

Lidl GB

Modern Slavery Statement

2019/2020

This statement is made by Lidl GB Ltd (Lidl GB) pursuant to section 54 of the Modern Slavery Act 2015 (the 'Act') and constitutes our slavery and human trafficking statement for the financial year ended 29 February 2020.



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Introduction

According to the Gangmasters and Labour Abuse Authority (GLAA), 2019-20 has seen an increased number of modern slavery referrals, cases and convictions. In comparison with 2018-19, the number of victims identified has more than doubled, rising above 15,000 in the UK alone. Over the course of 2019, the UK's Modern Slavery Helpline, run by the UK-based anti-slavery charity Unseen, has identified over 4,700 potential victims, witnessing a 108% increase of cases reported from within the construction sector alone.

As we report on our progress for 2019 we are increasingly mindful of the escalating global challenge presented by COVID-19 and the expected longer-term challenges this unprecedented event will bring to our direct business operations, our colleagues, suppliers and the people working in our supply chains around the world.

For these reasons we recognise now, more than ever, the critical role we play in proactively tackling modern day slavery. Our fourth modern slavery statement acts as a continuation of our previous statements and outlines the key steps we have taken to further develop our understanding and actions as part of our wider commitment to human rights due diligence.

Our key focus areas in 2019/20 have been:

- Collaborating with partners to build our knowledge and expertise, thereby helping to address systemic issues collectively
- Conducting an updated business wide risk review across social and environmental topics, covering modern slavery risks
- Strengthening ethical requirements within buying processes and commercial contracts

As well as the above we continue to develop our knowledge and understanding within our Goods and Services Not For Resale (GSNFR) supply chains and acknowledge slower progress in this particular aspect of our strategy. Over the past year we have taken the opportunity to learn more about these parts of our supply chain and have assessed the challenges and needs relating to existing tools and procedures.

1. Our structure, business, and supply chains

International

Lidl forms part of the Schwarz retail group, one of Europe's leading organisations in the food retail industry. Lidl operates over 10,800 retail stores in 32 countries across both Europe and the United States, with headquarters based in Neckarsulm, Germany.

Great Britain

Since arriving in Great Britain in 1994, Lidl has experienced continuous growth and today employs over 25,000 people across more than 800 stores and 13 distribution centres in England, Scotland and Wales. In FY19, we increased our market share to 5.9% (12 weeks ending 26.02.20) with a turnover of £6.8 billion. Our vision is to 'make good food accessible to everyone', ensuring our food is produced and sold in a way that is good for people, good for producers and good for the planet.



Governance

The accountability for upholding human rights, including tackling modern day slavery, ultimately sits with the CEO of Lidl GB. Our full governance structure is published in our [Human Rights and Environmental Due Diligence Policy](#).

As part of our management approach, the board of Lidl GB is formally engaged on a regular basis on key topics relating to human rights and modern day slavery issues. Recent topics discussed include:

- The implementation of effective grievance mechanisms – i.e. potential new partners and access to established systems and procedures
- A review of annual risk assessment findings and agreement of actions to tackle the most salient risks identified
- Human Rights Impact Assessment (HRIA) project reviewing our Kenyan tea supply chain, specifically concerning the topic of modern slavery including child labour as identified through the assessment as a salient issue within the agricultural industry (see more details on the project on our website [here](#)).

Our products

As a British food retailer, we source a wide range of food and non-food products from over 60 different countries and over 1,800 suppliers. Our products are negotiated by buying teams based in Lidl GB, at our international headquarters in Germany and across our network of Lidl markets in Europe.

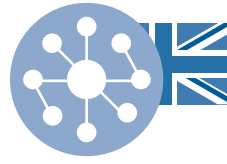
We take pride in providing the highest quality products at the lowest possible prices and work closely with our suppliers to make this possible. At Lidl GB over 60% of our permanent food products are sourced from British suppliers and in FY19/20, we committed to investing over 15 billion pounds in the British food and farming sector over the next five years. Within our range of products for re-sale, our strategy to tackle modern slavery focuses on our own-label product supply chains, which account for over 85% of our total sales. The remainder of our sales comes from third-party branded products.

