

Lidl Ireland GmbH

Modern Slavery Statement

2021/2022

This statement is made by Lidl Ireland GmbH and constitutes our slavery and human trafficking statement for the financial year ending 28 February 2022.



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1. Introduction

Forced labour is the most prevalent form of modern slavery in Europe and Central Asia according to the last [Global Slavery Index Report](#), which estimates that 40.3 million men, women, and children worldwide are trapped in modern slavery. Of these, 24.9 million people were in forced labour, including 16 million working in the private sector. Modern Slavery cases are particularly prevalent in agriculture, construction, facilities management (via sub-contractors) for example, in cleaning, security, maintenance, catering and food (such as the sourcing of fresh produce such as fruit and vegetables, meat and fish). The same index estimates that over 8000 people in Ireland are held as modern-day slaves, giving Ireland a ranking of 147 out of 167 countries. However, it is likely the figure of 8000 is much higher, as cases are hidden. Of the 40.3 million people living in some form of slavery, it is estimated that 71% are women. Migrant Workers and Refugees are particularly vulnerable¹.

At Lidl Ireland we play an important role in helping tackle modern slavery. It is our responsibility to understand the risks within both our business and supply chains and to ensure that our management of these risks is effective. We must also ensure that any identified issues are effectively remediated with all necessary support provided to affected victims.

This is our first Modern Slavery Statement for Lidl Ireland; however, we have been reporting our progress in this area for the last six years as part of our compliance with section 54 of the UK Modern Slavery Act 2015 for our partner business Lidl Northern Ireland. This report is a volunteer exercise of transparency as part of our wider commitment to human rights due diligence.

This statement covers Lidl's financial reporting period from 1st March 2021 to 28th February 2022. As we report on our progress over this period, we are aware of the impact that the coronavirus (COVID-19) pandemic has continued to have in our business operations, our colleagues, suppliers, and the people working in our supply chains around the world and the critical role we play in proactively helping to tackle modern day slavery and remain committed to doing the right thing.

Our key focus areas during this period have been:

- Monitor and publish our progress in our [biennial sustainability report](#)
- Strengthen our commitments to address risks beyond the first tier of our supply chain
- Continue to publish the names and addresses of our tier one [textiles and hardware suppliers](#)
- Continue raising awareness of modern slavery internally with our buying and Central Services departments and strengthen our actions to address risks in our goods and services not for re-sale (GSNFR)
- Increase our internal capacity to monitor and manage the human rights risk in our nationally sourced products supply chain as well as continue our request of social audits to our direct suppliers through the Supplier Ethical Data Exchange (Sedex) platform
- Collaborate with external partners to build our knowledge and expertise in the area of modern slavery. Roll out trainings on human rights and modern slavery with Business in the Community Ireland (BITCI) to national suppliers and buyers
- Internally communicate our progress towards risk management and social compliance monitoring

¹ [BITCI How to Mitigate Risk of Modern Slavery Report 2021](#)

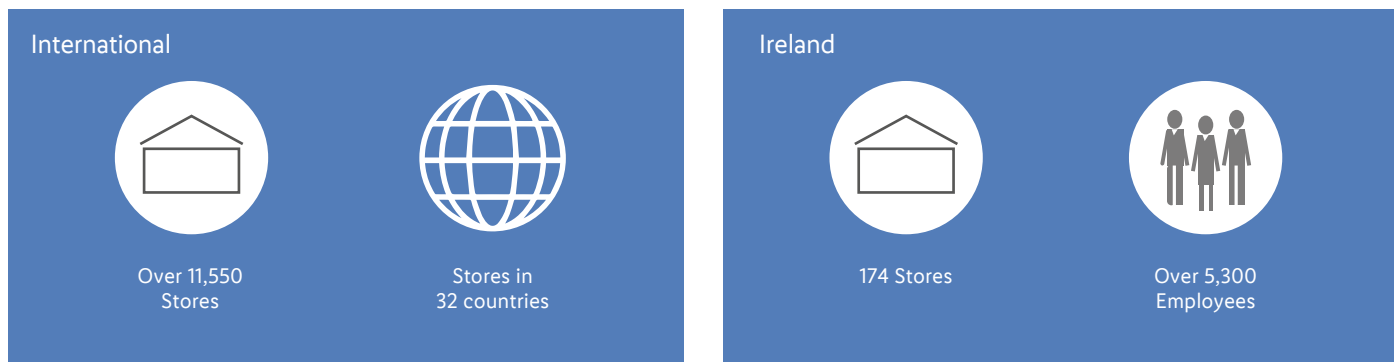
2. Our structure, business and its supply chains

International

Lidl Group forms part of the Schwarz retail group, one of Europe's leading organisations in the food retail industry. Lidl Group operates over 11,550 retail stores in 32 countries across both Europe and the United States, with headquarters based in Neckarsulm, Germany.

