

Lidl GB

Policy on the Responsible Sourcing and Consumption of Water

May 2021



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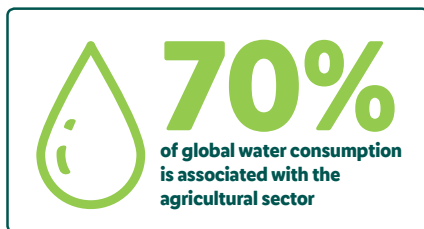
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1. Our Position

Water is a precious resource that is essential to sustaining both human life and the wider environment. Water provides a habitat for aquatic wildlife, preserves biodiversity and acts as irrigation for agricultural crops.

The United Nations have highlighted the importance of water and water quality through the Sustainable Development Goals (SDGs) 6, 14 and 15. At Lidl, we have ensured that the SDGs are taken into consideration when developing our position on responsibly sourcing water and sustainable water consumption. In 2010, the United Nations defined access to clean water as a basic human right, however, *currently 1 in 3 people* do not have access to clean drinking water. Approximately 70% of the usable freshwater is consumed by the agricultural sector for crop irrigation and as drinking water for livestock. Water scarcity is a global concern as only 0.01% of the water on the planet is fresh water (as opposed to salt water) and can be used for consumption for humans, plants and animals.



We acknowledge that water scarcity is further exacerbated by climate change and an increasing global population. Climate change can have a severe impact on 'normal' seasonal fluctuations, causing summer months to lead to droughts and rainy seasons to floods. Global population growth inherently leads to an increase in the demand for products such as clothes and food, all of which rely heavily on water throughout their production stages.

These production processes not only impact water levels but also have an impact on water quality. Water sources can be polluted through manufacturing and food production processes, particularly when hazardous chemicals such as dyes are used or when fertilisers and pesticides are applied within the agricultural sector. When these chemicals and pollutants are incorrectly handled they can enter water sources, leading to detrimental impacts on the surrounding environment and potentially causing harm to humans.

According to *Adelphi*, the food retail sector uses on average around 47 litres of water per euro of turnover. This is much higher than many other industries and highlights the critical importance of managing water risks for a company such as Lidl.

2. Our Responsibility and Scope

At Lidl, we recognise that we have a role to play in the preservation and protection of water resources. In line with our overarching sustainability strategy, we have developed appropriate actions to promote responsible water consumption throughout our business operations and supply chains.

This policy applies to the products and business operations within Lidl that are closely connected to water-related risks. The product categories with the highest levels of water consumption or where water related risks have been identified in their sourcing include:

- meat and poultry
- fruit and vegetables
- plants and flowers
- textiles
- cosmetic and household products
- non-food

At Lidl, we understand our responsibility to ensure that we and those in our supply chain are practising responsible water stewardship. We are therefore developing a strategy with the ultimate goal of reducing water risks within our supply chains. To support this, we are working closely with external stakeholders, NGOs, suppliers and third-party assurance schemes to identify areas of high risk, increase our knowledge and understanding across the organisation and work collaboratively to address them. In developing our approach, one of the key partners supporting is 'The Alliance for Water Stewardship', who are described in more detail further on. We are committed to continuously developing this approach and developing new collaborations.

2.1 Policy Author

This policy is owned by the Responsible Sourcing Department, Lidl GB. Lidl reserves the right to audit compliance against this policy at any time and act on areas of non-compliance. Any queries on this policy should be directed to CSR@lidl.co.uk. Lidl welcomes feedback on the positions and commitments outlined and would like to acknowledge all stakeholders who supported the development of this policy.

3. Our Actions

Our Management Approach Towards Sustainable Water Use

At Lidl, our commitment to corporate due diligence includes a management approach for our material sustainability issues. The management approach defines clear guidelines that ensures the systematic implementation of our strategic aims. To approach the topic of sustainable water use we are following the steps outlined below:

- Conducting a hotspot analysis to understand risks and opportunities.
- Developing goals and measures to mitigate the risks identified.
- Continually assessing the impact of our measures and adjusting accordingly.
- Reporting transparently on progress and challenges faced.

More information on our wider approach to corporate due diligence can be found [here](#).

