://www.tencel.com/sustainability>



EU Ecolabel

The EU Ecolabel is awarded to products and services that meet high environmental standards. The label certifies products throughout their life-cycle, from raw material to disposal.

Find out more: <http://www.ecolabel.eu>

