

# Buying Policy

## **Human rights in the supply chain**

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# Our responsibility for human rights in the supply chain



# Our responsibility for human rights in the supply chain

## Our CSR strategy

At Lidl, we believe that everyone should be able to shop sustainably. We have set a clear sustainability purpose to ‘make good food accessible to everyone.’ We deliver against this purpose by embedding our sustainability strategy, the ‘Good Food Plan’, into the core of our business, challenging the common misconception that sustainability necessitates higher prices. Good food is more than being high quality and affordable, it is food which is Good for Producers, Good for People and Good for the Planet.

We approach sustainability across these three themes of Producers, People and Planet, with each theme housing priority topics ranging from human rights to healthy eating. We regularly consult with key stakeholder groups to ensure that our approach remains relevant and ambitious. Changing stakeholder expectations alongside shifting social and environmental factors shape our topic plans. Across each topic we’ve set long-term targets, working with industry leads to build partnerships and strive for greater transparency and accountability. This is the framework of our strategy to provide Good Food.

## Our responsibility for human rights

As a discount retailer, Lidl sells food, non-food and near-food products sourced throughout global supply chains. We are responsible for ensuring access to safe, decent working conditions and labour standards for individuals employed throughout the entire value chain. Our aim is to bring about improvements through targeted interventions and meeting the strategic focus of ‘Good for Producers’.





# Background to human rights



## Background to human rights

In recent decades, the global division of labour in manufacturing has lifted millions out of poverty and led to a situation in which 60% of worldwide trade is now captured by global supply chains.<sup>1</sup> As globalisation progresses, these supply chains become ever more complex and are shaped by a wide range of legal and social conditions.

Human rights are inalienable, inseparable, and inviolable. They apply to all human beings from birth, regardless of factors such as race or nationality.

In 1948, the member states of the United Nations made a commitment to uphold these fundamental rights by adopting the [Universal Declaration of Human Rights](#).<sup>2</sup>

### **It is essential for both government and businesses to take responsibility for human rights**

The [UN Guiding Principles on Business & Human Rights \(UNGPs\)](#) adopted in 2011, impose direct obligations on both governments and businesses<sup>3</sup> in the duty to protect and respect human rights. Governments are responsible for enacting compliance with minimum social standards; while commercial enterprises can be instrumental in developing, implementing and monitoring compliance as part of their business practices, both directly and indirectly.

Businesses therefore have a key role to play in protecting and respecting human rights in every aspect of their operations and putting in place systems to help monitor them, irrespective of the government framework.

<sup>1</sup> ILO: Global Supply Chains and CSR, 2018.

<sup>2</sup> UN: Universal Declaration of Human Rights, 1948.

<sup>3</sup> UN Guiding Principles on Business & Human Rights, 2008.



## Factors hindering the observance of human rights

Global value chains connected to the retail and food sector harbour challenges to upholding human rights. The risks associated with respecting human rights usually have complex underlying causes and often pose a challenge for the sector as a whole. For this reason, systemic solutions are usually the only way to address social risks connected with occupational health and safety, freedom of association, non-discrimination, wages, as well as illicit child or forced labour.

Human rights violations in global supply chains are often fueled by structural poverty, inequality, and inadequate rule of law in producer countries. Those living in poverty have fewer opportunities to free themselves from dependencies. The COVID-19 pandemic has further exacerbated this situation. Overall, the International Labour Organisation (ILO) estimates that 8.8% of global working hours were lost to the pandemic in 2020. A further 108 million people were forced into extreme or moderate poverty.<sup>4</sup> By contrast, breaking free of dependencies and poverty can help ensure prosperity, development, and stability for millions of people.

<sup>4</sup> ILO: World Employment and Social Outlook, 2021.





### **Inequality**

A common form of human rights violation is inequality in the rights and opportunities enjoyed by different groups e.g. migrant workers and women.

Women in developing countries are often at a legal disadvantage – with consequences for those countries' economic development. The Food and Agriculture Organisation of the United Nations (FAO) estimates that giving women farmers the same access to productive resources as men, would increase agricultural yields by 20–30%.<sup>5</sup>



### **Poverty**

Around the world, smallholder farmers often live in poverty, despite having access to employment. This has consequences for fundamental rights such as food, health, and economic development. An unequal distribution of value in international trade also impacts smallholders, since often only a fraction of global value creation remains with producers.<sup>6</sup>



### **Inadequate rule of law**

Existing human rights treaties primarily govern the obligation incumbent upon states to protect human rights. However, in many cases, the laws, measures, and oversight put in place by individual governments are insufficient. In addition, efforts to enforce rule-of-law principles often fail due to the absence of trade unions. This makes it easier for human rights violations such as exploitation, to occur in production chains, thus posing a risk to workers.<sup>7</sup>

<sup>5</sup> FAO: The state of Food and Agriculture, 2011.

<sup>6</sup> Oxfam: The Inequality Virus, 2021.

<sup>7</sup> UN: Guiding Principles on Business and Human Rights, 2011.



# Our commitment to protecting human rights in the supply chain



# Our principles for protecting human rights in the supply chain

At Lidl, human rights due diligence is based on our commitment to the following internationally recognised frameworks:

- Universal Declaration of Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- UN Guiding Principles on Business and Human Rights
- UN Women's Empowerment Principles
- OECD Guidelines for Multinational Enterprises
- ILO conventions, core labour standards and recommendations on labour and social standards
- ILO General principles and operational guidelines for fair recruitment and definition of recruitment fees and related costs

We also welcome binding regulations at the political level to ensure fair trading, such as the UK Modern Slavery Act, the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz) and the planned European supply chain legislation.

## Our Code of Conduct (CoC) outlines our requirements for business partners

The Schwarz Group, which encompasses Lidl Great Britain (Lidl GB) and all other Lidl markets, has an established [Code of Conduct](#) (launched 2006), which requires our business partners to respect human rights and ensure that they cascade these requirements to their own suppliers. The CoC constitutes an integral part of the core contractual agreements with our direct business partners. The Schwarz Group Human Rights Policy Statement forms a further framework for the retail group.

Our CoC focusses on all human rights relevant to the supply chain and production, and is based on the ETI Base Code:

### 1. Ban on child labour, including requirements for remediation if child labour is discovered

International conventions prohibit the use of child labour. Lidl and [The Centre for Child Rights and Business](#), a social enterprise owned by Save The Children, have developed a remediation protocol for situations in which Lidl, a supplier, or a third party discover cases of child labour. Once detected, cases must be reported to Lidl without undue delay and processed in accordance with the protocol.

### 2. Ban on forced labour

All forms of forced labour are prohibited. This also includes practices that may give rise to forced labour such as excessive overtime, retaining identity documents or withholding wages, and imposing illegal fees.



3. **Obligation to respect the right to freedom of association and collective bargaining**

We expect our business partners to fully respect their employees' right to freedom of association and not to discriminate against them in any way should they choose to form a workers' representative body.

4. **Ban on degrading treatment, including physical punishment, harassment and other forms of violence**

We take a zero-tolerance position and prohibit all forms of physical violence, threats, sexual harassment and other degrading treatment.

5. **Requirement to ensure employee health and safety**

Occupational health and safety must always be ensured for all employees. This involves taking adequate preventative measures including regular training for all employees, access to clean drinking water and sanitary facilities, and checking that employer-provided accommodation is clean, safe and meets basic human needs.

6. **Timely payment of fair wages and salaries that at least meet national minimum wages**

Wages and salaries must always be paid on time and (unless otherwise lawfully agreed) without deductions. This includes the payment of overtime, holiday pay and social benefits. The amount paid must correspond to the local minimum wage and/or local collective bargaining agreement.

7. **Ban on all forms of discrimination in recruitment, employment, and promotion**

We work to uphold equal opportunities and equal treatment in the workplace. When it comes to hiring decisions, employment, promotions or terminations, all employees must be treated equally regardless of their sex, religion, race, or other characteristics. All forms of distinction, exclusion or preference are prohibited.

