

Human rights in the supply chain

Progress update 2024

A BETTER
TOMORROW



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Our **responsibility**
for human rights



Our responsibility for human rights

As a discount retailer, Lidl sells food, non-food and near-food products sourced through global supply chains. We are responsible for ensuring access to safe, decent working conditions and labour standards for the people employed throughout our entire value chain as well as our direct operations. We aim to bring about improvements through targeted interventions and key commitments as part of our strategic focus area ‘Acting Fairly’.

Since publishing our first [Human Rights in the Supply Chain Policy](#) in 2022 (progress update published in 2023), we have been on a continuous journey to strengthen our approach in partnership with our stakeholders. The commitments and actions outlined in this report have been set and implemented by Lidl Stiftung & Co. KG and Lidl markets including Lidl Great Britain (Lidl GB).

The measures described in this report may have been defined or implemented by a specific Lidl market. For the purpose of this report, we have not indicated which company in the Lidl Group has defined and implemented each measure.

In this year’s human rights progress report, we share how we are performing against the goals and objectives we set ourselves.

The 2023 progress report can be found [here](#).

Below is our overarching CSR strategy wheel. This report focusses on the strategic pillar ‘Acting Fairly’.



Our due diligence approach

Our approach to due diligence involves monitoring and assessing the potential and actual risk of human rights violations and environmental impacts in our supply chains. Potential and actual risks identified through this process are prevented and mitigated through concrete

steps embedded within our business practices, buying policies and programs. By implementing these actions, we take accountability for the impacts of our business, identify opportunities to minimise negative impact areas and drive positive change.

- Conduct an assortment-based materiality analysis
- Identify risks and opportunities
- Assess impacts and opportunities for action

- Report transparently on progress and learnings to internal and external stakeholders

- Monitor and improve requirements and processes
- Eliminate, reduce and avoid negative impacts
- Provide access to effective grievance mechanisms and access to remedy



- Define CSR-requirements, goals and KPIs
- Define roles and responsibilities
- Implement audit-proof processes
- Ensure measurability

- Demand consistent implementation in supply chains and among stakeholders
- Monitoring of the implementation
- Evaluation of supply chains and supply chain actors

Lidl **human rights strategy**



Lidl human rights strategy

Lidl human rights strategy at a glance

1 Monitoring our impact

We identify risks and potential for improvement.

2 Safeguarding standards

We promote compliance with international frameworks e.g. ILO for the protection of human rights

3 Expanding fair trade

We promote living wages and incomes.

4 Driving change

We actively develop programs, initiatives and projects.



Monitoring our impact












1



Monitoring our impact

We are committed to taking action to mitigate the human rights risks in our supply chain. As such, we continuously review the risks in the production of our goods by:

- Conducting annual and reactive risk assessments
- Conducting three Human Rights Impact Assessments (HRIAs) in high-risk supply chains per year
- Continuously increasing transparency in our supply chains

Action area	Timing	Scope and goal	Status
 Publishing all first-tier food suppliers	Annually	Increasing transparency in all supply chains, including: food, near-food, F&V and non-food	Published
 Risk Assessment	Annually	Identification of human rights and environmental risks in our own business operations and with business partners in our supply chains	Ongoing
 Reactive Risk Assessment	In case of a potential risk	When potential risks in individual sectors or supply chain tiers become known, identify causes and mitigation or remediation measures	Ongoing
 Gender Assessment	Annually	Identification of gender-specific risks in the supply chain	Ongoing
From 2020 – 2022 we conducted 6 HRIAs with the goal to identify and mitigate specific human rights risks			
 HRIA Tea	Conducted in 2020	Tea supply chain from Kenya	Published
 HRIA Berries	Conducted in 2020	Strawberry supply chain from Spain	Published
 HRIA Bananas	Conducted in 2021	Banana supply chain from Colombia	Published
 HRIA tinned tomatoes	Conducted in 2021	Tomato supply chain from Italy	Published
 HRIA Wine	Conducted in 2022	Wine supply chain from South Africa	Published
 HRIA Shrimp	Conducted in 2022	Shrimp supply chain from India	Published
 HRIA Cashew nuts	Conducted in 2023	Cashew supply-chain from Cote d'Ivoire	In progress



	Action area	Timing	Key information	Status
	HRIA Meat	Conducted in 2023	Meat processing in Germany	In progress
	Action Plan Tea	Published 2020		Published
	Action Plan Berries	Published 2022		Published
	Action Plan Banana	Published 2023		Published
	Action Plan tinned tomatoes	Published 2023		Published
	Action Plan Shrimp	Published 2024		Published
	Action Plan Wine	To be published in 2024		In progress
	Action Plan Cashew	To be published 2024		In progress
	Action Plan Meat	To be published 2024		In progress

2024 risk assessment results

The raw materials risk assessment we conducted in 2024 analysed the human rights risks for a variety of different raw materials present in our supply chains. The risks include issues such as child labour and forced labour.

Identified high-risk raw materials and their associated risks/countries of origin are displayed in the table to the right.

- 01** Child labour
- 02** Forced labour
- 03** Fair remuneration
- 04** Land rights
- 05** Occupational health & safety
- 06** Discrimination
- 07** Freedom of association

TROPICAL FRUITS



- 01 – India, Brazil, Turkey
- 02 – India, Brazil, Turkey
- 03 – India, Brazil, Turkey
- 04 – Ecuador, Colombia
- 05 – India, Ecuador, Colombia
- 06 – India, Ecuador, Colombia
- 07 – India, Ecuador, Colombia

SPICES



- 01 – India, Turkey
- 02 – India, Poland, Turkey
- 03 – India, Turkey
- 04 – India
- 05 – India, Turkey
- 06 – India, Turkey
- 07 – India, Turkey

COFFEE



- 01 – Brazil, Vietnam, Honduras
- 02 – Brazil, Vietnam, Honduras
- 03 – Brazil, Vietnam, Honduras
- 04 – Colombia
- 05 – Brazil, Vietnam, Honduras
- 06 – Ethiopia
- 07 – Brazil, Honduras

COTTON



- 01 – India, China, Pakistan
- 02 – India, China, Pakistan
- 03 – India, China, Pakistan
- 04 – India
- 05 – India, China, Pakistan
- 06 – India, Pakistan, Turkey
- 07 – India, China, Pakistan

COCOA



- 01 – Côte d'Ivoire, Ghana, Nigeria
- 02 – Côte d'Ivoire, Ghana, Nigeria
- 03 – Côte d'Ivoire, Ghana, Nigeria
- 04 – India, Cameroon
- 05 – Côte d'Ivoire, Ghana, Nigeria
- 06 – Ghana, Nigeria
- 07 – India, Ecuador

TEA



- 01 – China, India, Sri Lanka
- 02 – China, India, Sri Lanka
- 03 – China, India, Sri Lanka
- 04 – India, Indonesia
- 05 – China, India, Sri Lanka
- 06 – India, Sri Lanka
- 07 – China, India

NUTS



- 01 – Vietnam, Nigeria, India, China, Cote d'Ivoire, Turkey, Argentina
- 02 – Vietnam, Nigeria, India, China, Cote d'Ivoire, Turkey, Argentina
- 03 – Argentina, Vietnam, China
- 04 – India, Burundi, Indonesia
- 05 – Argentina, Vietnam, China
- 06 – India, Nigeria, Turkey
- 07 – China, India, Nigeria

RICE



- 01 – China, Cambodia, Indonesia
- 02 – China, Cambodia, Indonesia
- 03 – China, Cambodia, Indonesia
- 04 – Cambodia, Indonesia
- 05 – China, Cambodia, Indonesia
- 06 – Cambodia, Indonesia
- 07 – China, Cambodia, Indonesia