Food

We regularly monitor and review our first-tier suppliers including site location, worker numbers and demographics to manage our modern slavery risk. This information supports our risk assessment approach to prioritise our actions.



Suppliers in
41 countries



812 British
suppliers

Region	Number of sites	Number of workers	Percentage Male	Percentage Female
UK & Ireland	774	189,255	64%	36%
Europe	148	22,916	52%	48%
Rest of the world	494	122,286	51%	49%
Total	1,416	334,457	59%	41%

Figure 1: Lidl GB Tier 1 Workforce Data *(FY 19/20)

*These figures refer to the final packing and production sites of suppliers of own-label permanent products negotiated by our Lidl GB buying teams, representing the majority of our volumes.

Supply chain transparency

Transparency plays a vital role in our commitment to upholding human rights, not only within our business but for our stakeholders and customers too. We are continually developing our approach, helping us better understand the complex journey that our products take to reach our shelves. Through gaining greater visibility of our supply chains we can work closely with our direct suppliers and partners to understand and tackle modern slavery risks. We are one of the first global retailers to publicly disclose supply chain data of our food and non-food supply chain online, something we are committed to updating on an annual basis. Our supply chain transparency information can be viewed [here](#).

Non-food

The Lidl group is a major buyer and retailer of non-food products, including clothing, accessories and home textiles. Within these supply chains, Lidl understands its responsibility to improve living and working conditions in manufacturing regions and takes proactive steps to protect against the risk of modern day slavery. As part of this approach Lidl regularly tracks and monitors supplier's compliance against amfori BSCI standards, as well as implementing specific policies to tackle the root causes of forced labour, including child labour and responsible recruitment, all of which are supported with corresponding management systems.

As part of our wider human rights due diligence approach, Lidl has committed to sourcing 100% of its highest risk raw materials from third party certified sustainable sources by 2025. Within our non-food supply chains this includes a commitment to sourcing 100% of cotton from sustainable sources including organic and Cotton Made in Africa standards by 2025.

Tackling root causes: Our commitment to fair wages in the textile industry

In November 2019, Lidl became the first discount food retailer to become a member of the "Action, Collaboration, Transformation" (ACT) initiative. ACT is an agreement between global brands, retailers, trade unions and governments to achieve living wages for workers through the process of collective bargaining. Through ACT, retail and brand members commit to adapting their purchasing practices to ensure higher wages for workers. ACT focusses on global supply chains, where an individual company like Lidl does not have the direct ability to set wages. On average, workers in these industries earn between 42% and 55% of what is understood to be the living wage benchmark, leaving them vulnerable to further rights violations, such as forced labour or child labour. In order to achieve fair wages, Lidl, through its participation in ACT, ensures purchasing volumes within its textile supply chain are agreed for a fixed time-period, preventing manufacturers from moving production to countries with lower labour costs when the opportunity arises. In addition to this, Lidl commits to integrating the wage levels agreed through the collective bargaining process into its buying contracts, starting initially in the key sourcing countries of Cambodia, Myanmar, Bangladesh and Turkey.

Goods and services not for re-sale (GSNFR)

In addition to the goods we sell in our stores, we also procure a range of goods and services for use in the everyday running of our business. These supply chains are varied and include products such as the refrigeration units and fittings used in our stores, to the marketing, security, and waste disposal services used throughout the wider business. Across all GSNFR categories we work with over 4,000 suppliers. As in previous years, our largest spend within this category remains in property and construction. This is due to the continued expansion and development of our stores and includes the procurement of machinery used in regional distribution centres (RDCs) and new store formats.

2. Assessing and managing the risk of modern slavery

We recognise the need to assess and manage the risk of modern slavery in both our direct business activities, as well as in our supply chain. We continue to work with partners and others within the industry to build our knowledge and capacity on key topics such as responsible recruitment and effective grievance mechanisms and actively investigate and support solutions to prevent these issues occurring. Our approach to date has balanced our response to known risks within the sector across multiple food supply chains through reactive and proactive action.

