

Purchasing Policy

Raw materials

Lidl Malta – Revision 10/01/2025

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Raw materials such as palm(kernel)oil, soy, cocoa or coffee form the basis of our products. As a food retailer, it is our responsibility to use our influence to help ensure that these raw materials are cultivated, processed and procured in an environmentally and socially responsible manner.

Eduardo Tursi | CCO Purchasing Lidl Malta



Our responsibility for the raw materials in our products



Our responsibility for the critical raw materials in our products

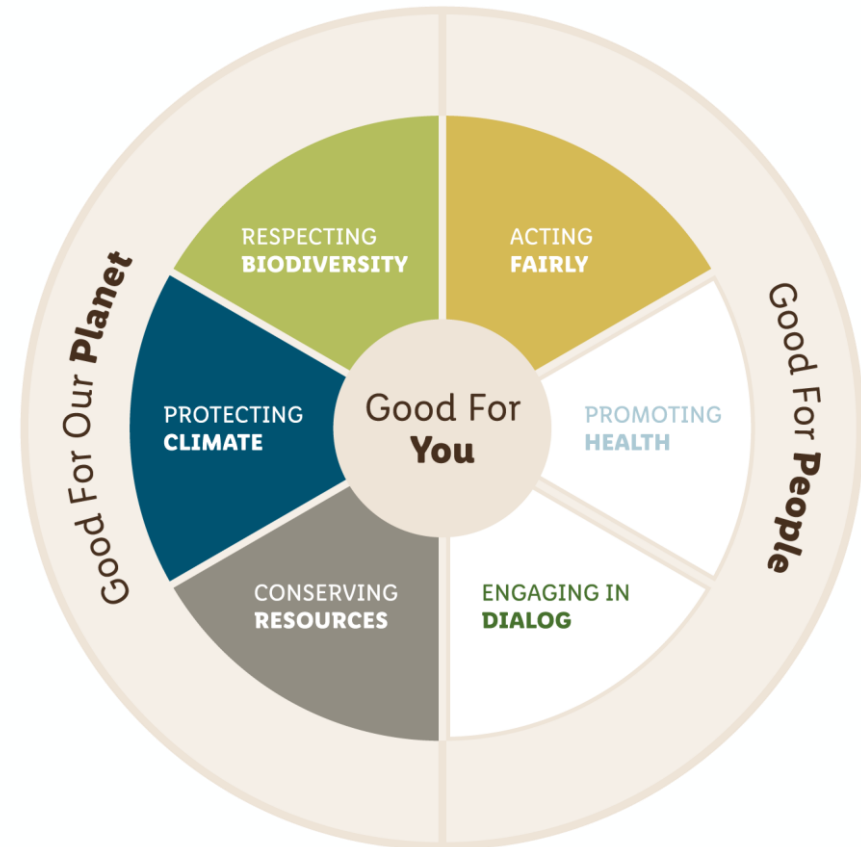
Sustainability is one of Lidl's core strategic goals for a brighter future. We take responsibility wherever our actions impact people and the environment. This is how we reaffirm our commitment to quality each and every day, thereby ensuring the best possible future for our company.

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 joint and comprehensive understanding of sustainable conduct addresses six strategic focus areas: conserving resources, protecting 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 the raw materials in our products

Raw materials form the basis of our assortment. We therefore have a responsibility to source critical raw materials in a socially and environmentally responsible way. This is a prerequisite for having responsibly produced products. It means that we are making a contribution to our strategic focus areas of 'conserving resources', 'protecting climate', 'respecting biodiversity', and 'acting fairly'.

Our international CSR strategy at Lidl



Background



Background to the cultivation and production of raw materials

Raw materials are the planet's natural resources and form the basis of nearly all commercial products. They are used in their natural form or processed after being harvested or extracted. In economic terms, raw materials are a basic requirement for value creation. Their cultivation or extraction is the starting point of global supply chains in countries that have the relevant raw material deposits or favorable growing conditions.

Depending on their origin, method of extraction or way they are processed, raw materials can have a negative impact on people and the environment. This is particularly true for the over 400 million people who earn their living from the cultivation of various agricultural commodities.¹ Over ten percent of the world's population still live in extreme poverty – with two-thirds of these people working in agriculture.²



Cocoa cultivation alone is the main source of income for over 5.5 million people and provides a livelihood for over 14 million people.³ The production of raw materials is often associated with inhumane working conditions and other human rights violations. The many entities in the supply chains involved in global trade make it difficult to trace raw materials right back to their source. Possible violations can therefore not be adequately investigated. At the same time, production of raw materials can also have an impact on the environment, if excessive quantities of pesticides and fertilizers are used, for example, or areas of forest are cleared to make space for farming. In Brazil in 2018, the cultivation of soy took up an area almost the size of Germany – and is still increasing.⁴ Species-rich areas of rainforests are often converted for this purpose. This deforestation also accelerates the process of climate change.

Around 30 % of global land mass is covered by forest.⁵ 70 % of water consumption⁶ and up to 30 % of greenhouse gas emissions⁷ come from agriculture – with the majority of this coming from the production of raw materials.

In light of the challenges for people and the environment in the cultivation and production of raw materials, it is important that companies know exactly where they are sourcing their raw materials from and what risks are involved, so that they can put adequate approaches into practice. That is why transparency is so crucial in the supply chain of raw materials, as well as making targeted improvements.

¹ Initiative for Sustainable Agricultural Supply Chains: Factsheet, 2019.

² FAO: Ending Extreme Poverty in Rural Areas, 2018.

³ Fairtrade: Fairtrade Cocoa, 2021.

⁴ Our World in Data: Forests and Deforestation, 2021.

⁵ Umweltbundesamt [German environment agency]: Globale Landflächen und Biomasse [Global land areas and biomass], 2013.

⁶ WWF: Wasserverbrauch und Wasserknappheit [Water consumption and water scarcity], 2021.

⁷ Greenpeace: Landwirtschaft und Klima [Agriculture and climate], 2008.

Our **commitment**



Our commitment to making the procurement of critical raw materials more sustainable

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 areas featured in the CSR strategy, as well as for the procurement of critical raw materials. [Each country can also include its own issues, objectives and measures.](#)

Ensuring social and environmental awareness in our raw material supply chains is a key part of the sustainability strategy for Lidl’s Purchasing department. We are therefore committed to reducing the negative ecological and social impact of our primary products as much as possible – from cultivation to harvesting and processing to the transport to our stores.

To ensure that we proceed in a structured and targeted way, Lidl has developed a comprehensive raw materials strategy that is based on the **four pillars** shown here. Implementing this strategy will ensure that we take a systematic approach to achieving our raw material targets. Specifically, we are committed to making the procurement of raw materials defined as critical more sustainable by 2025.

We will make the procurement of critical raw materials more sustainable by the end of 2025.

1 Understanding impacts

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

2 Establishing standards

We are having our critical agricultural raw materials certified to recognized environmentally and socially responsible standards.

3 Promoting alternatives

We are promoting the use of more sustainable alternatives in our assortment and reducing the procurement of critical raw materials.

4 Driving change

We are participating in multi-stakeholder initiatives and projects.

How we handle critical raw materials

We are concentrating on critical raw materials. These are the result of a systematic risk analysis carried out in conjunction with experts. According to this analysis, they not only have the biggest impact on people and the environment but are also extremely relevant to our product range.

We have also defined [sustainability targets for each specific critical raw material](#) used in our own brand products. Detailed information on how we handle critical raw materials can be found in the following sub-sections and in our [Purchasing Policy for deforestation-free supply chains, Animal Welfare and Fruit & Vegetables and Flowers & Plants](#).



Analyzing risk to gain a better understanding of our impact

The first step towards a sustainable raw materials strategy is to really understand your own impact. Regular comprehensive risk analyses help us to explore the opportunities and risks in our business, including those involved with raw materials. This also forms the basis for our approach to corporate due diligence, enabling us to minimize our risks when sourcing raw materials.