PLANTS & FLOWERS



- 01 – Ethiopia, Kenya, Turkey
- 02 – Ethiopia, Kenya, Turkey
- 03 – Ethiopia, Kenya, Turkey
- 04 – Costa Rica
- 05 – Ethiopia, Kenya, Turkey
- 06 – Turkey
- 07 – Turkey

SUGARCANE



- 01 – Brazil, India, China
- 02 – Brazil, India, China
- 03 – Brazil, India, China
- 04 – India
- 05 – Brazil, India, China
- 06 – India, Pakistan
- 07 – Brazil, India, China

PALM OIL



- 01 – Indonesia, Malaysia, Papua New Guinea
- 02 – Indonesia, Malaysia, Papua New Guinea
- 03 – Indonesia, Malaysia, Papua New Guinea
- 04 – Indonesia, Papua New Guinea
- 05 – Indonesia, Malaysia, Papua New Guinea
- 06 – Indonesia
- 07 – Indonesia, Malaysia, Papua New Guinea

FISH & SHELLFISH



- 01 – China, Ecuador, India
- 02 – China, Ecuador, India
- 03 – China, Ecuador, India
- 04 – n/a
- 05 – China, Ecuador, India
- 06 – India
- 07 – Ecuador, India



Human rights impact assessments (HRIAs)

In 2020, Lidl became the first UK and German retailer to publish a [human rights impact assessment](#) (HRIA). HRIAs are considered an important step in identifying adverse human rights impacts in the supply chain and selecting effective measures to address them.

Our HRIAs use a risk-based approach and a set process to identify and address potentially adverse impacts within high-risk supply chains and include direct engagement with local stakeholders and rights-holders. To ensure an objective approach, Lidl works with independent third parties to conduct HRIAs. To date, we have completed six HRIAs in total, and further assessments are in progress.

An important aspect of our approach is the risk mitigation and remediation plan, which includes time-bound actions to ensure human rights risks identified through the process are addressed and mitigated effectively. We continuously review our internal process around HRIAs based on our own learnings, as well as external recommendations such as the [Oxfam report](#) 'Towards meaningful human rights impact assessments: from supermarket commitments to best practice action'.



Progress update on HRIA action plans

Commodity	Publication status	Action	Progress
 Tea	Published 2021	1 Exploring collaborative opportunities to increase positive impacts of certification schemes.	●●●●
	See detailed progress report here .	2 Continue sourcing of certified black, green and rooibos tea and increase overall proportion of certified fruit and herbal teas.	●●●●
		3 Continue to engage with stakeholders, local partners and MSIs included within the HRIA as well as feedback learnings.	●●●●
		4 Engaging in initiatives and projects with local stakeholders.	●●●●
		5 Strengthening buying practices beyond certification requirements.	●●●●
		6 Supporting mitigation of the impact of price volatility on rightsholders through business practices.	●●●○
		7 Continuing to develop supply chain transparency.	●●●●
		8 Testing specific interventions to mitigate risks associated with smallholder farmers and women.	●●●○
 Berries	Published 2022	1 Strengthening internal capacity to implement corporate due diligence.	●●○○
		2 Participating in the Spanish Ethical Trade Forum.	●●●●
		3 Conducting unannounced social audits.	●○○○
		4 Strengthening the monitoring of working conditions in cooperatives and producing companies.	●●●○

Commodity	Publication status	Action	Progress
		5 Participating in the Stronger Together training program.	●●●●
		6 Participating in a Lidl pilot project to set up effective, on-site grievance mechanisms.	●●●●
 Banana	Published 2023	1 Dialogue with standard setting bodies.	●●●●
		2 Participating in a gender equality project.	●●●●
		3 Improving wages in the banana supply chain.	●●●●
 Tinned tomatoes	Published 2023	1 Strengthening Lidl's human rights due diligence.	●●●●
		2 Striving for transparency.	●●○○
		3 Implementing new requirements.	●●○○
		4 Participating in the ETI Working Group.	●●●●
 Shrimp	Published 2024	1 Ensuring ongoing feedback and redress.	●●●○
		2 Sharing HRIA with the industry & establishing collaborative mitigation or remediation measures.	●○○○
		3 Strengthening responsible recruitment management systems, policies and practices.	●○○○
		4 Enhancing supply chain transparency and accountability.	●●●○
 Wine	In progress		
 Meat	In progress		

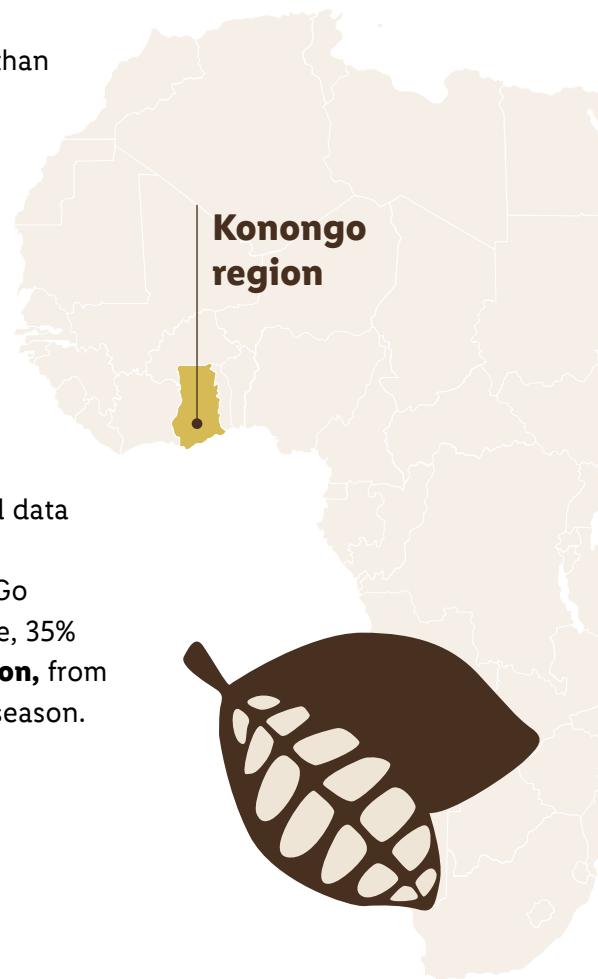
Gender data in our cocoa supply chain

Gender inequality: Women in cocoa production in Ghana

Background: The chocolate industry is worth billions of dollars each year. However, most cocoa farmers still live in extreme poverty. In Ghana, a typical cocoa farmer earns less than 0.85€/day.

Method

The data analysed is aggregated data from farm records taken from 500 farmers within the Way To Go chocolate programme (65% male, 35% female) **from the Konongo region**, from October 2021-September 2022 season.

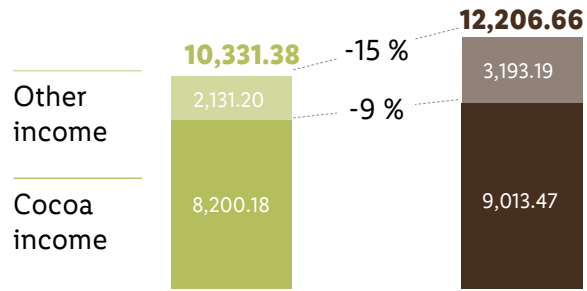


Gender-specific challenges for women in cocoa farming

- In Ghana, female cocoa farmers earn 25-30% less than their male counterparts.
- Women's labour is crucial for cocoa production as they are involved in almost every stage of it. They play a vital role in cocoa farming communities, with their contribution often unseen, undervalued, unpaid or underpaid.
- Their contribution goes beyond farming activities and includes household work, childcare or production of other crops for domestic consumption (e.g. yam, cassava, plantains).
- Women face great difficulties when it comes to ownership of and decision-making over land as they often have less decision-making power in their household, community or district.
- Women face greater difficulties when it comes to accessing education and trainings, financing, farming resources or participation in farming cooperatives.
- The Gender Inequality Index (GII), which looks at gender-based differences, lies at 0.529 in Ghana, ranking it 130 out of 170 countries in 2021.

