

# Lidl Ireland and Northern Ireland Policy on the Responsible Sourcing of Water January 2021



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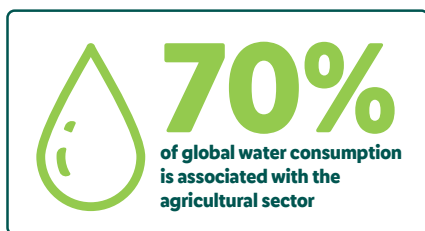
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# 1. Our Position

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

The United Nations' have highlighted the importance of water and water quality through the Sustainable Development Goals (SDGs) 6, 14 and 15. We have ensured that the SDGs are taken into consideration when developing our position on responsibly sourcing water and sustainable water usage. In 2010, the United Nations defined access to clean water as a basic human right, however, currently 1 in 3<sup>2</sup> people do not have access to clean drinking water. Currently approximately 70% of the useable freshwater is consumed by the agricultural sector for crop irrigation and as drinking water for livestock. Water scarcity is a global concern as only 0.01% of the water on the planet is fresh water (as opposed to salt water) and can therefore be used by plants and animals.



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

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

According to Adelphi<sup>2</sup>, the food retail sector uses on average around 47 litres of water per euro of turnover. This is much higher than many other industries and highlights the critical importance of managing water risks for a company such as Lidl.

<sup>1</sup> <https://www.who.int/news/item/18-06-2019-1-in-3-people-globally-do-not-have-access-to-safe-drinking-water-unicef-who>

<sup>2</sup> [https://www.wwf.de/fileadmin/user\\_upload/WWW-Report-Water-emergency-on-the-retail-shelf-EN-2018.pdf](https://www.wwf.de/fileadmin/user_upload/WWW-Report-Water-emergency-on-the-retail-shelf-EN-2018.pdf)

## 2. Our Responsibility and Scope

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

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

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

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

Lidl reserves the right to audit compliance against this policy at any time and act on areas of non-compliance. Any queries on this policy should be directed to [CSR.Purchasing@lidl.ie](mailto:CSR.Purchasing@lidl.ie). We welcome feedback on the positions and commitments outlined and would like to acknowledge all stakeholders who supported the development of this policy.

## 3. Our Actions

### 3.1 Our Management Approach Towards Sustainable Water Use

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

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

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

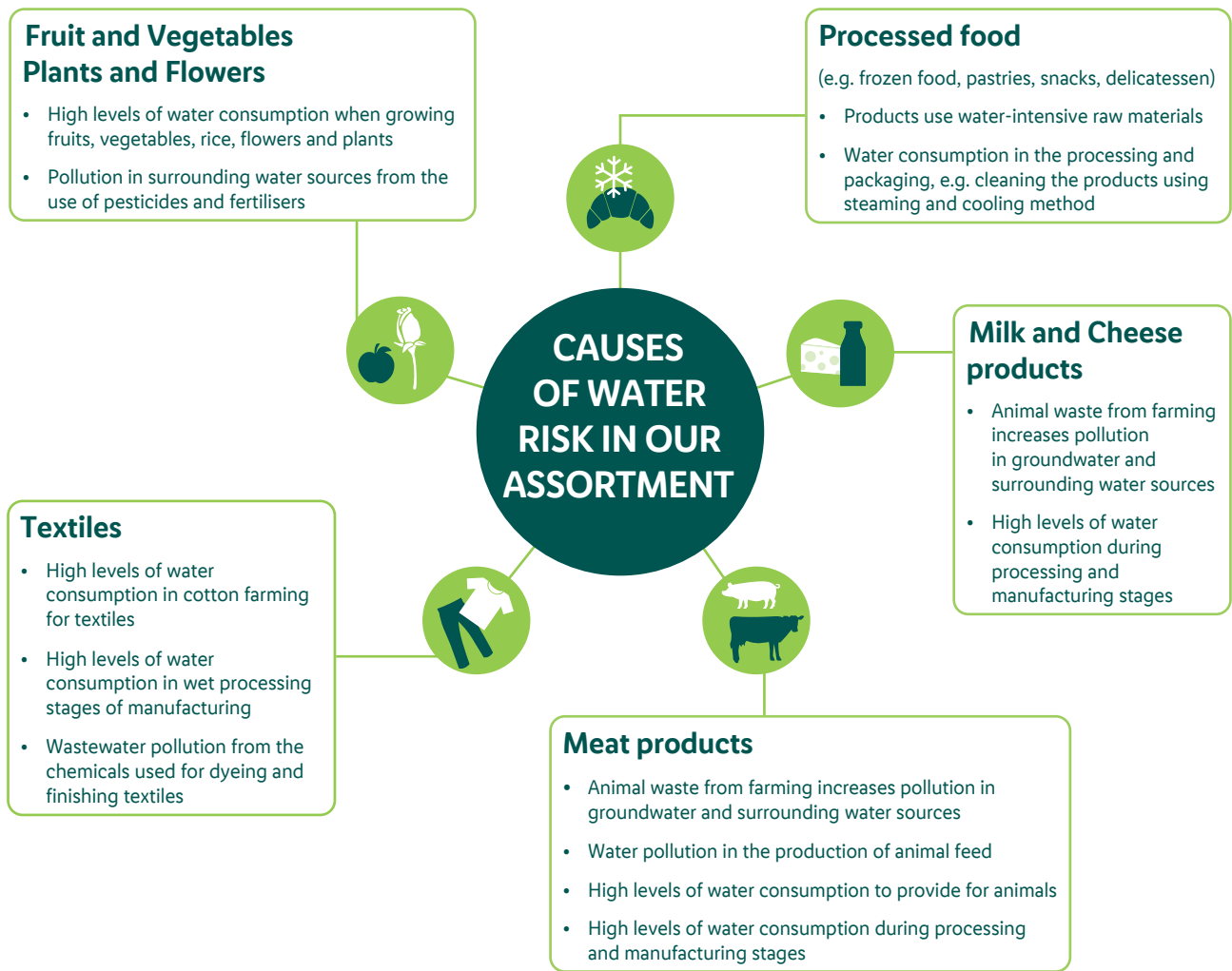
The following sections provide further information on this process in relation to water.

