

2022/23

Lidl GB Modern Slavery Statement

This statement is made by Lidl Great Britain Limited (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 ending 28 February 2023.





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Introduction

At Lidl, we're clear on our purpose: making good food accessible to everyone. This means doing what is right for our colleagues, customers and communities.

This is especially important in a world where human trafficking, forced labour and child labour still exist. As a business, we are fully committed to playing our part in eradicating these abhorrent practices.

We are conscious of the role played by ongoing international challenges including forced displacement, pressures on food and energy supply chains, labour shortages, and the cost-of-living crisis. In response to these issues, we are continuing to deepen our understanding of risks within our business and strengthen our human rights due diligence processes to make improvements within our supply chains.

The 2015 Modern Slavery Act sets out a range of measures aimed at combatting slavery, human trafficking, servitude and forced or compulsory labour. As part of this legislation, UK companies with a global annual turnover of £36 million or more are required to state the actions taken to prevent, mitigate and remediate risks of modern slavery in their organisations and supply chains. Our seventh modern slavery statement outlines the work we have done over the financial year ending 28th February 2023.

During this period, we are pleased to have achieved the following:

- Conducted three new Human Rights Impact Assessments
- Expanded the scope of our internal Modern Slavery Awareness eLearning to store colleagues
- Collaborated with UK industry on measures to support the protection of workers using the UK Government Seasonal Workers Scheme
- Introduced a gender equality training pilot to our Kenyan tea supply chain.

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

Ryan McDonnell, Chief Executive Officer at Lidl GB

Date: 14.08.23



Organisation structure and supply chains

As a business, we strive to work in a way that benefits people, producers, and the planet:

- We're proud of the strong ties we have to our local communities.
- We take responsibility for the welfare of those we employ directly and across our supply chains.
- And sustainability is embedded to everything we do.

Our core promise is to offer the best quality products at affordable prices – and we'll never waver on this. As part of this commitment, it is important to us that our supplier relationships are built responsibly, on long-lasting foundations.



International

Part of retail group Schwarz, Lidl is one of Europe's leading grocers. In 31 countries around the world, we have more than 376,000 employees. We operate approximately 12,200 stores and over 220 warehouses and distribution centres.

376,000

Employees in 31 countries around the world, and we operate approximately 12,200 stores.

-  Europe
-  Asia
-  America

Great Britain

Since establishing ourselves in Great Britain in 1994, we have experienced continuous growth. In England, Scotland, and Wales, we have over 31,000 employees, over 960 stores and 14 distribution centres all ultimately serving millions of customers.

Our supply chains and products

Thousands of local and international suppliers and partners produce our ingredients, raw materials, and finished products. These instrumental relationships help us to fulfil our mission of providing for our growing and loyal customer base.

Our products are negotiated by Buying teams based in our Lidl GB head office, at our international office in Germany and throughout our network of Lidl markets in Europe.

As a business, we understand our responsibility to improve living and working conditions wherever our products are manufactured and take proactive steps to reduce the risk of modern day slavery.

Own-brand lines make up the majority of the products we offer our customers, so they are the primary focus for our modern slavery strategy and overarching human rights due diligence.





1,841 suppliers

To offer our customers a diverse range of food and fresh produce, we source from 44 countries and 1,841 suppliers.

Backing British

Our core range of fresh beef, poultry, pork, eggs, milk, cream, and block butter are 100% British.



2,138 suppliers

We supply our non-food products from 2,138 suppliers across 18 countries.

Food

To offer our customers a diverse range of food and fresh produce, we source from 44 countries and 1,841 suppliers.

Two thirds of our core product range come from British suppliers, including fresh meat, fish, poultry and a variety of locally produced fruit and vegetables. Our core range of fresh beef, poultry, pork, eggs, milk, cream, and block butter are 100% British.

Food promotions

During themed weeks in our stores throughout the year, we sell limited offer food and drink products from a variety of countries. While these are not permanently listed in our stores, these items are expected to meet our responsible sourcing requirements.

Non-food

As a group, we buy and retail non-food products – found in the ‘Middle of Lidl’ – including clothing, accessories, home textiles and hard goods. Within this category we source from 2,138 suppliers, across 18 countries.

Most of our non-food products are bought through our international business which manages Lidl Group’s global non-food ethical trading programme.

Procurement

Our Procurement department purchases the goods and services used to run our business, managing over 600 supplier relationships to achieve this. Their orders span a range of items such as store, office and warehouse equipment – everything from desks, to computers, to store fittings and appliances.

We have intentionally embedded sustainability specialists in relevant departments across our business, including Procurement, to ensure that we comply with environmental and ethical guidelines. For example, we recently introduced CSR as one of the selection criteria for suppliers during our tender process.

Human rights and ethical trade

Our internal Responsible Sourcing team works from within our Buying department and supports the delivery of the priority topics linked to our supply chains, including plastics and packaging, sustainable agriculture, sustainable raw materials, climate, and human rights.

The Lidl Group has an overarching human rights strategy outlining clear human rights objectives, which we have adopted to reflect the human rights priorities of Lidl GB. This strategy was developed through comprehensive risk assessments and close engagement with specialist stakeholders, which identified the main risks facing workers across our business operations and global supply chains.

For further information about how we are delivering this strategy beyond modern slavery, please review our [Buying Policy for Human Rights in the Supply Chain](#).

Lidl Human Rights Strategy at a glance:



Governance

Overarching responsibility for upholding human rights due diligence sits with the CEO of Lidl GB. A set governance structure exists across all Lidl markets to ensure a robust chain of accountability. The Lidl GB board also formally monitors our progress on key human rights and modern slavery issues.

Board meetings relating to human rights and modern slavery during this reporting period included:

- Ukraine war and potential risks to internal and indirect workforce (March 2022)
- UK government Seasonal Worker Scheme (October 2022)
- Living wage commitment in banana supply chains (November 2022)



Lidl Group

CEO

Accountable for corporate due diligence (including respect for human rights and environmental impacts)

Board Director

Responsible for the implementation of corporate due diligence at an international department level

CSR & Buying Departments

Enables strategy implementation at an international level and integrates within purchasing practices

Lidl Great Britain

CEO

Accountable for corporate due diligence (including respect for human rights and environmental impacts)

Board Director

Responsible for the implementation of corporate due diligence at a national department level

CSR & Buying Departments

Enables strategy implementation at a national level and integrates within purchasing practices



Partnerships



Policies

We are committed to developing and embedding policies which uphold human rights and protect workers throughout the Lidl Group and global supply chains.