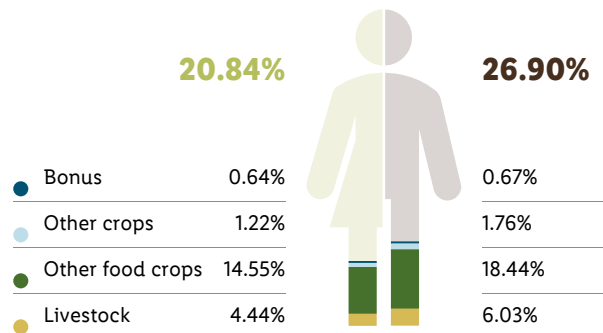
Income

Currency: GHS



From other sources

(Diversification ratio)



Productivity

Kg cocoa sold per acre of land



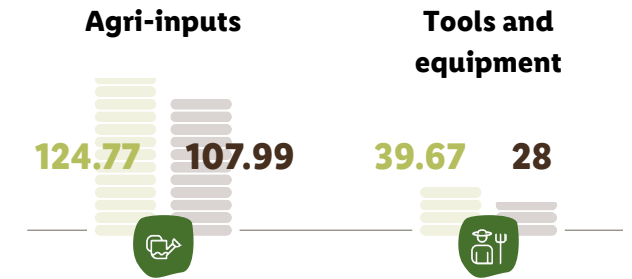
Plot size

in acres



Investment

per acre, in GHS



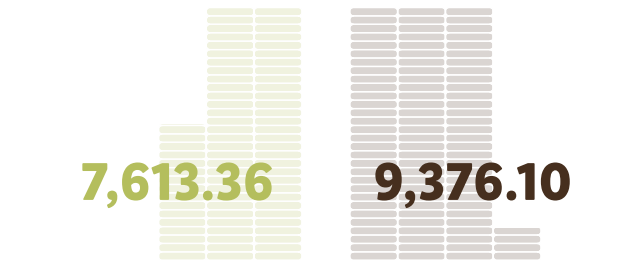
Hired Labor

in GHS



Profit

in GHS



Women Men

Income from other sources

The analysis confirmed that male farmers have additional income from other food crops and livestock, in turn ensuring they have greater resilience due to this diversification. Keeping livestock is typically seen as a male dominant activity in Ghana, while women are typically engaged in household activities, which limits their time for additional income driving. In addition, men tend to have improved access to land and financing.

The share of women generating income from sources other than cocoa could be increased by raising awareness and supporting access to these opportunities. Furthermore, women should be empowered with information and resources for managing their finances.

Farm size and age

Women's access to land could be strengthened by raising awareness among community leaders, traditional leaders and landowners. The Fairtrade program 'Women school of leadership' is an example of this approach.

Hired labour

Considering female owned farms are an average of 23% smaller than their male counterparts, the cost of hired labour may indicate that female farmers have less capacity to work on their farms due to other responsibilities (e.g. family).



→ [Our gender pay gap action plan](#)

Safeguarding standards

2













Safeguarding standards

We promote measures to comply with the International Labour Organisation core labour standards.

The [Schwarz Group Code of Conduct](#) describes our fundamental principles for cooperation with business partners.

By setting ambitious standards for ourselves and our business partners, we want to ensure these standards are met throughout our supply chains.

Focus Area	Objective	Status
CSR requirements for suppliers		
 Sustainable purchasing policy	Contractual obligations for Lidl business partners on social and environmental conditions in the whole supply-chain	Rollout in progress
Grievance mechanisms		
 BKMS	Access to grievance mechanism for all actors in our supply chains	Active
 International ACCORD	Access to grievance mechanism for workers in tier 1-factories for textile-producers in Bangladesh	Rollout completed, Pakistan in progress
 ACT dispute resolution mechanism	Access to grievance mechanism for workers in tier 1-factories for textile-producers in Bangladesh	Rollout completed
 Amfori BSCI Speak for Change (S4C)	Access to grievance mechanism for workers in BSCI-certified factories in Bangladesh, Vietnam, India, Turkey	Rollout completed, Cambodia, Pakistan in progress, China pilot in progress
 Wovo-App by Labour Solutions	Access to grievance channel for workers in tier f1-factories for textile-producers in Myanmar	Rollout in progress
 Appellando	Access to grievance mechanism for workers in fruit, vegetable, and plant supply chains in Spain	Rollout in progress
Pilot projects for setting social standards		
 Pilot - Child rights in the hazelnut supply chain in Turkey (with Save the Children)	Strengthening the rights of children in the hazelnut supply chain in Turkey	Complete: Link
 ILO Better Work rollout	Enabling of textile factories in Cambodia and Bangladesh to comply with ILO standards	In progress
 Health and safety & gender in the Colombian banana supply chain		Complete



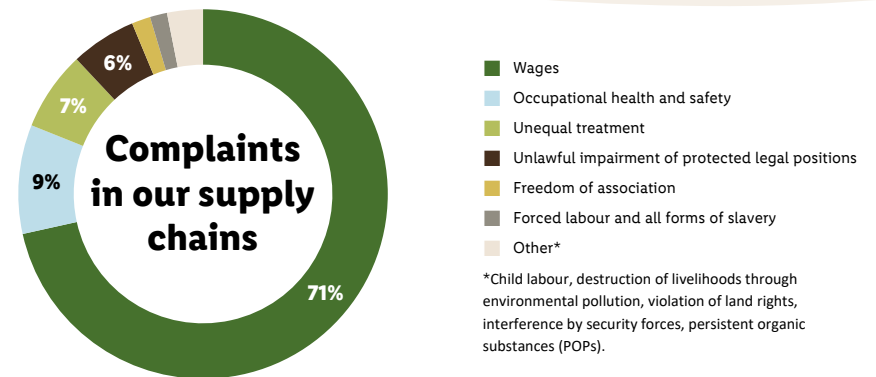
Grievance mechanisms

Ensuring access to effective grievance mechanisms is a key element of identifying human rights violations in our supply chain and forms part of our human rights strategy. It is also part of our company’s code of conduct, which all business partners commit to when entering into a business relationship with us.

We are guided by and comply with the United Nations Guiding Principles on Business and Human Rights (UNGPs) and recognise effective grievance mechanisms as those which are legitimate, freely accessible, legally compliant, transparent, comprehensible, and based on exchange and dialogue.

We work collaboratively with our suppliers and external stakeholders to develop and support access to effective grievance mechanisms throughout our direct operations and global supply chains. Within indirect supply chains, ensuring access to grievance mechanisms can be challenging, particularly for complex supply chains and on smallholder or farm level.

In order to improve the effectiveness of our grievance mechanisms, we analyse the mechanisms against the UNGP principles, legal requirements and the number of received grievances. We use these learnings to actively adjust the mechanisms to increase their effectiveness.



