

**Lidl GB**

**Human Rights  
Impact Assessment:  
Progress Report  
Tea, Kenya**

**2023**



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# Introduction

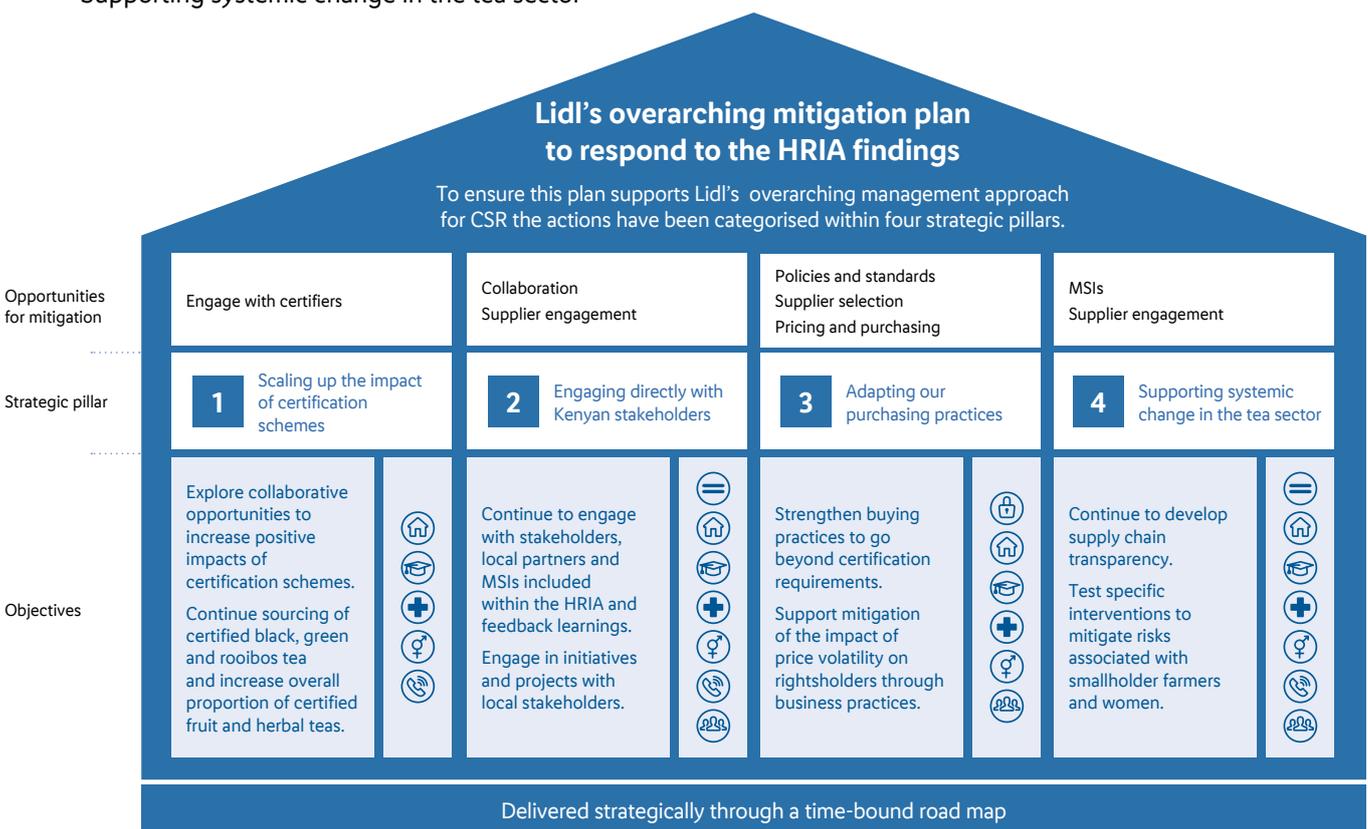
As part of Lidl’s human rights strategy, the group has committed to conducting three Human Rights Impact Assessments (HRIAs) in high-risk supply chains every year, until 2025. The goal of a HRIA is to gain in-depth knowledge of a particular supply chain (one product and/or one sourcing country), understand where and how specific business or supply chain activities have the potential to impact internationally recognised human rights, and engage directly with supply chain stakeholders and rightsholders.