For our business

We have established a range of policies to protect and enhance the wellbeing of the colleagues we employ, both directly and indirectly. These policies include our Anti-Harassment Policy; Grievance Policy; Eligibility to Work Procedure; Working Time Regulations Policy; Breaks Procedure and Equal Opportunities Policy.

Since 2018, we have had a wellbeing strategy called “Feel Good Five” focusing on the five ‘powers’ of social wellbeing, physical and nutritional health, mental health, learning and financial health. Through our dedicated Employee Assistance Programme, a range of free and confidential services are available for all employees, including counselling, cognitive behavioural therapy, and a confidential helpline. This is available to colleagues on a 24/7 basis.



For our supply chains

We align our practices with internationally recognised frameworks listed below:

[International Bill of Human Rights](#)

[UN Guiding Principles on Business and Human Rights \(UNGPs\)](#)

[UN Convention of the Rights of the Child](#)

[UN Convention of the Elimination of All Forms of Discrimination against Women](#)

[OECD Guidelines for Multinational Enterprises](#)

[International Labour Organization Declaration on Fundamental Principles and Rights at Work](#)

[Paris Climate Agreement](#)

[Minamata Convention](#)

[Stockholm Convention](#)

[Basel Convention](#)

[The ten principles of the UN Global Compact \(UNGC\)](#)

The Schwarz Group Business Partners Code of Conduct (CoC) is the foundation of our business relationships and we require our suppliers to uphold its clauses. The CoC outlines the minimum standards expected for all our supply chain partners and is included within our commercial agreements. The CoC outlines Lidl's zero tolerance approach to forced labour, involuntary prison labour and child labour.

This year, we have developed an additional contractual document – the Sustainable Purchasing Policy (SPP) – which delves into further detail on a variety of human rights topics. It includes responsible recruitment, protecting the rights of children and young people, grievance mechanisms and redress. This document was developed to support our suppliers to embed the CoC within their own business and supply chain.



In the last year the Lidl Group has published two new buying policies:

Raw materials

‘The sourcing of raw materials directly impacts 400 million people who work within raw material supply chains. More than 10% of the world’s population still live in extreme poverty, and two-thirds of these people work within the agriculture sector, harvesting raw materials. Cocoa farming alone is the main source of income for over 5.5 million people and secures the livelihoods of more than 14 million people. Raw material cultivation is often associated with poor working conditions and human rights violations.’

Cocoa

‘Due to cocoa being a globally exported commodity, farmers are exposed to the highly volatile global market prices and as a consequence, farmers are exposed to unstable and inadequate remuneration for their crop. In most cases, a cocoa farmer’s income is below the internationally defined poverty line. This and other systemic issues such as lack of access to education, are some of the reasons why child labour is particularly widespread within cocoa farming, according to research by the German Initiative for Sustainable Cocoa. In Ghana and the Ivory Coast alone, it is estimated that 2 million children and young people are currently working in the cocoa supply chain.’



400 million

people work
within raw material
supply chains

For our full range of policies
relating to human rights and
modern slavery, please visit
[our corporate website](#)

Due Diligence

We structure our modern slavery strategy using a risk-based approach. This means systematically identifying and addressing the most adverse, actual, and potential risks within our business and supply chains as a matter of priority.

Guided by the UN Guiding Principles on Business and Human Rights, we take accountability for the adverse impacts of our business and review opportunities for continual improvements. We do this by identifying key risks, developing tangible actions and implementing enhancements to our working practices and buying policies in collaboration with external partners.

For further information, please refer to our [Human Rights Due Diligence policy](#).