8. **Access to effective grievance mechanisms**

Our business partners are required to ensure access to effective grievance mechanisms. As this can be challenging within indirect supply chains, we work collaboratively with our suppliers and other external stakeholders to support development and access to grievance mechanisms throughout our direct operations and global supply chains.

9. **Effective remediation**

Our business partners are required to notify us of potential labour law violations as soon as they become aware of them. We have specifically developed remediation protocols to investigate reported rights violations and to provide access to remedy. In situations where violations have been identified, the focus is always on the interests of those affected.



# Our approach to protecting human rights in the supply chain

Lidl has developed a [Human Rights Strategy](#) to systematically improve the living and working conditions of those who work as part of our global supply chain. It comprises of four pillars, ensuring a structured approach to implementing human rights activities and systematic compliance with standards. The strategy was developed based on high risk supply chains that were identified through [our risk assessment process](#). We know that risks for rights violations primarily occur further upstream in the supply chain, therefore we work with our direct business partners on a large number of projects alongside upstream suppliers, in order to improve working conditions at these levels of the supply chain. Through this risk assessment, we also factored in the expectations of our customers and society, the priorities identified by NGOs, developments in legislation, academic and scientific insights.

## Outlining responsibilities for human rights

The human rights strategy is implemented under the supervision of Lidl management, which receives regular reports on incidents and progress on human rights issues within our supply chains.

In addition, routine decision-making exercises which take place at Executive Board level, align with the established human rights strategy. For example, special targets for living wages and incomes were addressed in 2021. This process involved reviewing the [identified high-risk supply chains](#), discussion of potential courses of action, selection of strategic partners, and addressing the issues surrounding responsible purchasing practices. Outcomes from these discussions, included the decision to participate in the INA (Germany) and IDH (UK) retail working groups in the banana supply chain, the expansion of the WayToGo project and the adoption of our strategy to implement the principles of the ACT initiative in the textile sector.

We communicate our responsibilities and targets within the Lidl CSR Buying Manual. This internal document was adopted in 2021 and has been developed for all buying departments within the company. This manual illustrates the importance of upholding human rights and outlines where potential impacts may arise in our supply chains. It also contains guidelines on how Lidl buyers can minimise these impacts and/or make a positive impact through adopting responsible purchasing practices, enhancing supply chain transparency, furthering requirements on product certification, or participating in specialised development programmes.

## Communicating our challenges and progress

When it comes to human rights it is important to us to keep external stakeholders and business partners up to date with the challenges we face and the progress we make. Our annual sustainability report is one example of how we do this. We also communicate with our customers through in-store marketing and advertising. An example of this is through the annual Fairtrade Fortnight campaign, where we promote the importance of Fairtrade certification and Fairtrade products, such as our WayToGo chocolate, highlighting the positive impact this has on the incomes and conditions of producers. As one of the largest Fairtrade partner companies worldwide, we plan to continue to promote our Fairtrade range prominently, as the Fairtrade system supports our commitment to living wages in the supply chain.

Our CSR marketing activities aim to heighten consumer awareness of responsibly sourced products. Our commitment going forward is to expand the advertising space devoted to products from supply chains where fair wages are paid.

## Lidl Human Rights Strategy at a glance



The following sections outline our targets and action in greater detail for each strategic pillar.

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# 1

## Understand our impact

We are working to implement measures to respond to the human rights impacts of our business activities. To do so, we continuously review the risks arising throughout our product supply chains and sourcing countries. As part of this strategic pillar, we are committed to increasing the transparency of our supply chains and conducting human rights impact assessments (HRIAs).

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**2021 onwards** We will continue to conduct regular hot spot analyses to identify human rights risks across our product categories.

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**By 2025** We will conduct three HRIAs per year in high-risk supply chains and publish the findings alongside their associated action plans.

### Step 1.1 Increasing transparency

We are increasing transparency in our supply chains beyond tier one, working towards the disclosure of identified high-risk product categories through to producer level. For fish and meat supply chains, we will disclose to feed level. We will start by publishing the following identified high-risk product supply chains: bananas, tea, and seafood.

### Step 1.2 Carrying out risk assessments

We systematically risk assess our own-brand products across a variety of human rights indices. These include the International Trade Union Council (ITUC) Global Rights Index, the Global Slavery Index, data from the Food and Agriculture Organisation of the United Nations (FAO) and the Environmental Performance Index. As part of this process we work closely with stakeholder groups, including civil society organisations, trade unions and local communities. Please see the following page for the [outcome of the 2020 risk assessment](#).

### Step 1.3 Conducting human rights impact assessments (HRIAs)

To support our human rights risk assessment and due diligence process, we carry out regular HRIAs in accordance with internationally recognised methodologies. In 2020, we published HRIAs based on tea from Kenya and berries from Spain with their associated time-bound action plans. A HRIA for bananas from South America will follow in 2021. Findings from our HRIAs will support development of bespoke ethical requirements for selected high risk categories.



## Our risk assessment – raw materials, risks, and country affiliation

### BANANAS



#### Social risks

- Child labour: Brazil, Ecuador, Philippines
- Forced labour: India, Indonesia
- Workers' rights: Brazil, China, Philippines
- Discrimination: India, Indonesia

### COTTON



#### Social risks

- Child labour: India, Turkmenistan, Uzbekistan
- Forced labour: India, Pakistan, Uzbekistan
- Workers' rights: India, Pakistan, Uzbekistan
- Discrimination: India, Pakistan

### PLANTS & FLOWERS



#### Social risks

- Child labour: Ethiopia, Kenya
- Forced labour: Ethiopia, Kenya, Thailand
- Workers' rights: Ethiopia, China, Malaysia
- Discrimination: Ethiopia, Kenya

### FISH



#### Social risks

- Child labour: Philippines, Thailand, Vietnam
- Forced labour: China, Thailand, Vietnam
- Workers' rights: Indonesia, Thailand, Vietnam
- Discrimination: Morocco, Mexico, Indonesia

### HAZELNUTS



#### Social risks

- Child labour: Azerbaijan, Georgia, Turkey
- Forced labour: China, Georgia
- Workers' rights: China, Iran, Turkey
- Discrimination: Azerbaijan, Iran

### COFFEE



#### Social risks

- Child labour: Ethiopia, Colombia
- Forced labour: Ethiopia, Indonesia, Colombia
- Workers' rights: Brazil, Guatemala, Indonesia
- Discrimination: Ethiopia, Honduras, India

### COCOA



#### Social risks

- Child labour: Ivory Coast, Ghana, Nigeria
- Forced labour: Ivory Coast, Ghana, Indonesia
- Workers' rights: Brazil, Ivory Coast, Indonesia
- Discrimination: Ivory Coast, Ghana, Indonesia

### PALM OIL



#### Social risks

- Child labour: Ivory Coast, Nigeria
- Forced labour: Indonesia, Malaysia, Thailand
- Workers' rights: Indonesia, Colombia, Malaysia
- Discrimination: Guatemala, Indonesia, Papua New Guinea

### RICE



#### Social risks

- Child labour: Bangladesh, India, Vietnam
- Forced labour: India, Thailand, Vietnam
- Workers' rights: China, Thailand, Vietnam
- Discrimination: India, Indonesia, Myanmar

### SOYA



#### Social risks

- Child labour: India, Nigeria, Paraguay
- Forced labour: China, India, Ukraine
- Workers' rights: Brazil, India, Ukraine
- Discrimination: Bolivia, India

### TEA



#### Social risks

- Child labour: India, Kenya, Sri Lanka
- Forced labour: China, India, Sri Lanka
- Workers' rights: China, India, Kenya
- Discrimination: India, Kenya, Turkey

### WOOD



#### Social risks

- Child labour: China, Indonesia, Russia
- Forced labour: China, Indonesia, Russia
- Workers' rights: Brazil, China, Indonesia
- Discrimination: Brazil, Indonesia

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## 2

### Enforce standards

At Lidl, we promote the ILO's core labour standards and aim to deliver against these principles through proactive measures in our supply chains, including through internationally recognised certification and social audit programmes. In addition, we are working to ensure that employees in our supply chains have access to effective grievance mechanisms and remedy. To support this, we are developing training that enables our suppliers to identify and prevent human rights risks effectively and where necessary, implement appropriate remediation.