In October 2019, Ergon Associates was contracted by Lidl to undertake a HRIA in Lidl’s Kenyan tea supply chain. Tea was selected as the subject of Lidl’s first HRIA after a detailed scoping and risk assessment process which concluded that Lidl’s purchasing volumes, importance given to the origin country, supplier relations and the number of ongoing Lidl activities in this supply chain made it most suitable. Please refer to the [Kenyan Tea HRIA report](#) for further details on the assessment methodology and specific impacts identified.

Following this HRIA, Lidl developed its first ‘mitigation plan’, which set a framework for workable activities to mitigate or remediate the identified negative impacts and enhance positive impacts, consistent with Lidl’s overarching policy commitments.

Lidl’s Kenyan tea HRIA mitigation plan is structured into four key pillars:

- Scaling up the impact of certification schemes
- Engaging directly with Kenyan stakeholders
- Adapting our purchasing practices
- Supporting systemic change in the tea sector



The following Kenyan tea HRIA progress report, outlines:

- The actions Lidl has taken following the timebound HRIA mitigation plan
- Planned next steps against each mitigation plan objective
- Case studies on pilot projects

This report has been written by Lidl GB on behalf of the Lidl Group.

# HRIA mitigation plan: status update

The below table outlines Lidl's work in progress against each of the HRIA mitigation plan pillars:

KEY ● Objective achieved, next steps in progress. ● Objective in progress.

Mitigation plan pillar one: Scaling up the impact of certification schemes			
Objective		Lidl actions	Next steps
Explore collaborative opportunities to increase positive impacts of certification schemes.	●	<ul style="list-style-type: none"> <li>Quarterly meetings with Fairtrade and Rainforest Alliance to review collaboration opportunities, share updates on projects and consultations, and attend events to discuss mutual challenges.</li> <li>Meetings with the organisation's specialists, focussed on topics including: tea, Kenya, forced labour and gender.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to build relationships with certification bodies to identify further upcoming opportunities for collaboration, for example through project work, consultations, or industry engagement.</li> </ul>
		<ul style="list-style-type: none"> <li>Built business relationship with Rainforest Alliance through the introduction of Lidl's tea HRIA. Shared learnings from this assessment which overlapped with the Rainforest Alliance Field Study also based in the Kenyan tea sector (2021).</li> <li>Meeting to share understanding of the new 2020 Sustainable Agriculture Standard and how this will impact farms and plantations from which Lidl source.</li> <li>Participation in Rainforest Alliance webinar focussed on human rights due diligence in the tea sector 'Trends and Opportunities' (March, 2022) to share experience and learnings from conducting this retailer-first HRIA.</li> </ul>	<ul style="list-style-type: none"> <li>Engage Rainforest Alliance about the actions which Lidl can take to contribute to the new Shared Responsibility strategy.</li> </ul>
		<ul style="list-style-type: none"> <li>12% increase in volume of Fairtrade certified tea sold between 2019 and 2021.</li> <li>Generation of over £100,000 in Fairtrade Premium for tea growing communities throughout 2020 and 2021.</li> <li>Fairtrade Premium has been invested in producer organisations, through improvement to productivity, product quality, construction of new facilities and the purchase of new machinery. This investment has also supported local communities through local infrastructure, education and health services.</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing monitoring of certification KPIs with the Buying department, through the annual range review process.</li> <li>KPIs monitored:                             <ul style="list-style-type: none"> <li>Rainforest Alliance vs. Fairtrade certification (%)</li> <li>Fairtrade volume sales (MT)</li> <li>Fairtrade Premium generation (£)</li> <li>Fairtrade Premium use</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>Roll out of Eco-Score pilot in September 2021. For further detail, please refer to the <a href="#">Eco-Score case study</a>.</li> </ul>	<ul style="list-style-type: none"> <li>Utilise feedback from the Eco-Score pilot to support a UK industry approach to eco-labelling.</li> </ul>
Continue sourcing of certified black, green and rooibos tea and increase overall proportion of certified fruit and herbal teas.	●	<ul style="list-style-type: none"> <li>Continued sourcing 100% own-brand tea (black, green and rooibos varieties) to either Fairtrade or Rainforest Alliance certification.</li> </ul>	<ul style="list-style-type: none"> <li>Continue commitment to 100% certified own-brand tea.</li> </ul>
		<ul style="list-style-type: none"> <li>In 2021, more than 78% of Lidl's fruit and herbal tea products were certified to either Rainforest Alliance or Fairtrade. In 2019, Lidl GB's fruit and herbal product range was not certified.</li> </ul>	<ul style="list-style-type: none"> <li>Review challenges and/or opportunities with the view to further expand the % of certified fruit and herbal tea, subject to availability.</li> </ul>