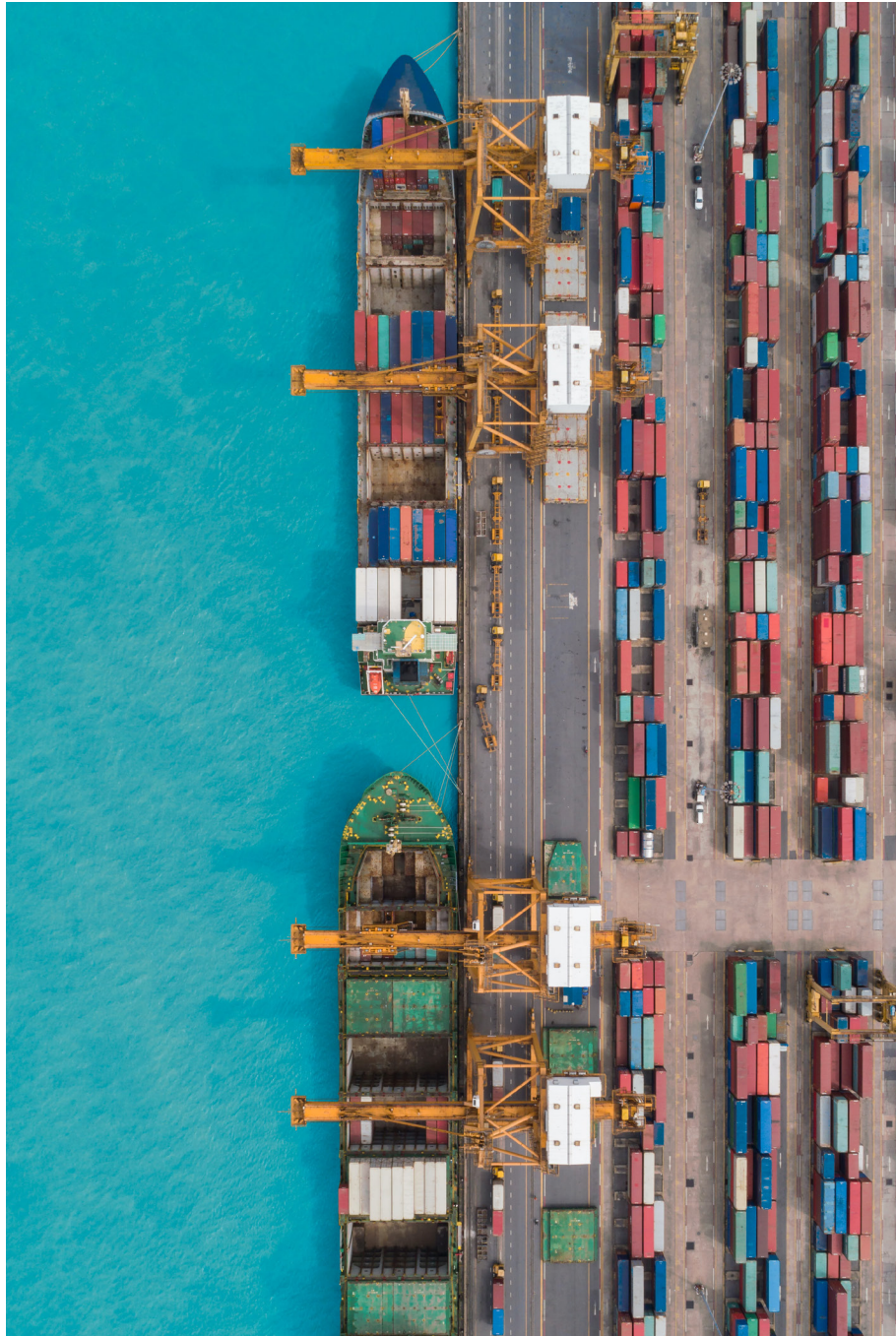
Modern slavery strategy

The Lidl GB modern slavery strategy is structured into five focus areas, aiming to tackle risks across our business and supply chains.

The pillars of the strategy are:

- Training and capacity building
- Industry collaboration
- Supply chain programmes
- Effective grievance mechanisms
- Remediation





Supply chain transparency

Supply chain transparency remains an important pillar of our human rights strategy. By continuing to disclose the complex nature of our global sourcing, we are holding ourselves accountable for the impact we have within our food and non-food supply chains.

Our goal is to consistently build on these efforts. That's why since 2017, we have annually updated our tier one non-food and hardware supplier lists on our website. We have also expanded this to our tier one food supplier list; in January 2020 we were one of the first UK retailers to disclose our entire fruit and vegetable supplier list.

In 2021, we began publishing information 'beyond tier one'. This means disclosing the supply chain actors that we work with indirectly, starting with recognised high-risk product categories: bananas, tea and strawberries. For all of these supply chains, we have conducted and published a Human Rights Impact Assessment.

On a national level, we have disclosed our fish and seafood supply chain, including our fish feed suppliers. This is an extension of our long-term commitment to the [Ocean Disclosure Project](#) where we share both our farmed and wild-caught supply chains on an annual basis.



**Ocean
Disclosure
Project**

Third-party certification schemes

Third-party certification schemes are a vital initial step in our human rights due diligence journey. They help to ensure that the sites we source from undergo regular external monitoring and operate in line with approved standards across environmental and social criteria.

We have committed to sourcing critical raw materials more sustainably by the end of 2025. For a full list of our identified critical raw materials and Lidl's corresponding targets, please see our [Raw Materials Policy](#).

Fairtrade

Since 2006, we have partnered with leading certification programme Fairtrade to address challenges in global raw material supply chains including living wages and freedom of association.

We are proud to have grown our selection of Fairtrade certified products over the years. This can create greater security for farmers, from long-term contracts to safer working conditions. It can also mean more reliable income for producers, independent of fluctuating global market prices, through the set Fairtrade Minimum Price. This is especially important given the economic turbulence seen in the last few years.

In 2022, we generated over £1.8 million in Fairtrade Premium through our range of Fairtrade certified products, which encompasses chocolate, coffee, tea, wine, sugar, bananas, and flowers. Over this period, Lidl GB represented almost half (48%) of the UK retailer market for Fairtrade cocoa through our own-brand products.



Indian cotton farmer ©Fairtrade



FAIRTRADE

We are the largest UK retailer of Fairtrade cocoa

and became the first UK retailer to introduce Fairtrade cotton store uniforms.



Indian cotton farmer ©Fairtrade

Social compliance programme

The GB social compliance programme enables insight into the many suppliers we work with which grow, manufacture, and package all of our food products. We require all GB negotiated food suppliers to:

- Connect on Sedex and provide full visibility
- Complete the Sedex self-assessment questionnaire (SAQ)
- Complete an annual audit (if identified as high-risk)
- Attend Stronger Together's 'Tackling Modern Slavery' workshop (UK-based suppliers only)

At the close of the 2022/2023 financial year, 90% of our direct food suppliers were compliant to Sedex and modern slavery requirements, an improvement of 2% compared to the last financial year. Further detail on our supplier ethical requirements can be found on our [corporate website](#).

Within the non-food supply chain, all tier one producers in identified high risk countries must have a valid social (e.g.BSCI) and environmental (e.g. ISO 14001 or BEPI) audit. We also implement specific policies to promote responsible recruitment and tackle the root causes of forced labour and child labour.



Human Rights Impact Assessments (HRIAs)

HRIAs are a form of human rights due diligence, typically conducted in high risk supply chains. Their fundamental purpose is to build a picture of where and how specific business and supply chain activities have the potential to impact internationally recognised human rights.

The Lidl Group has a target to complete three HRIAs a year until 2025. These assessments enable us to develop Lidl-specific action plans for each supply chain where we have conducted a HRIA, to address identified risks which are not typically identified through other forms of due diligence (e.g. social audits).

During this reporting period, we published a first [HRIA Progress Report](#) based on actions taken since we conducted our UK retail first HRIA in the Kenyan tea supply chain in 2020.