Lidl has worked with multi-stakeholder initiatives to establish industry-wide grievance mechanisms. We have also developed an internal, online grievance mechanism which is based on the [BKMS Reporting system](#). Through BKMS, stakeholders can report grievances, as well as find information about the procedure and confidential treatment of their data.

Most grievances that Lidl received in 2023 were related to late payments and overtime. If we notice a high number of violations on specific topics, we also consider additional measures to prevent further grievances in future.

Following significant progress in the non-food sector, Lidl is now focusing on improving the access to grievance mechanisms for other supply chains, for example fruit & vegetables. An initial step is to engage in industry-wide, multi stakeholder working groups, as well as initiate pilots within high-risk supply chains.

Piloting effective grievance mechanisms in the fruit and vegetable sector



From April 2022 to June 2022, Lidl piloted a grievance mechanism in the Huelva region in Spain with 24 producers representing approximately 1,500 farmers in the berry supply chain.

Based on the success of the pilot, Lidl has initiated engagement with other retailers to establish a sector-wide grievance mechanism for fruit, vegetable, and plant supply chains.

The multistakeholder-approach involves local trade unions, certification bodies, and other important stakeholders and organisations. Furthermore, it also ensures integration with existing local grievance-initiatives through dialogue. Based on a needs assessment of potential users, the mechanism is designed for inclusiveness, effectiveness and greatest possible impact whilst balancing legal requirements.

Led by the EHI Retail Institute, this sector-wide initiative, called “Appellando” officially started in June 2023. Since then, retailers and major suppliers have been working together to further develop the mechanism and prepare for its rollout across the whole of Spain. The initiative is intended to be scaled up to other countries such as Italy, Peru and Ecuador. More information about the initiative can be found [here](#).

Example compliance case – processing and remediation:

We received a media inquiry from a journalist regarding vegetable cultivation in southern Spain, highlighting extensive labour rights violations, health and safety regulations, as well as environmental pollution at one of our suppliers.

In accordance with our standard investigation procedure, we requested a statement from our direct business partner. After receiving this statement, we reviewed it and requested the corresponding evidence.

Subsequently, we initiated two unannounced social audits to verify the allegations. Both audits were unable to substantiate most of the original allegations but revealed other findings related to violations of workplace health and safety standards.

To consider the perspective of the employees, a local union was contacted and included in the audit.

Following this, a corrective action plan was defined and agreed upon with the respective supplier to address the issues. This plan was completed within the specified period. We continuously monitored the implementation of the measures and reviewed and evaluated the corresponding evidence.

After the remediation measures were completed, we developed a monitoring concept for this supplier as part of a preventive approach.

To ensure the long-term implementation of the preventive measures, future audits will take place. These will include employee interviews to verify whether the implemented corrective measures remain effective.

Health and safety and gender equality in the banana supply chain

Gender equality and occupational health and safety (OHS) were highlighted as particular risks within the HRIA on bananas in Colombia in 2021. The work in the field on banana plantations is physically demanding and whilst OHS protocols were in place, they were not always followed. While the workforce in the field is predominantly male, women tend to represent a larger proportion of the workforce in packing houses, where roles are typically paid less.

Given our commitment to supporting gender equality in our supply chains and strengthening the position of women, we decided to collaborate with the World Banana Forum (WBF) to implement a project on OHS & Gender in our Colombian banana supply chain.

Development of a national OHS Manual

To address OHS issues specific to the banana sector, the Banana Occupational Health and Safety Initiative (BOHESI) has been adapted to the Colombian context. National laws and requirements on OHS were considered and the manual was aligned with international OHS standards and conventions. The manual also integrates a gender perspective to OHS, based on the guidelines for the healthy and safe employment of women workers in the Latin American banana industry.

World Banana Forum (WBF)



Lidl has been a member of the WBF since 2016. The WBF, hosted by the Food and Agriculture Organization of the United Nations (FAO), is a permanent platform of assembly where the main stakeholders of the global banana supply chain work together to achieve consensus among best practices for sustainable production and trade. The Forum brings together retailers, importers, producers, exporters, consumer associations, governments, research institutions, trade unions, and civil society organisations to collaborate on key sustainability issues such as workplace issues, gender equity, environmental impact, sustainable production, and economic issues.

In 2013, the Forum launched the **Banana Occupational Health and Safety Initiative (BOHESI)**, with the aim of contributing to more socially and environmentally sustainable banana production and trade, with improved working conditions for workers, farmers, and the surrounding communities.

The initiative was piloted in Ecuador, where national tripartite engagement efforts led to the development of a health and safety manual for the banana industry, complemented by extensive trainings on health and safety for key actors. The important multi-stakeholder collaboration – which included the active involvement of public and private sector representatives, as well as civil society and trade union organisations – achieved institutional impacts in the country, resulting in the mandatory use of the manual in banana plantations through a Ministerial Agreement signed by the Ministry of Labour in 2018. The success of the initiative in Ecuador has led banana industry actors in major banana exporting countries to replicate the initiative, including in Cameroon and Ghana. In addition, there has been a strong focus on ensuring that health and safety risk management adopts a gender-sensitive approach, particularly through gender-sensitive OHS risk assessments conducted by the employer, with the active participation of the workforce. To support these efforts, the WBF developed the document [Guidelines for the healthy and safe employment of women workers in the Latin American banana industry](#).



Scaling up: Promoting the OHS Manual

Colombia is one of the most important banana producing countries for the European markets, however, the Lidl Colombian Bananas [HRIA](#) showed that there is room for improvement at sector level. For this reason, Lidl supports the efforts of the WBF to initiate a national tripartite debate with the aim of harmonising national regulations with international OHS standards. We hope to encourage further actors to take up our efforts in collaboration with the WBF in piloting trainings on gender-sensitive workplace health and safety risk assessment for the Colombian banana industry. This will contribute to the improvement of health and safety conditions of agricultural workers and serve as a catalyst for a wider replication of the BOHESI program in the Colombian banana industry in the future.

Manual content

Chapter 1	Introduction
Chapter 2	OHS laws and the OHS management system in Colombia
Chapter 3	Health and safety risk assessment by the company with active participation of the workforce
Chapter 4	Gender-sensitive risk assessment
Chapter 5	Hazards, risks and risk controls in banana production
Chapter 6	Training activities



Project results: Colombia



3 Plantations



59 Participants



33 %
Women



75 %
Success Rate







Expanding **fair trade**

3

Expanding fair trade

- **We promote living wages and living incomes as well as a fair distribution of value throughout our supply chains.**
- **We develop projects to support closing wage and income gaps.**

Commodity	Program	Objective	Timeframe	Status
	Living Wage Banana	To close the Lidl-specific living wage gap of workers on banana plantations that supply Lidl in Germany.	Annual	Completed and ongoing
	ACT	As an ACT member, we support the implementation of collective bargaining agreements for the textile industry in producing countries. The wages negotiated within this framework are supported by responsible purchasing practices.	Continuously	Ongoing
	Way To Go	Way To Go is Lidl's Fairtrade-certified own-brand range. The Way To Go concept was developed jointly by Lidl and Fairtrade to secure the incomes of small farmers in Lidl's food supply chains and work towards a living income.	Continuously	Completed and ongoing
	Cotton made in Africa (CmiA)	Lidl is a partner of CmiA, one of the world's leading standards for sustainably produced cotton. A key topic is the non-discrimination and empowerment of women, for which the standard sets specific requirements. For example, the standard requires CmiA-certified cotton cooperatives to provide gender-independent pay and to protect mothers through parental leave and the option to return to work.	Continuously	Completed and ongoing