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**By 2021** We will enable access to effective grievance mechanisms in 3 identified high-risk supply chains (as defined by the UNGPs).<sup>8</sup>

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**By 2023** We will develop our approach to conducting social audits throughout supply chains.

### Step 2.1 Implementing risk-based social audits

We are continuously expanding our systematic, risk-based approach to conducting social audits throughout our food supply chains. Although we understand the limitations of social audits in improving working conditions or detecting the most adverse, hidden violations such as forced labour; we consider inspections by third party, independent auditors a key tool in identifying risks and conducting targeted checks on working conditions. During audits – some of which last several days – independent auditors work on site to assess compliance with health and safety regulations, statutory working hours, workers' rights and other labour standards. As we are unable to conduct ad hoc checks at every business throughout our complex supply chains, we focus on identifying and reviewing the highest-risk facilities within high-risk supply chains.

In 2020, we piloted a project in our fish and tomato supply chains to identify and analyse risks using the Sedex platform. We have evaluated the results of the pilot and will extend our approach to five further high-risk categories and their supply chains. The focus of this project is on upstream supply chain actors, as we know that risks are mainly found in the supply chain beyond our direct business partners.

<sup>8</sup> We report on the implementation of our grievance mechanisms via our website.

The internationally recognised [SEDEX \(Supplier Ethical Data Exchange\)](#) online platform gives member companies the opportunity to share detailed information on ethical processes to their customers and partners. The Sedex platform is also used to evaluate audits carried out by independent auditors in accordance with the SMETA (Sedex Members' Ethical Trade Audit) procedure. SMETA audits review working conditions, workplace health, safety, and hygiene, as well as the environmental management of businesses. Lidl is one of more than 60,000 Sedex members worldwide.



Lidl also monitor compliance to human rights standards in non-food supply chains. Since 2007, we have been carrying out annual social audits at all factories that manufacture textiles and hardware in countries categorised as high-risk in the BSCI Country Risk Index. The objective of this is to ensure that all manufacturers comply with defined criteria, which form the basis for buying decisions.

## Step 2.2: Developing a 'beyond audit' approach

Lidl is working with external partners to develop proactive support for smallholder farmers, women, and workers in the agricultural sector across multiple commodity supply chains. We support projects working in collaboration with a variety of partners, from local NGOs to international organisations. For example, in selected textile supply chains, Lidl will be rolling out participation in the ILO's Better Work programme, which will partly replace regular social audits. In the UK, Lidl partner with the [Food Network for Ethical Trade \(FNET\)](#) to continue raising awareness of key human rights objectives including forced labour, human rights legislation, recruitment fees and other emerging challenges, empowering key stakeholders to act beyond compliance in a collaborative forum. We have also partnered with the [Spanish Ethical Trade Forums](#) since 2018, to promote capacity building opportunities for all actors within the Spanish fresh produce sector. Working groups are established to develop and pilot resolutions to the sectors most salient challenges including labour standards, social dialogue and grievance mechanisms.



### Step 2.3: Establishing effective grievance mechanisms

Access to effective grievance mechanisms is a key element in detecting human rights violations in our supply chains.

#### What makes for an effective compliant mechanism?

The key prerequisite for an effective grievance mechanism is for it to be accessible to people in the supply chain. However, there are often multiple obstacles to doing so which vary depending on local conditions and the type of mechanism in place, for example:

- insufficient knowledge of the local language in the case of migrant workers
- fear of reprisal
- financial and institutional barriers to accessing public complaints bodies, including a lack of familiarity with existing grievance mechanisms
- social barriers relating to a lack of trust in the legal system and/or existing mechanisms<sup>9</sup>

Lidl have put in place an [online reporting system](#), available for those affected by human rights violations or who wish to report grievances.

Across non-food, Lidl is working as part of initiatives such as ACT (Action, Collaboration, Transformation) and the ILO's Better Work programme to record and address complaints received through grievance mechanisms. As an active member of the Bangladesh Accord working group, Lidl has also supported development of a suitable grievance mechanism for textile workers in Bangladesh.

In the food supply chain, Lidl is working alongside partners such as [RSPO](#) and [MSC](#) to ensure workers have access to effective grievance mechanisms. As part of our [Rainforest Alliance](#), [Fairtrade](#) and [GLOBALG.A.P.](#) certifications we verify whether suppliers have suitable grievance mechanisms in place.

Lidl is committed to ensuring people in its high-risk supply chains have access to effective grievance mechanisms, in addition to the current [online reporting system](#). In 2021, we will be providing access to grievance mechanisms for workers in three identified high-risk supply chains. We intend to use the experience gained from this process to apply to other supply chains. This will enable us to provide further access to grievance mechanisms for even more people.

<sup>9</sup> UN Guiding Principles: Reporting Framework, 2015.

## Step 2.4: Implementing human rights requirements with our suppliers

A collaborative and trusting relationship with our suppliers is crucial to achieving our human rights objectives. To support this, we are committed to preventing unfair business practices through long-term supplier relationships, appropriate payment terms and predictable order volumes.

Where human rights violations are identified in our supply chains, we work with our supplier partners to address, mitigate and where possible, remediate these instances. In situations where we have worked together to improve practices and remain unable to confirm adequate protection of human rights, we will reserve the right to terminate the business relationship as a last resort.

## Step 2.5: Assessing supplier social compliance

Within Lidl's Buying departments we monitor our business partners in accordance with human rights and environmental criteria using the EcoVadis platform. EcoVadis allows us to understand the commitment our suppliers have for respecting and promoting human rights within their own business and supply chains. This management approach is supported by our CSR-buying department, who monitor product supply chains and report to the relevant buying teams when risks are identified.

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## 3

### Promote fair supply chains

We are working towards an approach to promote living wages and incomes, as well as a just distribution of value throughout our supply chains. Our focus is on safeguarding the livelihoods of smallholder farmers through fair, transparent, and long-term purchasing agreements, which we also expect from our supplier partners. To support this commitment, we intend to increase the proportion of Fairtrade certified goods in our product range by the end of 2025. A current key project is our [WayToGo Fairtrade chocolate](#), which we launched in 2020.

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## 2021

We are developing an approach to promote living wages and incomes throughout our global supply chains and working towards closing the pay gap. Further information is on [page 31](#).

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## 4

### Driving systemic change

We work across various development programmes, initiatives, and projects in our supply chains to proactively drive systemic change. Lidl maintains a regular dialogue with other businesses, governments, suppliers, trade unions and civil society organisations. In doing so, we are making an active contribution to society and helping to shape a sustainable future.

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2022

We are developing an approach to improve working conditions in our supply chains through targeted action. This will span multiple product groups and includes training aimed at empowering workers to better understand their rights. We are also running projects to improve wages and job security, focusing on smallholder farmers, women, and workers in agriculture.

### Leveraging training to raise awareness of human rights

Going forward, we will implement regular training for our employees and business partners to further increase awareness of respecting human rights in the workplace.

We support various educational projects, helping smallholder farmers to broaden their knowledge and skills, working towards higher incomes and preparation for the impacts of climate change. These projects span our cocoa, coffee, nuts, and soy supply chains. We work on these projects in cooperation with recognised international partners such as Fairtrade, Save the Children, CARE, The Rainforest Alliance (previously UTZ), RTRS, GIZ and selected local NGOs.

## Focus on labour standards in the supply chain

### We are committed to upholding human rights and protecting employees in the workplace.

Through our strategy and risk assessment, we have identified the following most significant workplace human rights in our supply chains.

In cooperation with our partners, we have made specific commitments to uphold these rights.



#### No forced labour

All human beings have the right to free choice of employment. Forcing people to work violates fundamental human rights.



#### No child labour

Children require special care. It is prohibited to employ children at school age, especially in dangerous environments. The risk of child labour is particularly high in poorer regions and where there is less access to education.



#### Freedom of association

A key element within labour standards is the freedom to form worker representative bodies. In countries that lack strong systemic safeguards for workers' rights, workers are unable to organise effectively.