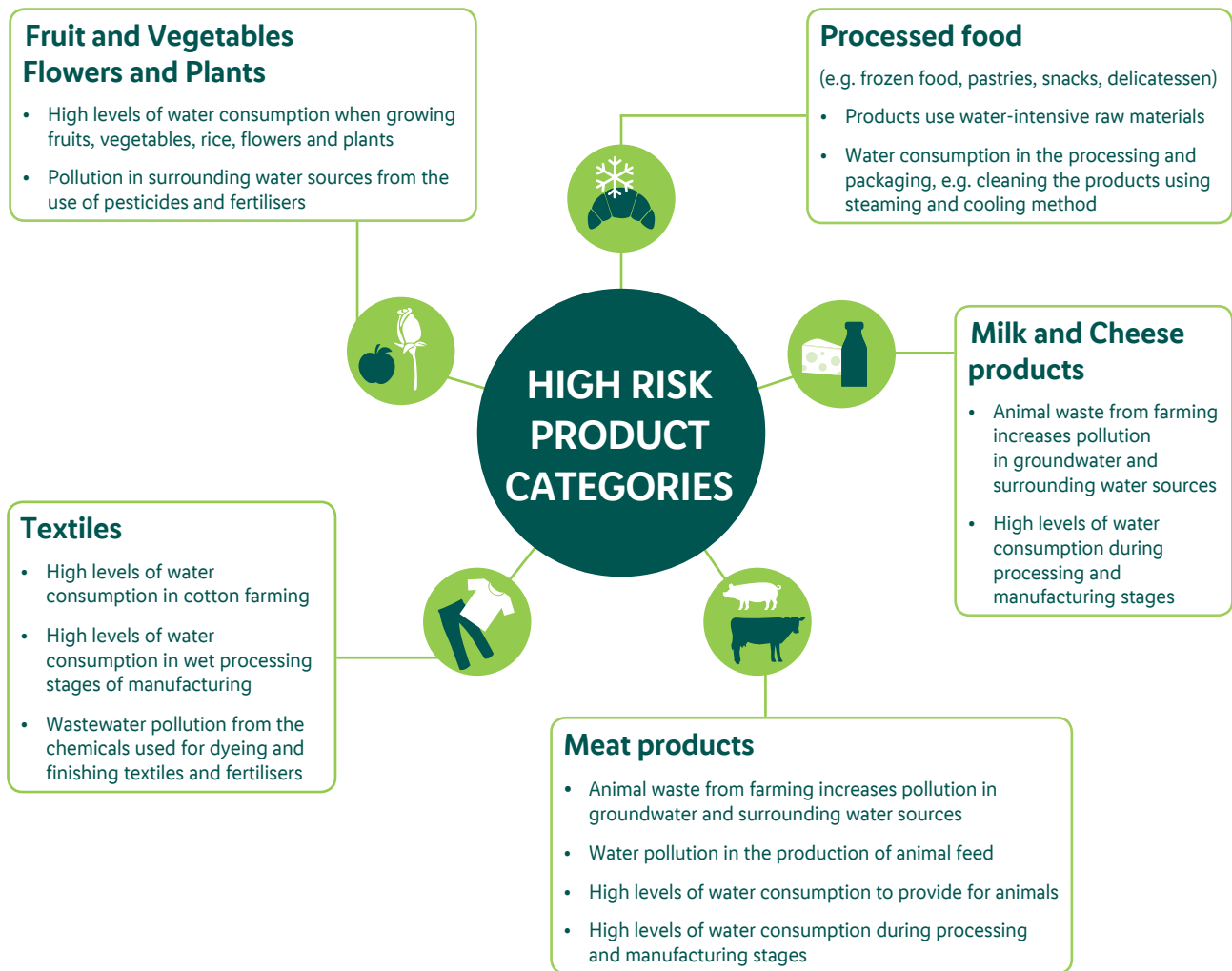
The following sections provide further information on this process in relation to water.

3.1 Hotspot Analysis: Freshwater

In order to develop our strategy and policy for responsible water sourcing, in 2019 we conducted a hotspot analysis across the agricultural sectors in our supply chain to identify which areas imposed the highest risks in relation to freshwater, and therefore provided the greatest opportunity for Lidl to deliver impact.

The results from the analysis highlighted that water pollution and the overconsumption of water were the largest areas of concern, particularly within the fruit and vegetables and processed food product categories. Hotspots include the use of irrigation for agricultural primary production within regions of water scarcity, as well as the application of fertilisers and pesticides. We were able to use these results to refine our approach and focus on actions which would make long lasting changes.

With this in mind, we have developed a range of goals and actions to respond to the analysis. We have committed to certifying the products we sell in stores to third-party assurance schemes and certification standards that promote and monitor responsible water consumption. The most widely used standards for Lidl products are the Red Tractor Assurance programme for all British farmed produce such as meat, poultry, fruit and vegetables, and the Rainforest Alliance for internationally sourced produce such as tropical fruits, vegetables, tea, coffee and cocoa. The next section of this policy will outline these approaches in more detail.



4. Our Measures

At Lidl, we know that we can make the biggest impact by sourcing products for our own brand ranges that are not only high quality but are certified to sustainable standards. Our buying team are integral to this and work closely with suppliers to ensure that products are responsibly sourced. Additionally, Lidl works closely with suppliers and industry initiatives to implement projects that reduce the risk of water scarcity and pollution.