We systematically carry out a comprehensive annual risk analysis as well as non-routine risk analyses within our supply chains. Among other things, the annual risk analysis focuses on the following risks, which are relevant to the [German Supply Chain Act](#): Child labor, forced labor, occupational safety, fair pay, discrimination, freedom of association, land rights, environmental impact, environmental agreements, security forces.

We determine environmental risks such as biodiversity loss or fresh water risks at raw material level that could occur in the country of origin as a result of the cultivation or production of the raw material in question. We primarily use external data sources such as the [WWF Water and Biodiversity Risk Filter](#) to find this information. We are also in continuous dialog with suppliers and other stakeholders in order to identify and better understand the environmental risks in our supply chains.

All of this knowledge is helping us to make the purchasing of raw materials more sustainable, to set priorities, determine responsibilities, focus on the main issues, define targets and take action. This means that we will be able to systematically reduce and avoid risks in the long term.

In high-risk supply chains, we are also carrying out studies on their human rights impact [Human Rights Impact Assessments \(HRIA\)](#). These assessments provide us with information on the actual impacts of our business activities and can help us identify potential preventative measures.

In addition to analysis of our risks, it also provides maximum transparency about the origin, tonnage, certification status, processing and packaging of the critical raw materials.



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

Using certifications to establish environmental and social standards

When purchasing raw materials, we rely on recognized environmental and socially responsible standards. Working with certified suppliers and labeling organizations, the use of certified production sites and the addition of labeled products to our assortment are key tools in addressing the social and environmental risks in our supply chains. Showing the corresponding labels on the packaging of our products makes it easier for our customers to make more sustainable purchasing decisions.

As part of our management approach to [corporate due diligence](#), we are developing mandatory company-wide CSR guidelines for our Purchasing department and for our business partners. This also includes our [international raw material targets](#). These define clear CSR requirements for the purchasing of critical raw materials and set a specific timescale for implementation. This involves specific certification and reduction targets for the critical raw materials in our own brand products. These are transnational guidelines, which Lidl Malta implements for each raw material within the following timeframe and can supplement with its own targets as necessary.

Our choice of labels focuses on the most relevant and effective standards and certifications. We carried out detailed analysis to determine what the specific priorities, strengths and weakness of the individual labels are. We then used this as the basis for identifying the certifications that we want to use now and in the future.

These certifications can help, for example, to ensure that the purchased raw materials come from more socially and environmentally acceptable

cultivation practices or that suitable complaints mechanisms are in place for workers. As part of the certification processes, producers are given the opportunity to access training, for example, which teaches them how to minimize interventions in the environment, use pesticides appropriately or conserve habitats that are worthy of protection.



We are having our critical raw materials certified in line with the **second pillar** of our raw materials strategy.

The work carried out by the labeling organizations and the underlying mechanisms and traceability systems help ensure transparency within the supply chain. We want to provide our customers with increased transparency regarding the source of our raw materials and give them the opportunity to find out more information about certified raw materials cultivation.

In the Lidl Malta, for example, there's a numerical code on some "Fairglobe" product packaging, also known as the "Fairtrade code". Customers can enter this Fairtrade code at > www.fairtrade-code.de and go on a virtual tour to find out where and by whom the raw material was cultivated. Our customers can also find out about the impact of fair trade in the countries where the raw materials are cultivated. The website shows which projects have already been financed by the established Fairtrade premiums, for example.



Trading Model⁸

When purchasing certified raw materials, such as soy, cocoa or palm (kernel) oil, a choice is made between several trading models, as there are different requirements involved in terms of the traceability of the raw material and its use in the end product.

Certified raw material not found or only partially found in the end product:

- **Book & Claim:** no traceability
- **Mass balance:** no traceability, since a non-certified raw material is mixed with a certified raw material, with monitoring of the proportion of certified materials

Certified raw material physically contained in end product:

- **Segregation:** Traceability to certified producer association
- **Identity Preserved:** Traceability to individual certified producers

⁸ Forum for Sustainable Palm Oil: Certification of palm oil, 2024.

Promoting alternative, more sustainable raw materials

If critical raw materials cannot be procured in a more sustainable way, we promote more sustainable alternatives in our assortment. For example, palm(kernel)oil can be replaced with rapeseed oil, cotton with polyester, or meat with plant-based proteins such as pea protein.

If there are no sustainable alternatives available, we may check on a product-by-product basis whether we can dispense with particular raw materials in the future; like angora wool, for example, which we no longer use. We have defined transnational guidelines to cover this.

We also want to make customers aware that they are supporting environmental protection in producing countries when they make their purchase decisions and are helping to secure the livelihoods of the farmers there. We therefore keep them informed about appropriate alternatives in our assortment – and place clearly visible information on our own brand packaging. Lidl also shares background information about the more sustainable procurement of raw materials through its weekly leaflets, the website [Sustainability - Lidl Malta](#) and other online activities.

Lidl Malta, for example, offers among its sustainable alternatives a range of completely vegan and vegetarian products under its own Vemondo brand.



In line with the **third pillar** of our raw materials strategy, we are promoting the use of more sustainable alternatives in our assortment and reducing the procurement of critical raw materials.



Driving change together

A lot of the problems that exist in the area of raw material production and processing cannot be solved by Lidl alone. This is why we work closely with stakeholders from the food industry, governments, charitable organizations, standard setters and science, as well as local communities. Together we can drive sector-wide change, develop standards and make improvements. We do this because sustainable production of raw materials requires the participation and support of numerous different stakeholders along global supply chains. Particular focus is placed on those groups that are heavily affected by negative social and environmental impacts, such as those in countries cultivating the raw materials.

Our company-wide raw material targets were also the result of ongoing dialog with our stakeholders. This process involved intensive consultation and discussion with the purchasing organizations in other Lidl national companies, strategic suppliers and relevant NGOs.



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



Strategy for cocoa

Cocoa farming is one of the main reasons for the rainforest being cleared, which jeopardizes the local ecosystem and drives climate change. The Ivory Coast, for example, lost 90 % of its forest land between 1990 and 2015, a third of which went to the expansion of space for the cocoa sector.⁹ More information on this can be found in the [Purchasing Policy for deforestation-free supply chains](#). What is more, cocoa beans are primarily grown in monoculture plantations. The cultivation practices and the increasing use of fertilizers and pesticides endanger the biodiversity.¹⁰ Cocoa is often cultivated in smallholder structures. Since cocoa beans are primarily export goods, cocoa farmers are exposed to heavy fluctuations in global market prices, and their income is usually below the internationally defined poverty thresholds.¹⁰ When it comes to harvesting and processing, there is often a lack of protective equipment at the workplace, e.g. to protect against pesticides. For structural reasons, child labor is also widespread, and women who work in cocoa cultivation are at an economic disadvantage.¹¹ There are reports of forced labor and the violation of smallholders' human rights, both in cultivation and harvesting.¹²

In order to effectively address these challenges, all items containing cocoa are certified to Fairtrade, Rainforest Alliance or organic standards since the end of the financial year (FY*) 2018. We have stocked chocolate bars with at least one of these certifications since 2022.

Lidl Malta has stocked Fairtrade-certified cocoa-based items in its assortment under the “Fairglobe” own brand.

With the growing offering of Fairtrade-certified chocolate bars, such as our Way To Go private label range, and the associated long-term purchase agreements, Lidl is providing planning security for producers. In this way, we are guaranteeing reliable income and social standards for the participating cocoa farmers, independent from fluctuating global market prices. We also incentivize ecological farming, helping to reduce the use of chemical and synthetic fertilizers and pesticides.

⁹ WWF: Cocoa, 2024.

¹⁰ Voice Network: Cocoa Barometer, 2020.

¹¹ Fairtrade Deutschland: Geschlechtergerechtigkeit im Fokus [Gender equity in focus], 2024.

