

# Lidl Northern Ireland



## Modern Slavery Statement

This statement is made by Lidl Northern Ireland GmbH 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 28 February 2017.

### Introduction

The International Labour Organization (ILO) estimates that at least 21 million people worldwide are victims of forced labour. It is regarded as the fastest growing criminal industry and has been identified across multiple private sector economies, from construction and manufacturing to agriculture and fishing. Victims of slavery are often hidden within complex supply chains and controlled and threatened by criminal perpetrators, making their plight challenging to identify and effectively remediate. We welcome the UK government's Modern Slavery Act and the duty it places on businesses to publicly disclose the steps they are taking to tackle forced labour and human trafficking. We believe modern slavery is most effectively tackled as part of a wider human rights business strategy.

At Lidl Northern Ireland, we operate with a fundamental respect for the rights of the people we interact with; whether they be our own direct employees, contract workers, or people employed throughout our supply chains. To ensure this, we have aligned our business policies with internationally recognised labour standards, increased the transparency of our supply chains, and taken a proactive due diligence approach to protecting the human rights of all people that we impact. Across our business and in our supply chains, we are firmly opposed to forced labour and all forms of labour exploitation. We have been working for many years to minimise the risk of human rights violations.

This statement is set out in 4 steps according to the ETI Human Rights Due Dilligence Framework & includes:

- Our organisational structure and supply chain
- Working in collaboration
- Due diligence

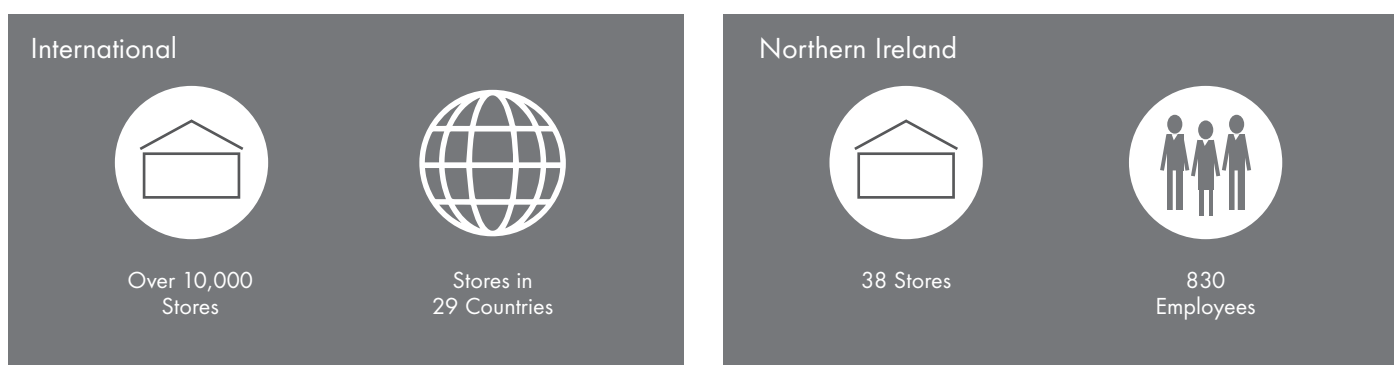
Step 1	
	Assess actual and potential human rights risks
	Understanding and reviewing risk Mapping our supply chains and building transparency
Step 2	
	Identify leverage, responsibility and actions
	Our business policies Social auditing framework Working in collaboration
Step 3	
	Mitigate risk and provide remedy for workers
	Training Remediation
Step 4	
	Monitor, review, report and improve
	Next steps



## Organisational structure and supply chains

Lidl Northern Ireland forms part of a privately owned international group, the Schwarz Group. Lidl, with its international head office based in Neckarsulm, Germany, operates over 10,000 retail stores in 29 countries across both Europe and the United States.

Since entering the market in 1999, Lidl Northern Ireland has grown to over 38 stores and one regional distribution centre located in County Antrim and directly employs approximately 830 employees.



As a major retailer we operate in complex global supply chains, sourcing a wide range of food and non-food products from numerous countries. Our products are negotiated by buying teams based in Ireland, our international headquarters in Germany and across our network of Lidl companies based in Europe. Our sourcing is supported by long-standing local business partners, whose knowledge of the producing country's infrastructure enables us to strive for increased transparency and accountability. We have worked with many of our suppliers for several years and they have been able to grow with us through our fair and simple buying practices.

## Working in collaboration

Due to the wide scale undercover nature of modern slavery we recognise that a collaborative approach is essential to effectively eradicate the issue. Lidl are members of Stronger Together, a multi-stakeholder initiative dedicated to tackling modern slavery across global supply chains. Stronger Together provides access to best practice resources and toolkits, specialist training workshops and the opportunity to collaborate with the industry on high risk areas and policy positions.