To ensure that customers are aware of the measures we have implemented and can therefore make more informed decisions, we communicate our involvement with initiatives and certifications through product labelling, in-store communication and the dedicated sustainability pages on our website.

The following information details the measures we have taken within product areas in our supply chain to ensure that we are responsibly sourcing and consuming water.



Case study: The Alliance for Water Stewardship

In 2018, Lidl joined the multi-stakeholder partnership *Alliance for Water Stewardship* (AWS). As the first international standard for responsible water sourcing, AWS measures water stewardship against economic, social and environmental measures at both company level and an agricultural level. Lidl joined the AWS to develop our understanding of the risks associated with water and how we can mitigate them.

The AWS provides a framework and standard to its members to ensure their understanding, implementation, evaluation and communication of their measures are progressive and transparent.

By becoming a member of the AWS, we are committing to improving our water stewardship and strategy.



4.1 Measures Within Our Supply Chain

4.1.1 British Agriculture

As part of our due diligence, all farmers that supply British farmed produce to Lidl must be assured under the Red Tractor Assurance scheme. This applies to fresh meat, poultry, fruit and vegetables, plants and flowers products grown in Great Britain. Under the Red Tractor Standard, farmers must map and risk assess any potential impacts their farm or farming operations may have on any surrounding natural water sources and environment. This means that farmers must know how to carefully manage the soil pre-harvest and post-harvest and how to store and apply fertilisers, pesticides, and other chemicals used in agriculture to ensure impacts on the surrounding water sources and environment are minimised or eliminated entirely.

LEAF Marque is a leading global assurance system that recognises more sustainably farmed products. Under the LEAF Marque, efficient and responsible water management is seen as a core component of sustainable farm management that is linked to greater farm productivity. Good water management practices help protect water sources and improve water quality. In particular, good water management under the LEAF Marque contribute towards reducing run-off, pollution, improved field access and soil workability and restoration of wetland areas. Currently, around 40% of our core fruit and vegetable suppliers meet the LEAF Marque standard and we are continuing to work with suppliers to develop this further.

4.1.2 Fruit and Vegetables

As part of our responsible sourcing commitments for fruit and vegetables, all suppliers that source produce internationally for Lidl must be accredited the Global G.A.P. The Global G.A.P Fruit and Vegetable Standard covers all stages of production from pre-harvest activities such as soil management and pesticide application to post-harvest activities such as produce handling, packing and storing. More specifically to water, we are exploring opportunities with a Global G.A.P standard module called the Sustainable Programme for Irrigation and Groundwater (SPRING) which ensures farmers are responsibly managing the water that is sourced and used for their crops.

In order to understand the risks within our fruit and vegetable supply chain we continue to use water-stress indicators from the World Resources Institute (WRI) together with product specific indicators from the Water Footprint Networks (WFN). The results of this analysis will inform our approach to further action. From summer 2020 we began pilot programmes with Global GAP Spring and the AWS International Water Stewardship Standard to further address water risks within our fruit and vegetable supply chains.

4.1.3 Plants and Flowers

Since the end of 2020, we have committed to ensuring that 100% of the flowers and plants we source are certified to an environmental standard. Where seasonally possible, we are committed to supporting British sourcing and supporting the British farming economy. All plants and flowers sold by Lidl must be certified to at least one of the following:

- the Global G.A.P
- The Ornamental Standard of Bord Bia's Horticulture Quality Assurance Scheme
- the British Ornamental Plant Producers' Certification Scheme

Each of these schemes have embedded requirements that address the risk associated with the agricultural sector and water resources.

4.1.4 Textiles

Textiles is another key area in which water consumption and pollution need to be carefully monitored.

The high levels of water consumption in cotton farming is a systemic issue in the textile industry and to reduce our impact we rely on stringent third-party certification standards. We are working towards achieving 100% of our cotton being sourced from sustainable sources by 2025, by using the following standards:

- Global Organic Textile Standard (GOTS)
- Organic Content Standard (OCS)
- Better Cotton Initiative (BCI)
- Cotton Made in Africa (CmiA)
- Fairtrade cotton

All of these standards have specific criteria that ensures farmers are using irrigation methods that reduce water consumption and are implementing soil management practises that enable efficient water use. In addition to this, the standards educate and assure that farmers know how to store and handle pesticides or fertilisers correctly without causing damage to the surrounding water sources. For instances, the OCS is fundamentally based on using minimal fertilisers or pesticides while the CmiA standard ensures that farmers exclusively use rainwater.

