

Purchasing Policy

Water

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A BETTER
TOMORROW



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Our responsibility for water resources



Our responsibility for fresh water resources

Sustainability is one of Lidl's core strategic goals for a brighter future. Wherever our actions impact people and the environment, we are there to take responsibility. This is how we reaffirm our commitment to quality each and every day, thereby ensuring the best possible future for the company.

It is against this backdrop that we have developed our CSR strategy, which gives us clear guidance in fulfilling our responsibility to act responsibly. Our shared and comprehensive understanding of sustainable conduct addresses six strategic focus areas: conserving resources, protecting the climate, respecting biodiversity, acting fairly, promoting health, and engaging in dialog. These describe how we understand and implement Lidl's responsibility for the environment, people, and our customers.

Our responsibility for fresh water resources

Fresh water is a resource critical for the survival of both people and nature. The food retail market consumes significantly more water than other industries. As part of our work on 'conserving resources', we are working towards ensuring the socially and environmentally sustainable handling and use of fresh water. This is one of the key aspects of our international CSR strategy.

Our international CSR Strategy at Lidl



Background



Background on fresh water resources

Fresh water is essential to the survival of humanity. It is crucial for providing drinking water, for hygiene, in farming, in the production of food and industrial goods, and also for the natural world as a whole. Yet there is a very uneven distribution of fresh water across the planet.

Around 70 % of the water consumed globally can be attributed to the production of goods within the agricultural industry¹, which often takes place in countries and regions that are particularly affected by water shortages or water pollution.

The pressure on water resources is growing. In addition to the often limited availability of water due to reduced rainfall or droughts, the amount of water extracted by humans is increasing by around 1 % per year. Both trends will persist over the coming decades. We are already seeing the effects of these trends in our supply chains in our growing cultivation regions.

70 %

**of the world's water is used
in agriculture**



In order to ensure the availability of fresh water, all stakeholders throughout the supply chain must play their part. Particularly in regions with high levels of water stress, the focus must be on key measures, such as providing evidence of lawful water abstraction, using water responsibly, reducing water pollution, protecting ecosystems close to water, and cooperating with stakeholders within river basins.

¹ Organisation for Economic Co-operation and Development: Water and Agriculture, 2024.