¹² US Department of State: 2020 Trafficking in Persons Report, 2020.



i On the path to a living wage with Way To Go

In 2019, Lidl introduced an even fairer chocolate in collaboration with [Fairtrade](#), in the form of its own brand range product Way To Go. Way To Go's mission is to empower smallholder families to improve their income in a sustainable manner. This is why Lidl pays an additional income-improvement premium in addition to the minimum price and the Fairtrade premium. Smallholders receive this premium partly in the form of a direct payment and partly as financing for accompanying project activities. Activities are selected based on the risks and needs of the cooperatives in question. As part of the quest to ensure a living income, Way To Go also provides additional economic security and promotes the stabilization of fair social framework conditions as well as further education measures designed to secure the means of income. These measures include training on more sustainable cultivation practices or income diversification through the cultivation of alternative raw materials such as yams or rice. With Way To Go, Lidl is also creating more transparency since the cocoa can be traced from the chocolate bar back to the producer cooperative.

Over 2200 cocoa farmers have benefited from Way To Go since the project was launched.

i Professionalizing family-run businesses with PRO-PLANTEURS

Since 2015 Lidl promotes the [PRO-PLANTEURS collaborative project](#) of the German Initiative on Sustainable Cocoa, the German Federal Ministry for Food and Agriculture (BMEL), the German Federal Ministry for Economic

Cooperation and Development (BMZ) and the Ivory Coast Coffee and Cocoa Board (Conseil du Café-Cacao). During the 2015 to 2025 project period, PRO-PLANTEURS is striving to professionalize 30,000 family-run farming businesses and their organizations. In particular, the project aims to provide women with opportunities to get a better income and better nutrition for their families in order to achieve a positive impact on living conditions. The project is based on four pillars: Strengthening farmers' organizations, improving farm management, promoting collaboration in the supply chain, and joint learning and innovation.

i Our membership in the German Initiative on Sustainable Cocoa

Lidl partners with multi-stakeholder initiative [German Initiative on Sustainable Cocoa – GISCO](#) gives us insights into the market and allows us to collaborate with other parties in the supply chain. We want to work together to improve the living conditions of cocoa farmers and their families, conserve natural resources and increase the cultivation and marketing of cocoa that is certified to sustainability standards. As part of this initiative, we have committed to twelve concrete targets designed to conserve natural resources and protect biodiversity in cocoa cultivation countries. These include the target to end deforestation due to cocoa production and to contribute forest conservation, biodiversity and reforestation. Since 2024, Lidl in Germany has been the representative member of the initiative.

Strategy for coffee

Coffee represents the economic livelihood of 25 million farming households in over 50 countries around the equator.¹³ The effects of climate change on coffee cultivation can already be seen today and are influencing the existence of a large number of smallholders. Coffee farmers are increasingly having to deal with lengthy rainy seasons and high temperatures, which have a negative impact on the coffee yield. Even small producers' associations tend to have less of a reserve and are heavily affected even by short downtimes. Coffee cultivation also carries a high risk of deforestation. Because coffee is primarily an export good, the coffee farmers are exposed to the highly volatile global market prices. The payment share received by the coffee farmers in the coffee value chain is low, and operational costs for labor, fertilizers or machinery are on the rise. Most coffee farmers are unable to earn a living wage and therefore live below the poverty line. This also leads to an increased risk of child labor. Women are also usually at a disadvantage in terms of education, capital and land. During harvest time, seasonal workers with no formal employment contracts are often deployed – this carries a risk of forced labor.¹⁴

Our coffee capsules and instant coffee must therefore be fully certified to Fairtrade, Rainforest Alliance, or organic standards by the end of FY 2022, and our coffee pods & drinks by the end of FY 2024.

Lidl Malta has stocked Fairtrade-certified coffee products under the “Fairglobe” own brand since 2018.

Our own brand manufacturers mainly get their raw coffee from plantations in Central and South America and Vietnam. Traceability to the country of origin can be guaranteed as part of the certification systems, which primarily use the “Segregation” or “Identity Preserved” trading models. Coffee mixes (known as blends) and their origin may vary depending on season and harvest quality.

In the case of non-certified products, our raw coffee must be verifiably deforestation-free. This is demonstrated by coffee producers by means of reliable > [Monitoring und Verification \(M&V\) systems](#), which need to meet a minimum standard according to the > [AFi Operational Guidance for Monitoring and Verification](#). This gives us security with regard to the traceability of the coffee and freedom from deforestation at the source.

¹³ INA: Rohstoffexpertise der INA [INA raw material expertise], 2024.

¹⁴ Panhuysen & de Vries: Coffee Barometer, 2023.



i Supporting smallholders with Way To Go

Following on from the [> Way To Go chocolate](#), Lidl launched Way To Go coffee in 2022. The raw coffee in this range comes from the APROCOMSA cooperative in Honduras. Over 170 smallholders have taken part in the project so far and have therefore benefited from the additional premium. Almost a third of the smallholders have already taken part in accompanying project activities, such as planting fruit and shade trees, and have professionalized their farms via farm-management practices such as accounting.

i Involvement in the working group of German retail

Alongside other German retailers, Lidl is involved in the [> working group of German retail for a living income and wage](#), which works to support coffee producers in their supply chains, with the aim of improving the living and working conditions of smallholders. The pilot project is planned to launch at the end of 2024 in Honduras und Peru. The group uses pre-competitive collaboration rather than individual solutions to put its project into practice in order to achieve even more long-lasting and wide-reaching changes.

i Our commitment to deforestation-free coffee supply chains

Since 2024, Lidl has also been cooperating with one of its large coffee suppliers and special coffee producers in Peru in order to make smallholder-dominated coffee supply chains deforestation-free. The EU Deforestation Regulation (EUDR) is very challenging for small agricultural businesses in poorly developed regions: businesses need to collect and forward data, modify their logistics, and know about the European requirements. This project intends to close these gaps and allow coffee smallholders to participate in the European market in the future too.



Strategy for tea

The main countries of cultivation for tea are China and India.¹⁵ Tea cultivation often forces out biodiverse tropical forest, replacing it with a monoculture with just one plant species. Soil erosion, competition for water, the negative impact of fertilizer use and the need for firewood to operate the drying equipment are just some of the stresses that tea cultivation puts on the environment.¹⁶

Tea is harvested all year round, thereby providing employment for a large number of people, but as a primary employer, tea farmers are also faced with various challenges in terms of fair pay and workers' rights such as freedom of association or occupational safety. Being a vulnerable group, women in particular are exposed to unequal access to land or credit, unequal wages and harassment when it comes to cultivation and harvesting. There is also often a lack of opportunities for childcare and schooling. This results in additional risks such as the risk of child labor and forced labor, which is particularly exacerbated by wages below the subsistence level. A lack of protective equipment is also reported in relation to the use of pesticides on the plantations.

In 2020, we carried out a [> Human Rights Impact Assessment \(HRIA\)](#) in the supply chain for Kenyan tea as part of the development of our human rights due diligence.

We have been gradually expanding the purchase of tea from certified cultivation for our own brands over the years.

Since FY 2022, our entire range of green, black and Rooibos tea is certified by Fairtrade, Rainforest Alliance or Bio. Since 2022, this also applies to 75% of our herbal and fruit tea items.

We also welcome our business partners being part of initiatives and associations such as the [> Ethical Tea Partnership \(ETP\)](#), in which Lidl Stiftung & Co. KG has also been active since 2021.

¹⁵ Statista: Tea production worldwide from 2006-2022, 2024.

¹⁶ Mukhopadhyay & Mondal: Cultivation, Improvement, & Environmental Impacts of Tea, 2017.



Strategy for wood and cellulose

Forests clean our air, alleviate droughts and protect against flooding and soil erosion, but the existence of many forest ecosystems is currently under threat. Every four seconds, an area of forest the size of a football pitch disappears.¹⁷ Around 70 million trees are felled every year to produce wood-based cellulose fibers, and this figure could double over the next 20 years as a result of the growing textile industry.¹⁸ Social risks associated with forestry include the risk of child labor and forced labor, as well as risks relating to workplace safety. We collaborate with involved parties in the value chain and their stakeholder groups, with the aim of contributing to more environmentally and socially responsible forest management. Our strategy relates to all product components made from wood, cellulose and paper in own brand items as well as primary and secondary packaging with wood, cellulose and paper components.