#### Living wages and incomes

A living income or living wage should provide for food, water, housing, education, healthcare, and transportation, as well as offer the opportunity to save in case of unexpected events. In the agriculture and textile industries, wages and incomes are often barely enough to meet the basic needs of workers and their families.





### No discrimination

Freedom from discrimination based on origin, gender, disability, or sexual identity is a fundamental human right. All employees should enjoy equal opportunities in the workplace throughout the supply chain.



### Occupational health and safety

Workplace safety ensures that workers' health is not endangered or compromised. A safe and secure working environment lays the foundations for healthy and productive work.



## Our commitment to combating forced labour

The ILO estimates that there are still around 25 million people worldwide in situations of forced labour.<sup>10</sup> Forced labour is work performed involuntarily under the menace of a penalty. Examples include deception about working conditions or employment under duress. Unwarranted deductions from wages and manipulation of high debt levels may also result in forced labour.

Half of all victims of forced labour are coerced into working to pay off debt accumulated legally or illegally. A quarter of those subject to forced labour are estimated to be migrant workers. Therefore, most existing cases of forced labour in global supply chains are connected to migrant labour and debt bondage. In addition, workers often find themselves subject to forced labour due to precarious employment relationships, which arise primarily in the informal economy, such as in seasonal, temporary or contract work.

**25 million**  
**people worldwide**  
**in forced labour**

**Lidl has identified the following raw material and product supply chains as critical in relation to forced labour:** bananas, fish, cocoa, rice, tea, hazelnuts, coffee, palm oil, soy, plants and flowers, cotton



**By 2022** We will develop a global strategy across all Lidl markets alongside proactive action plans to combat forced labour.

Lidl categorically prohibits all forms of forced labour within its direct and indirect business operations. Lidl adopts a zero-tolerance strategy in instances where our suppliers fail to respond to cases of forced labour. We systematically pursue potential violations as part of our business responsibility. A key area of focus for this commitment is on respecting the rights of migrant workers, who are often highly dependent on their employer or employment agency.

<sup>10</sup> ILO: Modern slavery and child labour, 2017.

## Systematically eliminating forced labour

We work in collaboration with multiple stakeholders in the supply chain, including: civil society organizations, NGOs, and our competitors to systematically eliminate risks and instances of forced labour in our supply chains. Monitoring fundamental labour standards – such as the ban on forced labour – is an essential part of our obligation as a responsible business.

We strive to continually improve our processes to identify and mitigate cases of forced labour and offer effective remediation to victims through existing [grievance mechanisms](#). A key challenge in identifying cases of forced labour is that many cases go unnoticed and are often not detected by traditional social audits. For this reason, we will pilot new approaches as we work on developing our strategy to combat forced labour.

## The Modern Slavery Act

The Modern Slavery Act, 2015 sets out a range of measures aimed to combat slavery, servitude and forced or compulsory labour and human trafficking. As part of this leading legislation, UK businesses with a global annual turnover of over £36 million have a responsibility to report on the activities undertaken to identify, mitigate and remediate risks of modern slavery in their organisations and supply chains. The [Lidl GB modern slavery statement](#) outlines Lidl's due diligence approach and actions to tackle forced labour and modern slavery.

## Collaboration and training

Lidl are long-term sponsors of the multi-stakeholder initiative (MSI) Stronger Together, which aims to reduce modern slavery, forced labour, labour trafficking and other forms of hidden exploitation of workers. We are active steering group members of the UK Consumer Goods programme where we work collaboratively to build further understanding and implement measures to mitigate risks of forced labour taking place within our business operations and supply chains.

As part of our CSR-Buying requirements outlined for all UK, tier one food suppliers, we require attendance to Stronger Together's 'Tackling Modern Slavery in UK Businesses' training. This training is also available to our external labour providers and Procurement suppliers.

## Our commitment to combating child labour

The ILO and the United Nations Children's Fund (UNICEF) estimate that worldwide, 160 million children aged between 5 and 17 are currently in child labour.<sup>11</sup>

More than 70% of these children are employed illegally in agriculture, including arable farming, fisheries, aquaculture, forestry and livestock farming, and just under a third do not attend school.<sup>12</sup> This situation is all the more worrying given that agriculture is one of the three most dangerous sectors for work-related deaths, non-fatal accidents and occupational illnesses.

In their joint report, the ILO and UNICEF warn that working children are exposed to a higher risk of physical and psychological harm and that child labour restricts educational opportunities and future prospects. The ILO blames this state of affairs on a lack of statutory social and labour standards in place at an international level in many countries.

**160 million**  
**children affected**  
**by child labour**

**Lidl has identified the following raw material and product supply chains as critical in relation to child labour:** bananas, fish, cocoa, rice, tea, hazelnuts, coffee, palm oil, soy, plants and flowers, cotton, and production stages in the manufacturing of textiles and hardware



**By 2025** We are striving to implement a training policy for high-risk supply chains aimed at preventing child labour and providing remediation.

For supply chains connected to countries stricken by poverty, children may work to help support their families. This is due to a lack of educational opportunities that is often exacerbated by frequent relocation among migrant workers, as well as low wages and inadequate family incomes. It is Lidl's intention to prevent child labour and safeguard children throughout our agricultural supply chains.

<sup>11</sup> ILO, UNICEF: Child labour – Global estimates 2020, trends and the road forward, 2021.

<sup>12</sup> ILO, UNICEF: Child labour – Global estimates 2020, trends and the road forward, 2021.



## Our policy to prevent child labour

Lidl requires its suppliers to refrain from employing children under 15 years of age (or 14 years of age if permitted by national law pursuant to ILO Convention 138) or who are legally required to attend school. We also expect suppliers to abide by international and national law in their hiring policies and terms and conditions of employment. To prevent child labour, we are working on measures to ensure suppliers verify the age of applicants before they start work.

If young people are employed, they are entitled to specific protection. For this reason, we expect our suppliers to provide a safe working environment that complies with local law and offer them opportunities for continuing education as a minimum standard. Young workers should also be able to access effective grievance mechanisms.

## How we respond to suspected cases of child labour

As with forced labour, Lidl adopts a zero-tolerance approach in instances where suppliers fail to respond to identified cases of child labour. If violations of children's rights occur within the supply chain, Lidl strives to work closely with its suppliers to resolve the situation in the interests of the child concerned. As part of the remediation, affected families receive financial assistance equal to the standard minimum wage in the respective country. This is to ensure that the children are not forced back to work out of economic necessity. The NGO Save the Children assists and supports the families in seeking out suitable educational opportunities tailored to the individual needs of the children in question.

Lidl expects its suppliers to put in place effective remediation measures covering situations in which they detect child labour or learn that young people are performing hazardous work. In such circumstances, direct suppliers must notify Lidl and the respective expert organisation on a proactive basis and manage the subsequent remediation process.



## Pilot project to combat child labour in cooperation with Save the Children

Lidl is working with [Save the Children](#) and Germany's Federal Ministry for Economic Cooperation and Development on a project to protect children's rights in the hazelnut supply chain in Turkey. This is the first time that the entire supply chain – from hazelnut cultivation and harvesting down to processing – has been audited on site for the observance of children's rights.



Save the  
Children

The aim of this pilot is to protect children's rights, put in place care and education opportunities and to provide access to safe work for young people. This pilot project has been developed to be scalable and transferable to other agricultural supply chains.

Since 2017, we have been working with Save the Children to conduct child labour prevention and remediation training for suppliers in our non-food production facilities. The NGO trained suppliers in Bangladesh, Turkey, Myanmar, and China on behalf of Lidl, and in 2020 the programme was expanded to include Pakistan and Vietnam.

## Further action to combat child labour in collaboration with Save the Children

- Training external auditors to verify standards at factories
- Operating good risk management procedures and a secure system to verify age during the hiring process
- Improving protection for legally employed young people to further protect them from hazardous work-place activities
- Remediating identified cases of child labour



925

**importers, factory  
workers and auditors**  
trained on the topic of  
child labour between  
2017 and 2021

## Our commitment to freedom of association

Freedom of association and the right to collective bargaining are basic human rights and two of the ILO core labour standards. Nevertheless, not all the 187 ILO member states have embedded the right to freedom of association into law.