Our commitment

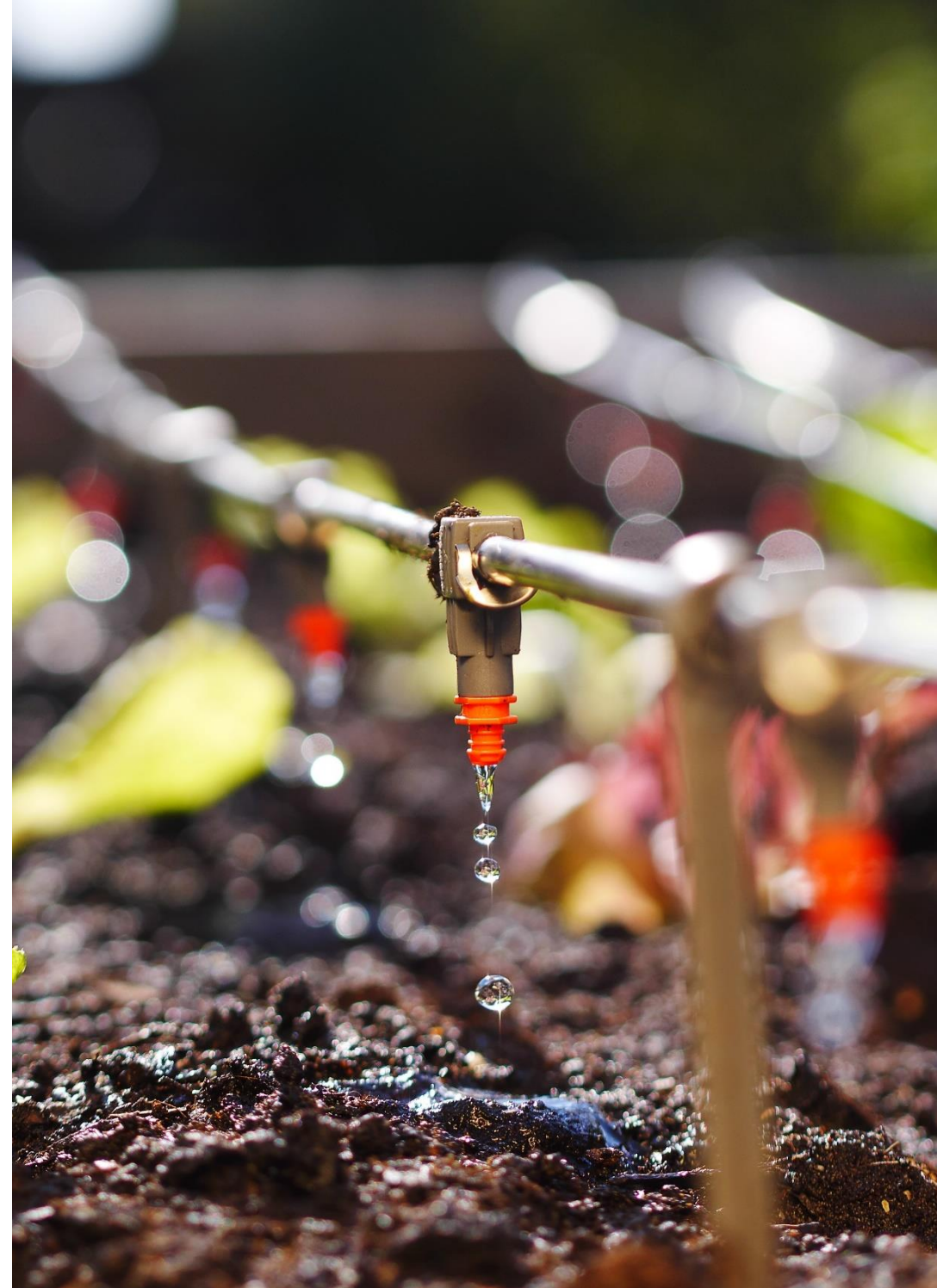


Our commitment to the protection and responsible management of fresh water in our supply chains

Putting corporate due diligence into practice

We are convinced that sustainable development is essential for achieving long-term success. Our motto “A better tomorrow” perfectly encapsulates this philosophy, symbolizing Lidl’s approach to corporate responsibility across all areas. As it moves towards an environmentally friendly and socially responsible way of doing business, awareness of its corporate due diligence is of key importance for Lidl.

By having a comprehensive company-wide approach, Lidl can ensure compliance with its own CSR guidelines as well as any regulatory ones. That’s why we have established a comprehensive [> management approach to corporate due diligence](#) for all of the strategic focus topics featured in our CSR strategy, as well as for the responsible management of fresh water.



Lidl's fresh water strategy

For Lidl, using water more sustainably is not an ambition for the future, it is a key topic for the present. We have set ourselves the goal of protecting fresh water resources and using them responsibly throughout the entire value chain by implementing targeted measures. We are already taking steps towards this goal today.

Our water strategy is primarily based on four pillars. Implementing this strategy will ensure that we take a systematic approach to achieving our water targets.

By the end of 2025, we aim to promote the protection and responsible management of fresh water in our supply chains

1 Understanding impacts

We are identifying water related risks in our supply chains and are creating transparency.

2 Establishing standards

We are addressing water risks in our supply chains.

3 Promoting alternatives

We are promoting sustainable product innovations.

4 Driving change

We are participating in multi-stakeholder initiatives and projects.

Using risk analysis to gain a better understanding of our impact

The first step towards developing a viable water strategy is to have a proper understanding of the impact you are having, and the dependencies involved, and also to identify critical product groups. Regular, comprehensive risk analysis helps us explore the opportunities and risks involved in our business, including those involved with water. The results of our risk analyses provide the basis for our priorities, as well as for our approach to goal setting and risks reduction.

Measures

Identification of the impacts (water consumption and water pollution) of the product range through comprehensive and systematic risk analyses. The results show a very high direct risk exposure in the product areas fruit & vegetables and flowers & plants, mainly in the area of primary agricultural production. However, (processed) food products containing water-critical raw materials, such as rice, nuts, frozen goods, coffee, cocoa, and animal products, are also affected. In terms of non-food products, it is mainly textiles and products made of leather that are affected. Further water risk analyses for particularly critical sub-product groups (e.g. fruit & vegetables) were carried out using the Water Risk Filter developed by the environmental organization WWF.

