

# Lidl Stiftung & Co. KG



Lidl Stiftung & Co. KG · Stiftsbergstraße 1 · D-74167 Neckarsulm

Mr. Brad Adams

449 Boynton Ave.  
Berkeley, CA 94707

RE: Environmental and human rights due diligence for avocados grown in Mexico

Ihre Nachricht vom

**13.04.2023**

Datum

**22.05.2023**

## RE: Environmental and human rights due diligence for avocados grown in Mexico

Dear Mr. Adams,

thank you for your inquiry. Please note that the topics you are referring to fall within the area of responsibility of Lidl International, which is why we respond from our perspective as the international Lidl HQ.

Please understand that we generally do not comment on specific business figures. However, we would like to mention that the proportion of avocados originating from Mexico is very low in our main market Europe.

In our business activities we take responsibility to respect and protect the fundamental rights of all stakeholders in the different stages of our supply chains.

For avocados sourced from Mexico certification is mandatory. Requirements by the Sustainable Agriculture Standard (SAS 2020) from Rainforest Alliance demand, amongst others:

- Supply chains free of deforestation as of January 1<sup>st</sup>, 2014.
- Producers' compliance with the applicable law for the withdrawal of surface or groundwater for agricultural, domestic, or processing purposes.
  - If required, producers need to have a license or permit, or a pending request, for the withdrawal of surface or groundwater for agricultural, domestic, or processing purposes.
- Wastewater from processing operations discharged into aquatic ecosystems has to meet legal wastewater quality parameters.

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- Ideally, producers participate in a local watershed committee or initiative and take action to help maintain or restore the watershed's health as part of this collective process. The nature of the participation and actions taken are documented.
- The payment of so-called sustainable Differentials (SD) and Sustainable Investments (SI) as an additional monetary payment to individual farmers, on top of the market price. While SDs reward farmers for sustainable practices, SI payments support the implementation of further sustainable farming practices according to an investment plan.

As part of the certification, these requirements are regularly checked by independent inspection bodies.

We have been committed to protecting forests and ecosystems in our supply chains for several years. In doing so, we have followed the guidelines of the Accountability Framework Initiative (AFi) and, for example, do not process any raw materials from land that was converted or deforested after January 1, 2020. We have also published a [Purchasing Policy Deforestation](#) and conversion-free supply chains on our website, which includes our goal for deforestation-free supply chains by 2025 in the areas of high-risk raw materials.

Through our [Code of Conduct](#) for business partners, we set minimum social and ecological standards which our business partners have to meet. If we have knowledge of specific facts regarding violations against these standards, we promptly investigate the matter and take appropriate steps.

Furthermore, we aim to continuously strengthen our due diligence additionally to the minimum standards set in our Code of Conduct. For this reason we have issued Sustainable Purchasing Policies (SPP), in which more stringent risk-based due diligence requirements are defined for our business partners as part of our business contract. We also published our commitments on human rights and environmental standards in multiple documents available on our website (for example in Great Britain [Lidl Great Britain](#)).

In the course of a joint climate strategy, the companies of the Schwarz Group have set ambitious targets according to the methodology of the Science Based Targets Initiative (SBTi) and underpinned them in relation to Scope 1, 2 and 3 with corresponding measures to reduce, avoid or offset CO<sub>2</sub> emissions in operations and the supply chain. The measures include climate-friendly, energy-efficient construction of stores, administration buildings and logistics centers, active participation in mobility concepts and climate-friendly product assortment. In this way, the companies of the Schwarz Group are making a measurable contribution to the Paris Climate Agreement and the declared goal of limiting the increase in global warming to 1.5 °C.

In addition, we actively identify and evaluate risks in our supply chains and monitor the consistent implementation of our requirements and processes in our supply chains. Together with our business

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partners, we are constantly working on improvements and are committed to improvements in dialogue with civil organizations.

- Lidl continuously carries out in-depth risk assessments, so-called Human Rights Impact Assessments (HRIAs), according to internationally recognized methodology. This is an important step in gaining a clearer understanding of the indirect and direct effects of our business activities within a selected supply chain, in order to also identify negative effects on human rights and to effectively minimize them with the help of a time-bound action plan.
- At our request, our suppliers are obliged to carry out an evident Ecovadis Audit or an equivalent Audit.

We also rely on independent surveillance at various levels of the supply chain to prevent violations of human rights and environmental standards.

Accordingly, we require all Lidl producers of fresh fruit and vegetables as well as flowers and plants to be audited according to GLOBALG.A.P GRASP or an equivalent Audit. In this case, the GLOBALG.A.P GRASP audit must be completed with the result “fully compliant” (GRASP Version 1). With the mandatory GLOBALG.A.P. All Lidl agricultural partner companies document their competence with a view to good agricultural practice. Fundamental aspects of water use are also taken into account. In addition, we are currently analyzing the water risks of various country-product combinations as part of our water strategy in order to implement appropriate measures, such as the use of the GLOBALG.A.P. Sustainable Program for Irrigation and Groundwater Use (SPRING) or the AWS International Water Stewardship Standard.

We also carry out additional risk-based special compliance audits. The frequency of the audit and certifications is based on the specifications of the respective standard provider and is carried out by an independent third-party certification bodies.

In order to make it possible to report compliance violations and to process any violations, Lidl works with the company's own online reporting system BKMS. All incoming messages through this channel are processed. Our online reporting system BKMS can be found and used via the Lidl Compliance website and is available internationally in multiple languages. There is also a direct link to the compliance pages at the bottom of each Lidl country website.

The internal processing of compliance violations is carried out in accordance with the rules of procedure published by us. You can find further information about Compliance at Lidl, including the rules of procedure and our online reporting system BKMS, on the following website: <https://info.lidl/en/compliance>

We have been using BKMS for several years. From the years of use of the reporting system, we can summarize that the system is accepted and used. Furthermore, the mechanism is communicated by

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means of printed posters in 60 languages to be distributed and put up at places frequented by workers in the workplace. We independently verify the awareness about this grievance channel at the workplace.

As of today, we haven't received any complaints regarding our supply chains in Mexico. We encourage those who have knowledge about or are affected by any kind of human rights violations or problematic working conditions, as well as environmental risks and violations or criminal and administrative offenses in our supply chains, to report these using our reporting system BKMS.

We are continuously working to roll out the goals we have set at the international level for more sustainable and socially responsible supply chains in all Lidl countries, including the USA.

In general, we take the allegations you mentioned very seriously and will take them into account when designing our due diligence processes.

Kind regards

A handwritten signature in black ink, appearing to read "Stefan Haensel", is positioned above a blue horizontal line.

Stefan Haensel (22. Mai 2023 15:19 GMT+2)

Stefan Haensel

Vice President

CSR Purchasing International

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