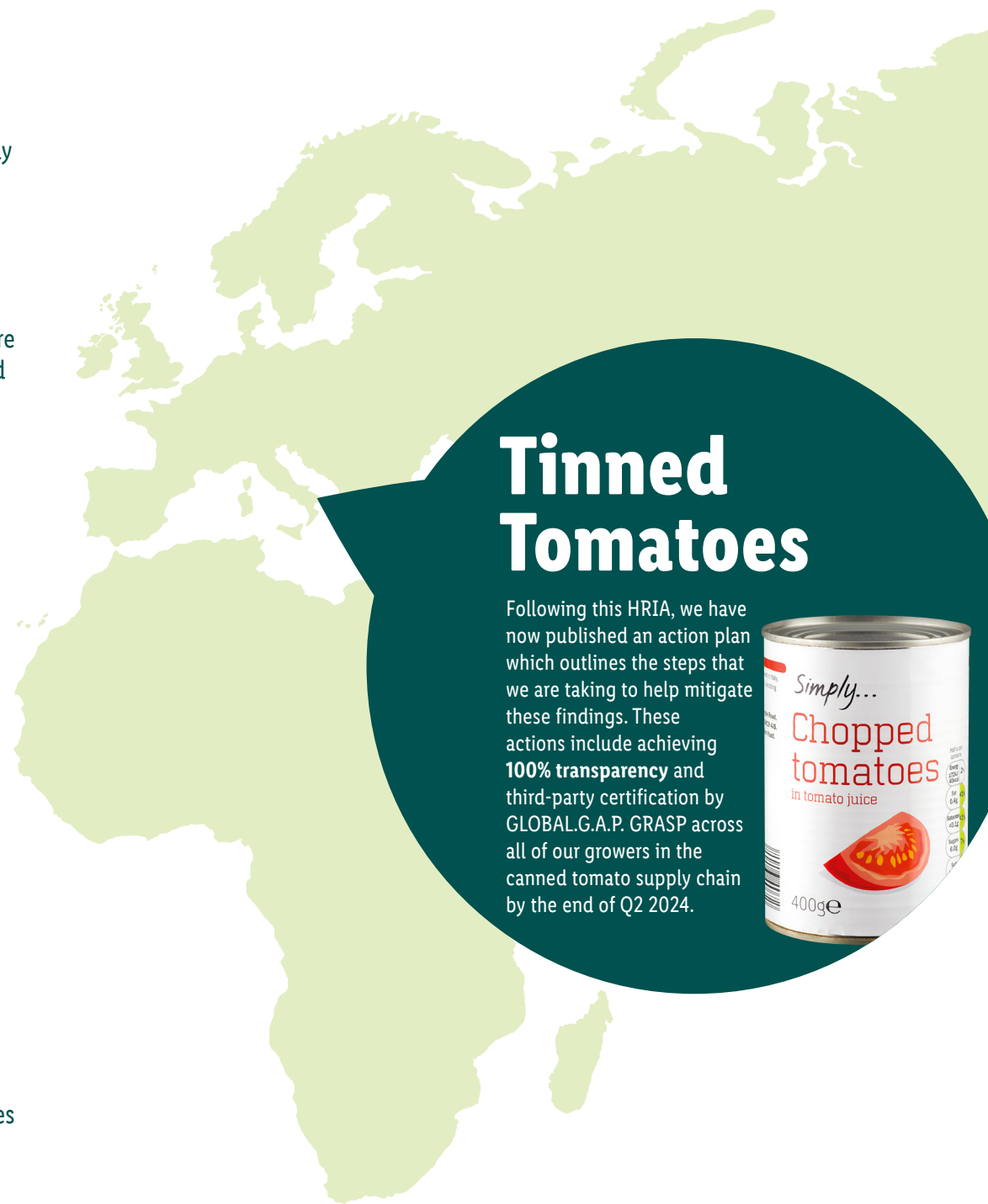
All of our HRIA reports are available [online](#). The three HRIAs conducted in 2022 are as follows:

Tinned Tomatoes, Italy

Italy is the EU's largest tomato producer. Harvesting of tomatoes takes place at short notice, meaning that if the tomatoes are nearly ripe, they must be harvested within a few days. Around 370,000 migrants from 155 countries are employed in agriculture accounting for roughly 27% of the legal agricultural workforce. Seasonal and migrant workers are at the highest risk of exploitation.

The most salient risks identified from this HRIA included:

- Human trafficking and exploitation: Migrants can be misled into exploitative labour agreements offered by criminal organisations posing as legitimate employers, who promise contracts and seasonal permits (and therefore, legal status).
- Working and living conditions: Unskilled labour conditions have been deteriorating over the years due to a variety of factors including downward pressure on sales prices and poor implementation of labour laws and standards.



Tinned Tomatoes

Following this HRIA, we have now published an action plan which outlines the steps that we are taking to help mitigate these findings. These actions include achieving **100% transparency** and third-party certification by GLOBAL.G.A.P. GRASP across all of our growers in the canned tomato supply chain by the end of Q2 2024.



Farmed Shrimp, India

Fish and seafood have been identified as high risk critical raw materials for labour rights and modern slavery indicators. While we have long-term commitments to third-party certification schemes including MSC and ASC, we understand the importance working directly with actors in our supply chain to tackle systemic issues in the countries we source from.

We also recognise that partnership with other organisations on HRIAs can generate the leverage needed to create lasting positive change in a supply chain. For this reason, after carrying out a seafood risk assessment, we conducted a HRIA in the Indian farmed shrimp supply chain in collaboration with two US retailers also interested pursuing due diligence this sector.

During the assessment, different tools were used across **11 site visits** to capture as many findings as possible which were used to validate the desktop research and stakeholder engagement. In total, over **200 workers** in the sector were interviewed.

The most salient findings from this HRIA included:

- **Restricted freedom of movement:** This mainly impacted migrant workers who lived in on-site accommodation with regular security guard presence, who were unable to leave freely.
- **Overtime was a common occurrence:** Workers can work up to 80 hours a week, well above the legal limit. In some cases, there was evidence of forced overtime without compensation.
- **The payment of recruitment fees was identified:** Some workers reported borrowing money from their employer or labour agent to pay these fees, presenting a risk of debt bondage.



Wine, South Africa

We are a major buyer of South African wine and have long-term supplier relationships in this supply chain.

Our field visit for the South African wine HRIA included visits to two suppliers, four wine cellars and nine farms. A local consultant interviewed over 150 farm workers in total.

In this HRIA, impacts were reviewed across three stages of the supply chain – crop maintenance, harvesting and final processing.

Findings from this HRIA included:

- **Employment discrimination:** Evidence of different contract arrangements between men and women, and additional differences for migrant workers. Women and migrants are more likely to be given temporary contracts, which in turn has an impact on wage levels and division of labour. It also limits development opportunities.
- **Gender based violence and harassment (GBVH):** Research suggests that GBVH is a risk issue in the wine and agricultural sector. Given that many workers are female migrants, they experience heightened vulnerability to GBVH.
- **Right to an effective remedy:** The sector relies on temporary harvest workers who lack access to grievance mechanisms and routes to remedy.

Wine

We are a major buyer of South African wine and have long-term supplier relationships in this supply chain.