KEY ● Objective achieved, next steps in progress. ● Objective in progress.

### Mitigation plan pillar two: Engaging directly with Kenyan stakeholders

Objective		Lidl actions	Next steps
Continue to engage with stakeholders, local partners and multi-stakeholder initiatives (MSIs) included within the HRIA and feedback learnings.	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>Shared the HRIA with stakeholders and organisations that supported the assessment, alongside other Lidl stakeholders, including key suppliers, relevant MSIs and NGO's.</li> <li>Follow up meetings were based on sharing knowledge and learnings, primarily on the HRIA methodology and assessment findings.</li> <li>Lidl GB's key tea supplier is now part of a longer-term commercial agreement which has enabled joint investment into collaborative sustainability projects.</li> </ul>	<ul style="list-style-type: none"> <li>The HRIA mitigation plan will continue to structure the work that Lidl addresses in the Kenyan tea sector and will now be embedded into Lidl's overarching human rights strategic focus areas:               <ul style="list-style-type: none"> <li>o Understand our impact</li> <li>o Enforce standards</li> <li>o Promote fair supply chains</li> <li>o Driving systemic change</li> </ul> </li> <li>Following this Progress Report, updates will now be published via Lidl <a href="#">sustainability reports</a> and the Lidl <a href="#">corporate website</a>.</li> <li>Lidl seeks continued engagement with all stakeholders involved in this HRIA.</li> </ul>
Engage in initiatives and projects with local stakeholders.	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>BSR HERproject in development in the Kenyan tea supply chain. For further detail, please refer to the <a href="#">HERproject case study</a>.</li> </ul>	<ul style="list-style-type: none"> <li>This pilot will run until 2024 when learnings will be reviewed to establish long term next steps.</li> </ul>

### Mitigation plan pillar three: Adapting our purchasing practices

Objective		Lidl actions	Next steps
Strengthen buying practices to go beyond certification requirements.	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>Lidl's first human rights pre-tender scorecard developed for all tea suppliers. For further detail, please refer to the <a href="#">pre-tender scorecard case study</a>.</li> <li>New CSR conditions were added into Lidl GB's key tea supplier's contract following this scorecard: gender project collaboration.</li> <li>In 2022, Lidl formalised its partnership with the 'sustainability ratings platform' Ecovadis, as part of compliance to the German Supply Chain Due Diligence Act (Lieferkettengesetz).</li> <li>Lidl GB has made the commitment to incorporate human rights criteria into all high-risk categories by 2030, with the view to rewarding engaged suppliers.</li> <li>Internally published a CSR Buying Handbook (February, 2021) containing guidelines on how Lidl buyers can minimise their impacts and/or make a positive impact through adopting responsible purchasing practices, enhancing supply chain transparency, increasing product certification, and introducing specialised development programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Review learnings taken from both the Lidl GB tea pre-tender scorecard pilot and the Ecovadis supplier questionnaire, to continue to build sustainability and ethical considerations into buying practices.</li> <li>Determine the most appropriate platform to incorporate human rights criteria into buying tenders, for identified high-risk categories.</li> <li>Ongoing upskilling of buyers on CSR topics relevant to their product categories through the annual range review process.</li> <li>Roll out of new CSR Buying eLearning, introducing the key topics of the CSR Buying Handbook, for Buying departments across the Lidl Group in 2023.</li> </ul>

