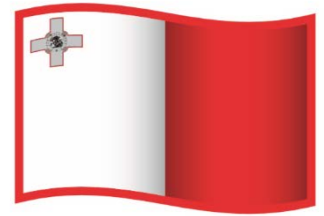


Position Paper on the Responsible Sourcing of Plants and Flowers





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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.

Lidl sets out rigorous criteria for sourcing plants and flowers in order to make cultivation safer and more sustainable for people and for the environment. In this way, Lidl intends to encourage its business partners along the supply chain to set high standards.

2. Our Position

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

In Europe, most plants and flowers come from the Netherlands and Italy. Outside Europe, equatorial countries, such as Kenya, Colombia, Ethiopia and Ecuador, are important producers; thanks to their altitude and local climate, they have ideal growing conditions all year round. In some cases, there is a possibility that improper use of phytosanitary products leads to health risks for workers on plantations, especially in countries where safety measures in this area are not common.

Lidl is committed to ensuring that growers can grow plants in a healthy environment, where decent social and working conditions are observed. Furthermore, together with its business partners, Lidl intends to bring itself in line with internationally recognized standards and apply the respective practices.

Sustainability 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.



Lidl sets itself the goal of improving conditions in the sector in three areas:

SOCIAL:

- Improving living and working conditions for growers
- Preventing discrimination against growers

ENVIRONMENTAL:

- Slowing down the process of climate change and reducing its consequences
- Preventing Reducing the use of pesticides and synthetic fertilizers to a minimum with integrated plant protection, which involves the joint and rational use of agronomic, physical, biological and biotechnical means and crop rotation, only resorting to chemicals when other methods do not allow effective pest control
- Reducing the use of water and other resources in plant and flower cultivation
- Preserving biodiversity and protecting bees and other pollinating insects

ECONOMIC:

- Satisfying the needs of the market and acting in a responsible way at the same time
- Preventing plants and flowers from compromising land cultivated by other raw materials, such as cereals

In facing this challenge, Lidl hopes for a joint commitment from all national and international players in the sector.

2.1 Scope

This position paper is transparent and is freely available to the public. It applies to all flowers (including cut flowers) and plants that Lidl offers to its customers. It 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.

3. Our Goal

In practical terms, our goal can be broken down into the following points:

Plants and flowers

- ❖ Certify 100% of plants and flowers with sustainability and environmental standards
- ❖ Respect social standards
- ❖ Build long-term partnerships
- ❖ Preserve biodiversity



3.1 Certification and Standards for a Transparent and Traceable Supply Chain

By the end of 2019, Lidl will require GLOBALG.A.P. certification and GRASP assessment (GLOBALG.A.P. Risk Assessment on Social Practice) from all of its plant and flower producers.

Internationally recognized environmental and sustainability standards ensure sustainable cultivation of plants and flowers.

About 85% of plants and flowers sold by Lidl are certified by GLOBALG.A.P., Fairtrade or MPS (Milieu Project Sierteel). By the end of 2019, the entire Lidl assortment of plants and flowers will be certified by GLOBALG.A.P. or will comply with other standards recognized by the latter.

As regards social standards, Lidl only selects suppliers that sign up to the GLOBALG.A.P. GRASP (Risk Assessment on Social Practice) module or other recognized social certification.



To ensure traceability and transparency in the supply chain, all plants and flowers supplied to Lidl are labelled with the unique identification number (GGN – GLOBALG.A.P. number) of the producer or the association of producers in question.

**100% of products
certified
by the end of 2019**

3.2 Social Standards

Lidl considers the application of minimum social standards in relationships with its 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.

The Lidl Group is in fact a member of the Business Social Compliance Initiative (BSCI) and, on this basis, it has developed its own Code of Conduct which aims to raise minimum social standards among its business partners in several countries. As a matter of principle, Lidl rejects any kind of child labor abuses or violations of human rights in the process of producing its products. It actively promotes and supports aspects that go beyond regulatory requirements, for example, for its own-brand products, it prefers raw materials sourced from cultivation that is certified as sustainable by third-party organizations.

3.3 Long-term Partnerships

Lidl builds long-term business relationships with its suppliers and business partners. In the Lidl Code of Conduct, the fundamental conditions of the partnership are defined. For example, suppliers are invited to regularly visit growers and to work with them to encourage mutual dialog with a view to continuous improvement.

In order to ensure compliance with these requirements, regular monitoring and random checks are carried out. Furthermore, Lidl has a preference for suppliers that are already developing sustainability initiatives.

3.4 Protection of Bees and Biodiversity

Bees and insects are essential to Earth's ecosystems. According to a recent study, in 2017, the number of insects fell by 75% compared with twenty years ago, with serious consequences for the pollination of plants and flowers. Insects are important for two reasons: they are pollinators of plants and they are prey for birds. The Lidl Group also promotes biodiversity by offering an assortment of plants cultivated according to methods that respect bee life and favor, where possible, natural compensation initiatives.

For example, since 2017, Lidl suppliers have created over two million square meters (500 acres) of flower borders to attract pollinating insects.