Risk Assessment and Management

Our obligation to our people, producers and the planet grows as we do. That is why we regularly conduct human rights risk assessments of our operations, as well as seek to identify potential instances of labour exploitation within our supply chains.

This work is supported by our internal grievance mechanism, partnerships within industry, and collaboration with specialist organisations such as NGOs. We also proactively take steps to ensure that those working within our direct operations have access to safe and secure employment.

Responsible recruitment

Pay and contracts

Good pay plays a vital part in responsible recruitment, as it can reduce the need for employees to seek out supplementary work which is often more precarious. For this reason, we are committed to paying our direct employees industry-leading wage rates. 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, something we have continued to align with or in some instances, exceed. In October 2022, we invested £39.5 million in raising hourly rates, benefitting over 23,500 colleagues.

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



We invested
£39.5
million



in October 2022 in raising
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Monitoring labour providers

Poor recruitment practices can drive modern slavery, with significant risk where vulnerable workers are in desperate need of employment and/or have emigrated for work. Internal hiring managers across the business have a yearly refresher around recruitment practises to ensure consistent fairness and compliance.

Risk of exploitation rises where we work with labour agencies to help manage peaks in labour demand, so we have put in place procedures to mitigate this:

- We require 100% of our labour providers to be certified by the Gangmasters and Labour Abuse Authority (GLAA).
- We assess our processes to ensure that the labour providers we work with at our RDCs meet our ethical and responsible recruitment requirements and have access to industry-leading modern slavery training.
- We continue to recommend additional due diligence measures to ensure that we only work with responsible labour providers.

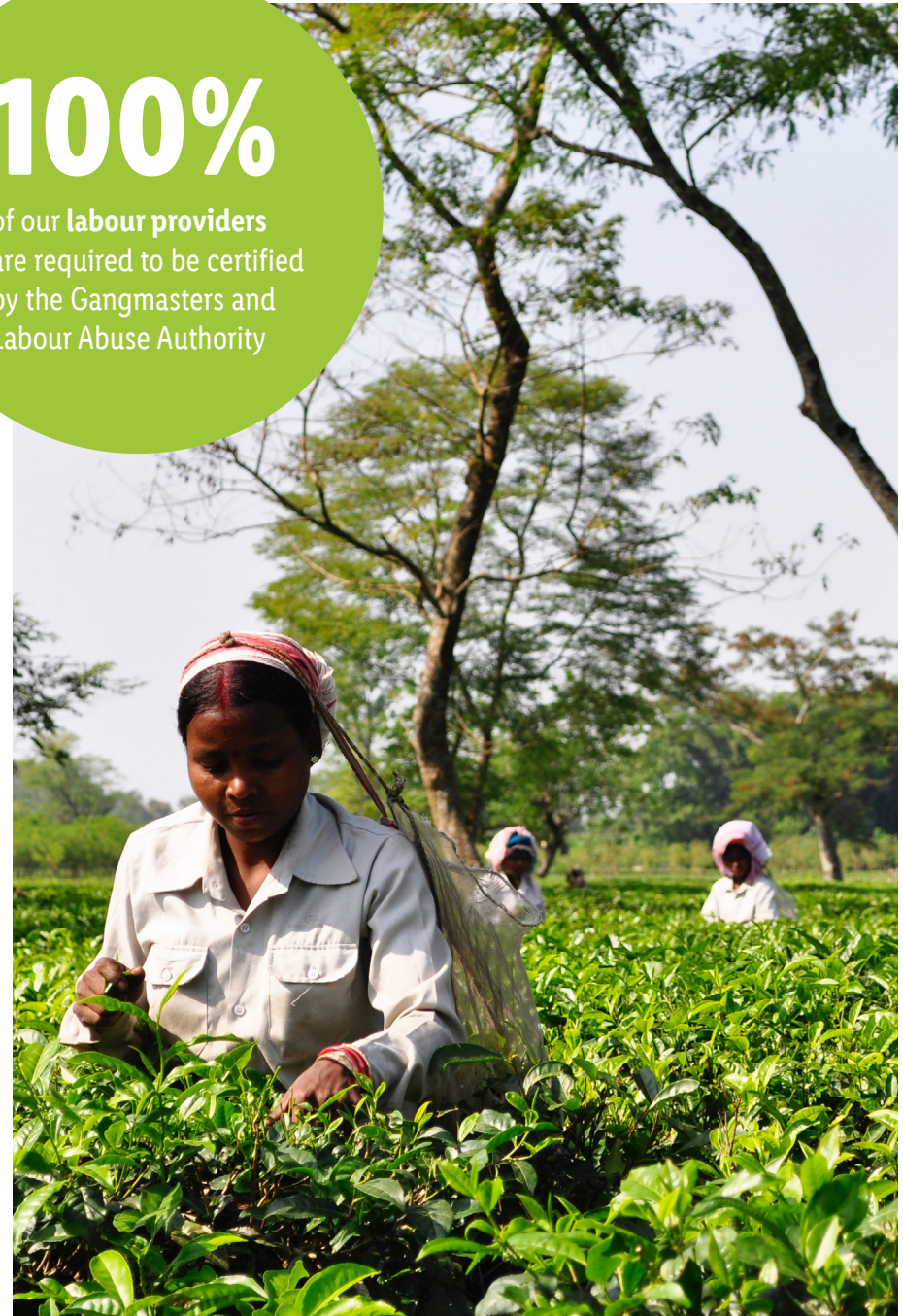
Recruitment fees

As a member of the BRC's 'Better Retail Better World' initiative, we are pushing for collective action across the retail industry to address global challenges. This includes tackling recruitment fees, which wrongfully see workers pay to secure employment.

At a Group level, we actively support the Employer Pays Principle to help tackle the issue of workers potentially falling into debt bondage and exploitation. This states: 'No worker should pay for a job – the costs of recruitment should be borne not by the worker but the employer'.

100%

of our labour providers
are required to be certified
by the Gangmasters and
Labour Abuse Authority





Supply chain audits

We use Sedex - a data platform for supply chain assessment - to understand key information about our supply base including the number, gender, and nationality of suppliers' employees, use of temporary/agency workers, the labour providers they use and what systems suppliers use to monitor labour providers. Sedex risk assesses suppliers (ranking them low, medium, or high) based on several factors. This includes inherent risk based on country and sector, and information taken from their SAQ. We also use Radar, part of the Sedex platform, to review inherent country and sector risks within our supply chain.

