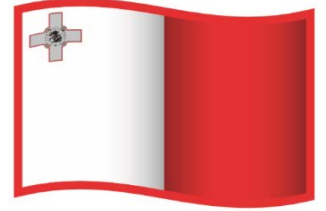


Position Paper on the Responsible Sourcing of Timber and Wood-Based Products





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1. Our Vision

“Our everyday actions are shaped by a sense of responsibility from an economic, social and environmental viewpoint.”

With this corporate principle, Lidl Malta expresses its own responsibility toward man and nature. Forests cover almost a third of the Earth’s surface and they are crucial to life on the planet. First of all, they are home to 80% of known animal and plant species (outside the oceans), they are an important economic resource and cornerstone of life for many people and, above all, they regulate the planet’s climate. According to the World Wildlife Fund (WWF) they are the main producer of oxygen after oceans and act as a carbon sink storing up carbon dioxide: forests clean our air, regulate local water cycles, reduce drought, and protect against flooding and soil erosion.

Many forest ecosystems are under serious threat: every four seconds, a forest the size of a soccer pitch disappears, with negative consequences for human beings and for the environment.

This position paper was drawn up, incorporating the six general criteria for sustainable forest management as defined by FOREST EUROPE, a cooperative body of 46 European countries plus the European Union, which addresses important political and social issues relating to our forests.

These criteria are as follows:

- Conserving and optimizing forest resources, ensuring that they can make their contribution to global carbon cycles (CO₂)
- Maintaining the health and vitality of forest ecosystems
- Conserving and promoting the productive function of forests (wooden and non-wooden products)
- Conserving, protecting and optimizing the biodiversity of forest ecosystems
- Conserving and optimizing the protection function that forests have, with particular reference to soils and water
- Conserving other functions and socio-economic conditions

Lidl translates these criteria into concrete actions (see Chapter 3 of this document).



2. Our Position

Lidl Malta intends to exercise its influence to promote responsible sourcing of cellulose-based materials (for example, paper, wood and viscose), thereby contributing to a definite change in the market.

The purpose of the purchasing policy outlined in this position paper is to promote the responsible use of forest resources. Defining sustainability criteria for sources of cellulose, Lidl sets itself the goal of combatting deforestation, protecting biodiversity, guaranteeing the welfare of forests and promoting responsible forestry, for the here and now and for the future.

Lidl Malta, through this position paper which sets out the foundations for the responsible sourcing of products and packaging containing cellulose, is committed to playing its part in sustainable land management from an environmental and social perspective, thereby responding to the demands of consumers who are calling for ever-higher standards in this area.

Lidl undertakes to use raw materials as responsibly as possible, for example, by using environmentally friendly packaging solutions and/or appropriate product sizes. The company also prefers to use recycled fibers, paying particular attention to product safety, to avoid, for example, the risk of mineral oil contamination (MOSH/MOAH). To ensure that our virgin materials come from sustainable sources, Lidl relies on FSC certification which guarantees responsible forest management.

The following principles fall within Lidl Malta's long-term vision, summarized by the motto "A better tomorrow." Under this motto, the company supports the principles of sustainability, which is understood as protecting today's resources for a brighter tomorrow.



1) PROTECTING RESOURCES

Lidl prefers to minimize the use of cellulose (wood, paper, etc.) in its own-brand products and packaging in order to protect forests and contribute significantly to combatting climate change.

2) GREATER USE OF RECYCLED MATERIALS

The company prefers to use recycled materials where printing, stability and finish requirements allow and where there is no risk of possible mineral oil contamination (MOSH and MOAH).

3) EXCLUSIVE USE OF CERTIFIED VIRGIN FIBERS

When it is not possible to use recycled materials and especially for primary packaging of food products where virgin fiber must be used, the company only uses fiber certified by the FSC (Forest Stewardship Council®).

2.1 Scope

This position paper drawn up by Lidl Malta is transparent and freely available to the public. It applies to all components in Lidl Malta's own-brand products and packaging that contain cellulose (paper, wood, etc.) and is periodically updated as necessary.

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.