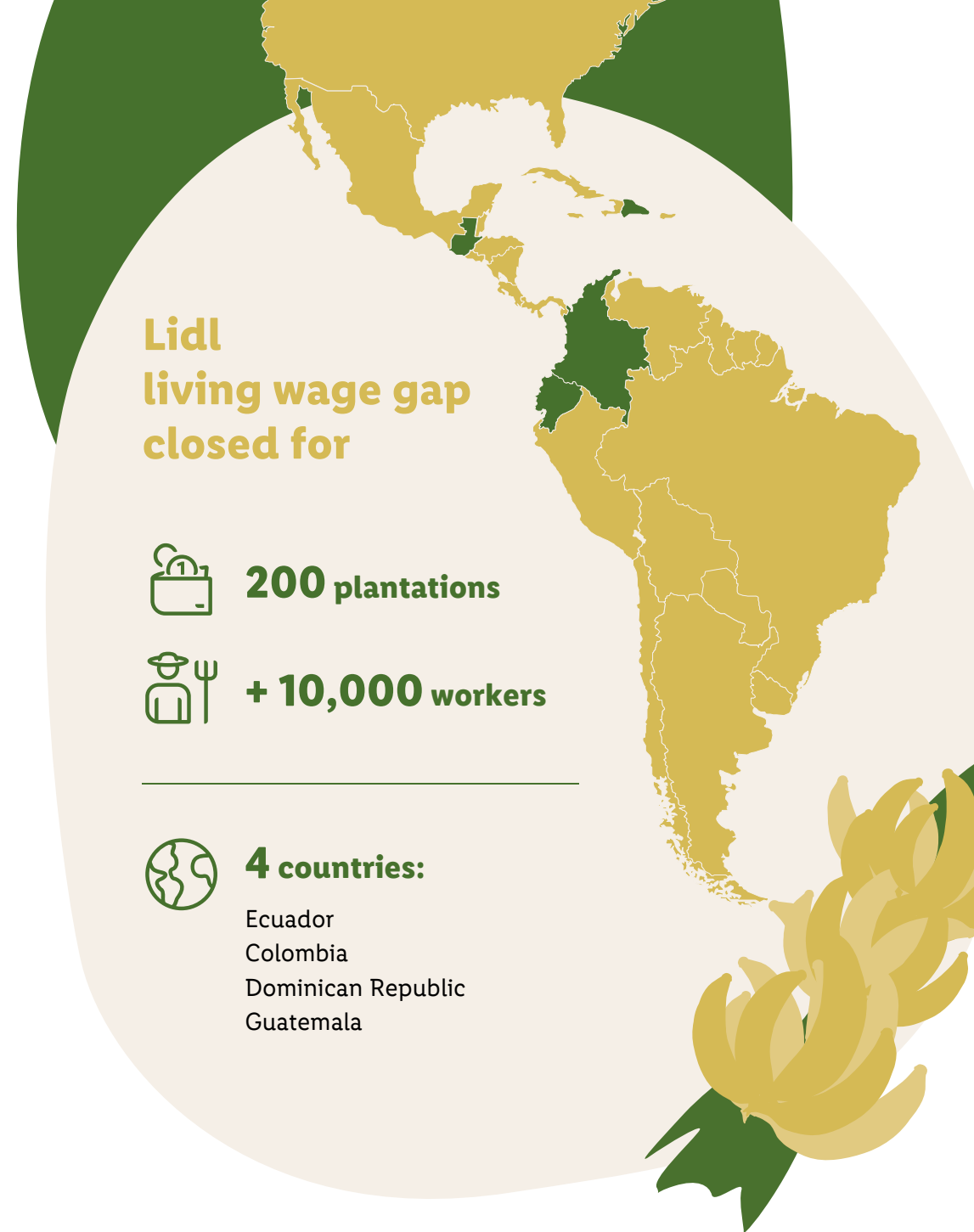


Living wage banana project

In 2021, Lidl conducted a Human Rights Impact Assessment (HRIA) in the Colombian banana supply chain. This assessment revealed risks of gender discrimination and underpayment of workers on banana plantations. By focusing on achieving living wages in the banana supply chain, we believe we have the opportunity to mitigate several risks and develop a long-term sustainability strategy.

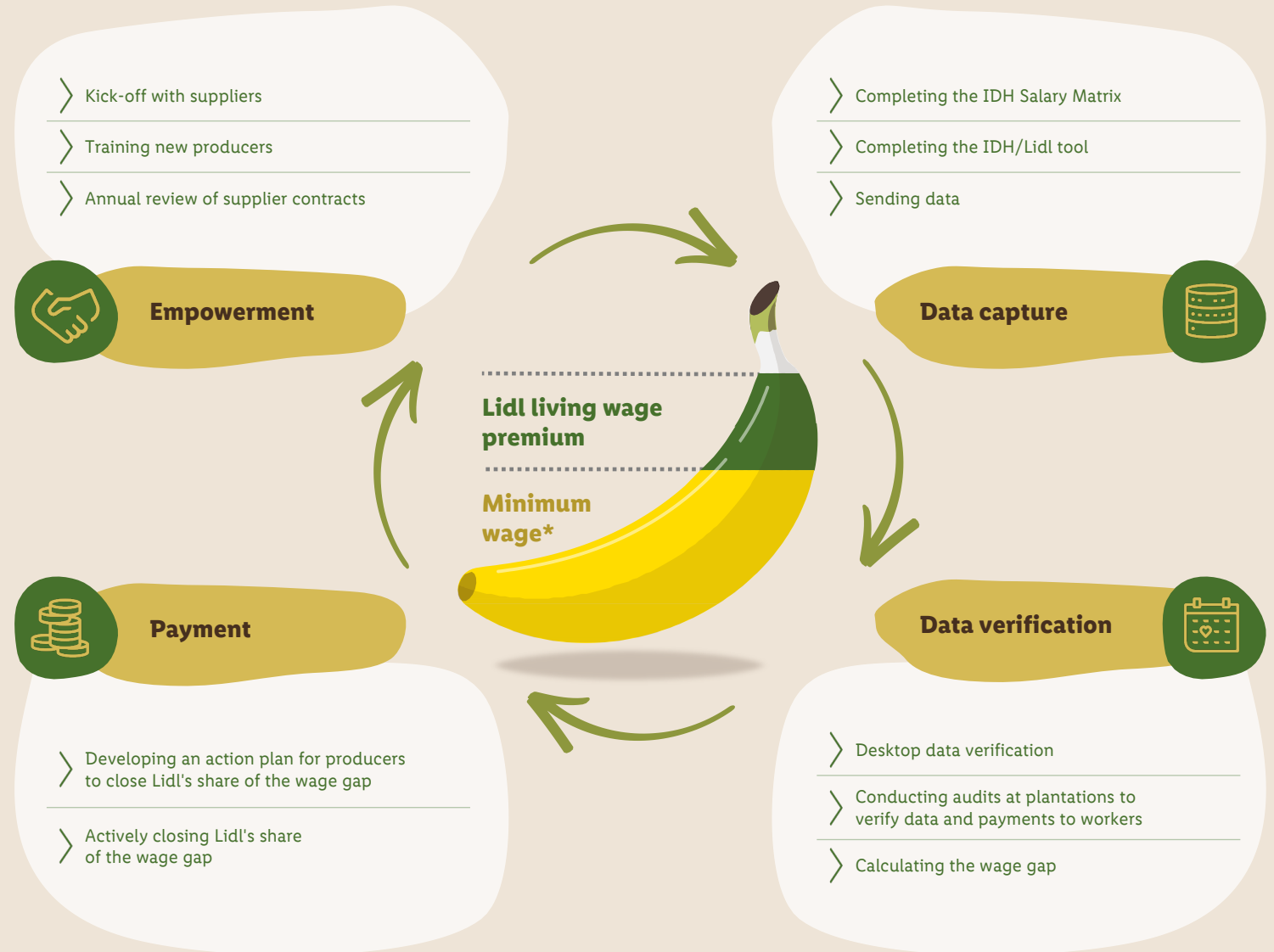
In 2022, we launched our living wage project in the banana sector. In close collaboration with IDH and FLOCERT as well as local producers, Lidl developed a process to close our share of the wage gap in the banana supply chain by 2023. This included a four-step cycle, ranging from producer training, data collection, verification and validation (through on-site audits), to payments via individual action plans (where a wage gap was present).

