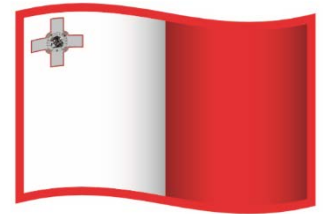


# Position Paper on the Responsible Sourcing of Fresh Fruit and Vegetables





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## 1. Introduction: The Quality of Fruit and Vegetables for Lidl

Quality and safety are essential principles in Lidl's purchasing policy.

Offering its customers fresh, safe and quality fruit and vegetables is the goal that drives Lidl when it comes to purchasing all of its fresh fruit and veg.

For this reason, Lidl has established long-term working relationships with its suppliers and has developed logistics and quality processes with the aim of bringing the best-quality, freshest fruit and vegetables from the field to the store.

The ability to offer fresh fruit and vegetables is heavily dependent on weather conditions. Even when weather conditions are difficult, Lidl keeps to its agreements with its suppliers and, if necessary, adapts the quantities purchased, thereby proving to be a reliable partner for producers.

The mutual and lasting trust characterizing our supplier relationships in fact provides the foundation for ensuring quality throughout the entire supply chain.

## 2. Quality and Safety: Priorities for Lidl

The prerequisite for Lidl quality is being able to guarantee food safety. Objectives, checks and corrective measures are scheduled, constantly monitored and improved where possible, always taking the latest scientific knowledge and industry regulations into consideration.

**Assessment by external experts** – Chemical analytical analysis of the presence of residue from phytosanitary products and other unwanted contaminants in fresh fruit and vegetables is carried out by external and independent laboratories and institutes. These laboratories document and confirm compliance with Lidl's stringent quality requirements (set out in Chapter 3). Every year, at Group level, over 21,000 results from analyses make up a dense network of analytical control processes at all levels of the supply flow. At the same time, they provide the basis for the collaboration with companies involved in the supply chain, so that pesticides in the production of fresh fruit and vegetables can be effectively reduced.

**Controlling the controllers** – All analysis institutes commissioned by Lidl, whether at home or abroad, meet the criteria set out in UNI CEI EN ISO/IEC 17025/2005 standards with the respective accreditation. Lidl also checks the quality of commissioned laboratories itself by means of ring tests: these analyses, taken on standardized samples and without giving prior notice to laboratories, are used to evaluate the competency of individual institutes, allowing us to strengthen excellence and the continual professional development of our suppliers.

**Qualification of the Lidl quality system** – Lidl undertakes to submit its own quality control system to the evaluation of external, independent experts, with the aim of keeping in line with standards set at international level.

## **2.1 Achieving Goals together with Business Partners**

The quality of Lidl fruit and vegetables requires highly professional partners at all levels of the supply chain. The pillars of Lidl quality and safety, specific to the fruit and vegetable assortment, are defined and specifically set out in this document:

**Collaboration** – The selection of reliable and efficient producers and suppliers is a decisive element in the supply of fresh fruit and vegetables. Lidl only works with partners that are able to comply with the strict quality requirements demanded by Lidl (set out in Chapter 3).

**Continuity and trust** – Lidl prefers continuity and financial reliability, basing its own relationships on mutual respect and trust.

**Transparency throughout the entire supply chain** – The supply chain for fresh fruit and vegetables includes all companies involved in the chain, from the field to the store. From the seed-sowing stage, Lidl demands that all companies working at every level of the chain are monitored. Additional information on the surface area used for crops, certification and cultivation methods guarantee the maximum level of transparency and safety, and come together in Lidl's transparency system.

**Comprehensive information** – With the traceability label, attached to every box of fresh fruit and vegetables, Lidl guarantees the transparency of its products at every stage of the supply chain. Lidl's traceability label clearly states all the companies involved in the chain on every packet, from the farmer to the packaging company to the supplier.

**Clear communication** – Lidl uses clear and transparent communication with its business partners. This ensures that Lidl's high quality standards and requirements are shared by everyone involved in the supply chain.

