

Human Rights and Environmental Due Diligence Policy Lidl Ireland and Northern Ireland



‘In collaboration with our stakeholders, we are committed to operating our business responsibly - this includes upholding and strengthening the social and environmental standards in our global supply chains and minimising the risk of negative impacts. We recognise the fundamental obligation of governments, businesses and individuals to respect, protect and fulfil all human rights.

The human rights due diligence programme at Lidl Ireland and Northern Ireland is founded upon our commitment to upholding a range of internationally recognised frameworks. Our approach to human rights due diligence is a dynamically evolving process and we are committed to regularly reviewing and developing our human rights due diligence policy’

J.P. Scally, Manager Director, Lidl Ireland and Northern Ireland

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1. Our Understanding

As one of the world's largest retailers, Lidl is aware of its responsibilities towards society and the wider environment. In collaboration with our stakeholders, our suppliers and our customers, we are committed to making our business as sustainable as possible. This includes upholding and strengthening the social and environmental standards in our global supply chains and minimising the risk of negative impacts.

Due to the 'added-value' nature of food production and retailing, the most salient human rights risks and environmental challenges within retail businesses are increasingly found within globalised supply chains. Challenges associated with upholding human rights are complex and systemic, meaning they can often impact entire industries. Human rights issues such as: occupational health and safety hazards, excessive working hours, low wages, lack of freedom of association, child labour or forced labour, can often be most effectively addressed through systemic solutions.

The production of food is also highly resource intensive from an environmental perspective. In order to increase yields to feed our growing global population it is important that we cultivate, harvest and process more food in a way that protects the health of our soils, demonstrates sound water stewardship, protects against air pollution and promotes biodiversity; mitigating against the impacts of climate change.

2. Our Approach

As a first step, our focus for addressing human rights and environmental risks is in the supply chains of our own-brand products. This represents the majority of the products sold in our stores and is where we have the greatest influence in the supply base. The implementation of our due diligence process is constantly evolving, and we are committed to continually reviewing and developing this process.

The human rights due diligence programme at Lidl Ireland and Northern Ireland is founded upon our commitment to upholding a range of internationally recognised frameworks:

- **UN Universal Declaration of Human Rights**
- **UN Guiding Principles on Business and Human Rights**
- **UN Convention on the Rights of the Child**
- **UN Convention on the Elimination of All Forms of Discrimination Against Women**
- **ILO Conventions and Core Labour Standards**
- **OECD Guidelines for Multinational Enterprises**

Additionally, our Code of Conduct (established in 2006), forms the basis of our commercial relationships with our direct suppliers and supply chains. We share the responsibility of addressing risks in our supply chains with our direct suppliers and work together to create impact. We also strive to integrate our knowledge and understanding of supply chain social and environmental impacts into our buying practices and wider business processes. We support our direct suppliers with a range of training guidance and frameworks to enable them to develop social management systems.

In order to effectively and collectively address potential negative human rights impacts, and to ensure that we respect human rights in our supply chains, we conduct regular training and capacity building programmes with all relevant internal employees and suppliers. These systems and processes form part of a wider human rights due diligence approach.

3. Implementation of Social and Environmental Due Diligence

We systematically monitor and assess 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 addressed through the development of concrete actions, which are implemented to mitigate risks and remediate workers where necessary, thereby addressing the adverse impacts of our business activities.



3.1 Assessing Risks

In order to assess and monitor potential risks in our own brand supply chain we use indices such as the ITUC Global Rights Index and the Global Slavery Index (GSI), together with data from the United Nations Food and Agriculture Organisation (FAO) and the Environmental Performance Index (EPI).

We are in the process of further strengthening our risk assessment methodology and aim to complete this by 2020.

We have identified the following salient risks within the supply chains of the raw materials used in our products:

Human Rights Risks

Child Labour: Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development

Forced Labour: Situations in which people are coerced to work through the use of violence or intimidation

Workers' Rights: Low wages, excessive working hours, health and safety issues, restrictions on freedom of association, harassment or abuse

Discrimination: Any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin (among other characteristics)

Environmental Risks

Biodiversity Loss: Loss of ecosystem services and biodiversity

Deforestation: Land conversion, habitat loss and greenhouse gas emissions

Fresh Water Shortages: Droughts and reduced access to fresh water sources

Soil Degradation: Physical, chemical and biological decline in soil quality

3.2 Mitigating Risks

When risks are identified within raw material supply chains, Lidl Ireland and Northern Ireland works closely with both its direct suppliers and local stakeholders to better understand the issues. As a result of this consultation process, clear and binding sourcing policies are developed and integrated within our purchasing practices. These policies, which contain defined sourcing commitments, outline the measures being taken by Lidl Ireland and Northern Ireland to mitigate the respective salient human rights and environmental risks associated with these supply chains.