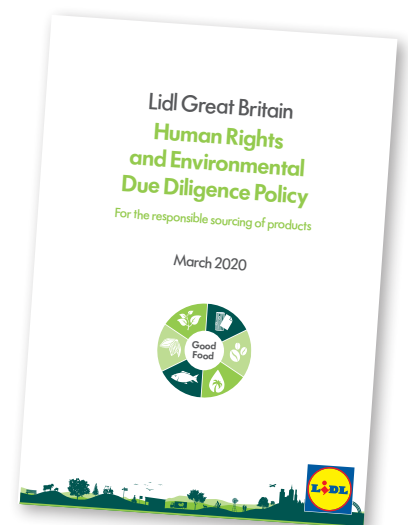
Since early 2020, Lidl has assessed both its geographic and sector-level risk, focusing on high-risk areas of our supply chain. We have supported our direct suppliers through capacity building webinars to support our understanding of the evolving situation. Communication has been key to the success of sharing best practice amongst our supply base.

Human Rights Due Diligence

We believe that modern slavery is most effectively tackled as part of a wider approach to upholding human rights. Through the implementation of corporate human rights due diligence, we ensure that human rights risks are effectively assessed and managed. Through our management approach to the implementation of due diligence, we systematically monitor and assess the potential and actual risk of human rights violations in our supply chains. Potential and actual risks identified through this process are prevented and mitigated.

This year we updated and re-published our human rights due diligence policy ([available on our website here](#)). The policy was approved by the Board of Directors and outlines our commitment to addressing the impacts of our operations, securing our business for the future and ensuring we have a positive impact on the planet and the lives of the people we interact with.

The responsible sourcing team is fully integrated into the buying team, with processes in place for regular updates across all categories and levels within the department. Since recruiting a dedicated manager to facilitate and embed human rights due diligence across our business and supply chains, the responsible sourcing team have moved to sit directly within the buying team providing further understanding through closer engagement to buyers, suppliers and their processes.



Human Rights Impact Assessments (HRIAs)

As part of our human rights due diligence approach, we are committed to conducting and publishing human rights impact assessments (HRIAs), in line with internationally recognised methodologies. This year, Lidl GB conducted a HRIA focused on tea sourced from Kenya. Our approach to the project was supported by a research partner based in the UK and local partners in Kenya with knowledge of the agricultural context in country. The methodology included understanding how our businesses purchasing practices impact workers throughout our supply chain. A major element of the project was understanding the negative and positive impacts our sourcing of tea from Kenya had on the workers involved, focusing on small holder farmers and women in particular, and included an assessment of child labour and forced labour indicators; salient risks within the Kenyan agricultural supply chain. The time-bound action plan published in response to our HRIA is available [here](#).

Policies in relation to modern slavery

In our business

We implement a range of policies to protect the colleagues we employ, both directly and indirectly through recruitment agencies, from the risk of modern-day slavery. These policies include our Anti-Harassment Policy; Grievance Procedure; Eligibility to Work Procedure; Working Time Regulations Policy; and Breaks Procedure.

Since 2018, we have had an employee assistance programme focusing on the five 'powers' of social wellbeing, physical and nutritional health, mental health, learning and financial health. A range of free and confidential services are available for all employees, including counselling, cognitive behavioural therapy and a confidential helpline.

In the past year we have been involved in the evaluation of our company wide VIBE survey, which is the survey through which colleagues across the business provide feedback on issues such as their employee wellbeing, their benefits and management. From the results, we have identified that the majority of employees understand the whistleblowing hotline and the training opportunities to learn about topics beyond their day-to-day activities, which includes modern slavery training.

In our supply chains

In addition to our human rights policy, we continue to implement a range of buying policies to protect the workers in our supply chains from the risks of modern slavery. Through our raw material buying policies we are committed to sourcing all key raw materials from third-party certified sustainable sources. The certification schemes act as an additional layer of protection against the risk of modern slavery for workers at the furthest reaches of our supply chains. All supplier guidance is made available online for full transparency and is regularly updated as needed.