## **2.2 Certified Lidl quality**

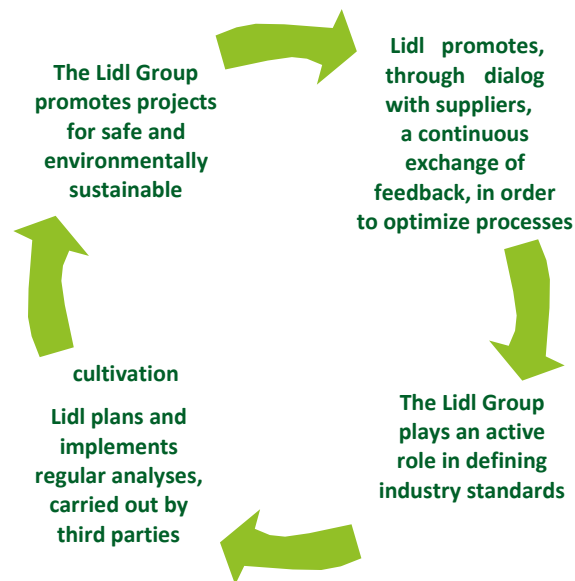
Lidl fruit and vegetables are the result of standardized and continuous control processes. To this end, Lidl uses the services of both internal experts and external consultants from renowned control institutes. These measures are further supplemented by the participation of Lidl partners in some of the most rigorous certification systems at all stages of the supply chain, as described below.

**Continuous product control** – All supplies of fresh fruit and vegetables are regularly checked according to standardized processes which start well before the product reaches the Lidl warehouse. For example, assessment of the potential risks linked to possible pesticide residue takes place while the goods are being transported. The results of analysis reports carried out by external laboratories are also used alongside specific knowledge on production conditions in cultivation areas.

**Quality without exception** – Every delivery of goods entering the warehouse is examined, without exception, by qualified Lidl staff to ensure that they comply with the agreed product specifications.

## 2.3 Learning together: Feedback, Feedback Processes and Continuous Development

One of Lidl's founding principles is: "He who stops being better, stops **being good.**" Lidl is committed to continual improvement with the aim of offering its customers the best level of quality. Results from intense control processes form the basis of this permanent improvement process, in which all partner companies along the production chain are actively involved.



## 3. Our Pesticide Reduction Program for Fresh Fruit and Vegetables

Reducing pesticide residue on fruit and vegetables is an absolute priority for Lidl.

The desired common goal of Lidl and its business partners is to offer fruit and vegetables where the amount of residue is significantly below legal limits and is continually being reduced. The requirements set by Lidl for pesticides and contaminants on fruit and vegetables tolerate a much-reduced level of residue compared to legislation on the matter and clearly contribute to the reduction of pesticide use.

Together with fresh fruit and vegetable suppliers and producers, Lidl has drawn up an agreement which aims to reduce pesticides, accompanied by a very specific program.

The continuous exchange of information between Lidl and its suppliers and farmers regarding data collected from fruit and vegetable analyses lies at the heart of the pesticide reduction program. Lidl maintains long-term relationships with operators involved in the supply chain in order to ensure that they function in line with Lidl requirements. The high number of analyses carried out on residue allows Lidl to keep up to date on the amount of pesticide residue that may be found in its entire assortment of fresh fruit and vegetables.

As part of the Lidl pesticide reduction program, specific value limits have been set, known as the “Lidl specification values for fresh fruit and vegetables”; these are stricter than the legal requirements (see Table 1).

	Maximum quantity of residue (%)		Max. no. of substances	ARfD (%)
	Individual substance	Σ of detected substances		Individual substance
Legal limit	100	-	-	-
Lidl specification	33.3	80	5	100

Table 1: Comparison of the legal limits for possible substance residue and values set by Lidl specifications

Lidl specification values for fresh fruit and vegetables are as follows:

- The permitted content of an active substance residue must not exceed a third of the limit set by law.
- The sum of ratios (expressed as a percentage) between the amount of active substance that may be detected and its legal limit must not exceed 80%.
- There must be no more than five active substance residues.
- The acute reference dose (ARfD) must never exceed 100%.