The products covered by our sustainability target for wood and cellulose range from copy paper and serviettes through to wooden toys, wooden furniture, and charcoal. There are even small items of clothing made from wood fibers (viscose) in our assortment.

All of the wood that Lidl Malta uses in its products will be certified or recycled by the end of FY 2020. The same applies to wood or cellulose packaging by the end of FY 2024. The use of recycled materials is preferred. New wood fibers (known as fresh fibers) must come from FSC®-certified sources where possible or alternatively from PEFC-certified sources.

By ensuring that our fresh fiber products are FSC®- or PEFC-certified, we are giving equal consideration to social, ecological and economic aspects. The criteria for the FSC® forestry standards include the protection of indigenous communities, the ban of clear cutting, the conservation of biodiversity in forests with a high ecological value and the ban of genetically modified organisms. Different FSC®- or PEFC labels are used depending on the amount of certified cellulose or recycled materials in the product.

We have also set ourselves the target of switching at least 15 % of the kitchen paper and toilet tissue items in our fixed listings to recycled materials (including hybrid paper) by the end of FY 2025. We have also been displaying the country of origin and wood type on the packaging of our charcoal products since 2022.

Since the end of FY 2020, we have also been verifiably more sustainable in our purchasing of viscose by ensuring it has EcoVero or LIVAEKO certification.

¹⁷ WWF: Entwaldungs- und umwandlungsfreie Lieferketten [Supply chains free from deforestation and conversion], 2022.

¹⁸ Fibre2Fashion: Fashionable fabrics leading to deforestation, 2014.



Conserving wood is the best possible method of forest protection and makes a key contribution to climate protection. This is why the sparing use of wood, cellulose and paper in our own brand items and packaging is a top priority for us. Wherever possible, we use recycled cellulose/paper/cardboard, which is significantly more economical in terms of resource use. However, there may be stability or print image requirements that need to be taken into account when deciding whether to use recycled materials.

i Our membership in the FSC® initiative

Lidl Stiftung & Co. KG is a member of the [> Forest Stewardship Council \(FSC®\) Germany](#). Being a member of multi-stakeholder organization FSC® allows us to collaborate with other parties in the wood supply chain. We benefit from this dialog and are able to work towards sustainable forestry together with the other members.



Strategy for palm(kernel)oil

The large-scale production of palm(kernel)oil is contributing to a loss of biodiversity and climate change. This is caused not only by the scale of the land used for cultivation, but also by the methods used to obtain this land, because palm(kernel)oil plantations are often created by slashing and burning virgin forests and other valuable ecosystems. The consequences of this include the loss of habitat for various plants and animal species – many of which are on the red list.¹⁹ 90 % of palm(kernel)oil production takes place in Southeast Asia, where up to 50 % of the deforestation of tropical rainforest is down to this raw material.²⁰ The burning of primary forest releases CO₂ and soot, which poses a risk to the population and the air quality. Deforestation is therefore also contributing to climate change.²¹ (see > [Purchasing Policy for deforestation-free supply chains](#)) Areas of land obtained for the production of palm(kernel)oil are often cultivated as a monoculture. This type of land is much more afflicted by pests, and so pesticides and fertilizers are used. These pollute the soil and contaminate the groundwater – even in adjacent ecosystems.¹⁹ The bypassing of labor standards brings about health risks when working on the palm oil plantations. There is also a risk of land conflicts or even land theft against palm(kernel)oil smallholders and indigenous populations. The wage level of plantation workers is usually below the subsistence level, which exacerbates the risk of child and forced labor.

¹⁹ WWF: Palm oil, 2024.

²⁰ Nature Plans: The environmental impacts of palm oil in context, 2020.

²¹ Greenpeace: Palm oil, 2024.

We are working hard to continuously improve transparency in our palm(kernel)oil supply chains. We perform an annual supplier review, known as supplier mapping, to monitor whether our suppliers are adhering to our defined requirements concerning palm(kernel)oil and document progress. To this end, we record the exact quantities, the certification status and – where possible – the countries of origin. This gives us an overview about which palm(kernel)oil does not meet our requirements and enables us to address our suppliers directly. The identified palm(kernel)oil quantities from our supplier mapping are aggregated by type and by the supply chain model of the Roundtable for Sustainable Palmoil (RSPO) (see > [trading models](#)) in an overall report for Lidl Malta.

Our goal: We will procure palm(kernel)oil in a more sustainable way by the end of FY 2018.

- Since the end of FY 2018, the palm(kernel)oil in food and near-food items has been certified in accordance with the RSPO “Segregated” standard as a minimum.
- Since the end of FY 2018, palm(kernel)oil fractions and derivatives in food and near-food items have been certified in accordance with the RSPO “Mass Balance” standard as a minimum.
- Since the end of FY 2023, the palm(kernel)oil in non-food items has been certified in accordance with the RSPO “Segregated” standard as a minimum.

Since the end of FY 2023, palm(kernel)oil fractions and derivatives in non-food items have been certified in accordance with the RSPO “Mass Balance” standard as a minimum.

The Oil palm makes up around 40 % of global vegetable oil production.²⁰ Palm(kernel)oil is a component of many oils, fats and bakery items, but also cosmetics, detergents and cleaning products. In the Lidl assortment, around 80 % of the palm(kernel)oil is used in edible items and 20 % in non-edible items. It is important to consider the use of palm(kernel)oil from different perspectives: Compared to other vegetable oils, oil palm provides the highest yield per area.²² When sustainably produced, the environmental impacts can be reduced.

However, from a nutritional perspective, it may make sense to use alternative, healthy plant oils – if the technical processing required to produce the end product is similar or the same. More information can be found in the > [Purchasing policy for conscious nutrition](#)

i Our participation in the Roundtable on Sustainable Palm Oil

Lidl Stiftung & Co. KG has been a member of the > [Roundtable on Sustainable Palm Oil \(RSPO\)](#) since 2012, and we have been actively participating in the RSPO's Shared Responsibility Working Group since 2023, with the aim of limiting the negative environmental impacts of raw material extraction.

i Our work in the Forum for Sustainable Palm Oil

Lidl Stiftung & Co. KG is a member of the > [Forum for Sustainable Palm Oil \(FONAP e. V.\)](#), where it represents the Lidl countries Germany, Austria and Switzerland. Through our work in FONAP, we are involved in a smallholder project in Indonesia that promotes the provision of training for smallholders in relation to ecological aspects and cultivation technologies as well as geolocalization, the active shaping of alternative income sources for the farms, and the empowerment of women in this sector.

²⁰ Nature Plans: The environmental impacts of palm oil in context, 2020.

²² WWF: 8 Things to know about Palm Oil, 2020.



Strategy for soy

Soy is an important source of plant protein and is primarily used as feed for animals such as chickens. 80 % of the global soybean harvest is used as animal feed.²³ With increasing wealth and a growing global population, meat consumption is on the rise, which means that there is also an increased demand for soy as animal feed. But if soy production continues to increase at the current rate, 16 million hectares of savanna and 6 million hectares of rainforest will be under threat of conversion; this corresponds to an area around five times the size of Switzerland.²³ A lot of these endangered areas are in the most biodiverse ecosystems on the planet, such as the Amazon Basin, the Cerrado, or the Atlantic Rainforest on the east coast of Brazil. Soy cultivation is often connected with the violation of the land rights of indigenous populations and smallholders, as well as discrimination. Mass production and increasing mechanization mean that there are only very few formal jobs. The industry is primarily characterized by seasonal workers and harvesters who are needed in peak seasons, which increases the risk of child and forced labor. Workers are not usually paid adequately, and occupational safety measures tend to be insufficient.

We work with suppliers and traders to improve transparency in our supply chains for soy. To this end, we map the indirect soy quantities that are used for feed in animal production within our supply chains on an annual basis. We also look at certifications and the countries of origin of the soy used in feed. This shows us where soy could potentially bring about sustainability risks, enabling us to address our suppliers directly (only for Western Europe, as at 2023).