We underpin our business operations with strong, long-term relationships, making sure that we work with our suppliers to address the challenges facing our wider supply chain. Our supplier contracts outline our expectations and include our code of conduct and terms and conditions along with further guidance, available on our website [here](#).

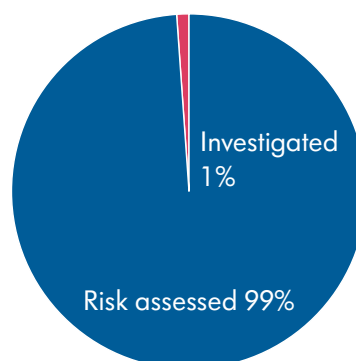
Assessing modern slavery risk

To help us systematically understand the actual and potential modern slavery risk in our supply chains, we continue to use tools developed and updated by our partners including the Sedex Risk Assessment Tool; the amfori BSCI Country Risk Classification; and the Food Network for Ethical Trade (FNET) risk assessment tool. These tools allow us to make a more targeted approach to risks in both our first-tier supply chains and beyond. Sources of information for these tools include the US Department of Labor List of Goods Produced by Child Labor or Forced Labor, the Global Slavery Index and the ITUC Global Rights Index 2019.

In FY 19/20 we risk assessed 1,260 supplier sites, with 13 sites investigated further by our ethical trade specialist based on the risks identified. Necessary steps were developed in collaboration with existing programmes including the Spanish Ethical Trade Forum (SETF) and the Food Network for Ethical Trade (FNET), as well as through direct discussions with the relevant suppliers.

Our regular engagement with stakeholders is imperative to maintain our knowledge and understanding of the opportunities and challenges within the industry and use their insights and expertise to guide our approach and therefore priorities. Together, with these stakeholders, our aim is to better understand and take measures to overcome barriers facing workers within our business and entire value chain of our supply chain.

FY 19/20 Risk Assessment: supplier sites reviewed



Beyond preventative action

Over the past few years, our long-term, UK-based pork supplier has become a business partner of Bright Future, a program which offers individuals who have been rescued from modern slavery an opportunity of a paid work placement and subsequently a permanent job within the retail industry. So far, the organisation has placed eight people across multiple sites and in various roles with four out of the eight placements continuing in permanent roles at the business.

The programme enables businesses and individuals to be connected after the National Referral Mechanism (NRM) period has ended through an intermediary local charity. Without new prospects such as the Bright Future programme, individuals may have to return home and could fall back into vulnerability and be at risk of exploitation.

Individuals who have completed the programme have been able to move out of supported housing, received training and development opportunities to progress within the company as well as accessing mental health services provided by the organisation. Individuals as part of the programme are encouraged to share their experiences with their colleagues during their placement to raise awareness of labour exploitation. After a preliminary trial period individuals are offered the opportunity to take on a permanent role within the business, or to use their experience to find a job elsewhere.

Our supplier, along with other businesses and charity partners, have been working to make Bright Future a stand-alone organisation specialising in the rehabilitation of modern slavery victims into work. We look forward to supporting the success of Bright Future in 2020.

Tackling modern slavery

Responsible recruitment

Poor recruitment practices are often identified as a driver of modern slavery, particularly in instances where vulnerable workers, especially those migrating abroad for work, are desperate for employment. Without effective policies and procedures, unscrupulous labour providers can profit from this behaviour by exploiting workers for their personal gain.

As a responsible retailer, we believe in the principles of responsible recruitment within our business and welcome schemes such as Clearview, a global social compliance scheme for labour providers. Clearview's objective is to drive responsible recruitment practices in supply chains by demonstrating due diligence through certification. We also endorse the Responsible Recruitment Toolkit (RRT), an online tool that, through self-assessment against third-party standards, enables labour providers, employers and brands to raise the standard of their recruitment practices.

In our business

We have identified three key areas of risk within our business operations including indirect employment, employment stability, and wages. Although indirect employment risks are managed through our commitment to employing our workforce directly where possible, there are instances where we need to use labour agencies to manage wider business needs such as peaks in labour demand. An example of this includes the warehouse operative agency workers in our RDCs. To reduce the risk of modern slavery occurring we have reduced the number of third-party agencies we work with and strengthened our contractual terms, including the requirement for agencies to be certified by the GLAA. As of the end of 2019, all 11 contractual suppliers we use to supply workers for our distribution centres are GLAA licensed and we are committed to ensuring that this compliance is maintained.