Lidl specifications are much more stringent and restrictive than the legal requirements. All this enables us to select only partners that are able to meet such specifications so that we can offer a more controlled and safer product.

The reduction or elimination of unwanted substances in the global production of fruit and vegetables is an absolute priority for Lidl. Over 21,000 analyses on substance residue carried out for the Lidl Group by third-party and independent laboratories allow us to keep up to date with the situation of substances used in the cultivation of fruit and vegetables. In the near future, the Lidl Group will work with selected suppliers throughout the world on projects to reduce or eliminate substances identified as problematic.



## 4. Daily Cooperation: Lidl's Relationships with its Suppliers

In order to ensure that Lidl's stringent quality assurance requirements are incorporated along the entire supply chain, we need to build a long-lasting and trusting partnership with producers, packagers and suppliers.

**Stable cooperation** – Lidl works with a selected pool of producers and establishes close working relationships with them. Partners, whether farmers in the field or greenhouse growers, are without exception obliged to achieve certification, as stated in Paragraph 6. In addition, Lidl supports its suppliers with regular feedback and in-depth analyses to keep track of progress.

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**Planned purchasing** – Cooperation with Lidl suppliers is managed through annual planning which promotes mutual trust in all business processes. On one hand, this makes it possible for us to plan fruit and vegetables supplies with the freshness and quality that our customers expect; on the other hand, Lidl supports its partners even when weather conditions cause a reduction in the quantities produced.

**Distribution of natural products** – Fruit and vegetables are natural products. A change of weather in harvest areas or a change in market demand require a timely and well-considered reaction. If the weather is good, for example, strawberries can be harvested earlier or the cucumber crop may be a lot bigger than expected; Lidl's constant monitoring of the market and its infrastructures means that excess quantities can be easily marketed. In this way, Lidl represents a cornerstone in the operations of companies that are often family-run or cooperatives.

**Together for customers** – Local farmers and growers are the ones who make sure that products have the flavor that customers expect. They invest knowledge and passion in every harvest. Lidl continues to work with its partners to produce the products, variety and quality that customers demand.



**A philosophy that is good for everyone** – The results of Lidl’s everyday work encourages us to pursue this philosophy of mutual collaboration which has advantages for customers on one hand, as they get high-quality fresh fruit and vegetables, and for suppliers on the other, as they can count on cooperation with a strong partner that always keeps its word.

## 5. From Field to Store: The Role of Supplier and Logistics Collaboration

Customers love Lidl fruit and veg because they are always fresh and tasty. To guarantee freshness, close cooperation with suppliers and perfect synergy with logistics are essential.



## 6. Reducing Food Waste: A Question of Ethics

Reducing food waste and destruction is a challenge that Lidl faces every single day. It is even more challenging when the goods in question are easily perishable, such as fruit and vegetables.

**Daily deliveries** – At Lidl stores, fruit and vegetables are delivered fresh every day before the store opens and are checked several times throughout the day. In addition, orders are placed daily by store management, based on daily sales, experience and the season. This not only guarantees optimum freshness for customers at all times, but helps to reduce food waste at the same time.

**Flexible distribution** – Lidl is able to absorb any increases in quantities or fluctuations in harvest, distributing the amounts offered by its partners in the best possible way.

## 7. Scope and Certification

This position paper is transparent and is freely available to the public. It applies to all Lidl Malta's permanent assortment of own-brand products, is periodically updated and is binding both within and outside the company. All suppliers that already trade with Lidl are required to comply with the guidelines it contains.

It is Lidl Malta's intention to continue developing this position paper, enhancing it with new goals. To this end, Lidl, together with its suppliers, will monitor progress achieved, developing and setting up, if necessary, new mandatory measures to be adopted. If we find we are moving away from our objectives, we will have to prescribe corrective actions.

Lidl Malta intends to exercise its influence to promote responsible sourcing of fruit and vegetables, thereby contributing to a definite change in the market.

Lidl considers the application of minimum social standards in relationships with business partners as fundamental. By signing a contract, suppliers agree to implement the Lidl Code of Conduct which is based on International Labour Organization (ILO) standards, the United Nations Universal Declaration of Human Rights or other supranational directives, and the Business Social Compliance Initiative (BSCI) Code of Conduct.