Ireland

Since entering the market in 2000, Lidl Ireland has grown to 174 stores and three regional distribution centres across the country and employs over 5,300 employees. In 2022 Lidl Ireland continued to grow with a Kantar market share of 12.8%.²



Supply chains

To remain true to our promise of providing the best quality products at the most affordable prices, we not only source locally but we also utilise our network of international markets to consistently provide for our growing and loyal customer base.

Our products are negotiated by buying teams based in our Lidl Ireland & Northern Ireland head office, at our international office in Germany and throughout our network of Lidl markets in Europe, working across the categories of food, food promotions, non-food, and procurement. We continue to increase the amount of long-term supplier partnerships as part of our buying strategy to support the growth of the business.

Products for re-sale

As a major retailer we source a wide range of food and non-food products from over 60 sourcing countries and hundreds of suppliers. 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.

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 80% of our total sales. The remainder of our sales comes from third-party branded products.

Food

To offer the diverse array of food and fresh produce that our customers expect and enjoy, we source directly from numerous countries and suppliers. However, as a local business committed to continued investment in the local economy, we always strive to source our assortment from local suppliers.

² Kantar. Time period is 12 months until 15th May 2022.

Food Promotions

Lidl Ireland sell statement food and drink products from a variety of nations, through themed weeks in our stores throughout the year. Although these products are not permanently listed in our stores, they are bought by our national and international buying teams and are expected to meet the same ethical and responsible sourcing requirements as our permanent food lines.

Non-food

The Lidl Group is a major buyer and retailer of non-food products, including clothing, accessories, home textiles and hard goods. Within this category Lidl Group sources from 1,855 suppliers, across 15 countries³. Within these supply chains, Lidl Ireland understands its responsibility to improving living and working conditions in manufacturing regions and takes proactive steps to protect against the risk of modern-day slavery. The majority of the non-food products sold within Lidl Ireland stores is bought through our international business in sourcing countries, such as Bangladesh and China.

Lidl Group regularly tracks and monitors supplier's compliance against Amfori – Business Social Compliance Initiative (BSCI), SA8000, Accord and ILO BW standards, all of which are supported with corresponding management systems.

Within our non-food supply chains, our tier one supplier names and addresses for our own-brand textiles and hardware suppliers have been published on our [website](#) in 2021. These lists are updated on a yearly basis and express our continued commitment and accountability to working alongside these facilities.

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 security and waste disposal services used throughout the wider business.

In FY21, across GSNFR categories we worked with over 400 suppliers, with 80% of our spend directed through our top 30 suppliers.

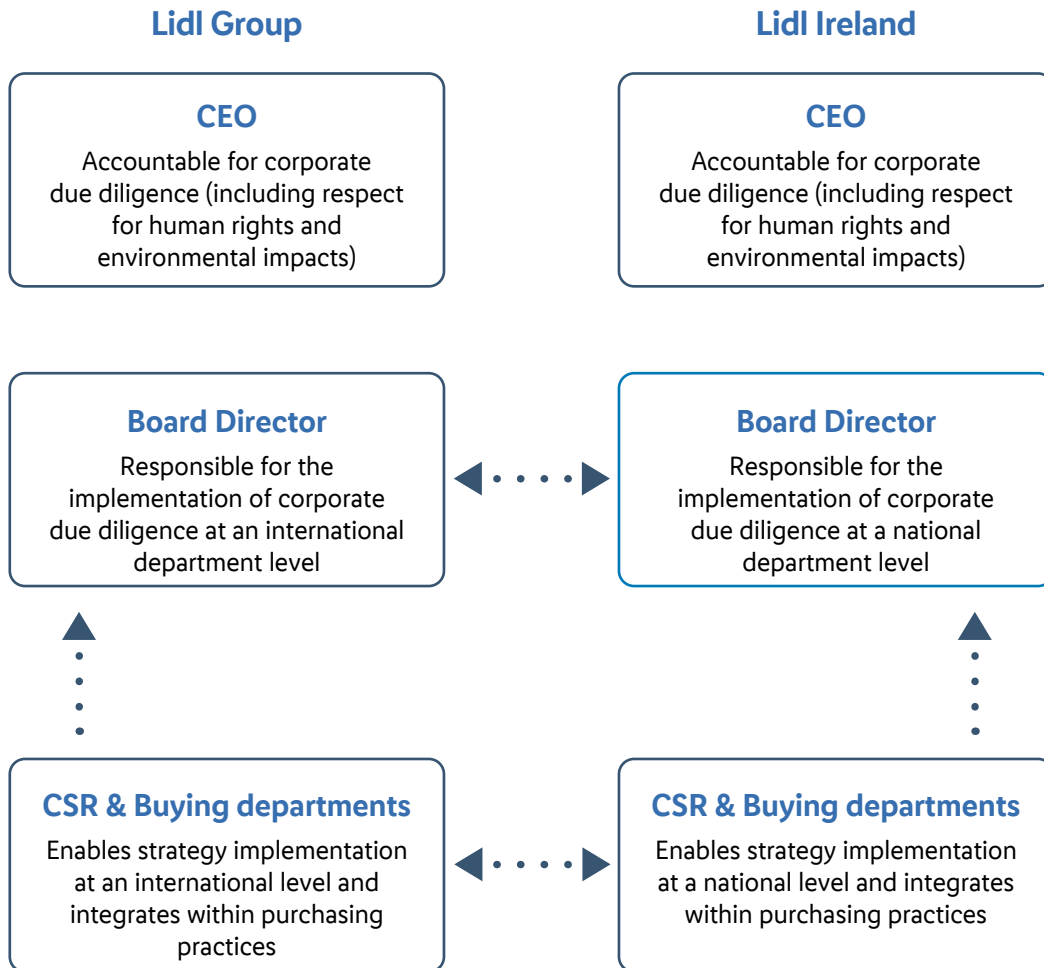
In the area of property and construction, last year (FY21) we worked with approximately 30 construction contractors, consultants and over 70 suppliers.