We require suppliers who have been identified as high risk to undertake an independent ethical audit. Ethical audits are closely monitored to ensure that corrective actions are closed off in the agreed timescales. In the last financial year, 59 Lidl GB direct food suppliers have been identified as high risk on Sedex. In the same period, our supply base conducted 217 ethical audits.

We understand the limitations of ethical audits - particularly their ability to only capture results at a moment in time and their limited capability to address the most adverse instances of labour exploitation, such as modern slavery. However, we consider audits a useful tool to understand suppliers' management systems and measure these against the expectations of our CoC.

The Sedex logo, featuring the word "Sedex" in a bold, black, sans-serif font, with a red circular icon containing a white stylized 'S' or similar shape to the right of the text.

Grievance mechanisms

In our business

We operate a confidential Lidl Whistleblowing Hotline and online reporting system which can be accessed by colleagues, business partners and the public. When notified of allegations or indicators that breaches of our policies have taken place, we take a victim-centred, efficient and collaborative approach to investigation.

During the 2022/23 reporting period, a total of 211 whistleblowing reports were logged. Two of these reports related to modern slavery indicators, based on incorrect or lack of payment for work. Both of these reports were fully investigated with no evidence of exploitation or modern slavery found.

In our supply chains

Ensuring that workers have access to an effective grievance mechanism in global supply chains is an essential part of corporate due diligence, as this enables human rights risks and potential rights violations to be uncovered and addressed. This is a key element of our CoC.

We recognise 'effective grievance mechanisms' as defined by the UNGPs, meaning that they are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue.

When it comes to ensuring that grievance mechanisms are impactful, we know that considering the specific context of the industry, country, and site is crucial. Furthermore, we are conscious that access to grievance mechanisms may be more limited for women, migrant workers, and smallholders.

In instances where we have worked to improve practices and remain unable to confirm adequate protection of human rights, we reserve the right to withdraw our business in a responsible manner.



Case Study: Piloting grievance mechanisms in high-risk supply chains

Following the HRIA conducted on farmed shrimp from India, the introduction of an independent third-party grievance mechanism was identified as an important next step. This grievance mechanism was set up to ensure that issues are recorded and formally addressed by management, as well as immediately escalated where indicators of forced labour, or other exploitative practices are revealed.

As a result of this, the grievance mechanism – ‘Ungal Kural’ or ‘Our Voice’ in Tamil – is being implemented in partnership with ELEVATE (now known as LRQA) and their local implementing partner, INNO.

Ungal Kural is a reporting channel and helpline that provides workers with an accessible and timely avenue to raise concerns without fear of reprisal. Designed to be reliable, confidential and scalable across the apparel manufacturing and garment sectors in Tamil Nadu, India, it is now due to be piloted in the aquaculture sector in Andhra Pradesh.

The helpline provides workers with a simple, predictable, and safe platform to escalate issues and connect with local resources and emergency services. It also allows companies to gain greater visibility of their workplaces’ conditions, identify new or emerging issues early on, and assess the effectiveness of remediation actions. The helpline has adopted the UNGPs definition of ‘remedy’ to address and make good any adverse human rights impacts.

To ensure that workers and management are fully engaged, INNO is planning to provide training for this service. These trainers will also be the call handlers who respond to calls, texts and chat messages from workers in local languages, record information and provide referral information.

This grievance mechanism will launch in the next financial year and will be piloted for 6 months, after which all stakeholders will review key learnings and decide on the next steps for the programme.



UK agriculture

The agriculture sector is one of the highest risk sectors for labour exploitation in the UK. This is due to a variety of factors including ongoing reliance on temporary migrant labour and the rural nature of the sector. In 2021, Focus on Labour Exploitation (FLEX) reported on findings including inaccurate or misleading information given to workers during recruitment, unsafe accommodation or workplace environment provided by employers, precarious contracts and nonpayment of the national minimum wage.

In our last modern slavery statement we commented on our work within the industry to develop best practice guidance for users and operators of the UK government’s Seasonal Workers Scheme (SWS). The importance of this work and the nature of collaboration escalated in 2022, due to the conflict in Ukraine, which disrupted major recruitment channels for the SWS. In 2021, the majority of workers were recruited from Ukraine, however in late February 2022, Scheme Operators had to quickly find new source countries to fulfil the labour shortage in the UK.

There were a number of risks to workers rights that evolved from or were increased by this race to source labour. One of the most severe impacts identified included the payment of illegal recruitment fees to fake in-country ‘agencies’ acting as a legitimate part of the UK visa scheme which led to some workers being indebted before they had started work in the UK.

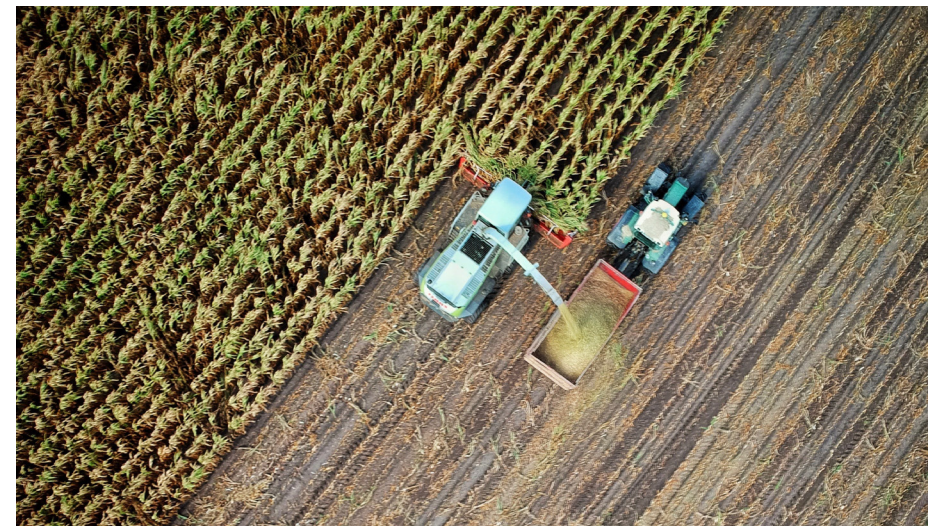
As the nature of these allegations impacted a vast number of supply chain stakeholders, collective action across industry was required from scheme operators, growers, suppliers and retailers. As a result, in October and November 2022 supply chain stakeholders, NGOs, multi-stakeholder initiatives (MSIs) and representation bodies for different sectors all came together to share challenges, identify root causes and configure collaborative solutions through two SWS Roundtables.