²³ WWF: Soja als Futtermittel [Soy as feed], 2024.

Our primary goal is to strengthen a solid sustainability certification program in the soy sector that covers additional highly relevant sustainability aspects (e.g. the use of pesticides) as well as the prevention of deforestation and conversion. This is why we support the protein partnership Donau Soja and sustainability certification to RTRS or ProTerra as well as ISCC+.

If soy is not certified, we are now asking our meat product suppliers to only use deforestation-free soy as animal feed. This can be verified according to the [> ZDC methodology](#) of the [> Earthworm Foundation](#) or the [> ProTerra MRV solution](#), for example. As of 2028 – or earlier if the market situation permits – we hope that all of the deforestation-free soy in feed will only be covered by these particularly reliable verifications. If soy from these systems is not available on the market, our suppliers will have to carry out their own M&V solutions according to the [> Accountability Framework Initiative](#).



For the direct use of soy as an ingredient in our meat, milk or yogurt replacement products, Lidl will only be buying soy from Europe by the end of FY 2024 so as to protect rainforests in South America and Southeast Asia. For meat and sausage alternatives and soy drinks, we will be demanding a binding certification to Donau Soja/Europe Soy (preferred), ProTerra, ISCC+, RTRS or organic standards by the end of FY 2025, in addition to the requirement for European origin. With this additional certification, we are ensuring that the soy production processes are monitored and evaluated according to environmental criteria.

We also want to integrate increasingly more sustainable alternatives to animal products into our assortment, thereby increasing the proportion of plant-based protein sources in our own brand assortment. More information on this can be found in our [Purchasing policy for conscious nutrition](#)

i Collaboration for more sustainable soy

Lidl Stiftung & Co. KG is a member of the [Roundtable of Responsible Soy \(RTRS\)](#), and therefore has voting rights in the organization's multi-stakeholder decision-making processes. This also includes involvement in the revision of the RTRS standard and other decisions.

As a member of the board at [Donau Soja](#), Lidl is also supporting the responsible cultivation of soy in Europe. We are thereby helping to increase the market share of sustainably cultivated soy and expanding the use of European soy in our supply chains. We are also able to effectively address the social, environmental and economic challenges in connection with the production and use of soy.

We welcome the fact that initiatives such as the [Responsible Commodities Facility \(RCF\)](#) are involved in important ecosystems such as the Cerrado in Brazil by creating financial incentives for the production of deforestation-free and conversion-free soy that directly impact on the farmers, thereby ensuring the protection of biodiversity in the area surrounding the farms. Alongside forest protection, we also see an urgent need to protect other ecosystems, such as those referred to as [Other Wooded Land](#).

In 2024, we worked with soy traders and the [Earthworm Foundation](#) to launch a pilot project for deforestation-free soy deliveries from Brazil to Germany and Great Britain, using the foundation's [ZDC methodology](#). This methodology ensures that imported soy does not come from deforested or converted ecosystems after the deadline of January 1, 2020.

In 2020, Lidl also signed the WWF-initiated "Cerrado Manifesto" against illegal land theft in soy cultivation in Brazil, with the aim of promoting the protection of this ecosystem too.

Strategy for rice

Rice is the main foodstuff for a large part of the global population - around 3.5 billion people. Around 60 % of people affected by famine are reliant on rice as a foodstuff or source of income.²⁴ At the same time, rice cultivation poses a high risk of biodiversity loss and exacerbates climate change. Rice cultivation accounts for 13 % of global fertilizer consumption²⁵ and 10-17 % of global methane emissions²⁶ – no other cultivation method emits as much methane as wet rice cultivation. In addition, rice cultivation accounts for around one third of the water used for irrigation worldwide.²⁵ Due to climate conditions, rice is often cultivated in regions with high water risks, e.g. Pakistan.

Rice cultivation is often practiced in smallholder structures. Rice is usually grown for subsistence. The overproduction is often sold at lower market prices that cannot cover the production costs. If farmers are reliant on the generated income, however, they will also sell the rice intended for their own consumption. The consequences: Malnutrition, increased risk of child labor in order to ensure the household income, and increased risk of forced labor due to the pronounced relations of dependency. As a vulnerable group, women also experience unequal access to education and unequal wages. Protective clothing for the application of pesticides tends to be expensive, meaning that smallholders cannot afford to buy it and are exposed to increased health risks during cultivation and harvest.

By the end of FY 2025, we will be offering at least one rice that is certified as sustainable to SRP, Fairtrade or organic standards in all Lidl countries.

i Our membership in the Sustainable Rice Platform

Lidl is involved in the [Sustainable Rice Platform \(SRP\)](#). By 2021, we had implemented a pilot with verified premium basmati rice according to the SRP standard in Austria, Belgium, Switzerland, the Netherlands, Germany, France and Denmark. [[@Lidl COUNTRY](#): for participating countries only]

²⁴ Sustainable Rice Platform: About Rice, 2024.

²⁵ Nature Communications: Sustainable intensification for a larger global rice bowl, 2021

²⁶ SRF: Klimawandel bedroht den Reisanbau [Climate change threatens rice cultivation], 2023.




Strategy for nuts

In 2023, around 5.37 tones of tree nuts were produced worldwide.²⁷ Each type of nut needs different cultivation conditions: Almonds, for example, are largely cultivated in the USA, walnuts in China and the USA, and cashews in Nigeria and the Ivory Coast.²⁸ Due to the various regions of origin and cultivation methods, the environmental and social risks may vary based on nut type and origin. Ecosystems and biodiversity are endangered by land conversions, monocultures and the improper use of fertilizers and pesticides. The large quantities of water needed for cultivation mean that dry regions are heavily impacted. An additional risk is posed by the contamination of groundwater due to the roasting, the cleaning of the processing machinery, or the disposal of toxic shell oils. Most nut types are cultivated in smallholder structures. Nuts are often harvested by seasonal workers without employment contract, which poses an increased risk of forced labor. The migrant workers frequently travel from harvest station to harvest station in family groups for several months a year. Children accompany their parents and cannot go to school during this period. They often help out in the fields, which increases the risk of child labor. The employment of migrant workers means that it is very rare that children from migrant families are able to go to school and makes child labor a serious risk. There are also inadequate workplace safety standards.

In 2023, we carried out an HRIA in the supply chain for cashews from the Ivory Coast as part of the development of our human rights due diligence.

The results confirmed that rights violations exist in relation to adequate pay, discrimination against women, and workplace safety, particularly in the cultivation and processing stages of the supply chain.

 We are committed to creating a range of Fairtrade, organic or Rainforest Alliance-certified nuts by the end of 2025.

i With Johnny Cashew to Way To Go Cashew

The Way To Go-Cashew project was launched in 2022 by Lidl Netherlands in cooperation with Johnny Cashew. The project was initially implemented with the UWAMI cooperative in the Kilwa district of the Lindi region of Tanzania. Additional cooperatives – Mtungi, Namakorongo, Nguva Moja and Msisma – have now joined the project, too. The project intends to improve the income of cashew farmers.

²⁷ Statista: Production of tree nuts worldwide from 2008/2009 to 2022/2023, 2023.

²⁸ INC: Crop Reports, 2023.

Strategy for cotton

Cotton cultivation is primarily associated with labor-intensive production by hand in the Global South. 99 % of cotton farmers live in developing countries and produce 75 % of the world's cotton. Residue from pesticides in groundwater and irrigation water when cultivating cotton in dry regions and the use of chemicals for processing both pose a risk to our fresh water. Biodiversity is endangered by cultivation in monocultures and the use of pesticides. For structural reasons such as underpayment and a lack of childcare and schooling, child labor is widespread in cotton cultivation and processing. There is also a risk of forced labor, discrimination, and a lack of workplace safety due to workers being in unprotected contact with harmful pesticides.²⁹

Since the end of FY 2022, we only use cotton in our textiles and hardware items that are certified to [Global Organic Textile Standard \(GOTS\)](#), [Organic Content Standard \(OCS\)](#) or [Cotton Made in Africa \(CMiA\)](#).