We recognise that workers may be more vulnerable to exploitation if they lack employment stability and decent pay, making them more likely to seek precarious employment. We therefore ensure, where possible, that people employed by Lidl are recruited on permanent contracts. Temporary workers are only used for periods of high demand, or as a temporary measure until permanent workers can be recruited.

We are committed to paying our employees industry leading wage rates and believe that good pay can also reduce the need for employees to seek out extra, often more precarious, work. In 2015, we were proud to become the first supermarket in the UK to pay the voluntary living wage as recommended by the Living Wage Foundation, which is something we have continued to honour. In 2019, when we raised salaries in line with the new living wage rates it was the fifth year we had committed to increasing salaries, benefitting over 19,000 employees. This represented an increase of entry-level salaries by nearly 30% since 2015.

We continue to adopt the [Retailer Protocol for Handling Reported Modern Slavery in the UK Supply Chain](#) (Retailer Protocol). The aim of the protocol is to ensure that reported instances of forced labour, human trafficking and other forms of modern slavery are handled in a streamlined and sensitive manner. The protocol promotes collaboration between retailers, suppliers and partners such as [Stronger Together](#), the [BRC](#), and the [GLAA](#), ensuring that potential victims are identified and remediated as quickly and effectively as possible pooling all resources and knowledge together. This year, the protocol was enacted four more times than last year, due to the increasing awareness of modern slavery and the protocol being trialled successfully. Allegations investigated through the protocol included:

- the use of unlicensed gang masters to source seasonal labour
- concerns of individual worker welfare
- the use of illegal transport to move staff between their accommodation and the workplace

The process ensured an organised and joint response to both the supplier and law enforcement resulting in an efficient investigation. Although in many instances, the allegations were unsubstantiated, suppliers continually fed back that the investigative process, and the resulting tools made available to them, such as the FNET risk assessment tool, allowed them to effectively manage the situation in the best interests of the potential victims and strengthen their internal procedures and systems.

In our supply chain

Due to the complex nature of modern slavery, and the fact that we do not directly employ the people who pick, pack and produce our products, it is vital that we take a range of actions in collaboration with our suppliers to protect the most vulnerable people in our supply chains from falling into a situation of modern day slavery at both tier one and beyond.


Tier one


Social compliance

Tier one sites are those used for the final packing and production of our own-label products. To manage the social standards at this level of the supply chain, we implement a social compliance programme, with support from our partner Sedex.

Through the Sedex platform, all own-label food suppliers negotiated by our GB buying team, are required to complete a profile and answer a detailed self-assessment questionnaire (SAQ). This enables us to collect key profile information such as the number, gender and nationality of our suppliers' employees, the percentage of seasonal workers, whether agency labour is used, the names of labour providers, and what systems are in place to monitor labour providers. Using information gathered through our Risk Assessment procedures, we require 'high risk' tier one sites to undertake an independent social audit, which is monitored by our ethical trading specialist to ensure that corrective actions are closed off in the agreed timescales. Though we recognise that third-party audits have limitations in identifying 'hidden' human rights abuses such as modern slavery, they are useful to understand suppliers' management systems and reinforce the expectations of our Code of Conduct.

81% 81% of our Tier 1 suppliers use agency labour, supplying, 42,661 workers

25%  25% of the workforce are employed on a temporary basis to cover peak season production periods

28%  28% of our Tier 1 suppliers provide living accommodation to their workers

8.2 8.2 is the average number of nationalities per supplier

	Number of workers	Percentage Male	Percentage Female
Permanent	192,657	63%	37%
Temporary	84,997	49%	51%
Agency	42,661	61%	39%
Local	143,885	59%	41%
Migrant	79,507	57%	43%
Total	334,457	59%	41%

Figure 2: Lidl GB tier-1 supplier worker profile – FY19/20

414 audits shared on Sedex in FY19/20	2,337 non-compliances identified & corrective action plans agreed	1,654 non-compliances corrected and closed by auditor	1,077 examples of good practice noted
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Figure 3: First tier social compliance overview FY 19/20

At a group level, Lidl has been a member of the Business Social Compliance Initiative (BSCI) for over ten years and all tier one non-food producers undergo a BSCI social audit. Progress against action plans are monitored by ethical trading managers within the business and any remediation required is closely observed.