In 2023, Lidl successfully closed its wage gap through voluntary contributions for all bananas sold in Germany, Austria, Belgium, and the Netherlands. This applies to all organic and conventional bananas sourced from 200 plantations in Colombia, Ecuador, the Dominican Republic, and Guatemala. Through this measure, we have expanded our commitment to living wages and incomes beyond the Way To Go program.



2023 project cycle to close Lidl's share of the wage gap

Lidl succeeded in closing its share of the living wage gap for Lidl bananas sold in Germany.



* The minimum wage associated with Fairtrade certified bananas is at least 70 percent of a net living wage

Way To Go: Working towards a living income for small-scale farmers

Our Way To Go range aims to take fair trade to the next level, with a concept jointly developed by Lidl and Fairtrade. Through our Fairtrade-certified own-brand range, we work towards establishing living incomes for small-scale farmers of selected high-risk raw materials. This is done through long term, income-enhancing measures which go beyond the Fairtrade standards.

The goal of Way To Go is to empower small farming families to achieve sustainable income improvement. For this, we rely on the following core components:

So far, the Way To Go concept has been implemented in four supply chains: cocoa, cashew nuts, coffee and juice.

We plan to expand the scope and scale of the project to additional supply chains over time.



Living income premiums and income diversification

We are working towards establishing living incomes in producer countries for the quantities of the high-risk raw material we purchase, by adding a Lidl **Income Improvement Premium (IIP)** on top of the Fairtrade Minimum price and the Fairtrade Premium.

The IIP is composed of a **direct payment** and an additional amount towards **financing projects** in the cooperatives. These empower small-scale farmer households to diversify and increase their incomes.



Secure Incomes

One of the core principles of Way To Go is that improving incomes in a sustainable way requires stable social, economic and environmental conditions.

Income diversification, preventive measures to adapt to climate change and sustainable production methods can all help to secure the world's critical raw materials.

Social security is a focal point for Way To Go: specifically gender equity, the protection of women and children as well as occupational health and safety.



Transparency

Our Way To Go products are traceable back to their respective cooperative. Through regular reporting, analyses and assessments, we continue to increase the transparency of our Way To Go products and evaluate where we need to focus.

Way To Go cocoa

The first Way To Go project was initiated in September 2019 in collaboration with the cocoa cooperative Kuapa Kokoo Farmers Union (KKFU), Fairtrade and Rikolto.

The aim of the project was to improve the socioeconomic conditions of cocoa farmers within the Konongo area of the Ashanti region of Ghana by increasing their income from cocoa production and boosting income generating opportunities in the area.

In 2023, Lidl added a second cooperative for cocoa – the Kukuom Cooperative Cocoa Farmers and Marketing Union in the Asunafo South District in the Ahafo Region.

Key facts about the project

Way To Go cocoa is 100% physically traceable to the Kuapa Kokoo Farmers Union (KKFU), Konongo and Juaso Societies, and the Kukuom Cooperative Cocoa Farmers and Marketing Union.

The Income Improvement Premium is paid for each tonne of raw cocoa, on top of Fairtrade Minimum Price and Fairtrade Premium. The IIP is made up of a direct payment to improve individual small-scale farmers' incomes and financing of projects to achieve long-term income improvement. The projects specifically target women, youth, and low-income members.



The project aims to increase resilience against price volatility, the effects of climate change and looks to reduce dependency on cocoa by diversifying income sources.

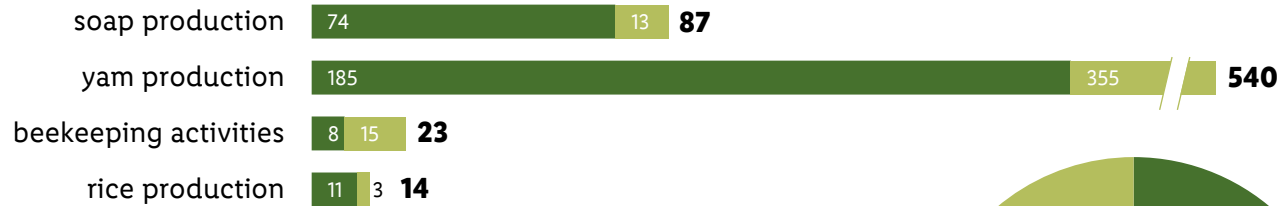
The project also involves:

- Rolling out gender inclusive project activities such as farm record keeping and village savings and loan associations (VSLAs).
- Conducting gender sensitive needs and risk assessments to help shape project activities in an appropriate way. This is done with the support of the cooperative's representatives, as well as a 'gender specialist' to define programs that specifically consider the needs of female farmers.



Key achievements since project start

Farmers involved in...



More than **2,200 farmers**

benefitted from spraying and pruning services

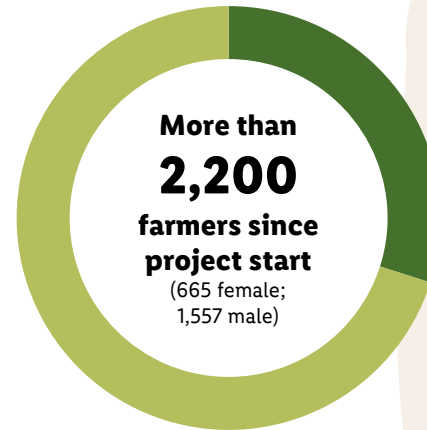
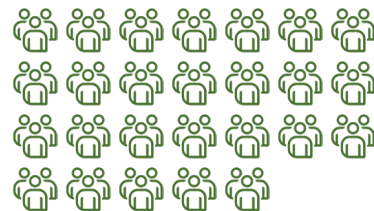
Child protection data collection, validation and analysis conducted for

316 children between the ages of 5-17

from 7 identified high risk communities (160 female)

More than **3,300 farmers**

participated in the village saving and loan associations (49 % female) aiming to improve access to finance for cocoa farmers (1,644 female, 1,726 male)



26 communities

with GPS mapping of farms (3,343 farmers)

female
male



419,000 cocoa seedlings

distributed to 868 farmers (283 female; 585 male) to facilitate rehabilitation of old and diseased cocoa farms as well as to increase productivity and efficiency of cocoa farms



90,350 tree seedlings

of different local varieties **distributed to 901 farmers** to initiate reforestation in the cocoa producing regions



Way To Go coffee

Based on the learnings from the Way To Go cocoa project, Lidl and Fairtrade extended the concept to coffee, cashew nuts and orange juice/orange-mango juice supply chains.

The Way To Go coffee project was implemented in August 2022 in collaboration with the COMSA coffee producer organisation in Honduras. This project aims to improve the incomes for female coffee farmers in the Marcala region of Honduras. The cooperative was renamed to APROCOMSA in 2023.