## Due diligence

Due to the nature of our business operations we must take a range of actions to prevent, manage and mitigate modern slavery across our own business operations and in our supply chains. A large number of people are involved in the production of our food and non-food products, making our supply chains a key focus for our activities. At the same time, we recognise that modern slavery is a challenge in every country and that we must be equally diligent in managing risk within our own operations.

## ETI Human Rights Due Diligence Framework

In our approach to help manage and mitigate modern slavery risk in our supply chains we have applied the Ethical Trading Initiative's (ETI) Human Rights Due Diligence Framework. We have outlined our actions under each of the four key steps outlined in the framework:



### Step 1 – Assess actual and potential human rights risks



#### Understanding and reviewing risk

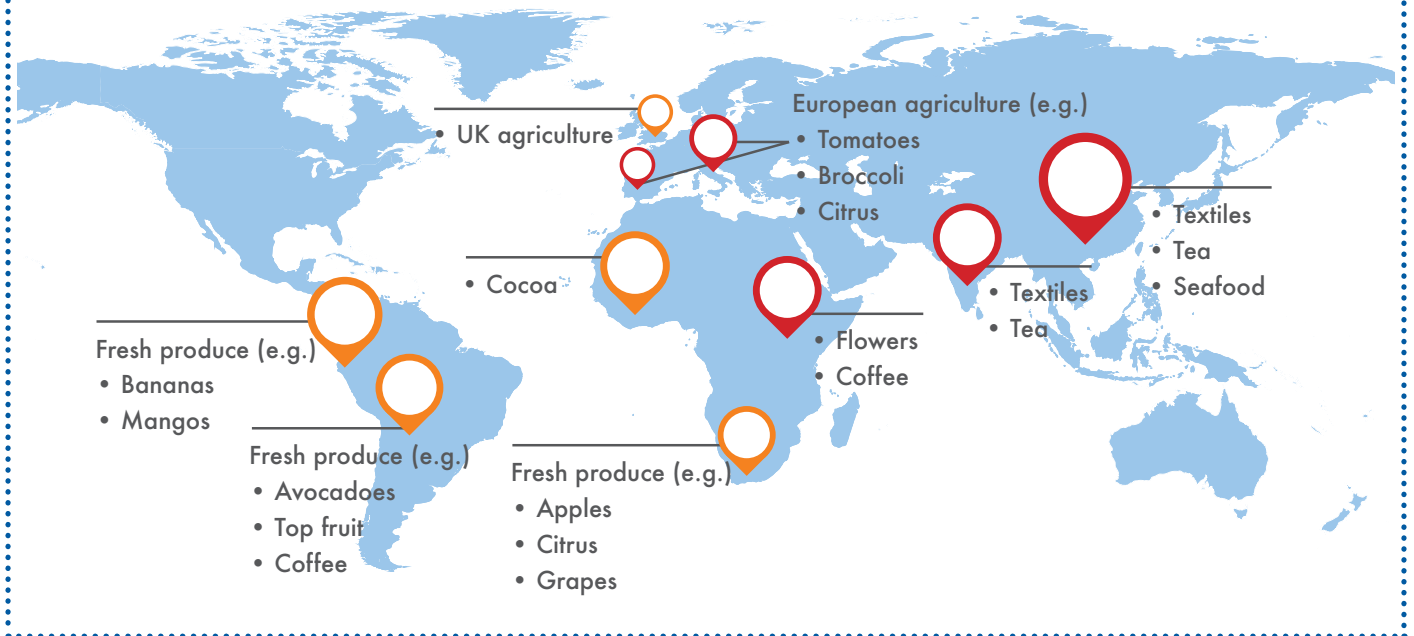
We use a range of indices to help us understand country level modern slavery risk in our supply chains. These include:

- the Supplier Ethical Data Exchange (SEDEX) risk assessment tool
- the Global Slavery Index
- the "Business Social Compliance Initiative" (BSCI) Risk Classification
- the ITUC Global Rights Index

This information forms the basis for our human rights due diligence process within our supply chains by allowing us to identify and track country risk indicators.

Our team of dedicated ethical trading experts across the Lidl network also engage closely with suppliers, NGOs and key stakeholders to ensure that upcoming issues with regards to modern slavery are appropriately assessed and addressed.

## Supply chain insights 2016/17



### Mapping our supply chains and building transparency

We are continually working to build the transparency of our supply chains. We use the Supplier Ethical Data Exchange (SEDEX) platform to map our food supply chains and gather data on human rights, working conditions and modern slavery risks. This platform provides indicators of human rights risks to workers in our supply chains, helping us to prioritise areas of modern slavery risk and develop targeted actions.