In addition to water risks in our supply chains, we also continuously measure the level of water consumption in our stores. However, this is a very low amount compared to the amount of water consumed in our supply chains and primarily takes place in locations with sufficient water availability. For this reason, in the present purchasing policy, we are concentrating on measures to address water risks in our supply chains.



In line with the **first pillar** of our water strategy, we are determining the ecological and social risks associated with our supply chains.

Reducing water risks in selected product groups by implementing standards

Addressing water risks

Thanks to our analyses, we know which areas of our product range are subject to the biggest water risks. Together with external partners, we have evaluated sustainability standards, such as Rainforest Alliance, in terms of their requirements related to water. On the basis of these analyses, we are implementing a certification process for relevant areas of our product range in order to ensure the responsible use of water. We are also setting out our own requirements that our producers must meet. These requirements aim to prevent water pollution, for example, by imposing blanket bans on the use of certain substances for plant protection purposes. By implementing a range of different standards, we are working towards continuously reducing water risks in our various product groups.

² Exception: Wild products, such as wild garlic or chanterelle mushrooms

³ GLOBALG.A.P.: Integrated Farm Assurance for fruit and vegetables, 2024.

Fresh fruit & vegetables

All producers are certified according to GLOBALG.A.P. IFA or an equivalent standard². The Integrated Farm Assurance (IFA) standard developed by GLOBALG.A.P. contains criteria aimed at ensuring legal compliance with water use requirements and increasing water use efficiency. In addition, the standard also requires the implementation of an integrated pest management process, which contributes to a reduction in the use of synthetic chemical pesticides³.

By the end of fiscal year 2025, 100 % of our fruit and vegetable producers in Spain, Portugal, Italy, Greece, Egypt, South Africa, Morocco, Israel and Chile must be certified according to recognized water standards⁴.

⁴ The following are considered recognized standards: AWS International Water Stewardship Standard, GLOBALG.A.P. SPRING, On the way to PlanetProof, Fairtrade Standard, Rainforest Alliance Agriculture Standard, SIZA Environmental Standard, SCS Sustainably Grown.



In line with the **second pillar** of our water strategy, we are addressing the water risks in our supply chains and putting a certification process in place for critical raw materials.

In accordance with our strategic list of active ingredients, we have been consistently cutting down on the use of certain pesticides in our range of fruit and vegetable products. Furthermore, the detected residues of active substances must be no higher than one third of the legal maximum limit and the maximum number of active substance residues is 5.

Further information about our strategic list of active ingredients and our commitment to improving the sustainability of our range of fruit and vegetable products can be found in our [Position Paper on Fruit and Vegetables](#).

Flowers & plants

All producers are certified according to GLOBALG.A.P. IFA or an equivalent standard⁵.

We purchase products exclusively from companies that observe the GLOBALG.A.P. Chain of Custody standard, which ensures that products can be traced back to producers and also ensures that a residue monitoring system has been put in place for these products⁶.

⁵ Exception: Dried flowers

In accordance with our strategic list of active ingredients, we have been consistently cutting down on the use of pesticides in our range of flowers and plants. Furthermore, the detected residues of active substances must be no higher than one third of the legal maximum limit and the maximum number of active substance residues is 6.

Critical raw materials

When purchasing critical raw materials, such as coffee, cocoa, palm(kernel)oil or fish and shellfish, we only use recognized standards, which also contain ambitious criteria for water management, water pollution and water use. You can find more information about our targets for each high-risk raw material in our [Raw Materials Purchasing Policy](#).

⁶ GLOBALG.A.P.: GLOBALG.A.P. Chain of Custody, 2024.

Cotton

All of our textiles containing cotton must be certified according to a recognized sustainability standard⁷. We primarily purchase cotton that is certified according to the Cotton made in Africa (CmiA) standard, as this cotton is grown using rainwater only. For organic products, we prefer the Global Organic Textile Standard due to the reduction in water pollution during the cultivation and further processing stages.