With regard to the implementation of this position paper, Lidl also seeks advice from specialist non-profit organizations.



3. Our Goal

3.1 A Responsible Structure for our Assortment

Lidl has set itself the goal of converting, by the end of 2025, all its own-brand products and respective packaging containing cellulose to recycled materials or, if it is necessary to use virgin fiber, to FSC-certified fiber.

Lidl intends to achieve this goal in two stages:

- Converting food products and 'near-food' products by the end of 2025
- Converting non-food products by the end of 2020

Wood, paper and cellulose



31.12.2025



100%



Food



31.12.2020



100%



Non-food

By the end of 2025, Food, Health and Beauty Household products will be converted to recycled or FSC-certified materials. In exceptional cases, PEFC-certified materials may be used.

By the end of 2020, all non-food promotional items such as textiles, furniture, toys, decorative items and stationery will be converted to recycled or FSC-certified materials. In exceptional cases, PEFC-certified materials may be used.

A large part of Lidl's own-brand products are already certified, for example, napkins, tissues, baking paper and diapers. Many stationery items, small furniture, hobby and craft items and children's wooden toys are already FSC- or PEFC-certified. Also, in textiles, cellulose fibers, such as viscose, modal and lyocell, are often used. Lidl intends to replace viscose with eco-friendly Lenzing™ EcoVero™ fiber, considered a groundbreaking, environmentally friendly cellulose fiber.

In textiles, by the end of 2019, all cellulose fibers will be replaced with Lenzing™ eco-friendly fiber

The FSC is an international organization that protects biodiversity and the rights of indigenous people and workers, as well as areas of cultural or natural significance. In addition, through the FSC system, people working in forests receive proper training and can be sure of a safe working environment and the financial viability of forest management. FSC Forest Management certification is based on 10 Principles and 70 Key Criteria valid throughout the world, which can be used for different forest ecosystems and management types. Every country applies these Principles and Criteria to its own reference forestry context, defining National Standards.

Lenzing™ EcoVero™ fibers are made from cellulose derived from natural wood which is sourced from FSC-certified forests and plantations. Sustainable production requires compliance with certain environmental standards. For example, chemicals used in manufacturing are reduced to a minimum and are recovered for re-use in subsequent manufacture, and the use of energy and water for production is reduced by 50% compared with the production of conventional cellulose. To make the supply chain transparent, products containing Lenzing™ EcoVero™ viscose can be identified by their labels.

The use of recycled materials means that we can save resources: re-processing used paper fibers in fact requires less energy than “cooking” wood fibers to produce paper, and the amount of water used is considerably less. However, we need to pay attention to food packaging made from recycled materials as they can result in some mineral oil components being transferred to food (MOSH/MOAH). To find out more about Lidl’s goals and practical actions in this field, you can consult the Position Paper on Informed Food Choices, available on the Lidl Malta website at:

<https://corporate.lidl.com.mt/sustainability/subitems/purchasing-policies>

3.2 Origin, Transparency and Traceability

Lidl dissociates itself from illegal logging, one of the greatest threats to forest life, and from slash-and-burn practices to obtain new agricultural land. Neither does it use wood from unauthorized sources.

By providing clear information that is easy to read and understand, Lidl supports its customers in their selection of products, with the aim of creating ever-greater transparency and traceability along the supply chain.

To promote responsible forest management, Lidl joined the Forest Stewardship Council® (FSC) in March 2008 as one of the first food companies to do so and it has supported a sectoral approach since the start of 2009 as a member of the Initiative Pro Recyclingpapier (IPR). The goal of the initiative is to increase the awareness and acceptance of recycled paper.

By favoring the use of certified products, Lidl ensures that the source of raw materials is traceable throughout the supply chain. Every company dealing with FSC-certified raw materials undergoes a Chain of Custody audit, thereby ensuring the sustainable source of raw materials. FSC Chain of Custody certification ensures the traceability of materials coming from responsibly managed forests and it is an essential requirement for use of the FSC label on products. Thanks to this certification, an organization can guarantee the origin of the wood or paper used for its products and can therefore demonstrate its own active contribution to responsible forest management in an honest, transparent and regulated way.