We also want to increase our use of organic cotton to at least 20 % by the end of FY 2025.

Our work in the Textile Partnership

Lidl Stiftung & Co. KG is involved in initiatives of the [> Textile Partnership](#) aimed at the implementation of projects in the textile supply chain. For example, we are supporting suppliers in Bangladesh and Pakistan with energy-efficiency measures as part of the BI Supplier Decarbonization initiative in order to help them to reduce their greenhouse gas emissions. We are also hoping to gain an initial overview of the impacts of the textile industry on the residents of the two main industrial sites in Dhaka and Karachi.

²⁹ CMiA: World Cotton Day, 2021.



Our **international raw materials targets**



Our targets for raw materials





As a food retailer, we are also aware of our responsibility beyond the [≥ thirteen risk raw materials](#).

We work continuously to reduce the negative impact of our raw material usage, which is why we are developing binding, company-wide CSR guidelines for our Purchasing department and our business partners. This also includes our international raw material targets. These define clear CSR requirements for the purchasing of critical raw materials and set a specific timescale for implementation. This involves specific certification and reduction targets for the critical raw materials in our own brand products.

These are transnational guidelines, which the Lidl Malta implements for each raw material within the following timeframe and can supplement with its own targets as necessary. The following table shows the certification and reduction targets we have set for our critical raw materials.



Our Raw Materials Targets

Raw material	Product	Certification and reduction targets		Target deadline*	
Cotton		Textiles, hardware	GOTS, OCS, CmiA, recycled cotton	100 %	2022**
			Organic cotton	20 %	2025
Flowers & plants		Flowers, plants	GLOBALG.A.P. plus GRASP or equivalent (Fairtrade)	100 %	2021**
		Packaged potting compost	Reduction of peat, max 50 % peat content	100 % (promotional items)	2022**
Egg		Fresh egg products	Eggs from deep litter barns as a minimum	100 %	2018***
		Items containing egg	Eggs from deep litter barns as a minimum	100 %	2019**
Fish & shellfish		Caught wild, except tuna	MSC; if product availability and certification standard are given	100 % (fixed listing)	2022
				50 % (promotional items)	2022**
		Aquaculture	ASC (preferred), organic (preferred), GLOBALG.A.P., BAP; if product availability and certification standard are given	100 % (fixed listing)	2022
				50 % (promotional items)	2022**
		Frozen goods, convenience food, except tuna	MSC (except tuna), ASC (preferred), organic (preferred), GLOBALG.A.P., BAP; if product availability and certification standard are given; promotional items as far as possible	100 %	2022
		Canned tuna	Cans (only tuna): MSC, Fishery Improvement Project (FIP), FAD free, pole&line	100 % (fixed listing)	2025
	Cat food	MSC, ASC for "fish" variety of cat food	100 %	2022	
Coffee		Capsules, instant coffee / cappuccino (except pods)	Fairtrade, Rainforest Alliance, Bio	100 %	2022
		Coffee pods and coffee drinks	Fairtrade, Rainforest Alliance, Bio	100 %	2024
		Roasted coffee	Fairtrade, Rainforest Alliance, Bio	100 %	2021****
		If not certified, deforestation-free status is ensured via a system that verifiable takes into account the AFI Guidance for M&V systems	100 %	2024**	

* End of FY







** with the exception of the USA

*** with the exception of Hungary

**** only in selected western countries

***** Spain, Italy, Greece, Portugal, Egypt, Morocco, Israel, Chile and South Africa

Our Raw Materials Targets

Raw material	Product	Certification and reduction targets		Target deadline*
Cocoa	 Items containing cocoa	Fairtrade product label, Fairtrade raw material label, Rainforest Alliance, Bio	100% (food & near-food)	2018**
	Chocolate bars	Fairtrade product label, Fairtrade raw material label	100 % (fixed listing)	2022
Nuts		Establish supply of certified nuts; Fairtrade, Rainforest Alliance, organic		2025
Fruit & vegetables		GLOBALG.A.P. plus GRASP or equivalent***	100 %	2021**
		GLOBALG.A.P. plus SPRING or equivalent for goods from high risk countries****	100 %	2025
Palm (kernel) oil		Items containing palm (kernel) oil	RSPO, trading model: Segregated, organic in organic products	100% (near-food) 2018
		Items containing palm (kernel) oil	RSPO, trading model: Segregated, organic in organic products	100% (food) 2018**
		Items containing palm (kernel) oil: Derivatives or fractions	RSPO, trading model: Mass Balance, organic in organic products	100% (food & near-food) 2018
Rice		One certified rice: Sustainable Rice Platform, Fairtrade, organic	(Fixed listing)	2025
Soy		Soy products (products containing soy as an ingredient = dairy products, sausage, meat and cheese substitutes; excluding soy sauce)	Soy as an ingredient must originate from Europe	100 % 2024**
		Vegetarian/vegan substitute products (incl. sausage substitute), soy drinks and soy cream	As well as needing to originate from Europe, soy as an ingredient in vegetarian/vegan substitute products must also be certified to the following standards: RTRS, Donau Soja, Europe Soy, ProTerra, ISCC+, organic	100 % 2025**
		Soy in feed (indirect soy in animal products)	Deforestation-free according to the following systems (where available): ZDC or ProTerra MRV Alternatives must meet the valid AFi Guidance for M&V systems	100 %





* End of FY

** with the exception of the USA

*** e.g. Bioland, Biopark, Naturland, Fairtrade

**** Spain, Italy, Greece, Portugal, Egypt, Morocco, Israel, Chile and South Africa

Our Raw Materials Targets





Raw material	Product	Certification and reduction targets	Target deadline*	
Tropical Fruits	 Banana	Fairtrade (preferred), Rainforest Alliance (preferred), organic, SCS	West: 20%	2022
	 Pineapple	Fairtrade (preferred), Rainforest Alliance (preferred), organic; origin - Costa Rica: SCS	100 %	2022
	Mango	Fairtrade (preferred), Rainforest Alliance (preferred), organic; origin - Israel: GLOBALG.A.P. Spring (or equivalent) Dom. Rep./Costa Rica: SCS	100 %	2022
	Avocado	Fairtrade (preferred), Rainforest Alliance (preferred), organic; origin - Chile/Israel/Morocco: GLOBALG.A.P. Spring (or equivalent) origin - South Africa: SIZA Dom. Rep./Colombia: SCS	100 %	2022
	Grapes	Cultivation - Fairtrade, Rainforest Alliance, organic, SIZA		2025
Tea	 Green, black & rooibos tea	Fairtrade, Rainforest Alliance, Bio	100 %	2022
	Herbal & Fruit tea	Fairtrade, Rainforest Alliance, organic, if certification standard is given	West: 100 %	2022**
Juice	 Orange juice	Provision of a segregated Fairtrade-certified orange juice (pure juice or concentrate)		2021***
	Refrigerated orange juice from overseas	Fairtrade, Rainforest Alliance, Bio	100 %	2022**