As part of our approach to reduce water pollution within the textile sector, in 2014, we became the first food retailer to join Greenpeace Detox Campaign. We recognise our responsibility to reduce the misuse of chemicals within our textile and shoe manufacturing processes therefore we have committed to the elimination of 11 chemicals that were deemed dangerous by Greenpeace from sites that manufacture Lidl own brand products. The elimination of these chemicals from the supply chain will reduce the risk of potential harm caused to humans and the environment.

To achieve this, we implemented a range of programmes within our supply chain including:

- Implementing environmental and wastewater audits with key suppliers.
- Increasing the volume of sustainable materials used in our products, certified through third-party certification schemes.
- Joining the Leather Working Group and the Alliance for Sustainable Textiles.
- Launching our first Cradle to Cradle product.
- Training over 400 employees on environmental and resource efficiency.

While we have achieved the targets of the campaign, we will continue to implement further measures to work towards a more sustainable future.

4.1.5 Raw Materials

As part of our sustainability strategy, we are committed to reducing water risks within our raw material supply chains. We have prioritised the critical raw materials used for the products we sell and developed time bound goals to ensure they are sourced from sustainable sources. Raw materials identified through this strategy include cocoa, tea, coffee, palm oil, soya and cellulose. To achieve this, we work closely with third party certification standards such as The Rainforest Alliance, Fairtrade and Organic. These standards all include requirements that relate to sustainable water usage and are all enforced via third party verification processes.

A full overview of the raw materials goals can be found online at www.lidl.co.uk/sustainability

4.1.6 Cosmetic and Household Products

We recognise that microplastics and problematic plastics entering water sources is a major concern with our cosmetic and household product ranges. Since 2015, we have been working hard to reduce the amount of microplastics in our products to prevent this kind of pollution. For instances in 2017, we removed microbeads from all the products in this range and by the end of 2020 we are committed to removing the following plastics from our own range:

- Polystyrene
- Disposable plastic cutlery
- Plastic straws
- Disposable plastic plates and bowls
- Cotton buds with plastic stems
- Plastic stirrers

At Lidl we are also committed to tackling ocean plastics and understand that the best way to do this is to collaborate with initiatives. We are therefore actively involved with the following:

- *Global Ghost Gear Initiative*
- *Project STOP*
- *The UK Plastics Pact*
- *REset Plastic*

These initiatives have a common goal of reducing the detrimental impact that plastic is having on the environment and in contaminating water sources.

The REset Plastic project is a Schwarz group-wide holistic initiative that focuses on five key areas: REduce, REdesign, REcycle, REMove and REsearch. At Lidl, we have set ambitious targets to reduce the amount of plastic in our supply chain as part of our strategy to work towards a circular economy.

More information on our plastics strategy and targets can be found online at www.lidl.co.uk/sustainability/plastics

4.2 Measures in Store

One key operational process that uses a high volume of water is the cleaning of our stores. However in comparison to our food supply chains, water consumption within our store network is significantly lower. Nevertheless, we are still committed to taking steps to reduce water consumption within this level of our operations. In order to develop our approach and identify opportunities for reductions, we have implemented a central monitoring system within a number of pilot stores across the Lidl group which we will closely observe to develop a broader systematic approach to water reduction.

To minimise impact on total water usage we are committed to continuously developing our operational processes. For example, we train all colleagues who are responsible for handling water as part of their roles. Additionally, we are currently in the process of fitting tap aerators onto the existing water taps in all of our stores. By doing this we are limiting the amount of water per second that is used and therefore reducing our overall water consumption in stores.

4.3 Communication

As part of our wider approach to corporate due diligence we are committed to transparently reporting on the progress towards the reduction of water consumption and water pollution. To do this effectively we believe it is important to engage a wide number of stakeholders, from our suppliers to our customers, and encourage them to join us on our journey. To this end we are introducing a 'Save Water' logo on the packaging of selected own-label products. The aim of this label is to engage customers on the topic of water and to provide recommendations on how they can take steps to reduce water consumption as part of their everyday lives.

5. Further Information

For more information about the work we do at Lidl and how we are working towards a more sustainable future visit our website at www.lidl.co.uk/sustainability

Throughout this policy we have made reference to various water saving initiatives and programmes that have been implemented within specific product categories or raw material supply chains. To find out more about these measures you can access all of our policies and reports at: <https://corporate.lidl.co.uk/sustainability/policies>

Further information on the specific policies and pages referenced in this policy can be found below:

Policy on Farm Animal Health and Welfare Policy

Policy on the Responsible Sourcing of Fruit and Vegetables

Policy on the Responsible Sourcing of Plants and Flowers

Textiles Progress and Commitments

Lidl Detox Commitment Report 2020

 [lidl.co.uk/sustainability](https://www.lidl.co.uk/sustainability)