Developing our tier one supplier relationships

To strengthen the capacity of our supply chain to manage the risk of modern slavery, we recognise the need to work directly with our suppliers, going beyond the traditional approach of social compliance. We have long-standing suppliers that we have worked with for many years and they have grown with us through our fair and simple buying practices. In Great Britain, for example, we have worked with three quarters of our suppliers for over five years and many of our fruit and vegetable suppliers for over 20 years. As a result of these stable relationships we are better placed to achieve supply chain transparency and take collective action to tackle modern slavery through the support of organisations such as FNET.

To deliver impact in collaboration with our suppliers, we have developed joint CSR business plans that are agreed as part of our buying processes. These plans provide us with an opportunity to collaborate with our long-term supplier partners in a formal way. Over the past year the following actions have been taken as part of our commitment to tackle modern day slavery:

- Mapping and assessment of modern slavery risks within our UK dairy supply chain in line with the UNGPs. This will lead to a targeted action plan to address identified risks
- Partnering with NGOs including Migrant Support NI and the Polish integration centre to support vulnerable workers respond to labour risks in our beef and lamb supply chain
- Providing victims of modern slavery access to employment through the Bright Future scheme in our pork supply chain

Beyond tier one

We have continued to increase the transparency of our supply chains beyond tier one, working closely with our suppliers to help better understand the risk of modern slavery in sourcing communities around the world. Since last year, we have continued to develop our transparency approach and published supply chain information across our tier one food and non-food supply chains. We have also published further upstream information including locations and gender breakdowns across three high risk supply chains including bananas, tea and seafood as well as extending the scope of the Ocean Disclosure Project to include our farmed seafood supply chains.

This year, we continue to focus on tackling modern slavery in our high-risk supply chains through capacity building, training and collaboration. We feel that this approach allows us to drive systemic change whilst equipping our suppliers to better engage their supply chains.

Goods and Services Not for Resale (GSNFR)

In previous statements, modern slavery risks associated with GSNFR within our business were identified. Over the past year, we have developed our approach within GSNFR supply chains by focussing on the largest area of business spend, property and construction. We have engaged with the relevant individuals and departments within the business and are in the process of developing targeted training for these suppliers to raise awareness of modern slavery risks. The training will be rolled out over the course of 2020/2021 with the support of our key partner Stronger Together.

Grievance mechanisms

In order to support the remediation of instances of modern slavery (both in our business and our supply chains), we operate a confidential Lidl Whistleblowing Hotline and online reporting system which can be used by members of the public, colleagues, suppliers and business partners to report allegations of modern slavery or identified breaches of our policies and procedures. This year a dedicated worker welfare section was added to the platform, which uses distinctive icons to make it more accessible for users. We have also increased the level of support provided in responding to issues and allegations by partnering with a third-party legal consultancy who support our internal teams. Over the last twelve months, 69 whistleblowing reports were logged with 5 relating specifically to modern slavery issues. Where appropriate we take a collaborative approach to responding to allegations, to ensure an efficient, victim-centred approach.

In addition to our internal grievance mechanism, The Modern Slavery Helpline, facilitated by the anti-slavery charity Unseen, provides vital support for those who are vulnerable or may need to seek advice in confidence. The expert knowledge of the trained helpline staff allows a confidential grievance mechanism to exist beyond retailers and suppliers' own processes, whilst following the same mechanic of sharing vital information with law enforcement agencies to enable investigations and protection. Over the last year we have visited the Modern Slavery Helpline centre to raise our knowledge and understanding of the issues being reported and gain further insights into how the process works. Through our partnership with Stronger Together, we promote the helpline to all of our tier one suppliers through workplace interventions, including through posters promoting the helpline in welfare areas of supplier sites.