Furthermore, Lidl requires all fruit and vegetable producers to undergo GRASP assessment (GLOBALG.A.P. Risk Assessment on Social Practice) which examines farmers' working conditions and social practices.



With regard to the implementation of this position paper, Lidl seeks advice from specialist non-profit organizations and promotes the sustainability criteria of various certifications, including:

**1. The Rainforest Alliance:** an organization that tackles challenges such as deforestation, climate change and poverty. Its mission is to create a sustainable agricultural system which helps farmers, forest communities, workers and their families to receive a fair wage and to protect natural resources, the environment and wildlife. For more information: [www.rainforest-alliance.org](http://www.rainforest-alliance.org)



**2. Fairtrade:** a global organization which, through a certification mark of the same name, aims to guarantee better living conditions for producers in developing countries. Its goal is to empower the most disadvantaged producers, giving them the means to break into the trading system under fair and transparent conditions, and thereby improving their living standards. For more information: [www.fairtrade.net](http://www.fairtrade.net)



**2. Organic certification:** certification given to organic food production that respects the environment and the planet's resources, renouncing the use of pesticides and artificial additives or genetically modified organisms in agriculture, and guaranteeing the welfare of animals on farms. Through farming of this kind, we conserve biodiversity and safeguard the resources of tomorrow. Customers buying organic products enjoy natural flavors, knowing that they are helping to protect the environment. The EU organic logo guarantees compliance with European Union standards in organic farming, thereby reducing impact on the environment and ensuring greater respect for nature and its species.



## 8. APPENDIX: Pesticides: Questions and Answers

### **How are pesticides used and what sort of residue do they leave on fruit and vegetables?**

In the case of fresh fruit and vegetables, a number of substances may be used, if necessary, to keep crops and produce healthy during cultivation, after harvesting and during packaging and storage. For example, phytosanitary products, pesticides and other substances can be used to ensure produce is healthy and safe. Production of fresh fruit and vegetables that are totally free from such substances is still something of an exception today. Residue, therefore, cannot be avoided, not even by scrupulously following good agricultural practices and using substances appropriately and in accordance with legal provisions. Despite being a very challenging goal, it is Lidl's ambition to offer its customers an assortment of fruit and vegetables free from pesticide residue, as far as it is possible.

### **What are the main legal regulations with regard to pesticides?**

To define pesticide residue in food products and animal feed of plant or animal origin, reference is made to European Regulation (EC) No. 396/2005. In fact, there are limits on residues imposed by law, the so-called 'maximum residue levels' of active substances on fresh fruit and vegetables (MRLs). MRLs are used to protect consumers from unnecessary residue and ensure a high standard of safety. For fresh fruit and vegetables, MRLs refer to products that have not been washed, cleaned or peeled.

### **What are 'multiple residues' on fresh fruit and vegetables?**

If there is residue from two or more active substances in a product, we talk about multiple residues. Special attention is given to multiple residues because there is a possibility that the substances could create a synergistic effect which could possibly have critical consequences on the human body.

Based on the provisions of current legislation, the presence of multiple residues does not affect the possibility of selling and distributing the final product, as long as the presence of each individual substance does not exceed the limit set by law. However, in order to reduce the occurrence of this cumulative effect as much as possible, Lidl imposes a maximum residue limit that can be present at the same time on its suppliers.

### **What is the acute reference dose?**

The acute reference dose (ARfD) is defined by the World Health Organization (WHO) as the amount of substance per kilogram of body weight which can be ingested in a meal or over a day without any perceptible risk to the consumer. Ingestion of this substance is calculated taking into account the quantities present in a given food and the maximum amount of this food that is presumed to be consumed in one day (selecting the most susceptible individuals as reference, such as young children). This is defined as the 'level of exposure' to a particular substance.

The relationship between exposure and the acute reference dose for the residue of a detected active substance is given as the acute reference dose intake and is expressed as a percentage. Values up to 100% are considered harmless.