Support mitigation of the impact of price volatility on rightsholders through business practices.	<span style="color: orange;">●</span>	<ul style="list-style-type: none"> <li>Lidl joined the Ethical Tea Partnership (ETP) in 2021. The aim of the ETP is to bring companies together to achieve transformative change for producer groups in collaboration with multiple stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to a more sustainable tea industry through ETP membership.</li> <li>Support collaboration with the ETP using findings and learnings from this HRIA.</li> <li>Share the added value of this membership through Lidl’s website and CSR reports.</li> <li>Lidl GB to review opportunity to join the ETP on a national basis.</li> </ul>
		<ul style="list-style-type: none"> <li>Lidl GB is working closely with IDH, a sustainability organisation currently guiding the industry on the topic of living wages.</li> <li>Lidl GB has a cooperation agreement with IDH since 2021, currently focussed on the UK retailer commitment on living wages in banana supply chains.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to engage IDH on how the Salary Matrix could be rolled out in other high-risk sectors, including tea.</li> </ul>

### Mitigation plan pillar four: Supporting systemic change in the tea sector

Objective	Lidl actions	Next steps
Continue to develop supply chain transparency.	<ul style="list-style-type: none"> <li>In 2021, Lidl published supply chain details ‘beyond tier one’ for <i>tea, bananas and strawberry supply chains</i>. These publications include direct Lidl agents and suppliers, producer groups and farms, as well as certifications and sourcing countries.</li> <li>Lidl has conducted a HRIA in each of these supply chains following a group-wide risk assessment.</li> </ul>	<ul style="list-style-type: none"> <li>Continue to update supply chain lists published on the Lidl <i>corporate website</i> on an annual basis.</li> <li>Explore the introduction of gender-disaggregated data into transparency publications.</li> </ul>
Test specific interventions to mitigate risks associated with smallholder farmers and women.	<ul style="list-style-type: none"> <li>Published a <i>Human Rights in the Supply Chain Policy</i> and Lidl’s first <i>Gender Equality in the Supply Chain Policy</i> (October, 2021).</li> <li>The Gender Equality Policy outlines Lidl’s current targets, projects and partnerships, focussed on providing women in its supply chain with equitable access to employment and wages while also protecting them from discrimination and violence.</li> <li>Introduced the HERproject pilot, working with Lidl GB’s key tea supplier. For further detail, please refer to the <i>HERproject case study</i>.</li> </ul>	<ul style="list-style-type: none"> <li>These policies will be updated with progress against Lidl’s targets and projects in the coming years.</li> <li>Communication of progress updates from the HERproject pilot will be included in future developments of the Gender in the Supply Chain Policy.</li> </ul>
	<ul style="list-style-type: none"> <li>Lidl has engaged a variety of stakeholders to discuss this HRIA, explain the methodology, learnings and experiences of the project and explore ideas for wider collaboration. Stakeholders include: Food Network for Ethical Trade (FNET), Oxfam, THIRST and a range of engaged suppliers.</li> <li>Lidl joined the tripartite organisation Ethical Trading Initiative (ETI) in 2022, to further establish means of engagement with other retailers and brands working in the Kenyan tea sector.</li> </ul>	<ul style="list-style-type: none"> <li>Build on partnerships from the last two years.</li> <li>Continue to use Lidl’s voice within MSIs to push for a coherent sector-wide plan for addressing social risk issues in Kenya and tea sector as a whole.</li> </ul>

## Case studies

### Eco-Score

The Eco-Score pilot was developed as part of this HRIA mitigation plan to deliver an innovative solution focussed on ‘scaling up the impact of certification schemes’ directly with Lidl customers, at point of sale. Eco-Score is an eco-labelling scoring system that aims to inform consumers how sustainable a product is and help inform customers to make more sustainable choices when they do their food shop. Lidl has been able to use this pilot to promote its long-term commitment to sourcing 100% of key raw materials, including tea, from certified sustainable sources.