Within the raw material supply chains that Lidl Ireland and Northern Ireland has identified as having the highest potential human rights and environmental risks, Lidl Ireland and Northern Ireland has committed to the following binding goals, which can read in more detail on our websites www.abettertomorrow-lidl.ie and www.abettertomorrow-lidl-ni.co.uk :

Raw Materials - Key Country of Origin Sources



Our published raw materials commitments:

2017

COCOA

100% of the cocoa used within the products sold by Lidl Ireland and Northern Ireland is sourced from either Fairtrade, Rainforest Alliance, UTZ or Organic certified sources

2018

PALM OIL

100% of the palm oil used within our own-brand food products is sourced from RSPO certified sustainable sources

100% of the palm oil used within our own-brand non-food products has been sourced from RSPO certified sustainable sources

TEA

100% of the green, black and rooibos tea sold by Lidl Ireland and Northern Ireland is sourced from either Fairtrade, Rainforest Alliance, UTZ or Organic certified sources

2019

FISH

100% of Lidl Ireland and Northern Ireland's permanently listed wild caught seafood is sourced from MSC certified fisheries

100% of Lidl Ireland and Northern Ireland's permanently listed farmed seafood (aquaculture) is sourced from ASC or Global GAP certified sources

2020

COFFEE

By 2020, 100% of the coffee sold by Lidl Ireland and Northern Ireland will be sourced from a third party certified sustainable source (subject to certified sourced being available at origin)

TIMBER, WOOD and PAPER

By 2020, 100% of the timber, wood and paper based products sold by Lidl Ireland and Northern Ireland are sourced from either recycled or FSC/PEFC sources

Fairtrade Bananas

Bananas are an important product for our customers, so it is important to us and those that work across the supply chain, that they are sourced in a way that promotes sustainable production, improves working conditions and tackles wider social challenges. Fairtrade and Rainforest Alliance certified farms are changing the way bananas are produced, with the support of responsible buyers and consumers who, by paying a fair price, contribute towards the sustainable use of natural resources and enables the dignity of farmers.

In the Dominican Republic, our Fairtrade banana producers from La Linea Noroeste are using their Fairtrade premiums to invest in sponsoring schools, college scholarships for farmers, workers and their children, health programs, diversifying their incomes and sponsoring community sports. Our commitment to 100% certified bananas, which is integrated within our buying policies, ensures that we are supporting responsible and sustainable supply chains.

We are also taking action within our non-food supply chains to respond to identified risks. In 2014, we committed to the Greenpeace Detox campaign, meaning we will eliminate all hazardous chemicals from our textile production by 2020. In addition to this, we require all non-food manufacturers of Lidl own-brand products in non-European countries to conduct annual independent Business Social Compliance Initiative (BSCI) audits. Our full approach to upholding standards within our non-food supply chains can be found [here](#).

We believe that the most effective way to support workers in the supply chain is by working in partnership with civil society organisations, experts and other businesses – something we believe can be best achieved through multi-stakeholder collaborations. Another integral part of our approach is through independent audit assessments. Although we recognise the limitations of social auditing, by working with independent social auditing schemes, we are able to gather information on our supply chain at a given point in time, as part of our wider due diligence approach.

Our Partners



3.3 Grievance Mechanisms

Enabling access to grievance mechanisms and remediation plays an important role within our due diligence approach. Effective grievance mechanisms allow human rights violations to be detected at an early stage.

Lidl Ireland and Northern Ireland has implemented an online system for compliance violations to be reported. All issues reported are processed by the Lidl Ireland and Northern Ireland compliance officer, who works with the appropriate teams to determine subsequent measures. The online reporting system is an internet-based application that can be accessed [here](#) from any internet-enabled device.

Within high risk supply chains, Lidl Ireland and Northern Ireland is committed to establishing sector-specific, targeted grievance mechanisms. For example, Lidl is an active member of the Bangladesh Accord working group, which is dedicated to developing an appropriate grievance mechanism for textile workers in Bangladesh.

4. Governance

The CEO of Lidl Ireland and Northern Ireland is accountable for human rights and environmental due diligence. Responsibility for the implementation of due diligence sits within the commercial department. Across Lidl's international network of businesses, human rights specialists from within the buying departments meet regularly to share learnings and insights. This group of specialists advise the wider company on measures that should be taken to further develop and enhance its approach to due diligence.

5. Next Steps

Increasing transparency is fundamental to the effective implementation of social and environmental due diligence. We are therefore committed to developing our systems, processes and monitoring tools to support us with the following future focus areas:

Conducting and publishing human rights impact assessments within high risk supply chains, taking a focus on smallholder farmers and vulnerable workers.

Implementation of programmes to directly support smallholder farmers within prioritised supply chains to improve their chances of earning a living wage. To enable this, we aim to support the development of living wage benchmarks. We will also be reporting our progress more regularly

This statement was approved by the Board of Directors of Lidl Ireland and Northern Ireland.

Signed,

A handwritten signature in black ink, appearing to read 'J.P. Scally', written over a horizontal line.

J.P. Scally, Manager Director, Lidl Ireland and Northern Ireland