In addition, 40% of countries worldwide lack (unrestricted) rights to collective bargaining.<sup>13</sup> Agricultural and textile workers often face restrictions on joining or taking part in trade unions and are only able to do so at high personal risk. To exercise fundamental rights for workers, it is crucial that workers have a voice and are represented in the workplace.

Freedom of association and the right to collective bargaining are the building blocks of civil liberties. In countries that lack strong systemic safeguards for workers' rights, it is important for workers to be able to organise effectively, enabling protection against discrimination or harassment and the chance to earn a living wage.

### **Lidl has identified the following raw material and product supply chains as critical in relation to freedom of association:**

fruit and vegetables, hardware and electronics, textiles, tea, cocoa, coffee, nuts



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**Ongoing** We will engage in dialogue and draw on the expertise of trade unions to understand the obstacles to upholding human rights, including freedom of association.

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**2021 onwards** As part of our membership of ACT, we will work with our business partners to raise awareness of freedom of association and collective bargaining.

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**2022** We will provide targeted assistance to smallholder farmers to organise themselves effectively.

---

**2023** 100% of our tier 1 supplier facilities in Bangladesh and Cambodia will join the ILO Better Work programme, which aims to strengthen social dialogue.

<sup>13</sup> OGP: Freedom of Association, Global Report, 2018.



Lidl respects the right to freedom of association and collective bargaining and expects the same commitment from its business partners. In our CoC, which forms part of our commercial agreements, we endeavor to not interfere in efforts to form worker representative bodies and prohibit attempts to influence such bodies.

Our focus is on smallholder farmers as an integral part of our food supply chains. Lidl aims to support farmers and share knowledge they require to successfully organise, as we know their interests can be advanced most effectively through collective bargaining. In addition to this, we are developing approaches to favour products that are from smallholders who have formerly established worker representation or union presence.

We maintain a constant dialogue with our stakeholders (suppliers, civil society organisations and trade unions, etc.) to promote freedom of association. We work together to understand the obstacles to upholding freedom of association and encourage our supplier partners to do the same. In 2021 we initiated a dialogue with the global union federation IUF (International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations) on food supply chains at high risk for freedom of association. We discussed resources and assistance we can provide to our suppliers to effectively protect freedom of association in these supply chains. To support this commitment further, all Lidl national companies have signed the Women's Empowerment Principles (WEPs), to also promote women's right to freedom of association.

In both food and non-food, Lidl participates in various development programmes and works collaboratively with Fairtrade, the German Agency for International Cooperation (GIZ) and the Better Work programme run by the International Labour Organisation (ILO).

## Improving working conditions with the ILO Better Work programme

The Better Work programme is a partnership between the International Labour Organisation (ILO) and the International Finance Corporation (IFC). It was launched in August 2006 to improve working conditions and competition in global supply chains.



Lidl has been an ILO Better Work programme partner since 2021. As a first step, Lidl is working to ensure that all tier 1 supplier facilities in Bangladesh and Cambodia are covered by the ILO Better Work programme, which is due to be completed by the end of 2023. In doing so, Lidl is strengthening the partnership between workers and management to improve working conditions and employee satisfaction and thus boost productivity. We are also focused on achieving long-term improvement to the living and working conditions of workers on the ground and are committed to work in partnership with our suppliers to bring about improvements in the interest of their workers.

As part of the programme, advisors from the ILO routinely visit tier 1 supplier facilities and provide employees with training on wage negotiations and collective bargaining. The intention is to help workers influence the decisions that shape their working lives, such as negotiating higher wages or better social benefits.

## Commitment to freedom of association in collaboration with Fairtrade

As a long-term [Fairtrade](#) partner, we have signed up to the principles on freedom of association and support wage negotiations through collective bargaining.

Beyond the Fairtrade standards, Fairtrade also manage special programmes focused on empowering people and producers to organise and engage in wage negotiations.

Lidl has signed the [Freedom of Association Protocol](#), a Fairtrade partnership with the International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF).



Beyond conducting audits and inspections, Lidl works in partnership with Fairtrade, trade unions and other employers to engage in dialogue with workers. We want to do our bit to ensure that workers have negotiating power to exert a positive influence on their working lives, such as by negotiating higher wages or better social benefits.

## The Fairtrade Standard also stipulates the following:

- employers must demonstrate to Fairtrade that they guarantee freedom of association
- union representatives must be able to freely meet with employers on request – Fairtrade requires that this be communicated to both Fairtrade and workers prior to certification
- Fairtrade requires proof that dispute resolution mechanisms are in place that can be invoked by both the employer and trade unions

## Empowering workers through the Ethical Trading Initiative

In 2021, Lidl submitted an application to join the [Ethical Trading Initiative \(ETI\)](#).

The ETI's mission is to leverage the collective strength of businesses, trade unions and NGOs to realise the vision of a world in which all workers benefit from labour rights that are respected by companies and protected by the state.



For workers' rights.  
For better business.

The ETI relies on the cooperation and collaboration of various actors to identify solutions to systemic problems. Lidl has already actively collaborated with the ETI in 2020 and 2021, through a working group on human rights violations in avocado cultivation and on discussions relating to the responsible sourcing of cotton.

As part of its membership, Lidl is committed to further addressing key focus areas including: forced labour, living wages and supporting smallholder farmers to organise collectively.

## Our commitment to living wages and incomes

A living wage or living income must be enough to cover the costs of food, water, housing, education, health care, transportation, clothing, and other essential needs, including provision for unexpected events.

More than 10% of the world's population still live in extreme poverty, two-thirds of which work in agriculture. Within food production, there has been an increase in precarious forms of employment such as contract work and temporary or marginal employment.<sup>14</sup> Women in particular are affected by low wages and exploitation, with female workers in seasonal fruit and vegetable production earning 20–30% less than men.<sup>15</sup>

The COVID-19 pandemic threatens to exacerbate poverty in many parts of the world, with hundreds of millions more people facing hunger and poverty after losing their livelihoods. Oxfam estimates that it may take upwards of a decade before the world's poorest overcome the effects of the pandemic.<sup>16</sup>

**10%**  
**of the world's  
population live in  
extreme poverty**

**Lidl has identified the following raw material and product supply chains as particularly critical in relation to living wages/incomes:** textiles, cocoa, coffee, tea, nuts, fish, and fruit and vegetables



- 
- 2021** We will identify the highest-risk products for living wage/living income disparity in our supply chains.
- 
- 2021 onwards** We will consistently monitor the current living wage/living income benchmarks and/or help calculate them where needed.
- 
- 2022** We will enable our buyers to identify and address high-risk products for wage/income disparity.
- 
- 2023** We will establish three pilot projects to reduce living wage/living income disparity in three supply chains, focusing on empowering smallholder farmers to secure a living income.

<sup>14</sup> ILO: World Employment and Social Outlook – Trends 2018.

<sup>15</sup> Oxfam: Gerechtigkeit schaffen – Supermärkte, 2021.

<sup>16</sup> Oxfam: The Inequality Virus, 2021.



Lidl recognises living wages as a fundamental human right which should enable workers to secure a dignified standard of living for themselves and their families. Lidl has been advocating for living wages in its CoC since 2006, and has since taken a stand on the issue, by opting for Fairtrade certified products such as cocoa, coffee and bananas. We work with multiple external partners to identify products and supply chains with the greatest wage/income disparity and we will continue to refine this risk-based approach.

Our commitment to living wages will focus on smallholder farmers who are typically the starting point for many of Lidl's agricultural value chains; but often only receive a fraction of the overall profit. Lidl recognises how important it is to ensure a fair system of profit distribution within the supply chain and is committed to entering into long-term, fair and transparent supply relationships with agricultural producers. Lidl is also looking into a means of ensuring that a greater share of value creation remains with producers. Examples are explained in the following project case studies.