Eco-Score is calculated using the EU’s Product Environmental Footprint methodology and evaluates the impacts on the environment through factors such as production, transport, fabrication, and packaging, giving a score out of 100. This score is then modified based on further factors such as certifications, which can improve or weaken the product score. For example, tea certified by Fairtrade would receive additional points to its score, while capsule coffee packaged in non-recyclable plastic would lose points.

Once the scores are finalised, products are then classed from a dark green ‘A’ to a red ‘E’. ‘A’ reflects a lower environmental impact while ‘E’ reflects a higher environmental impact, as shown below.



The Eco-Score trial launched across all 105 Lidl stores in Scotland in September 2021. Tea, coffee and hot chocolate products were selected for the Eco-Score pilot as they met a variety of specifications that would allow Lidl to gain precise and valuable insights that other categories may not have been able to achieve. The categories also hold a variety of certifications, helping ensure Eco-Scores could encompass a range from A – E. This was considered a good way to educate customers by clearly showing products with certifications generally had a lower impact.

Using a consumer survey three months into the trial, direct customer feedback was acquired via the Lidl Plus app. Sales were closely monitored to evaluate the extent to which Eco-Score labelling impacted buying behaviours. 75% of customers who had seen the Eco-Score trial found the Eco-Score labelling useful when deciding which product to buy and 1-in-6 would try to buy more sustainably following Eco-Score. Additionally, there was a 2.4% sales growth of ‘B’ rated coffee, with demand shifting from ‘C’ rated coffee capsules in the period of this pilot, proving the Eco-Score labelling was impacting customer choices.

With the findings from this pilot, Lidl continue to understand how successful eco-labelling could be in increasing sales of certified products and ultimately helping customers make more sustainable purchasing decisions.



## HERproject

The Kenyan tea HRIA highlighted a number of findings addressing gender discrimination, harassment, unequal access to opportunities and inadequate mechanisms to support women in the supply chain. These findings were identified as most likely to occur at the smallholder or producer level of the supply chain, predominantly impacting women who make up the majority of the tea sectors workforce. In response to these findings, Lidl GB and its key tea supplier are implementing the BSR HERproject training programme, a hybrid of HERhealth and HERrespect. This pilot was introduced by Lidl to directly engage in projects with local rightsholders and to address the topic of gender equality in the tea sector.

HERhealth and HERrespect training modules incorporate topics of health education and gender (equality, addressing gender-based violence etc.) tailored to workers' unique needs and cultural contexts. This programme is conducted via a peer-to-peer training model, aimed to empower workers through education and leadership. The training is initially delivered through a local NGO (NOPE) who work closely with Lidl's tea producer to provide programme implementation, ongoing guidance and support for workers, e.g. links to local services. Baseline and endline surveys will be used to measure the impact of the training (e.g. learnings, change in attitudes) over a period of 16 months.

Lidl will be closely aligned with the progress of this project directly through supplier and BSR engagement. The Lidl GB CSR Buying team will continue to share project milestones with the Buying department through regular category meetings.

This pilot was initiated in late 2022 via a collaborative meeting including Lidl, BSR, Lidl's tea supplier and tea producer, as well as the NGO, NOPE. This pilot will train over 1000 individuals at one tea estate which will run until 2024, when the learnings will be reviewed to plan long term next steps.

## Pre-tender scorecard

Prior to the HRIA in 2020, Lidl had a longstanding 'Responsible Tea Sourcing Policy' which focussed primarily on Lidl's commitment to certified tea and corresponding requirements for tier one tea suppliers. Lidl also had a routine approach to engaging and training internal buyers on the specific human rights challenges related to the different buying categories, with key focus on identified high-risk product supply chains, including tea (see [Human Rights in the Supply Chain Policy](#)).

