



Lidl Ireland and Northern Ireland

Position Paper on the Sustainable Sourcing of Palm Oil



Contents of the Position Paper

1. Our Understanding	3
2. Our Objective	3
3. Our Position	4
3.1 <i>Responsible Assortment</i>	4
3.2 <i>Origin, Transparency and Traceability</i>	4
3.3 <i>Cultivation</i>	4
3.4 <i>Impacts on the Environment</i>	5
3.5 <i>Further Development of Standards</i>	5

1. Our Understanding

Lidl Ireland and Northern Ireland (we) are committed to being a responsible retailer and upholding economic, social and environmental responsibilities in all of our daily activities. Through this position paper, we support a sustainable approach to the sourcing of palm oil and the development and improvement of social and working conditions for farmers and growers.

Our areas of focus in the sustainable production of food are outlined below:

1. Resources, Climate, Environment and Biodiversity

We ensure that the procedures and methods used in agricultural production have maximum efficiency whilst minimising the harmful effects on water, air, soil, biodiversity and human health. This is to ensure that the natural environment is affected as little as possible.

2. Food Security:

We aim to ensure that the basic nutritional needs of today's generation, and future generations, and the further production of agricultural products is maintained.

3. Social Factors:

We aim to ensure long-term employment, better income and dignified and equal living and working conditions for all who work in the agricultural supply chain.

2. Our Objective

Our transparent, publicly accessible position paper on the sustainable sourcing of palm oil covers our entire own-brand range.

We realise that our customers have expectations for higher standards in the cultivation of palm oil, therefore, we have made it a priority to address this expectation. In cooperation with our stakeholders, we want to make our contribution to good environmental and social practices in farming. To achieve this we have laid down foundations for the purchase of responsibly sourced palm oil in this position paper. This paper will be revised on a regular basis in line with our customers' expectations and market fluctuations.

We have developed our own Code of Conduct which stipulates the minimum social standards which form the foundation of collaboration between ourselves and our business partners. We also require our suppliers and business partners to implement this Code of Conduct, based on the International Labour Organisation (ILO) core labour standards, which includes important objectives such as the prohibition of forced and child labour. The overarching goal is to protect the people and their labour rights in the cultivation of palm oil.

We actively promote and support actions that go above the statutory minimum requirements, such as our successive expansion of own-brand products with ingredients from certified, sustainable sources such as the Roundtable on Sustainable Palm Oil (RSPO). Our buyers are required to purchase products containing palm oil only in accordance with this position paper.

3. Our Position

We are committed to sourcing 100% RSPO certified sustainable palm oil in all of our own-brand food products, on at least a mass balance basis with an overall goal of using fully segregated palm oil by the end of 2017. By the end of 2018 all of our non-food products will contain 100% RSPO certified sustainable palm oil on a mass balance basis.

The following is a list of areas in which we are focusing our efforts in the sustainable production and responsible sourcing of palm oil:

- 3.1 Responsible Assortment
- 3.2 Origin, Transparency and Traceability
- 3.3 Cultivation
- 3.4 Impacts on the Environment
- 3.5 Development of Standards

3.1 Responsible Assortment

As a retailer we are aware of our ecological and social responsibilities and would like to offer our customers products that are sustainably sourced and certified as organic or certified to recognised standards such as those of the RSPO. An important component of our commitment is to work with this organisation in support of their efforts for improvements in social, economic and environmental conditions.

3.2 Origin, Transparency and Traceability

Through annual supplier surveys we scrutinize whether our suppliers comply with the structured specifications defined by Lidl with respect to palm oil and document their progress.

As a long term member of the RSPO, we submit an overall report of our quantities (under the name Annual Communications of Progress (ACOP) to the RSPO to document our progress each year.

3.3 Cultivation

We advocate good environmental and social practices in the cultivation of agricultural products, through cooperation with labeling organisations.

The RSPO is the most recognised criteria-setting institution for sustainable palm oil and has developed rules, processes and certification requirements for the sustainable cultivation of this commodity.

For example, since November 2005, a requirement to achieve RSPO certification is to ensure that no further rainforest areas or areas requiring protection were cleared for the cultivation of certified palm oil. It must also be ensured that the fundamental rights of indigenous landowners, local communities, the employees of the growers, employees in grower's farms, small farmers and their families are respected and fully taken into account. To become certified, the grower must prove, to independent auditors, that they have successfully implemented these measures.

We look at the criteria of the RSPO as a step in the right direction. We are aware however, that these represent only a minimum standard for the cultivation of palm oil and it is important to strengthen and further develop these standards. We encourage our suppliers to be more aware of the palm oil supply chain and to comply with these objectives. Where gaps are identified, our purchasing department create a detailed action plan with our suppliers to achieve our goals regarding sustainable sourcing.

3.4 Impacts on the Environment

Impacts on the environment such as the disproportionate use of pesticides in the production of agricultural products are to be minimised. Furthermore, we dissociate ourselves from illegal logging and/or fire clearance to acquire new agricultural acreage.

Good agricultural practices and the preservation of existing biodiversity are fundamental to the future of sustainable palm oil cultivation. Ideally palm oil should be cultivated exclusively on still lying brown fields of agriculturally usable land and areas with a low carbon content. We are aware that certification standards currently represent only a minimum standard for sustainable palm oil cultivation and the RSPO, together with all stakeholders, strives to improve this. A clear signal for the use and acceptance of palm oil from RSPO certified sources provides the basis to push the stakeholders to implement further improvements to the current RSPO criteria list. The use of RSPO certified palm oil for our entire range of own-brands is a clear signal of our commitment to sustainable sourcing. At the same time we offer the producers new marketing channels, on the basis of which we can drive change. We welcome the day when cultivation in the long-term, as part of the standards on peat soil and other land with high carbon content, is prohibited. We also advocate the application of stringent reductions of greenhouse gas in plantations and mills.

3.5 Development of Standards

To maintain the expectations of a broad range of shoppers we aim to source our products from sources certified by the RSPO. It is our objective to encourage sustainable consumer behavior through increasing our customers' awareness of products from more sustainable cultivation. Through the responsible sourcing of palm oil containing products we offer our customers the opportunity to actively contribute to the improvement of living and working conditions of people in the producing countries.