### 3.2 Hotspot Analysis: Focus Area – Fresh Water

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

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

With this in mind, we have developed a range of goals and actions to respond to the analysis. We have committed to certifying the products we sell in stores to third-party assurance schemes and certification standards that promote and monitor responsible water consumption. The most widely used standard for Lidl Ireland and Northern Ireland products is the *Bord Bia Sustainable Assurance Scheme* for fresh meat and poultry, eggs, fruit and vegetables and plants and flowers. Responsible management and good practice regarding the use of farm chemicals and water are essential aspects covered in all the Bord Bia Schemes. We also rely on the Rainforest Alliance and Global G.A.P certifications for internationally sourced produce such as tropical fruits, vegetables, tea, coffee and cocoa. The next section of this policy will outline these approaches in more detail.



## 4. Our Measures

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

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



## Case study: The Alliance for Water Stewardship

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

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

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



## 4.1 Measures Within Our Supply Chain

### 4.1.1 Irish Agriculture

As part of our due diligence, all farmers that supply Irish farmed produce to Lidl must be assured under the Bord Bia Sustainability Assurance Scheme Standards. This applies to meat, poultry, eggs, dairy, fruit and vegetable, and plants and flowers products grown in Ireland and in Northern Ireland. Sustainability criteria have recently been incorporated to Beef and Lamb, Poultry, Egg, Dairy and Horticulture Bord Bia Standards. Environmental Management; water conservation and usage; pollution control and good soil management are some of the parameters assessed during the farm audits, which take place every 18 months. On the Sustainable Beef and Lamb Assurance Scheme (SBLAS) a farm Sustainability Survey needs to be completed in advance of the audit and includes a full section on water usage, where farmers need to report on measures to minimise water use (i.e. if rainwater is used, if a water metre is used, etc.) and that is then reviewed by the auditor during the farm visit.

## 4.1.2 Fruit and Vegetables

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

In 2006, Lidl launched the pesticide reduction programme which was created in collaboration with our fruit and vegetable suppliers. The programme was developed to prevent the environmental damage and impact on water quality caused by hazardous pesticides and chemicals entering the water sources. Together with an expert panel, we developed a list of active ingredients and are now working with our suppliers to gradually eliminate these ingredients by May 2021. Through this gradual reduction, we are enabling our suppliers to source less harmful and more suitable ingredients.

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

## 4.1.3 Plants and Flowers

We have committed to ensuring that 100% of the flowers and plants we source are certified to an environmental standard by the end of 2021. All plants and flowers sold by Lidl must be certified to the Global G.A.P Producers Certification Standard and Chain of Custody Standard, which includes water requirements that address the risk associated with the agricultural sector and water resources.

## 4.1.4 Textiles

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

The high levels of water consumption in cotton farming is a systemic issue in the textile industry and to reduce our impact we rely on stringent third-party certification standards. We are working towards achieving 100% of our cotton being sourced from sustainable sources by 2022, including the following standards:

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

<sup>1</sup> <https://www.who.int/news/item/18-06-2019-1-in-3-people-globally-do-not-have-access-to-safe-drinking-water-unicef-who>

<sup>2</sup> [https://www.wwf.de/fileadmin/user\\_upload/WWW-Report-Water-emergency-on-the-retail-shelf-EN-2018.pdf](https://www.wwf.de/fileadmin/user_upload/WWW-Report-Water-emergency-on-the-retail-shelf-EN-2018.pdf)



All these standards have specific criteria that ensures farmers are using irrigation methods that reduce water consumption and are implementing soil management practises that enable efficient water use. Organic cotton uses less water and less fertiliser compared with the conventional cotton<sup>3</sup>. Cotton produced under the CmiA standard is cultivated with the exclusive use of rainwater. This saves more than 2,100 litres of water per kilogram of cotton fibres compared to the global average<sup>4</sup>. In addition to cultivation of organic cotton, the GOTS standard also addresses the processing of cotton into textiles, and the production sites are required to define targets to reduce water consumption. Fairtrade certified cotton products also include water-related criteria in the standard.