Following the HRIA, the engagement between Lidl's tea buyers and the ethical trade specialist evolved through more detailed understanding of specific risks associated to Lidl's tea supply chain, with practical recommendations for the business to take forward. One key recommendation important to the Buying department was to incorporate a supplier pre-tender scorecard that Buying teams can use to assess ethical practices of potential suppliers, prior to committing to a commercial agreement.

Lidl GB initiated its first pre-tender scorecard for tea suppliers in 2021, with the aim to introduce human rights criteria into the commercial tender process. In practice the scorecard was developed to:

- ensure suppliers meet Lidl's ethical and responsible sourcing requirements
- understand the social labour management systems within suppliers own business operations
- gain further transparency of the supply chain beyond Lidl's tier one supplier
- understand the degree of due diligence performed by tea suppliers within their supply chain
- explore current sustainability projects undertaken by tea suppliers
- help determine opportunities for collaboration with suppliers

As part of the scorecard development, other supplier assessments, scorecards and NGO recommendations were benchmarked and questions were checked against current forms of human rights due diligence, including ethical audits, to ensure duplication was removed or limited. This scorecard acted as a process to prioritise purchasing of tea from suppliers and producers who have been able to demonstrate that they meet Lidl's responsible sourcing expectations and therefore enable Lidl to begin a new commercial agreement with tea suppliers where a set of assurances have been met.

Questions included in the scorecard were weighted from critical (supplier makes necessary actions immediately) to neutral (information gathering). There was also a grading applied to each question from 'good practice', 'compliant' to 'room for improvement'. Alongside the overall score (based on human rights criteria), suppliers were also given an 'engagement' score, based on prior CSR & Buying experience working with the supplier and overall engagement throughout the scorecard process.

The engagement score criteria proved to be beneficial in the supplier selection process, as it was clear which suppliers would be most open to further CSR collaboration with Lidl and support HRIA mitigation plan objectives. This learning was similar to the experience faced during the HRIA itself, whereby the supplier Lidl had initially expected to work with declined the opportunity, which made room for new supplier relationships to form. As a result of the information gathered through this scorecard, Lidl GB were able to agree new CSR conditions into the buying contract.

**Lidl GB tea pre-tender scorecard snapshot (not all questions shown):**

General information		Supplier response		
Name of supplier:				
Name of individual completing this questionnaire:				
Email address of individual completing this questionnaire:				
Human rights & ethical trade management		Supplier response		
1. Has your company published a Human Rights or Ethical Trade policy?				
2. Has your company published a Modern Slavery Statement in the last 12 months?				
3. Who is responsible for managing human rights and ethical trade within your business?				
4. Please provide your Sedex company code (ZC code)				
5. Has a senior manager within your company attended Stronger Together 'Tackling Modern Slavery in UK Business' training workshop? (Businesses with operations in the UK)				
Supply chain information – tier one		Supplier response		
6. Please list your company final packaging and production site/s		1		
		2		
		3		
		4		
		5		
7. How regularly do you audit your final packaging and production site/s?				
8. What form of worker representation is available at your final packaging and production site/s?		1		
		2		
		3		
		4		
		5		
9. Does your final packaging and production site/s provide any form of internal grievance mechanism/s for workers?				
Supply chain information – beyond tier one		Supplier response		
10. Please specify your company's top global black tea sourcing locations		1		
		2		
		3		
		4		
		5		
11. Please specify % split of black tea purchased via auction, purchased directly from producers and/or own plantations		Auction	Direct	Owned
		%	%	%

It was recognised that this scorecard process could take place anytime in the buying calendar to gain further understanding of current supplier practices and did not have to be defined as a pre-tender process. Should this exercise be scaled up to other categories or supply chains, this learning would be taken into account, alongside different category specific questions (e.g. raw material sourcing requirements).

Lidl GB are planning to review the learnings from this pilot against the experience working with external organisation Ecovadis, to define the best approach to take forward for other identified high-risk supply chains.

## Concluding remarks

Lidl's Kenyan tea HRIA has enhanced the engagement between Lidl and its key tea stakeholders, including suppliers, certification bodies and a variety of industry organisations, which has led to the implementation of multiple actions as part of the HRIA mitigation plan. While some projects remain in progress, Lidl are pleased with the progress made so far and remain committed to addressing the impacts identified in the HRIA, published in 2020.