* End of FY

** with the exception of the USA

*** only in selected western countries

Our Raw Materials Targets

Raw material	Product	Certification and reduction targets		Target deadline*
Wood/ cellulose	 Packaging and items containing cellulose	Recycled materials, if fresh fiber FSC (preferred), PEFC in exceptional cases	100% (non-food)	2020
	Packaging with cellulose component	Recycled materials, if fresh fiber FSC (preferred), PEFC in exceptional cases	100% (food and F&V)	2024**
	Packaging and items containing cellulose	Recycled materials, if fresh fiber FSC (preferred), PEFC in exceptional cases	100% (near-food)	2024**
	Kitchen paper & toilet tissue products	Increase recycled content (hybrid paper also possible)	15 % (Fixed listing)	2025
	Charcoal/ briquettes	Declaration: Country of origin and type of wood on packaging	100 %	2022
	Charcoal/ briquettes	FSC (preferred), PEFC, Nordic Swan (preferred, if supply chain is FSC-certified), purchased as part of the Earthworm Project	100 %	2021
Rubber	 Items containing rubber	Deforestation-free status ensured via a system recognized by GPSNR, WWF, FSC or Rainforest Alliance. Alternative must verifiably take into account the AFi Guidance for M&V systems.	100% (non-food & near-food)	2024**
	Items containing rubber	Rubber component certified to FSC (preferred) or PEFC.	50% (increase to 75% by 2027)	2024**
Plastic	 Packaging	Reduction	-30 %	2025***
	Packaging	Reduction	-35 %	2027***
	Packaging	Ensure maximum recyclability	100 %	2025**
	Packaging	Reduce virgin plastic	-10 %	2025***
	Packaging	Recycled plastic	25 %	2025**
Beef	 Beef from South America and other risk origins	Ensure deforestation-free status via a system recognized by the GRFB or that verifiably takes into account AFi Guidance for M&V systems	100 %	2024**

* End of FY

** with the exception of the USA

*** with the exception of Latvia, Estonia, Serbia and the USA

Our Raw Materials Targets

Raw material	Product	Certification and reduction targets		Target deadline*
Poultry	 Broiler chickens	From improved housing conditions with reduced stocking density and slower-growing strains (fixed listing)	15% (GB, IE)	2026
			20% (DE, CH, FI, IT, SE, US)	2026
			25% (BE, ES, PT)	2026
			30% (AT)	2026
			100% (DK, FR, NL)	2026
			Increased share (eastern countries)	2026
Viscose	Textiles, hardware	Recycled or certified: EcoVero from Lenzing, LIVAEACO from Birla	100 %	2020
Real leather	Textiles/shoes, hardware	Recycled or certified: Leather Working Group according to Gold or Silver standard	100 %	2021
Wool	Textiles	Recycled or certified: RWS, GCS, SFA, GOTS, GRS, RCS; ban on angora wool & mulesing for merino wool; lambskin only with verification of by-product from the food industry	100 %	2022
Down	Textiles, hardware	Recycled or certified: DownPass, RDS, GOTS, GRS or RCS; ban on down from live plucking or force-feeding	100 %	2022
Real fur	Textiles, hardware	The use of real fur is banned as part of our membership in the “Fur Free Retailer” program.		
Polyester	Textiles	Recycled or certified: GRS, RCS, RMC, Eucertplast, Blauer Engel, SCS	100 %	2030

* end of FY

Glossary



Glossary

Accountability Framework initiative (AFi)	The Accountability Framework Initiative (AFi) is a collaborative program that promotes the protection of forests, other natural ecosystems and human rights by making ethical production and trade the standard. In order to achieve this crucial change, the AFi promotes and supports the implementation of the Accountability Framework, a detailed roadmap for the definition of targets, the implementation of measures, and progress reporting on the path to ethical supply chains. The initiative is lead by the AFi Coalition, a group of environmental and human rights organizations from around the world that developed the Accountability Framework and and work to drive positive impact in the agriculture and forestry sectors. ³⁰
AFi Operational Guidance for Monitoring and Verification	This guideline contains standards and good practices for monitoring and verification (M&V) related to company commitments on topics within the scope of the Accountability Framework. It focuses on the environmental and social consequences associated with raw material production and processing. The general guidance applies across a wide range of commodities and contexts and can be modified by the development or adoption of context-specific M&V systems, tools and processes. ³¹
Cotton made in Africa (CmiA)	"Cotton made in Africa" is an initiative for improving the social, economic, and ecological conditions in cotton production in Africa. The initiative is supported by the Aid by Trade Foundation. Participating textile companies explicitly demand sustainably produced cotton and market it with the "Cotton made in Africa" seal. The companies pay a license fee for the seal, which is reinvested in the cultivating regions. Thanks to the guaranteed purchase of the cotton, farmers are encouraged to grow sustainable cotton and receive a reliable income. ³²

Donau Soja	Donau Soja is a European, multi-stakeholder, non-profit membership organization that participates in the European protein transition with a particular emphasis on GM-free soy production. ³³
Earthworm Foundation	The Earthworm Foundation is a non-profit organization that collaborates with its members and partners to turn value chains into drivers of prosperity for communities and ecosystems. Earthworm provides support in the definition of policies that establish what companies want in terms of their products, as well as support on transparency, traceability, grievance management, monitoring and verification. It also engages with suppliers and supports better practices all the way to critical procurement regions. ³⁴
Ethical Tea Partnership (ETP)	The ETP was set up by a group of tea companies with the aim of better understanding the risks in the tea supply chain. The ETP is now a global member organization that promotes collaboration with and between local communities, companies, governments and civil society in order to drive systematic change in tea cultivation and production on a long-term basis. ³⁵
Fairtrade	Fairtrade is committed to improving the working and living conditions of smallholders and workers in Global South countries. Fairtrade agrees stable minimum prices including a Fairtrade premium for collaborative projects, regulated working conditions and the promotion of environmentally friendly farming. In 1997, development aid organizations from different countries joined forces to form the umbrella organization FLO (now known as Fairtrade International) and merged their individual standards to create one common standard. The Fairtrade label was introduced in 2002. It is underpinned by general standards (for smallholder organizations, plantations or contract farmers), product standards, which set out product-specific regulations, and a trader standard, which contains rules for traders and producers (including regulations for payment methods or mixed products). ³⁶

³⁰ Accountability Framework: Home, 2024.

³¹ Accountability Framework: Operational Guidance on Monitoring and Verification, 2023.

³² Utopia: Cotton made in Africa: Das steckt hinter der nachhaltigen Baumwolle [What is behind sustainable cotton], 2023.

³³ Donau Soja: The Donau Soja Organization, 2024.

³⁴ Earthworm: About us, 2024.

³⁵ Ethical Tea Partnership: About Us, 2024.

³⁶ Fairtrade: What is Fairtrade?, 2024.

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Forest Stewardship Council (FSC)* The FSC® was founded in 1993 and is an independent organization that promotes the environmentally friendly, socially beneficial and economically viable management of forests. The FSC® label therefore identifies wood and paper products that satisfy criteria such as the protection of indigenous groups, the conservation of biodiversity and forests with high conservation value or a ban on the use of genetically modified organisms. FSC® awards different labels depending on the proportion of certified cellulose in the product or the use of recycled materials.³⁷

*FSC® N001585

German Initiative on Sustainable Cocoa In the German Initiative on Sustainable Cocoa, the federal government, represented by the German Federal Ministry for Economic Cooperation and Development (BMZ) and Federal Ministry for Food and Agriculture (BMEL), the German confectionery industry, food retail, and civil society have all joined together. Together in a multi-stakeholder initiative, they pursue the goal of improving the living conditions of cocoa farmers and their families, preserving and protecting the natural resources and biodiversity in the cocoa growing countries, and increasing the production and marketing of cocoa certified according to sustainability standards. The members of the initiative are committed to working closely together with the governments of the cocoa-producing countries.³⁸

Forum for Sustainable Palm Oil (FONAP) The Forum for Sustainable Palm Oil (FONAP) is a multi-stakeholder partnership of over fifty companies, associations, NGOs, the German Federal Ministry for Food and Agriculture (BMEL) and the German Federal Ministry for Economic Cooperation and Development (BMZ). The FONAP administrative office is based at the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH [German Society for International Cooperation]. FONAP's aim is to promote sustainable agricultural supply chains with a focus on palm oil. Since its foundation in 2015, FONAP has been committed to more sustainable palm oil cultivation in the countries of origin. It aims to increase the acceptance of palm oil that is certified as sustainable in food, animal feed, and chemical products and to consider and apply human rights along the entire supply chain.³⁹

Global Organic Textile Standard (GOTS) The Global Organic Textile Standard (GOTS) was established by international standard organizations advocating for more environmentally friendly and socially responsible textile production. The label indicates a verifiable social and environmental standard that is uniformly defined worldwide. Textile products only receive the label if they consist of at least 70% organically produced natural fibers. The standard means that the entire textile production chain is certified independently. All products are also traceable and can be checked in the public database.⁴⁰

Human rights impact assessment (HRIA) A human rights impact assessment (HRIA) is a process applied to systematically identify, predict and respond to the potential human rights implications of a business operation, government policy or trade agreement.⁴¹

³⁷ FSC: Forest Stewardship Council, 2023.