3. Collaboration, capacity building and training

We are committed to raising awareness of modern slavery with colleagues, suppliers and partners. Through better awareness of the issues we will increase our capacity as a business to support remediation and influence greater change.

Working with our colleagues

We recognise that the knowledge, responsibility and conduct of our colleagues plays an important role in mitigating the risk of slavery and human trafficking within our organisation. Our human rights specialists continue to engage with colleagues across multiple business areas including buying, recruitment, property and construction.

A strategic focus for internal engagement is through our Employee Relations Consultants (ERCs). ERCs are dedicated welfare officers for all employees, whose aim is to manage and develop employee retention, motivation, and satisfaction. They are based within our regions and regularly visit stores, acting as mediators for the first stage of any arising issues. This year all ERCs have received refresher training on the topic of modern day slavery to ensure they are equipped to identify and respond to indicators of modern slavery in their day-to-day activities.

Over the last twelve months the following additional actions were taken to raise internal capacity on the topic of modern slavery:

- The distribution and promotion of Stronger Together modern slavery awareness raising information (including posters) across RDCs reaching over 5,000 colleagues
- The development of new training materials within the Learning and Development team to integrate within standard employee training over the course of 2020/21
- The promotion of our partnership with Fairtrade by hosting a briefing in our head office to share examples of our work and the benefit Fairtrade certification has on farmers and their communities
- The training of all buyers on relevant modern slavery risks and corresponding action plans relating to their product categories as part of their range review process

In the coming year, we plan to complete our training programme expansion to reach more colleagues across our business and continue raising awareness of modern slavery risks and the necessary action(s) to facilitate remediation.

Empowering colleagues to identify indicators of modern day slavery

Whilst supporting a regional recruitment team to identify and on-board a new labour provider for temporary seasonal agency staff, an ERC colleague raised concerns following their modern slavery training that the proposal seemed 'too good to be true'. On further investigation, the agency in question had formulated their proposal to meet our exact guidelines and were not able to provide proper evidence for their claims to meet our minimum requirements for responsible recruitment. The labour provider was therefore deemed too risky to proceed with and an alternative labour provider was engaged. The ERC fed back that their annual modern slavery training empowered them to question the business practices presented in the tender process and supported them in requesting further details to make an informed decision.

Working with our suppliers

We are committed to building capacity with our suppliers to ensure modern slavery within our supply chains is tackled effectively. Since 2017, we have provided our Ethical Trade Training Guidance document to encourage suppliers to take a pro-active approach.

As a sponsor of Stronger Together, our suppliers are entitled to a free place at training workshops hosted by a group of expert consultants to help attendees understand and tackle modern slavery within the UK retail sector. We require all our GB own-label suppliers to participate and so far, over 930 delegates from our tier one suppliers and growers have attended training with 266 new delegates attending this year. Last year, the programme expanded to South Africa and has since trained over 450 Lidl suppliers.

Working with others

We understand that we cannot tackle modern slavery alone and are therefore committed to collaborating with our network of partners and stakeholders to leverage meaningful change by improving working conditions and tackling modern slavery across the food sector. We have already seen through the BRC Retailer Protocol, amongst others, that strong relationships with our suppliers, competitors, NGOs and multi-stakeholder initiatives (MSIs) allow us to capitalize on our resources and share knowledge meaningfully to deliver consistency throughout our supply chain.

This year, we met with the new Anti-Slavery Commissioner to discuss our priorities and share our understanding of the challenges we face to support the development of the UK Government's strategy for the years ahead. We outlined our approach to modern day slavery, as well as highlighting opportunities for stronger collaboration between government and the private sector. We welcome this level of engagement and look forward to supporting the implementation of the new strategy.

Over the last year we attended a range of industry events and conferences, aimed at increasing our knowledge and understanding of emerging modern slavery topics, as well as identifying opportunities to collaborate. Events include:

- The International Spanish Ethical Trade Forum;
- The annual Sedex conference and Stakeholder Forum;
- The Food Network for Ethical Trade All Member's Event.