“

**In the years to come it will be crucial to support the world's smallholder farmers, to help them earn a living wage and to strive for a fair distribution of value.**

”

Martin Kottbauer | Chief Commercial Officer, Lidl GB

## Flagship project: “WayToGo” Fairtrade chocolate

In 2018, cocoa farmers in Ghana were earning roughly 52% of what was considered a living wage. By developing [WayToGo chocolate in 2019](#) Lidl is directly contributing to higher wages for Ghanaian cocoa farmers. In partnership with Fairtrade, the Kuapa Kokoo farmers’ cooperative and NGO Rikolto, Lidl has paid a premium in addition to the Fairtrade Premium, for every tonne of cocoa used in WayToGo chocolate. This money funds projects that make an additional and permanent improvement in incomes for agricultural producers. Time-bound action plans have been developed for the project to support continuous improvement towards smallholders earning a living income.

In 2020, a total of 870 farmers (60% men/40% women) from ten Ghanaian communities benefited from the various initiatives and succeeded in raising their incomes.

Training and start-up kits helped 173 farmers diversify and secure an additional source of income from rice, honey, yam and soap production. In addition, 308 people gained access to cheaper financing opportunities and a further 398 raised the quality and yield of their cocoa bean harvests through pruning and spraying services.

Going forward, our WayToGo range will be supplemented by another product - WayToGo cashews. Through this own-brand product, Lidl aims to contribute to higher incomes in cashew nut supply chains and strengthen cooperation with smallholders.

Much of the cashew nuts grown in African countries are processed outside of Africa, often in Southeast Asia. This means that only a small part of the added value of this popular product remains in the growing regions, which are often characterised by low incomes. The WayToGo

cashew is produced in Tanzania, from the cultivation to the final processed product. Around 400 Tanzanian smallholders (in the Lindi region) are supported by cooperation with our partners, the cooperative UWAMI (Umoja Wa Wakulima Mikoma) and Fairtrade. UWAMI trains the farmers in sustainable cultivation and processing techniques.

As part of this partnership, Lidl is paying an additional premium, above the Fairtrade premium which is already paid. In future, this additional premium will be based on the Living Income Reference Price (LIRP) and will support smallholders to earn a living income. WayToGo cashew nuts will initially be available from Lidl in the Netherlands.

In our WayToGo chocolate and WayToGo cashew projects, the WayToGo concept will expand to include a second strategic pillar, promoting gender equality.

Lidl is in constant contact with its local partner organisations and provides regular information on the project’s progress on its website.

Find out more about our commitment to fighting discrimination [here](#).



## Commitment to living wages as part of the Initiative for Sustainable Agricultural Supply Chains

Since 2020, Lidl has taken an active part in the [Initiative for Sustainable Agricultural Supply Chains \(INA\)](#) to promote social and ecological standards across the industry.



This partnership between the private sector, civil society and government is aimed at achieving greater sustainability in global agricultural supply chains, particularly at improving the living conditions of smallholder farmers around the world.

We joined the INA living wage working group in 2020 to work in partnership with other retailers on developing projects and initiatives to ensure living wages and living incomes for producers in selected agricultural supply chains.

As part of the working group, we are currently developing a pilot project in the banana supply chain in Ecuador and other producer countries. The project has four strategic goals to promote living wages and living incomes:

- establish responsible purchasing practices in retail
- promote active and strong worker representation to support wage negotiations
- leverage and refine monitoring mechanisms to ensure transparency
- create adequate framework conditions by setting agendas with the relevant supply chain actors

We are in regular dialogue with our business partners - and our business partners with their local producers and smallholders - in order to identify the best ways in which wages and incomes can be raised to ensure living wages. Furthermore, analyses of the status of wages and specific training for all actors in the supply chain, support the joint pursuit of the strategic goals by the members of the working group.

In the UK, we are working with our suppliers and industry specialist IDH, to measure wage gaps across key banana sourcing countries in Latin America, using the IDH Salary Matrix. By reviewing wages and measuring existing gaps at farm level, Lidl aim to collaborate on a national industry commitment working towards closing identified gaps throughout the sector.

## Living wages in the orange supply chain in partnership with the Fruit Juice CSR Platform

As a member of the [Fruit Juice CSR Platform](#), Lidl is advocating for workers in the orange supply chain in Brazil to earn a living wage.



As part of our membership, we supported a [Living Wage Report](#) published in Brazil in 2020, which determined wage and income disparity in orange cultivation. On this basis, it was possible to identify the actual gap between living wages and the existing local wages. Lidl now intends to determine the wages actually paid on the supplier farms. With the help of community projects, we are setting the goal of gradually closing the gap, working towards living wages.

## ACT for higher wages in the textile industry

Lidl is the first discount retailer to join the [Action Collaboration Transformation \(ACT\) initiative](#). ACT is the first global agreement to strive for collective bargaining at industry level in the countries of production. The wages negotiated in this context will be supported by responsible purchasing practices from the participating businesses.



ACT has developed a mechanism to evaluate the impact of the initiative: textile manufacturers and worker representatives assess how effectively businesses (such as Lidl) are meeting their obligations and facilitating higher wages. ACT's initial focus countries are Cambodia, Myanmar, Bangladesh, and Turkey.

Lidl developed a strategy to fully implement the principles of the ACT initiative – focusing on implementing responsible purchasing practices by 2025. This involves working collaboratively with our business partners to put in place mechanisms to enable wage increases in textile production. The strategy is based on an anonymised assessment of our purchasing practices by our producers, as organised by ACT. Over 3,000 production facilities were surveyed. The results of this assessment showed that Lidl emerged above average in comparison with its industry peers.

The textile industry remains struggling with the effects of the COVID-19 pandemic. Temporary store closures around the world caused commercial agreements in sourcing countries to deteriorate. As part of our ACT membership, we remain committed to supporting the situation of employees on the ground in the textile industry. As an example of this, despite the challenges, Lidl continues to honour and accept all committed orders.



## Our commitment to tackling discrimination

The current rate of workforce participation for women is just under 49%, while the figure for men is 75%. That is a difference of 26%, which rises to as much as 50% in some regions and supply chains.<sup>17</sup>

While the position of women in agriculture is improving, female farmers still lack access to resources such as land, loans, and education. Female workers are also exposed to specific gender-based risks such as unequal pay and termination of employment if they become pregnant, as well as violence and sexual abuse in the workplace.

Surveys show that discrimination, attacks on minorities and hate speech remain everyday occurrences worldwide, and have even increased over the course of the pandemic.<sup>18</sup> Seasonal and migrant workers are often subject to discriminatory working conditions and payment terms, for example a current study by the ILO shows that they earn an average of 13% less than local workers. According to Oxfam, migrant workers perform more than a quarter of the world's agricultural work.<sup>19</sup>

**Lidl has identified the following raw material and product supply chains as particularly critical in relation to discrimination:** cotton, coffee, cocoa, fruit and vegetables, palm (kernel) oil, rice, soy, tea, fish, and textiles



<sup>17</sup> ILO: The gender gap in employment: What's holding women back?, 2018.

<sup>18</sup> ILO: Labour migration, 2020.

<sup>19</sup> Oxfam: Positionspapier Welternährung 2030.

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**2021**

We will develop our understanding of the root causes of issues facing women and make a public policy position. We will use our position to engage our supply chain on the topic of gender equality and encourage commitment to the Women's Empowerment Principles.

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**2022**

We will publish a global action plan for gender equality including targets with deadlines for implementation.

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**2022**

We will use gender-specific risk assessments including HRIAs to reinforce how we approach our business responsibility.

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**2023**

We will ensure access to gender-sensitive grievance mechanisms in high-risk supply chains.

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**2023 onwards**

We will take the earnings situation of women into consideration when developing our approach to living wages and will report on the progress made. We will also strive to increase the share of products we purchase from women-managed growers and processors, where economically feasible, and report on our progress.

At Lidl we are opposed to all forms of discrimination, in our business and global supply chains. This stance is a key component of our policy on gender equality in the supply chain that is currently under development.

At Lidl, we understand discrimination as any distinction, exclusion, or preference, including those made based on sex, religion, skin colour or origin, that leads to unequal treatment or causes harm.