In order to ensure responsible chemical and environmental management (including wastewater management) across all of our textiles and home textiles, we require all production facilities to be certified according to OEKO-TEX® STeP standard.

In 2014, Lidl became the first food retailer to join the Greenpeace Detox campaign. By joining the campaign, Lidl committed to completely eliminating prohibited chemical groups when producing textiles and shoes from Lidl's own textile brands by 2020, or replacing them with safe substances.

⁷ Cotton Made in Africa, Organic Content Standard, Global Organic Textile Standard

Reducing the use of fresh water through product innovations and sustainable alternatives

Plastic

Our water resources are increasingly put at risk by the accumulation of non-biodegradable plastics. We are eliminating solid and liquid microplastics from all Lidl own-brand cosmetics and personal care products. You can find more information about this in the Lidl [Position Paper on Microplastics](#).

By 2025, we aim to use 10 % less virgin plastic in our own-brand packaging, to use 30 % less plastic, and to use an average of 25 % recyclate in our own brand packaging made of plastic. We also aim to make 100 % of our private label packaging maximally recyclable by 2025⁸.

Reducing food waste

A lot of water is used and polluted to produce our food. However, studies have found that a third of all food produced worldwide never makes it onto a plate⁹. That is why we are putting a number of measures in place to reduce food waste. By 2030, we aim to reduce food waste in our business by 50 %.

⁸ Schwarz Group: REset Plastic, 2024.

Increasing the proportion of plant-based alternative products

The production of animal products, such as meat, uses significantly more water than it takes to produce plant-based food products. Therefore, by 2025, we aim to increase the proportion of plant-based protein sources in our product range. You can find more information about this in Lidl's [Conscious Nutrition Purchasing Policy](#).



In line with the **third pillar** of our water strategy, we are promoting sustainable product innovations and reducing our use of fresh water.

⁹ World Food Programme: 5 facts about food waste and hunger, 2020.

Driving change together with stakeholders and initiatives

We are working with key players in the industry, with governments, non-profit organizations, standard setters, scientists and local communities to drive industry-wide change, to develop standards and to support initiatives seeking to make improvements.

Since 2018, Lidl has been a member of the multi-stakeholder platform Alliance for Water Stewardship (AWS) and is an active participant in the Agricultural Working Group.

Since 2022, we have participated in AWS projects in river basins in global water hot spots for agricultural production, such as Spain and Peru.

In the non-food sector, Lidl is a member of the Leather Working Group (LWG), the Partnership for Sustainable Textiles and Cotton made in Africa (CmiA).

We are a member of the GLOBALG.A.P. Environmental Sustainability Solution (ESS) working group, where we work together with 80 other stakeholders to develop an integrated sustainability standard for producers. The GLOBALG.A.P. Environmental Sustainability Solution not only contains water criteria, but also covers additional aspects of sustainability, such as biodiversity, regenerative agriculture, the climate and soil health.¹⁰



In accordance with the **fourth pillar** of our water strategy, we are driving change by participating in a range of initiatives and projects.

¹⁰ GLOBALG.A.P.: New environmental sustainability solution goes through first round of public consultation, 2023.

Glossary



Glossary

Alliance for Water Stewardship

The AWS International Water Stewardship Standard (AWS Standard) is a globally applicable framework for major water users to understand their water use and the associated impacts, and to work collaboratively and transparently for sustainable water management within a catchment context. The standard is intended to drive social, environmental and economic benefits at the scale of a catchment¹¹.

Cotton made in Africa (CmiA)

Cotton made in Africa is an initiative for improving the social, economic, and ecological conditions in cotton production in Sub-Saharan Africa. It is an initiative of the Aid by Trade Foundation, founded in 2005 by Michael Otto, Chair of the Board of the Otto Group. The development of an alliance of textile companies which specifically demand sustainably produced cotton and sell it using the 'Cotton made in Africa' label, enables textiles to be produced that are more sustainable, but without a significant increase in production costs. Cotton produced under Cotton made in Africa improves the prospects of African smallholders and protects the environment, as fewer pesticides are used during farming and fewer greenhouse gases are generated than in the farming of conventional cotton.¹²

Fairtrade

Fairtrade stands for better working and living conditions for small-scale producers and workers in Africa, Asia, and Latin America. More than 1.6 million small-scale producers and workers are already benefiting from stable minimum prices, the fair trade premium for communal projects and the promotion of environmentally sound farming. The independently verified Fairtrade standards comprise criteria on democratic organizational structures, environmental protection and safe working conditions.¹³

GLOBALG.A.P.