These industry roundtables led to five workstreams aiming to tackle root causes identified and mitigate ongoing risks for future seasons:

- Education, information, and grievance mechanisms
- Scheme operator due diligence
- Grower due diligence
- Scheme costs, recruitment fees, retained earnings and remediation

- Policy development, enforcement, and stakeholder engagement

We will continue to contribute to the new SWS workstreams to ensure ongoing improvements.



Case Study: Just Good Work App

In response to the recruitment of workers from new and high-risk countries, 11 retailers and all 4 scheme operators (as of May 2022) funded the development of a seasonal worker scheme portal in the JGW mobile app.

JGW is a free multi-language app that gives workers critical information about living and working in the UK and how to access support. The development of this app included adding specific SWS content and advice, covering topics that encompass workers' journey through the scheme, including: the recruitment process pre-departure, what to expect from



employment and life in the UK, how to transfer jobs and returning home. Five new languages including Russian and Nepali have also been incorporated into the app in line with the new demographics of the SWS scheme.

By providing workers using the SWS with information and advice, the app aims to ensure that seasonal workers are treated with dignity and fairness, and protected from potential exploitation.

Users of the app are able to answer simple questions about their employment, allowing them to share their experiences and receive any necessary support. For example, workers are asked whether they paid for the job, whether the work is as expected, what their accommodation is like and whether they are being paid in line with the pre-departure information they received. Based on responses, they are then signposted to information, advice and support mechanisms.

At the end of this reporting period, 26,800 jobseekers and workers downloaded the app - predominantly male individuals, aged 21-30. Although users of the app are spread globally, the location of the majority of users were based in Nepal and the UK.

The aim for the coming 2023 season is to have at least 50% of workers successful in applying for a visa via the app.

Prevention of 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. This is unacceptable. Throughout all of our supply chains, we are committed to preventing child labour and safeguarding children. We work closely with suppliers to achieve this and resolve any instances found connected to our business.

During this reporting period, risk assessments carried out found that the following raw material and product supply chains are 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 aim to have child labour training in place for all of these areas. Some case studies are below:

- Since 2017, in partnership with the NGO Save the Children, we have run training courses for our non-food suppliers on the prevention and remediation of child labour. The project is operational in Bangladesh, Turkey, Myanmar, China, Pakistan, and Vietnam.
- In 2021, in collaboration with Save the Children and the German Federal Ministry for Economic Cooperation and Development, we launched an initiative to protect children's rights in the Turkish hazelnut supply chain. This is designed to be scalable and transferable to other agricultural supply chains.



Save the Children

Gender equality

Across the world, women and girls are disproportionately affected by modern slavery including forced labour and child labour. They are also more likely to experience workplace discrimination or harassment, be in lower status, casual or non-standard roles, and receive lower pay for equal work. As a result, gender equality is a crucial pillar of our human rights strategy – we are committed to preventing and remediating risks that arise.

Over the last year, this has included continuing our roll out of the BSR HERessentials digital programme in our banana supply chain, alongside our long-term supplier Fyffes. This programme aims to train all workers on topics including health and hygiene, financial literacy, stress management and building harmonious relationships. This project initially launched in 2020, following findings from a HRIA that revealed significant risks of gender discrimination. Over 1000 workers in our supply chain have now completed the training, and we are continuing to roll it out across Latin American sourcing locations.

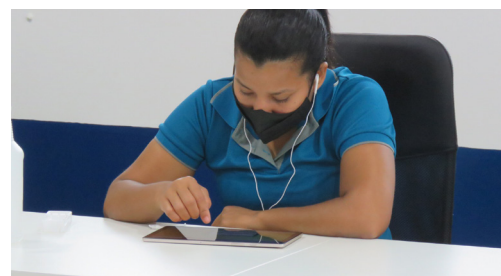
Expanding the BSR HERproject

In response to our Kenyan tea HRIA findings, as well as learnings from the banana HERessentials training programme, we are also implementing the BSR HERproject training programme in our tea agriculture supply chain.

This includes HERhealth and HERrespect training modules which incorporate the topics of health education and gender (including gender equality and addressing gender-based violence) tailored to workers’ unique needs and cultural contexts. This programme is conducted via a peer-to-peer training model aimed at empowering workers through education and leadership.

The training is initially being delivered through a local NGO which works closely with our tea producer. The NGO provides ongoing guidance and support for workers such as links to local services.

This pilot was initiated in late 2022 via a collaborative meeting including Lidl, Lidl’s tea supplier and producer, BSR and their NGO partner. This pilot will train over 1000 individuals at one tea estate and run until 2024, when the learnings will be reviewed to plan long-term next steps.



Living wages and living income

Fair remuneration is a fundamental human right enabling workers to secure a dignified standard of living for themselves and their families. Since 2006, we have advocated this in our CoC.

Much of our focus within this topic is on smallholder farmers who are the starting point for many of Lidl's agricultural value chains – but often only receive a fraction of the overall profit. To tackle this, we're increasing our efforts to ensure that we enter long-term fair and transparent supply relationships with our agricultural producers.

This includes opting for Fairtrade certified products such as cocoa, coffee and bananas, and routinely working to identify the highest-risk products for living wage and living income disparity in our supply chains.

We are also participating in industry partnerships with other retailers. We were the first discounter to join the Action Collaboration Transformation (ACT) initiative, a global agreement striving for collective industry bargaining for higher wages in the countries where goods are produced. After carrying out a survey of over 3,000 production facilities, we developed an internal strategy aimed at implementing responsible purchasing practices by 2025 based on the principles of ACT. This involves working with our business partners to better enable wage increases in textile production.

In the UK, supported by sustainable trade body IDH, we are working towards a national retailer commitment to close wage gaps in banana supply chains. This commitment will involve collecting and measuring wage data from within our supply chain using the IDH Salary Matrix, analysing our company processes and procurement practices, and working with other retail initiatives, suppliers, producers and stakeholders. The coalition will also work closely with certification bodies Fairtrade and Rainforest Alliance.

3000
production
facilities surveyed

ACT Action
Collaboration
Transformation



Training

Another important element of tackling modern slavery is raising awareness across our internal departments and among our colleagues.