The industry engagement and interest following the publication of Lidl's Kenyan tea HRIA was positive and led to new NGO guidance on HRIAs to ensure standards and credibility are maintained. Further HRIAs and research projects in both Kenya and the tea sector have been conducted by other retailers, certification bodies and industry organisations since 2020. This demonstrates an increasing trend for more advanced human rights due diligence in this particular supply chain, which in turn creates opportunities for alignment and increased impact on collaborative mitigation steps.

There are several learnings documented while conducting the HRIA and in the two years since publication:

- **In-depth, supply chain deep dive:** HRIA's identify specific links to business practices and practical recommendations for business to address in a mitigation plan.
- **Supplier engagement:** Supplier support is crucial to implementing a credible HRIA. In this case it has enabled a longer-term contract with multiple CSR objectives.
- **Ambitious timelines:** The time it takes to explore potential partnerships and projects has taken longer than initially planned. Kick-starting these projects can also take considerable time where many stakeholders are involved.
- **Project selection and prioritisation:** Following the mitigation plan, in the last two years Lidl has focussed on the scale of impact and specific links to HRIA findings, when determining which projects to take forward.
- **Retailer influence and responsibility:** The process of implementing this HRIA and corresponding mitigation plan has helped to identify Lidl's sphere of influence as a global retailer. This has enabled the business to prioritise actions that are as impactful as possible. For example, the influence Lidl can have through supplier engagement and selection, development of internal and external policy requirements and wider stakeholder engagement to advocate for systemic change, has been recognised. However this project has also highlighted potential limitations, where retailers need wider support from supply chain stakeholders and specialist industry organisations for their expertise, guidance and increased leverage.
- **Challenges in accessing tea estates:** This was first experienced in the HRIA field assessment, which limited the number of rightsholders the researchers were able to interview. Lidl GB has had similar challenges whilst setting up project work, with some producers being unwilling to 'open their doors', due to previous well-documented, bad publicity, arising from court cases filed locally and overseas, relating to the Kenyan tea or agriculture sector. Lidl will continue to work with suppliers and local partners to navigate these challenges going forward.
- **Mitigation plan progress:** The priority has been to ensure Lidl roll out a credible HRIA mitigation plan which is adaptable to the Group's wider human rights strategy. Considering Lidl's commitment to 15 HRIAs by 2025, there is a need to ensure that every assessment has an ambitious but achievable follow-up action plan which remains sustainable after project completion. This involves consideration of internal business resource, changing human rights due diligence requirements and wider human rights objectives. Through this tea HRIA mitigation plan, Lidl has recognised that some recommendations and objectives will involve a longer term or phased approach to see concrete progress.

The Lidl Group will continue to gather learnings from all the HRIAs conducted until 2025, when the overall strategic approach will be reviewed. In an effort to ensure the Group gain as much as possible from this target, Lidl are working with a variety of partners and are open to exploring different methodologies and innovative mitigation projects. HRIAs are being conducted in a number of different global supply chains with diverse sourcing requirements and varying degrees of due diligence undertaken. Each of these sectors also have different levels of industry engagement and therefore offer different mitigation or remediation opportunities.

Lidl recognises its responsibility as a global retailer, to play its part in mitigating and remediating the most salient challenges in the Kenyan tea sector. The tea supply chain remains a focus for Lidl based on human rights risk assessments and purchasing volumes, and therefore remain keen to drive this work forward by delivering the next steps outlined in this report.

The HRIA mitigation plan and the outlined next steps in this report, will now be embedded into Lidl's overarching human rights strategy. Progress updates will be shared through the Lidl [corporate website](#) and [CSR reports](#).

Lidl GB continue to welcome feedback on the Kenyan tea HRIA, mitigation plan and this progress report via the ethical inbox: [ethical@lidl.co.uk](mailto:ethical@lidl.co.uk). Lidl GB would like to extend thanks to all suppliers and organisations who continue to support this work.