We know that it is mainly women who work in many of our high-risk supply chains. There are a variety of reasons – including those specific to the country or sector, or their status as migrant workers – that mean they are at higher risk of falling victim to human rights violations.

To embed the principle of equal opportunities and promotion of gender equality in our supply chains, it is necessary to take targeted actions to promote and advance women. As a basis for deciding what action to take, a risk assessment was conducted which identified high-risk supply chains in the food sector whereby women's rights were violated and women were being discriminated against. This included unequal access to work, unequal pay or violence against women. We will publish the results in our 'Gender equality in the supply chain' policy.

## The UN Women's Empowerment Principles (WEPs)

Lidl GB signed the Women's Empowerment Principles in 2019. To implement the WEPs, we are committed to publishing a buying policy on gender equality in the supply chain. Within this policy we will formulate specific targets and report on the actions we are taking, including projects to advance women.

The WEPs are a joint initiative between UN Women and the UN Global Compact. It is the first global initiative to target the advancement and empowerment of women in supply chains and businesses.

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The WEPs are aimed at companies and corporate groups and cover the following seven principles aimed at empowering women in business:

1. Establish high-level corporate leadership for gender equality.
2. Treat all women and men fairly at work – respect and support human rights and non-discrimination.
3. Ensure the health, safety and well-being of all women and men workers.
4. Promote education, training, and professional development for women.
5. Implement enterprise development, supply chain and marketing practices that empower women.
6. Promote equality through community initiatives and advocacy.
7. Measure and publicly report on progress to achieve gender equality.

## HERessentials in the banana supply chain

Risks of gender discrimination and gender-based violence were identified through our strategic banana supplier, Fyffes' HRIA in 2020. Following these findings, and during the COVID-19 pandemic, Lidl and Fyffes launched the BSR HERessentials programme, a new digital gender programme aimed to support and train all workers on topics including sexual harassment, domestic violence, the use of grievance mechanisms and health and hygiene (with a particular focus on COVID-19). Through this programme we aim to reach 10,000 workers in our banana supply chain.

## Tea HRIA findings

In 2020, Lidl carried out a [HRIA](#) based in the Kenyan tea sector. The assessment reported that the majority of the tea sector's workforce is female, particularly in field production. Systemic issues associated with gender discrimination and sexual harassment within the Kenyan agricultural industry were identified, prompting women to remain a priority group for mitigation and remediation. As a result of this assessment, an action plan has been developed through which Lidl are committed to mitigating the most significant adverse impacts within its Kenyan tea supply chain, in collaboration with a variety of supply chain stakeholders.

## WayToGo and Fairtrade for gender equality

From 2021, we will expand our WayToGo concept for living wages to include a second strategic pillar, explicitly addressing gender equality and actively prioritising the needs and skills of women and other vulnerable groups in all WayToGo activities.

This includes taking action to diversify incomes and factor in the specific situation of women by improving women's access to funding. Lidl supports the Fairtrade "Gender Module", which is used to support joint decision making within married households, particularly in relation to living wages and living incomes.

“

**We need to play an active role to promote the economic prospects of women in food supply chains and address the reasons for inequality.**

”

Martin Kottbauer | Chief Commercial Officer, Lidl GB

## Our commitment to occupational health and safety

Occupational health and safety is a fundamental right of all workers. Effective workplace safety protects employees' long-term health and lays the groundwork for a productive workforce.

Global estimates on occupational health and safety are clear: according to the ILO, 365,000 people die in occupational accidents each year, 374 million suffer the effects of occupational accidents and some 2.37 million are affected by work-related diseases. Together, fatal occupational accidents account for 5–7% of deaths globally.<sup>20</sup> In economic terms, the working days lost as a consequence of occupational accidents and work-related diseases corresponds to up to 4% of global GDP.

The most dangerous sectors include agriculture and textiles. Health risks arise from factors including a lack of personal protective equipment (PPE) or training in handling harmful pesticides, textile dyes or dangerous tools. Some 25 million people per year suffer acute poisoning due to pesticides used in the workplace.<sup>21</sup>

The COVID-19 pandemic poses further risks to human health. Workers in supply chains often lack sufficient PPE, disinfectants, and detergents, where there are no health and safety protocols in place.

**Lidl has identified the following raw material and product supply chains as particularly critical in relation to workplace safety:** textiles, cotton, wood, hardware and electronics, fruit and vegetables, fish



**2022**

We will publish a revised supplier policy with strict requirements for occupational health and safety.

**2023**

We will establish a risk-based, scalable approach to social auditing in identified high-risk supply chains, which will focus on occupational health and safety.

**2025**

We will conduct three HRIAs per year in high-risk supply chains with the aim of capturing potential occupational health and safety risks for workers and taking suitable action to address the identified risks.

<sup>20</sup> ILO: Vision Zero Fund. Strategy 2019-2023, 2019.

<sup>21</sup> Oxfam: Positionspapier Welternährung 2030.



At Lidl, our intention is to ensure effective worker protection and adequate health and safety standards for all employees.

Lidl has a zero-tolerance approach for occupational health and safety violations. As part of our CoC we expect suppliers to uphold this commitment. We carry out regular social audits to monitor this in practice.

Lidl is active in several initiatives to improve workplace safety in its supply chains.

### **Bangladesh Accord – ensuring occupational safety in the garment and textile industry**

Lidl has signed up to the Accord on Fire and Building Safety to achieve long-term improvements in safety and fire protection standards at textile producers in the key sourcing country of Bangladesh.



The aim of the Accord is to improve occupational and fire safety, as well as leverage infrastructure measures and training for workers. More than two million people have completed training since 2013. In addition, more than 1,600 textile factories in Bangladesh have signed up to the Accord and are regularly inspected for their fire and building safety standards.

Lidl were one of the first signatories of the follow-up agreement under the auspices of the [RMG Sustainability Council \(RSC\)](#), in force from 2018 to 2021.

### **ILO SCORE programme: training for better work**

[Sustaining Competitive and Responsible Enterprises \(SCORE\)](#) is an ILO global programme that improves productivity and working conditions. The goal of the initiative is effective implementation of SCORE Training – which combines practical classroom training for managers and workers alongside workplace consultations.

#### **Sustaining Competitive and Responsible Enterprises (SCORE)**

is a training project developed by the International Labour Organisation (ILO). Its aim is to work with global purchasing managers in training suppliers to make improvements in their working conditions, productivity, and competitiveness.



By participating in SCORE training from 2022, Lidl will be proactive in forming collaborative relationships in its identified high-risk supplier factories (e.g. in the hardware sector), in the following specific areas:

- workplace cooperation
- clean production
- human resource management
- occupational health and safety

# Our goals for a robust approach to human rights

**We have set the goal of improving the living and working conditions of the people who work in our supply chains by the end of 2025.**

## 1 Goals to understand our impact

**2021 onwards** We will continue to conduct regular hot spot analyses to identify human rights risks across our product categories.

**By 2025** We will conduct three HRIAs per year in identified high-risk supply chains. We will publish the findings and associated action plans.

## 2 Goals to enforce standards

**2021** We are providing access to effective grievance mechanisms for workers in three high-risk supply chains.

**2023** We will establish a risk-based and scalable approach to social auditing in high-risk supply chains.

## 3 Goals to promote fair supply chains

**2021** We are developing an approach to promote living wages and incomes in our global supply chains and thus further closing the pay gap.

You can find further goals [here](#).

## 4 Goals to drive systemic change

**2022** We are developing an approach to improve working conditions in our supply chains through targeted action. This will span multiple product groups and includes training aimed at empowering workers to better understand their rights. We are also running projects to improve wages and job security, focusing on smallholder farmers, women, and workers in agriculture.

# Our goals to uphold human rights in the workplace



2022

## Goals to combat forced labour

We will develop a global strategy and action plan to combat forced labour.

Find out more about our commitment to combating forced labour [here](#).



2022

## Goals to combat child labour

We are implementing a training policy for high-risk supply chains aimed at preventing child labour and providing remediation.

Find out more about our commitment to combating child labour [here](#).



ongoing

## Goals to protect freedom of association

We will engage in dialogue and draw on the expertise of trade unions to understand the obstacles to upholding human rights, including freedom of association.