Head office, stores and RDCs

In 2021, we developed our first internal 'Modern Slavery Awareness' eLearning, aimed at ensuring that all colleagues understand what modern slavery is, how to spot indicators of potential exploitation and where to report concerns. The training was based on insights from expert organisation Stronger Together. Key information from this eLearning, including details of specialist services e.g., modern slavery hotlines, are permanently available on our internal Lidl intranet platform.

The initial launch of this new eLearning in 2021 was targeted at desk-based colleagues across head office and RDC departments. In 2022, we met our promise to extend this to all store colleagues, who are the frontline of our business and critical to support identification of potential indicators in their store and community environment.

Operational colleagues working in our RDCs received key content from this training via a leaflet in their weekly team meeting with their team manager. We plan to expand the scope of the eLearning to operational RDC colleagues in the third and final phase of the roll out.

The timing of this annual training going forward will now change to enable more time and engagement from colleagues in stores and RDCs. This eLearning has previously been rolled out in the pre-Christmas period and will now take place annually in July.

stronger
together

Modern Slavery Awareness



As a responsible employer we must do everything we can to protect our colleagues and everyone who works to support our business.

What is modern slavery?

- Modern slavery refers to situations where a group or individual has taken away another person's rights and freedoms.
- This may be the freedom to live or work where they choose, the freedom to refuse certain work, or even to stop working altogether.
- Forced labour is any work or service people are forced to do against their will, under threat of punishment.

What are the signs to look out for?

- **Few or no personal belongings:** no identification documents (e.g. passport) no money or bank card, little or no food and drink, few...
- **Isolation or control:** ...



Buying

Our Buying department interact with multiple external businesses and agree contracts with supplier partners on a regular basis. To ensure that buyers understand the potential risk within their specialist category, Lidl GB's CSR team trains the department as part of the annual range review cycle, sharing the human rights challenges and topics related to each product, raw material, or source country.

This training also includes the actions we are taking as a business to address human rights risks, with the intention for buyers to feel comfortable making informed decisions and discussing these issues with our suppliers.

The Lidl Group has also rolled out a new CSR Buying eLearning, introducing key responsible sourcing topics to Buyers. This eLearning shares guidelines on how Lidl buyers can minimise negative impacts and make a positive difference by adopting responsible purchasing practices, enhancing supply chain transparency, increasing product certification, and introducing specialised development programmes.









All of our UK-based, tier one food suppliers must attend Stronger Together's 'Tackling Modern Slavery in UK Businesses' training as part of CSR Buying requirements. We also recommend this workshop for our external labour providers and procurement suppliers.

Measuring Progress

By setting clear action-orientated goals and key performance indicators (KPIs), we are able to measure our progress over time and ensure that we are on target to meet our commitments to tackling modern slavery in our business and supply chains.

KPI	Goal	FY20/21	FY21/22	FY22/23
Tier one suppliers attending Stronger Together's 'Tackling Modern Slavery in UK Businesses' training (total since the start of the sponsorship)	100%	469	551	605
Current tier one suppliers attending Stronger Together's 'Tackling Modern Slavery in UK Businesses' training	100%	New KPI	97%	462 97%
Buyers trained on human rights issues as part of the range review process	100%	39 100%	40 100%	43 100%
Employees trained through Modern Slavery Awareness eLearning	100%	New KPI	2,669* 99%	22,155 99%
Current tier one suppliers compliant to Lidl GB's Sedex requirements	100%	New KPI	89%	447 94%
Tier one suppliers identified as high risk on Sedex	Full disclosure	New KPI	52	59
Supplier audits in the last financial year	Full disclosure	New KPI	215	217
Whistle-blowing reports (via Lidl GB's internal channel) alleged relating to modern slavery indicators	Full disclosure	4	2	2
HRIAs underway or completed	15 by 2025	3 20%	6 40%	9 60%

*In this period, only desk-based colleagues participated in the eLearning.

Progress on 2022 plans (outlined in previous statement)	Status	
Continue to risk assess our business and establish action plans in prioritised departments to address identified risks and establish further due diligence procedures.	Ongoing, see page 21	
Implement mitigation measures in collaboration with key industry stakeholders to support the UK Seasonal Worker Scheme.	Ongoing, see page 26	
Trial new approaches to ensure the clauses in our CoC are understood and implemented throughout the supply chain.	Ongoing, see page 12	
Continue to review opportunities to partner with external, specialist organisations to support implementation of our modern slavery strategy.	Ongoing, see page 10	
Publish three more HRIAs, based in identified high-risk supply chains, in-line with our commitment to publish three HRIAs a year until 2025.	Ongoing, see page 18	
Further develop our commitment to enable access to effective grievance mechanisms and access to remedy across identified high-risk supply chains.	Ongoing, see page 24	
Review opportunities to rollout the next phase of the ‘Modern Slavery Awareness’ eLearning to operational colleagues.	Ongoing, see page 31	
Continue to build on our data collection and KPIs related to modern slavery risks, to ensure we are collecting and monitoring data to help inform our strategic next steps.	Ongoing, see page 33	

Looking Ahead

2023

In 2023, we will:

- Conduct and publish three more HRIAs, based in identified high-risk supply chains, in-line with our commitment to publish three HRIAs a year until 2025.
 - Publish HRIA action plans for the Indian farmed shrimp and South African Wine HRIAs conducted in 2022.
 - Pilot a grievance mechanism in the Indian farmed shrimp sector, following findings from the recent HRIA.
 - Continue to actively engage in the UK SWS workstreams and pilot additional approaches to ensure safe work for seasonal migrant labour in the UK.
- Collaborate with the fishing sector on identified risks within the UK.
 - Publish an action plan outlining our approach to tackling gender-based violence in accordance with ILO convention 190, as well as gender-specific data for three high-risk supply chains.
 - Integrate non-discrimination and gender equality into our annual human rights risk analysis.
 - Finalise and begin implementing the UK retailer banana living wage commitment.

2024

In 2024, we will:

- Roll out our Modern Slavery Awareness eLearning, updating the content to be even more relatable and engaging for colleagues across all departments.
- Develop programmes providing female and male workers in our high-risk supply chains with access to effective, gender-sensitive grievance mechanisms. We will also develop a scholarship program and highlight vocational opportunities for women across these supply chains.



Thank you

Lidl GB Modern Slavery Statement