August 2022

Lidl Germany, Netherlands, and Belgium launched Way To Go coffee.



Key facts about the project

The coffee is 100% physically traceable to the APROCOMSA cooperative in Honduras.

The Income Improvement Premium is paid for each tonne of raw coffee on top of the Fairtrade Minimum Price and Fairtrade Premium. The IIP is made up of a direct payment to improve individual small-scale farmers' incomes and financing of projects to achieve long-term income improvement. Within the latter, there is a focus on gender equity.

The project is increasing resilience against price volatility, the effects of climate change and other challenges, by fostering income diversification, increasing productivity through improved coffee varieties/improved production methods and providing trainings to address gender specific issues.

Before the project activities were defined, a needs assessment was conducted with the support of the APROCOMSA women's committee. The project aims to promote the role of female coffee producers by concentrating on a female-only target group for all project activities.

Key achievements since project start

Fairtrade coffee sourced from female farmers of APROCOMSA producer organisation:



178

female coffee farmers from APROCOMSA

have participated in the coffee project to date, sold their coffee to Lidl and have received the **income improvement premium**.



Female farmer members of APROCOMSA have organised as a group and **improved communication and exchange of ideas**.



57 farmers

have already **benefitted from project activities**, e.g. by planting more than 5,000 fruit and shade trees. Expansion to all 178 farmers is currently in progress.



30 women

have begun planting more than 50,000 coffee seedlings from more resilient varieties.



46 women

have participated in **training on reproductive health**.



57 women

participate in farm record keeping to **professionalise their farms and improve cultivation costs**.





Way To Go cashew nuts

The Way To Go cashew nut project was launched by Lidl Netherlands in 2022 in cooperation with supplier Johnny Cashew. It was implemented with the UWAMI cooperative initially, in the Kilwa district in the Lindi region in Tanzania.

Since then, additional cooperatives – Mtungi, Namakorongo, Nguva Moja and Msisma – have been added. The project aims to improve the incomes for cashew nut farmers.

Key facts about the project

100% physically traceable cashew nuts from cooperatives in Tanzania.

Calculation of the [Living Income Reference Price \(LIRP\)](#) for cashew nut production in Tanzania has been completed.

The Income Improvement Premium for the cashew nuts is paid on top of Fairtrade Minimum Price and Fairtrade Premium to finance project activities.

Projects involve empowerment and training of farmers, including training for safe pesticide use and storage, tree maintenance and crop protection, as well as construction of an office and a warehouse.

The Whole Harvest Principle that uses 95% of processing output – including broken cashew nuts – is utilised, thereby reducing food waste.



Key achievements since project start

The first cashew cooperative (UWAMI)

2022 registered as an Agricultural Marketing Cooperative Society (AMCOS)

More than 1,000 farmers from three cooperatives supplied cashew nuts.

Two additional cooperatives have already been onboarded.



Improvement in collection of cashew nuts



Improvement in trade contracts entered on behalf of its members

Training on **Fairtrade standards** from Fairtrade Africa has enhanced the understanding of Fairtrade standards and requirements among the cooperative leaders and selected farmers.

Training on **Premium use and management** enabled UWAMI management to handle the Fairtrade Premium processes from planning to implementation in a democratic way and practice the proper and accountable use of funds.



Way To Go juice

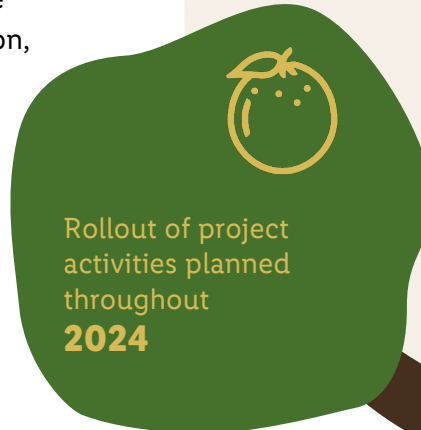
In 2023, a new project was introduced into the Way To Go program, integrating orange juice and orange-mango nectar into the range. The Way To Go oranges are grown by the cooperative Cooperativa de Produtores de Comércio Solidário – Coopsoli in the Paraná Region, Brazil. In addition to the Fairtrade Minimum Price and the Fairtrade Premium, orange producers in Brazil receive the Lidl Income Improvement Premium, which finances accompanying project activities and direct payments to the cooperative.

Through the IIP, Lidl aims to help establish living incomes, improve social conditions and enable more farmers to produce and harvest oranges in a more environmentally friendly way.

Key facts about the project

The oranges are 100% physically traceable to Cooperativa de Produtores de Comércio Solidário – Coopsoli.

An Income Improvement Premium is paid for the oranges on top of Fairtrade Minimum Price and Fairtrade Premium. The IIP is a direct payment to improve individual small-scale farmers' incomes and finance project activities to achieve long-term income improvement for the farmers.



The cooperative:

2018

registered as Coopsoli – Cooperativa de Produtores de Comercio Solidario



7/36
members
are women

2020

Fairtrade certified

The project aims to increase resilience against price volatility, the effects of climate change or any other challenges with orange harvests by diversifying growers' income sources and reducing dependency on oranges.

It also includes the development of gender inclusive projects aimed at producers which consider the additional hurdles faced by female farmers.

Driving change

4









Driving change

We engage in a range of development programs, initiatives, and projects within our supply chains to proactively drive change beyond our organisation.

Human rights violations in global supply chains are often fueled by structural poverty, inequality, and inadequate rule of law in producer countries.

Challenges in global supply chains are often faced by numerous supply chain actors. This is typically due to complex underlying causes which pose a challenge for the sector as a whole. Systemic solutions are necessary to address social risks connected with occupational health and safety, freedom of association, non-discrimination, wages as well as child and forced labour.

Working with multistakeholder initiatives (MSIs), other partnerships and through exchange in numerous working groups, we share our experiences from pilot projects and aim to contribute to lasting systemic change. Through these actions, we hope we can help to shape a more sustainable future.

	Program	Goal
	GRASP Technical Committee	Improving workers' health, safety, and welfare
	Ethical Trading Initiative (ETI)	Improving the lives of workers worldwide in collaboration with others
	Ethical Tea Partnership (ETP)	Creating a fairer, more sustainable tea industry for workers, farmers, and the environment
	ACT on living wages	Creating better working conditions for textile workers and working towards living wages
	Cotton made in Africa	Improving the living conditions of small-scale farmers in the cotton sector
	World Banana Forum	MSI promoting open dialogue on the challenges in the banana sector