Within our non-food supply chains we have been members of the Business Social Compliance Initiative since 2007 and use this platform to map all our own label suppliers. As part of our commitment to building transparency, in January 2017 we published the tier-1 production facilities for our own-brand textiles and footwear on our Lidl Germany website. This list includes full addresses of the production facilities and is updated every six months to ensure continued transparency within the non-food product supply chain.



## Step 2 – Identify leverage, responsibility and actions



In response to our intelligence gathering, we have taken the following actions:

### In our business

To ensure that all stakeholders can easily report non-compliance we developed a **Whistleblowing Policy**. This policy details the procedures our employees and contractors should follow if they have concerns about any wrongdoing, unlawful conduct, bribery, and financial malpractice, dangers to the public or the environment, or possible fraud. Our Whistleblowing Policy and hotline is available to our employees, to others working in our supply chains, and also to the general public, extending to human rights violations like modern slavery. This guarantees that any issue can be raised in confidence with assurances of anonymity, timely investigations and that appropriate remedial actions will be implemented.

### In our supply chains

Lidl's **Code of Conduct** defines the social and ecological expectations of all our direct and indirect suppliers globally; all suppliers are contractually obliged to adhere to the requirements set out in our Code of Conduct. Lidl developed the Code of Conduct, in line with the ILO Core Conventions, to promote the goal of improving social minimum standards practiced by its business partners in various countries. Our Code of Conduct addresses human rights issues such as: working conditions and payment, discrimination, workplace health and safety, and specifically references the prohibition of child labour and forced labour.

### Social auditing strategy

In order to monitor performance against the Code we have built risk-based social audit programmes across our supply chains. These are founded on either the SEDEX platform or BSCI and require all high risk suppliers to conduct independent social audits. Following audits commissioned at our sites, suppliers are expected to develop and implement corrective action plans against any areas of non-compliance. At a group level, Lidl has been a member of the BSCI for over ten years, where our non-food suppliers in externally classified risk countries, such as Bangladesh and China, regularly undergo a BSCI audit. Progress against these action plans are monitored by ethical trading specialists within the business.

We appreciate the limitations of third-party auditing in promoting decent work and protection of rights in our supply chains, especially in relation to 'hidden' activities such as labour exploitation. We therefore place a strong emphasis on root cause analysis, ensuring we build strong long-lasting trading relationships with our suppliers and work collaboratively on industry initiatives.



## Step 3 – Mitigate risk and provide remedy for workers



### Training

#### In our business

Lidl is focussed on raising the awareness of modern slavery with colleagues across the organisation. We recognise that the knowledge, responsibility and conduct of our staff plays an important role in mitigating the risk of slavery and human trafficking within our organisation.

In this regard:

- The first phase of training was delivered to heads of department and key employees authorised to enter contracts for the provision of goods and services to cover the human rights aspect of contractual relationships including the specific requirements of the Act and the issues it raises
- The second phase of training is targeted to other key employees in the wider business and provided on a periodic basis

#### In our supply chains

Our contracts will require all our suppliers in Ireland and Northern Ireland to have carried out the appropriate training to identify and mitigate the risk of modern slavery and to provide evidence of such training upon request.

Since 2008, we have worked with GIZ (German Corporation for International Cooperation, a government-owned development agency) to deliver bespoke training programmes aimed at improving labour standards for production facilities in our non-food supply chain. Our current joint programme focusses on Bangladesh, where GIZ employs more than 20 people dedicated to support suppliers in designing and implementing policies and procedures with the objective of improving working conditions and social compliance including preventing forced labor. To ensure effectiveness, GIZ coaches factory management and concerned departments in frequent face-to-face sessions. These capacity building measures are free of charge for the participating suppliers.



## Step 4 – Monitor, review, report and improve



### Next steps

Upholding ethical principles in our business and supply chain is fundamental to who we are as a responsible business, as supported by our company's Vision and Mission. Due to the complex nature of value chains, modern slavery is an evolving topic, as such we will continue to develop our approach and report on our progress. The next steps for Lidl include:

- Continuing to improve our approach to mapping risk of modern slavery across our supply chain
- Upskilling high risk suppliers regarding their ability to detect and mitigate modern slavery risk
- Report on investigations undertaken into modern slavery and remedial actions taken
- Collaborating with partners to build our knowledge and expertise

This statement was approved by the Board of Directors of Lidl Northern Ireland.

Signed

A handwritten signature in black ink, appearing to read "J.P. Scally". The signature is fluid and cursive, with a large loop at the end.

J.P. Scally, Managing Director Lidl Ireland and Northern Ireland