2021  
onwards

As part of our membership of ACT, we will work with our business partners to raise awareness of freedom of association and collective bargaining.

2022

We will provide targeted assistance to smallholder farmers to organise themselves effectively.

2023

100% of our tier 1 supplier facilities in Bangladesh and Cambodia will join the ILO Better Work programme, which aims to strengthen social dialogue.

Find out more about our commitment to freedom of association [here](#).



### Goals to ensure living wages and incomes

**2021**

We will identify the highest-risk products for living wage/living income disparity in our supply chains.

**2021  
onwards**

We will monitor the current living wage/living income benchmarks and/or help calculate them where needed.

**2022**

We will enable our buyers to identify and address high-risk products for wage/income disparity.

**2023**

We will establish three pilot projects to reduce living wage/living income disparity in three supply chains, focusing on empowering smallholder farmers to secure a living income.

You can find out more about our commitment to living wages and incomes [here](#).



### Goals to tackle discrimination

**2021**

We will develop our understanding of root causes of issues facing women and make a public policy position. We will use our position to engage our supply chain on the topic of gender equality and encourage commitment to the Women's Empowerment Principles.

**2022**

We will publish a global action plan for gender equality including targets with deadlines for implementation.

**2022**

We will use gender-specific risk assessments including HRIAs to reinforce how we approach our business responsibility.

**2023**

We will ensure access to gender-sensitive grievance mechanisms in high-risk supply chains.

**2023  
onwards**

We will take the earnings situation of women into consideration when developing our approach to living wages and will report on the progress made. We will also strive to increase the share of products we purchase from women-managed growers and processors, where economically feasible, and report on our progress.

Find out more about our commitment to fighting discrimination [here](#).





**2022**

### **Goals to improve occupational health and safety**

We will publish a revised supplier policy with strict requirements for occupational health and safety.

**2023**

We will establish a risk-based, scalable approach to social auditing in high-risk supply chains, which will focus on occupational health and safety.

**2025**

We will conduct three HRIAs per year in high-risk supply chains with the aim of capturing potential occupational health and safety risks for workers and taking suitable action to address them.

Find out more about our commitment to safety in the workplace [here](#).

# Glossary

The page features several decorative green elements: a large solid green rectangle on the left side, and several overlapping circles and semi-circles in different shades of green on the right side.

# Glossary

**Child labour** In accordance with the United Nations Convention on the Rights of the Child, “a child means every human being below the age of eighteen years, unless under the law applicable to the child”. The ILO defines child labour as work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. Child labour refers to one or more of the following points:

- 1) work performed by a child who is younger than the minimum age permitted for that specific type of work
- 2) work that interferes with schooling
- 3) work that is likely to harm the health, safety or morals of children (referred to as hazardous work).

The ILO defines “hazardous child labour” as “work which is likely to jeopardise the health, safety or morals of young persons” – and which should not be performed by anyone under 18 years of age. Lidl bases its definition of hazardous work on both the international standards (ILO Conventions Nos. 138 and 182 and Recommendation No. 189) and on national legislation.

**Code of conduct (CoC)** A code of conduct is a collection of policies and/or rules that businesses set themselves as part of a voluntary commitment. The instructions they contain serve as a (basic) guide for employees to encourage desired conduct and avoid misconduct. The topics covered can be very broad, ranging from corruption through to working hours.

**Discrimination in the workplace** ILO Convention No. 111 defines discrimination as any distinction, exclusion or preference made on the basis of race, color, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation.<sup>22</sup>

**Effective grievance mechanism** A grievance system is a complaint processes that enables individuals or groups of people to report and seek remedy in cases where businesses potentially have adverse impacts on human rights.

The UN Guiding Principles of Business and Human Rights<sup>23</sup> call on states and businesses to provide those affected with access to effective grievance mechanisms.

For businesses, this means putting in place operative grievance mechanisms that are accessible to persons potentially affected inside and outside of the business, and/or requesting that suppliers or business partners do the same.

The UN Guiding Principles define eight criteria that a human rights grievance system must fulfill in order to be effective, namely for it to be legitimate, accessible, predictable, equitable, transparent, rights-compatible, based on engagement and dialogue, and a source of continuous learning.

**Fair recruitment** According to the ILO, fair recruitment should take place in a way that respects, protects and fulfills internationally recognised human rights, including those expressed in international labour standards, and in particular the right to freedom of association and collective bargaining, and prevention and elimination of forced labour, child labour and discrimination in respect of employment and occupation.

The ILO has defined a total of 13 general principles for fair recruitment.<sup>24</sup>

**Forced labour** According to the ILO, “forced or compulsory labour” is all work or service which is exacted from any person under the threat of a penalty and for which the person has not offered himself or herself voluntarily. In accordance with Convention No. 105, each member of the ILO undertakes to suppress and not make use of any form of forced or compulsory labour. This includes:

- 1) as a means of political coercion or education or as a punishment for holding or expressing political views or views ideologically opposed to the established political, social or economic system
- 2) as a method of mobilising and using labour for purposes of economic development
- 3) as a means of discipline
- 4) as a punishment for having participated in strikes
- 5) as a means of racial, social, national or religious discrimination

<sup>22</sup> ILO: Fundamental Principles of the ILO, 2021.

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**Freedom of association**

ILO Convention No. 87 lays down the following principles to uphold freedom of association:

- 1) Workers and employers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organisation concerned, to join organisations of their own choosing without previous authorisation.
- 2) Workers' and employers' organisations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organise their administration and activities and to formulate their programmes.
- 3) The public authorities shall refrain from any interference which would restrict this right or impede the lawful exercise thereof.
- 4) Workers' and employers' organisations shall not be liable to be dissolved or suspended by administrative authority.
- 5) Workers' and employers' organisations shall have the right to establish and join federations and confederations and any such organisation, federation or confederation shall have the right to affiliate with international organisations of workers and employers.

**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.

**International Labour Organisation (ILO)**

Headquartered in Geneva, the International Labour Organisation (ILO) is the oldest specialised agency of the United Nations. It is responsible for developing, formulating and implementing binding international labour and social standards. The main aims of the ILO are to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen social dialogue.

**Living wage**

The Global Living Wage Coalition (GLWC) describes a living wage as the remuneration received for a standard workweek by a worker in a particular place sufficient to afford a decent standard of living for the worker and their family. Elements of a decent standard of living include food, water, housing, education, health care, transportation, clothing, and other essential needs including provision for unexpected events.<sup>25</sup> In its Convention No. 100, the ILO also defines principles stipulating equal remuneration for men and women workers for work of equal value. According to the ILO, this principle should be applied by:

- 1) national laws or regulations
- 2) legally established or recognised machinery for wage determination
- 3) collective agreements between employers and workers

<sup>25</sup> GLWC: What is a Living Wage?, 2021.

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**Migrant worker**

The ILO describes migrant workers as foreign nationals who are accepted into a host country for the specific purpose of performing an economic activity for which they receive remuneration within the host country. The length of their residence is usually limited in the same way as the work they perform. Their family members (where permitted to join them) are likewise included in this category. According to the ILO, crossing national borders to work is one of the key motivations for international migration, whether due to economic inequality, seeking work or a combination of the two.<sup>26</sup>

**UN Guiding Principles on Business and Human Rights (UNGPs)**

The UN Guiding Principles on Business and Human Rights were endorsed by the UN Human Rights Council in 2011. They constitute a global instrument to rectify and prevent human rights violations in business contexts. Companies thus have a key role to play in protecting human rights. They must recognise human rights throughout their entire activities – irrespective of the state-based framework – and put in place systems that help observe them.

**Universal Declaration of Human Rights (UDHR)**

Non-binding resolution of the United Nations adopted in 1948 that enshrines the fundamental rights and freedoms of all human beings. It comprises a total of 30 articles that for the first time in history are intended to guarantee universal protection for all people, including social rights, freedoms and collective rights. The member states of the United Nations undertook to uphold these rights "by progressive measures, national and international". It is the world's most-translated document, underscoring the aspiration for it to be of worldwide significance.

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