Our Partners:

A key part of our strategy includes working with partners on addressing key topics relating to modern slavery: A full overview of our partners is available on our website, with further information outlining specific links to tackling modern slavery, provided below.

British Retail Consortium (BRC)



Our Actions

As part of our commitment to Better Retail, Better World we continue to commit to embed a policy that no workers in the supply chain should pay for a job by 2020, to provide a safeguard against modern slavery through the Better Retail, Better World pledge. As with previous years, we have used our membership to advocate for a more aligned approach to ensuring modern slavery is being tackled across the industry effectively by ensuring the central registry for statements is maintained and measures are in place to ensure statement expectations are promoted.

Food Network for Ethical Trade (FNET)



Our Actions

In the past year, we supported the development and attended a collaborative event hosted by FNET & Stronger Together as a first step of engagement for the Warehousing & Logistics service providers operating within our businesses in the UK. The aim of the event was to raise awareness of Modern Slavery Risk and identify existing resources, tools and guidance. It was a good opportunity for us to understand the challenges being faced beyond our immediate suppliers, into our transport and logistics supply chains and identify key partners to collaborate with. The event was due to have a follow up workshop, which was subsequently cancelled due to the COVID-19 emergency. We look forward to continuing supporting events like these to continue raising awareness across supply chain activities and empowering key stakeholders to act beyond compliance.

Spanish Ethical Trade Forums (SETF)



Our Actions

Lidl GB, Ireland and Spain colleagues attended the annual International conference in Seville and Murcia, where updates were presented from working groups, local government and national partners on the ongoing challenges being faced by growers in the region as well as best practice guidance created for topics such as accommodation standards and promoting worker engagement and wellbeing.



We aim to provide continued support to the forums over the coming year and our Ethical Trade Manager will sit on the Governance Group from March 2020 to further influence and support the SETF's priorities and collaborate closely with other SETF steering group members to progress the forums.

Stronger Together



Our Actions

As a sponsor of Stronger Together, our suppliers are entitled to a free place at training workshops aimed to help attendees tackle modern slavery within their organisations. Guidance, tools, and best practice examples are freely available online. We require all our GB own-label suppliers to participate and so far, over 930 delegates from our tier one suppliers and growers have attended training with 266 new delegates attending this year. Last year, the programme expanded to South Africa and has since trained over 450 Lidl suppliers who attended a training workshop focusing on risks within the agricultural industry. We are active steering group members of the UK Consumer Goods programme where we support the organisation and progression of Stronger Together's priorities, including the expansion to the construction sector by consulting on key activities. We look forward to continued collaboration and welcome new tools and further global expansion over the coming year.

Throughout 2019, we continued to investigate new partners to develop our approach and have built new relationships with two organisations providing services to retailers: Unseen (Modern Slavery Helpline) and Hope for Justice/Slave Free Alliance. Both discussions have enabled us to develop our approach for the coming year, and have supported us in our decision to focus on the remediation of victims found within our industry and/or supply chain.



Our plans for 2020 and beyond

Lidl GB recognises that respecting human rights and addressing the risk of modern slavery across our global supply chains is crucial to everyday business activity and is paramount to our continued success.

The importance of this topic is further heightened during the current global pandemic, we are therefore committed to remaining extra vigilant and adaptable through these unprecedented times.

Modern slavery is an evolving topic and, as such, we will continue to develop our approach and report on our progress. In the year ahead, we will focus on the following priority areas:

- Continued from last year: GNFR / Construction
- Grievance mechanism expansion and evolution
- Continue to promote training and awareness raising with internal and external stakeholders
- Monitor compliance and improve visibility and monitoring of sites throughout the supply chain of identified high risk sources / sectors
- Communicate updates of our progress within our bi-annual Sustainability report and on our website

This statement was approved by the Board of Directors of Lidl GB.

Signed,

A handwritten signature in black ink, appearing to read 'Härtnagel', followed by a large, stylized circular flourish.

Christian Härtnagel, Chief Executive Officer (CEO), Lidl GB