In addition to this, the standards educate and assure that farmers know how to store and handle pesticides or fertilisers correctly without causing damage to the surrounding water sources. In particular, the organic standard is fundamentally based on using minimal fertilisers or pesticides.

Regarding the production of textiles and shoes, we have three main objectives in place:

- Promote the safe handling of chemicals
- Reduce the use of energy, water and chemicals
- Promote environmentally sound waste and wastewater management

As part of our approach to reduce water pollution within the textile sector, in 2014, we became the first food retailer to join *Greenpeace' Detox Campaign*. This is because we recognised our responsibility to reduce the misuse of chemicals within our textile and shoe manufacturing processes. The aim of the campaign was to eliminate certain chemicals that were deemed hazardous by Greenpeace from our own brand manufacturing sites and in turn reducing potential harm to humans and the environment. More information can be found in [here](#).

As part of the Detox campaign, at least once a year independent institutes conduct checks in our textiles and shoes manufacturers and their wastewater effluents to monitor their compliance with the commitment.

On the area of environmental and safety standards, in 2017 Lidl Group, together with GIZ (Gesellschaft für internationale Zusammenarbeit), the German international cooperation agency for development, created and launched the PURE training project. The PURE program generates and promotes awareness of more sustainable and safer environmental and safety standards at Lidl's Group production sites in China and Bangladesh.

Since the PURE program was introduced in 2017, over 400 workers in 80 factories have already been trained on issues such as the responsible use of sensitive chemicals, the reduction of resources and energy consumption and the improvement of water and wastewater management.

Lidl Group is also a member of the Leather Working Group and the Alliance for Sustainable Textiles, which work towards reducing water consumption and responsible chemical management in textile supply chains. Furthermore, Lidl Group is also taking the first steps towards biodegradable textiles that comply with the Cradle to Cradle® product standards, which includes strict criteria on the responsible use of water.

We will continue to implement further measures to develop and expand our environmental, chemical and waste management in our supply chains.

### 4.1.5 Raw Materials

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

A full overview of raw material goals can be found online at [www.abettertomorrow-lidl.ie](http://www.abettertomorrow-lidl.ie) and at [www.abettertomorrow-lidl-ni.co.uk](http://www.abettertomorrow-lidl-ni.co.uk).

<sup>3</sup> [https://link.springer.com/chapter/10.1007/978-3-319-66981-6\\_8](https://link.springer.com/chapter/10.1007/978-3-319-66981-6_8)

<sup>4</sup> <https://cottonmadeinafrica.org/en/news/cmia-cotton-saves-water-and-greenhouse-gas-emissions/>

## 4.1.6 Cosmetic and Household Products

Within our cosmetic and household product range we recognise that plastics entering water sources is a major concern. Since 2015, we have been working hard to reduce the amount of microplastics in our products to prevent this kind of pollution. In 2018, we removed microbeads from all our cosmetic and household products. Read more about it in our [Microplastics Policy](#).

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

- [Global Ghost Gear Initiative](#)
- [Repak's Members Plastic Pledge](#)
- [REset Plastic](#)

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

In Lidl Ireland and Northern Ireland we set ourselves the goal of reducing plastic in our own brand products packaging by 20% by 2022, as well as making 100% of branded product packaging recyclable and with 50% of recycled content by the end of 2025. These goals are part of REset Plastic, the international plastic strategy of the Schwarz group. This all-round approach is focused in five key areas: Reduce, Redesign, Recycle, Remove and Research, under the vision of “less plastic and closed cycles”.

## 4.2 Measures in Store

In comparison to our food supply chains, water consumption within our store network is significantly lower. Despite this, we are still committed to taking steps to reduce water consumption within this level of our operations. In order to develop our approach and identify opportunities for reductions we have implemented a central monitoring system within a number of pilot stores across the Lidl Group, which we will closely observe to develop a broader systematic approach to water reduction. One key operational process that uses a high volume of water is the cleaning of our stores. In order to minimise this impact on total water usage we are committed to continuously developing our operational processes. For example, we train all colleagues who are responsible for handling water as part of their roles. We also harvest rainwater in our Dublin Head Office and in our new Newbridge Distribution Centre for indoor use, and we plan to implement this system into all the new build stores in the future.

## 4.3 Communication

As part of our wider approach to corporate due diligence we are committed to transparently reporting on the progress towards the reduction of water consumption and water pollution. To do this effectively we believe it is important to engage a wide number of stakeholders, from our suppliers to our customers, and support them to join us on our journey.

To ensure that customers are aware of the measures we have implemented and can therefore make more informed decisions, we communicate our involvement with initiatives and certifications through labelling products and communications throughout our stores. To this end we are introducing a ‘Save Water’ logo on the packaging of selected own-label products. The aim of this label is to engage customers on the topic of water and to provide recommendations on how they can take steps to reduce water consumption as part of their everyday lives.

Customers can use our Corporate Social Responsibility website '[A Better Tomorrow](#)' to understand further the actions we have taken on the area of responsible sourcing products.