GLOBALG.A.P. was created in 1997 by EUREPGAP, an initiative by retailers. GLOBALG.A.P. includes standards and programs for good agricultural practice in three product areas: plants, farmed animals, and aquacultures. The main standard, IFA (International Farm Assurance), includes requirements for food safety, as well as some sustainability criteria. These standards are supplemented with so-called GLOBALG.A.P.+ add-ons such as GRASP (Risk Assessment on Social Practice) or SPRING (Sustainable Program for Irrigation and Groundwater Use). A single label "GGN" (GLOBALG.A.P. Number) identifies all products certified by GLOBALG.A.P.¹⁴

GLOBALG.A.P. Chain of custody

The GLOBALG.A.P. Chain of Custody standard ensures that each product bearing a GGN label or sold with a GLOBALG.A.P. claim is truly sourced from a GLOBALG.A.P.-certified production process.¹⁵

Global Organic Textile Standard (GOTS)

GOTS certification is seen as the world's leading standard for the processing of textiles (clothing, home textiles and textile hygiene products) made from organically produced natural fibers. The GOTS label identifies textiles that meet the relevant environmental standards, such as a ban on problematic additives in the entire textile supply chain, plus the respecting of human rights based on the core labor standards of the International Labor Organization (ILO).¹⁶

Leather Working Group (LWG)

The Leather Working Group is a not-for-profit multistakeholder initiative responsible for the world's leading Environmental, Social, and Governance certification standard for leather manufacturing. As a multi-stakeholder initiative, LWG has over 2000 certified suppliers from the entire leather industry. Since 2005, LWG has been working to develop best practices in the industry and provide guidelines for continuous improvement.¹⁷

¹¹ Alliance for Water Stewardship: The AWS Standard 2.0, 2023

¹² Utopia: Cotton made in Africa: Das steckt hinter der nachhaltigen Baumwolle, 2023.

¹³ Fairtrade: Was ist Fairtrade?, 2023.

¹⁴ GLOBALG.A.P.: About GLOBALG.A.P., 2023.

¹⁵ GLOBALG.A.P.: GLOBALG.A.P. Chain of Custody, 2024.

¹⁶ GOTS: Global Organic Textile Standard, 2020.

¹⁷ LWG: About us, 2024.

OEKO-TEX

OEKO-TEX® stands for products that are tested for harmful substances and are harmless to health, but also offers a certification for environmentally friendly and socially responsible production facilities. OEKO-TEX® STeP not only takes into account certain sustainability aspects but enables a comprehensive analysis and evaluation of production conditions. In addition to a manufacturing restricted substances list (MRSL), STeP also includes an analysis of environmental performance and environmental management, social responsibility, quality management, and occupational health and safety.¹⁸

Rainforest Alliance (RA)

The Rainforest Alliance (RA) was founded in 1987 and is committed to maintaining biodiversity and promoting ecologically sustainable and socially fair practices in agriculture and forestry in over 60 countries. It awards its consumer label, featuring a green frog, on the basis of the Rainforest Alliance Sustainable Agriculture Standard. Behind this are human rights criteria, such as access to education or the banning of child labor, as well as environmental standards, such as the protection of water and biodiversity. In 2018, the RA merged with the UTZ certification program.¹⁹

WWF Water Risk Filter

The WWF Water Risk Filter is a leading, free online tool that enables companies and investors to explore, assess and respond to water risks.²⁰

¹⁸ OEKO-TEX: Sustainable Textile and Leather Production (STeP), 2024.

¹⁹ Rainforest Alliance: About us, 2023.

²⁰ WWF: Water Risk Filter, 2024.

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GLOBALG.A.P.: **Integrated Farm Assurance for fruit and vegetables**

[Integrated Farm Assurance for fruit and vegetables \(globalgap.org\)](https://www.globalgap.org/ifa/)
(Status: 2024)

GLOBALG.A.P.: **New environmental sustainability solution goes through first round of public consultation**

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(Status: 2024)

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