Human rights commitments and progress



Human rights commitments and progress

Strategic pillar	Focus Area	Commitment	Timeline	Status
Monitoring our impact	Living wages and incomes	Identify top risk products for Living Wage/Living Income gaps in our supply chains + report progress annually	End of financial year 2021	●●●●
Safeguarding standards	General	Access to effective grievance mechanisms in three supply chains		●●●○
Safeguarding standards	Non-discrimination/Gender equality	Inclusion of women's empowerment in the Way To Go project		●●●●
Driving change	Non-discrimination/Gender equality	Encouraging strategic suppliers to sign UN Women's Empowerment Principles (WEP)		●●●●
Safeguarding standards	General	Establishment of a risk-based approach on social auditing	End of financial year 2022	●●○○
Safeguarding standards	General	Develop an overarching approach to improving labour standards beyond audits ("Beyond Auditing")		●○○○
Safeguarding standards	Non-discrimination/Gender equality	Promote equality between men and women and ensure the participation of both genders in order to minimise the gender pay gap.		●●●●
Safeguarding standards	Living wages and incomes	Integrating the topic of fair pay into our annual risk analysis. In doing so, we consider the different income situations of men and women.		●●●●
Expanding fair trade	Living wages and incomes	Support small-scale farmers in accessing and using agricultural inputs to increase the efficiency of their yields and to diversify their products and thereby strengthen their resilience.		●●●●
Expanding fair trade	Living wages and incomes	Engage regularly with stakeholders to promote small-scale farmers		●●●●
Expanding fair trade	Living wages and incomes	Support small-scale farmers in increasing their incomes, e.g. through access to financial resources, agricultural diversification programs and business administration training.		●●●●
Monitoring our impact	Non-discrimination/Gender equality	Publish an action plan on decreasing the gender pay gaps in 3 risk supply chains and annual progress report	End of financial year 2023	●●●●
Monitoring our impact	Non-discrimination/Gender equality	Include the topic of non-discrimination and gender equality into account in our annual risk analysis.		●●●●
Safeguarding standards	Communication	Inform and train our business partners on the Lidl Human Rights Strategy		●●●●
Safeguarding standards	General	All tier-1 producers in Cambodia and Bangladesh are members of ILO Better Work		●●○○
Safeguarding standards	General	All farmers/growers of fruits & vegetables, plants and flowers are certified with GLOBAL GAP GRASP		●●●●



Strategic pillar	Focus Area	Commitment	Timeline	Status
Safeguarding standards	Non-discrimination/Gender equality	Publish gender-specific data for 3 high risk supply chains	End of financial year 2023	●●●●
Safeguarding standards	Non-discrimination/Gender equality	Support business partners in the implementation of occupational health and safety guidelines during pregnancy as well as maternity protection guidelines		●●●●
Safeguarding standards	Non-discrimination/Gender equality	Publish a plan against gender-based violence (in accordance with ILO Convention 190)		●●●●
Safeguarding standards	Living wages and incomes	Empower buyers to identify and address high risk products for Living Wage/ Living Income gaps		●●●○
Safeguarding standards	Non-discrimination/Gender equality	Revise requirements for suppliers with a specific focus on fairness and equal opportunity in the supply chain		●●●●
Safeguarding standards	Non-discrimination/Gender equality	Continue to educate buyers on responsible purchasing practices, including on the topic of gender		●●●●
Safeguarding standards	Living wages and incomes	Publish a position paper on fair pay		●●○○
Safeguarding standards	Freedom of association	Include the issue of freedom of association as a requirement for suppliers in Code of Conduct and Sustainable Purchasing Policy		●●●●
Expanding fair trade	Freedom of association	Support small-scale farmers to form an association		●●○○
Expanding fair trade	Non-discrimination/Gender equality	Publish the gender pay gap of a high-risk supply chain.		●●●●
Expanding fair trade	Living wages and incomes	Engage buyers on the topic of living wages		●●●●
Expanding fair trade	Living wages and incomes	Engage in multi-stakeholder initiatives to support collective bargaining		●●●●
Expanding fair trade	Living wages and incomes	Implement 3 pilot projects to reduce the Living Income/Living Wage gap in risk supply chains; consideration of women's wage situation		●●●○
Driving change	Communication	Engage with trade unions on the challenges of freedom of association in order to better understand the opportunities and limitations. We place a particular focus on women-specific hurdles.		●●○○
Keeping track of impacts	Non-discrimination/Gender equality	Identify suitable measures together with expert organisations on the basis of the data collection, to reduce the gender pay gap in high-risk supply chains	End of financial year 2024	●○○○
Safeguarding standards	Non-discrimination/Gender equality	Engage buyers on the topic of responsible purchasing practices including the issue of gender pay gap		●○○○



Strategic pillar	Focus Area	Commitment	Timeline	Status
Safeguarding standards	Health and safety	Support workers in selected high-risk supply chains with access to a social security system	End of financial year 2024	●○○○
Safeguarding standards	Freedom of association	Train our suppliers in high-risk supply chains on promoting freedom of association.		●○○○
Safeguarding standards	Freedom of association	Train workers in three high-risk supply chains on the topic of freedom of association, with a particular focus on women-specific hurdles in consultation with trade unions and local stakeholders.		●○○○
Safeguarding standards	Living wages and incomes	Develop a program for school scholarships and provide support by providing information on training and career opportunities in selected high-risk supply chains.		●○○○
Safeguarding standards	Health and safety	Support workers in selected high-risk supply chains in protecting their health		●○○○
Driving change	Non-discrimination/Gender equality	Revising guidelines for suppliers with a particular focus on gender-based violence in the supply chain		●●○○
Driving change	Non-discrimination/Gender equality	Support programs to promote educational and professional opportunities in selected high-risk supply chains, with a special focus on girls and women		●●○○
Driving change	Non-discrimination/Gender equality	Support increasing the proportion of women in trade unions and raising awareness of issues of gender-based violence and forms of oppression		●○○○
Driving change	Non-discrimination/Gender equality	Identify 3 high-risk supply chains and calculate the baseline for gender pay gaps		●●○○
Keeping track of impacts	General	Conduct and publish 3 HRIAs annually	End of financial year 2025	●●●○
Keeping track of impacts	Communication	Publish all high-risk supply chain tiers starting with 3 supply chains		●●○○
Safeguarding standards	Non-discrimination/Gender equality	Ensure access to gender-sensitive health and safety systems		●○○○
Safeguarding standards	Non-discrimination/Gender equality	Ensure access to gender-sensitive grievance mechanisms in high-risk supply chains		●○○○
Safeguarding standards	Child labor	Implement a training concept in high-risk supply chains for prevention/ remediation of child labour		●○○○
Safeguarding standards	General	Ensure that purchasing practices are followed beyond Tier 1	Ongoing	●●●●
Safeguarding standards	Non-discrimination/Gender equality	Collaborate with women's rights organisation	Ongoing	●●●●



Strategic pillar	Focus Area	Commitment	Timeline	Status
Safeguarding standards	Non-discrimination/Gender equality	Engage buyers on the topic of responsible purchasing practices, including the issue of gender-based violence	Ongoing	●○○○
Safeguarding standards	Living wages and incomes	Improve workers' wages (fair wages) and reporting on projects	Ongoing	●●●●
Safeguarding standards	Living wages and incomes	Publish an action plan to support small-scale farmers towards a living income + annual report on lessons learned	Annual	●●●○
Expanding fair trade	Non-discrimination/Gender equality	Encourage business with women-owned companies	Ongoing	●●●●
Expanding fair trade	Living wages and incomes	Implement ACT requirements including strengthening the awareness of Freedom of Association/ collective bargaining in our supply chains	Ongoing	●●●○
Driving change	Freedom of association	Dialogue with labour unions to identify challenges	Ongoing	●●●●
Driving change	Non-discrimination/Gender equality	Revise our requirements for suppliers with a specific focus on fair pay and equal opportunities in the supply chain	Ongoing	●●●●
Driving change	General	Actively participate in 3 multi-stakeholder initiatives	Ongoing	●●●●
Driving change	Communication	Publish the approach to grievance mechanisms	Ongoing	●●●●
Driving change	Communication	Advertise fair products	Ongoing	●●●●
Driving change	Communication	Report on the progress of human rights commitments and lessons learned (including grievance mechanisms).	Annual	●●●●
Driving change	Communication	Report on responsibilities for CSR within Lidl	Annual	●●●●
Driving change	Communication	Include the issue of gender pay gaps in in our annual risk analysis	Annual	●●●●
Driving change	Communication	Report on our progress and share our experiences in multi-stakeholder initiatives	Annual	●●●●

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