³⁸ German Initiative on Sustainable Cocoa: About us, 2024.

³⁹ Forum for Sustainable Palm Oil: Portrait FONAP, 2024.

⁴⁰ GOTS: Global Organic Textile Standard, 2020.

⁴¹ The Danish Institute for Human Rights: Introduction to human rights impact assessment, 2023.

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Supply Chain Act (LkSG) The German Act on Corporate Due Diligence Obligations in Supply Chains (LkSG) is the first time that corporate responsibility for compliance with human rights in supply chains has been legally regulated. In concrete terms, the LkSG obligates companies to take human rights-related and certain environment-related due diligence obligations into account in their supply chains. The obligations to be met under this Act are graded according to the company's actual opportunities to influence, whether this be the company's own business area, a direct contract partner, or an indirect supplier. The Act came into force on January 1, 2023 and applies to companies with at least 3000 employees.⁴³

Monitoring & Verification systems (M&V) Monitoring & Verification systems are strategies to combat deforestation, conversion and human rights violations in supply chains. Monitoring is the ongoing collection of data to assess and document progress, performance and compliance. Monitoring systems enable companies to control and track the performance of their business operations and supply chains in terms of their own targets and other market, legal or regulatory obligations. Verification is important for assessing and validating compliance and performance with respect to freedom from deforestation and conversion and the safeguarding of human rights. It is used to validate the results of monitoring to ensure that this information can be trusted. Verification should be performed by means of an independent and transparent external process.⁴⁴

Near-food Cosmetics, detergents, cleaning products, pet food, paper, foil/film, hygiene products, tobacco, household goods (batteries, charcoal, candles, lighters, lubricants, carrier bags).

Non-food Textiles & hardware

Organic Content Standard (OCS) The Organic Content Standard (OCS) is an international voluntary standard that enables supply chains to be checked for materials originating from a business that is certified to recognized national organic standards. The standard is used to verify environmentally cultivated raw materials from the farm right through to the end product. Individual locations are certified by means of independent third-party certification bodies as part of annual audits. The material is tracked from the plantation right through the end product in accordance with the requirements of the Textile Exchange's Content Claim Standard (CCS).⁴⁵

Other Wooded Lands Other wooded land is land with a canopy cover of 5–10 % of trees able to reach a height of 5 m in situ; or a canopy cover of more than 10 % when smaller trees, shrubs, and bushes are included.⁴⁶

Program for the Endorsement of Forest Certification Schemes (PEFC) PEFC is the world's largest independent certification system for sustainable forestry. Wood and paper products with the PEFC label are proven to come from environmentally, economically and socially sustainable forestry.⁴⁷

ProTerra MRV solution The ProTerra MRV standard provides a systematic approach to assessing and verifying an organization's due diligence obligations and supports reporting on supply chain due diligence and deforestation-free aspects. It is based on reviewing a company's management system for compliance with sustainability requirements in its supply chain through audits by independent third parties. The economic operators that are verified according to this standard commit to developing an economically and environmentally sustainable and socially responsible supply chain.⁴⁸

⁴³ German Federal Office for Economic Affairs and Export Control: Das Lieferkettensorgfaltspflichtengesetz im Überblick [An overview of the Supply Chain Act], 2024.

⁴⁴ Accountability Framework: Monitoring and Verification, 2023.

⁴⁵ Textile Exchange: Organic Content Standard, 2023.

⁴⁶ The Forest Resources Assessment Programme: 2.3 Other wooded land, 2024.

⁴⁷ PEFC: What is PEFC?, 2024.

⁴⁸ ProTerra Foundation: ProTerra Monitoring and Verification (MRV) Standard and the European Regulation on deforestation-free commodities, 2024.

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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. ⁴⁹
Responsible Commodities Facility (RCF)	The Responsible Commodities Facility (RCF) is an initiative designed to promote production and trade with responsible soy in Brazil, by creating a financially sustainable tool that provides an incentive for farmers and helps cover the growing international demand for supply chains without deforestation. ⁵⁰
Roundtable of Sustainable Palm Oil (RSPO)	The RSPO is a global organization that was formed in 2004 by founding members including the WWF with the aim of making the palm oil industry more sustainable. Since then, the organization has developed a set of environmental and social criteria that companies must comply with to produce RSPO Certified Sustainable Palm Oil (CSPO). These measures help minimize the negative impact of palm oil production on the local environment, wildlife, and communities. ⁵¹
Round Table on Responsible Soy Association (RTRS)	Set up in 2006 in Zurich, Switzerland, the RTRS - Round Table on Responsible Soy Association - is a non-profit organization that promotes the growth of production, trade and use of responsible soy. The RTRS works with the various players in the soy value chain, from production through to consumption. This collaboration is achieved through a global platform for multi-stakeholder dialog about responsible soy and the development, implementation, and verification of a global certification standard. ⁵²

Save the Children	Save the Children is the oldest and largest independent children's rights organization in the world. In Germany and around 120 other countries, it works tirelessly to ensure that children can grow up and learn safely and healthily – even in times of crisis. ⁵³
Sustainable Rice Platform (SRP)	The SRP was launched in 2011 by the UN Environment Programme (UNEP) and the International Rice Research Institute (IRRI), as well as research partners and partners from the private sector. The SRP is a global multi-stakeholder alliance with over 100 institutional members who are committed to improving the living conditions of smallholders, reducing the social, environmental and climate footprint of rice production, and easing market acceptance of sustainably produced rice. In 2015, the SRP introduced the world's first voluntary standard for sustainable rice cultivation. ⁵⁴
Textile Partnership	As a multi-stakeholder initiative, the Textile Partnership brings together all relevant players in the textile sector, i.e., companies, associations, NGOs, standard organizations, trade unions, and the German government. The initiative involves a collaborative approach to devise solutions to improve social and environmental challenges along global textile supply chains. ⁵⁵
WWF Water and Biodiversity Filter	A screening tool at company and portfolio level that helps companies and investors to identify and address biodiversity risks in order to contribute to a sustainable future. ⁵⁶

⁴⁹ Rainforest Alliance: About us, 2023.

⁵⁰ Sustainable Investment Management: Responsible Commodities Facility, 2024.

⁵¹ RSPO: Who we are, 2024.

⁵² RTRS: About RTRS, 2024.

⁵³ Save the Children: About us, 2024.

⁵⁴ Sustainable Rice Platform: About Us, 2024.

⁵⁵ Partnership for Sustainable Textiles: Partnership Profile, 2024.

⁵⁶ WWF: WWF Risk Filter Suite, 2024.

Glossary

ZDC methodology The ZDC (Zero Deforestation and Conversion) methodology developed by the Earthworm NGO is a protocol for verifying the risk of deforestation/conversion in the soy supply chain. It checks whether a physical flow of soy meets the criteria of the ZDC methodology, from the cultivation area through to the freight ship. There must be no deforestation or conversion of natural ecosystems, either legal or illegal, after the deadline of January 1, 2020. The ZDC methodology serves as an obligation for traders, maps shredders, tracks the flow of soy from a cargo load back to the procurement communities, evaluates information and ultimately completes a load ⁵⁷ once it has been verified that the origin is free from deforestation.

⁵⁷ Earthworm: Zero Deforestation and Conversion Methodology, 2022.

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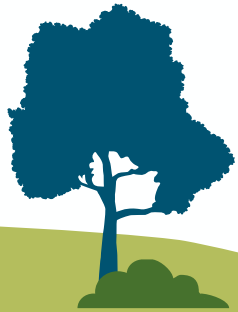
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