³ List available to download [online](#) containing Lidl International national non-food suppliers

* Not all Lidl Group suppliers supply to Lidl Ireland and Northern Ireland

Governance

At Lidl Ireland, the responsibility for the development and oversight of ethical and sustainability policies, including modern slavery, sits with the Chief Executive Officer. Our full governance structure is published in our [Human Rights and Environmental Due Diligence Policy](#) and in our [Human Rights in the Supply Chain Purchasing Policy](#). A dedicated team of responsible sourcing and Corporate Social Responsibility (CSR) experts are responsible for facilitating the delivery of the strategy and ensuring it is embedded across a range of internal functions including buying, logistics, human resources and procurement.



3. Policies in relation to modern slavery and human trafficking

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 chains. We continue to work with partners and others within the industry to build our knowledge and capacity on key topics such as modern slavery and effective grievance mechanisms and actively investigate and support solutions to prevent these issues occurring.

Our policies act as a means to outlining our business expectations and long-term commitments to safeguarding individuals within our business and supply chains. By implementing policies, we ensure that all partners and colleagues are familiar with our processes and ambitions to tackle labour exploitation and all forms of modern-day slavery. We have identified policies as a key part of our due diligence approach.

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 slavery. Lidl Ireland ensures that appropriate recruitment processes and procedures are in place and adhered to in order to safeguard against slavery and human trafficking. These policies include our Working Hours Policy, Break and Rest Periods Entitlements Policy, Equal Opportunity Policy, Dignity at Work Policy and Grievance Procedure, all outlined in our new HR Hub. The Dignity at Work Policy helps to safeguard colleagues from any incidents of bullying, harassment, victimisation or discrimination.

All employees are given terms and conditions of employment that are monitored and updated on an ongoing basis to reflect best practice and changes to employment law.

In 2021 we continued to develop our established health and wellbeing programme, Work Safe. Live Well. This programme incorporates our colleague's physical safety at work, their health and wellbeing, and their financial wellness; focusing on creating an environment where our employee's safety and wellness is prioritised from their personal safety at work right through to their overall sense of wellbeing. Initiatives to date include, dedicated mental health campaigns, access to free health report and screening, dedicated safety forums, discounted healthcare and access to free seminars and programmes.

Our Employee Assistance Programme offers our people and their immediate families daily 24-seven counselling, legal, financial and consumer information, career guidance, life coaching, mediation and health information. Through this Employee Assistance Programme, we also offer a range of free and confidential services, which include counselling, cognitive behavioural therapy, and a confidential helpline for employees. The programme is a tool that line managers can utilise to get advice on how to support their employees through various workplace and personal scenarios, creating an environment where potential indicators of modern slavery can be more effectively identified.

In early 2022 we published our Diversity and Inclusion Policy to bring together all activity already being done and ensure that there was a resource for employees to use as a reference point going forward. It sets out our commitment to an inclusive workplace as well as a workforce reflective of the diversity with our communities. We also, published our first [Gender Pay Gap report](#) in March 2022, ahead of the legally required date in the Republic of Ireland.

In our supply chains

At a group level, Lidl is committed to upholding human rights and protecting workers throughout our business and global supply chains. Due diligence at Lidl Group is founded upon our commitment to upholding all internationally recognised frameworks, as well as signing up to the specific principles, listed below:

- UN Sustainable Development Goals
- UN Universal Declaration of Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination Against Women
- UN Guiding Principles (UN GP's) on Business and Human Rights
- UN Women's Empowerment Principles
- ILO Conventions and Core Labour Standards

- ILO General Principles and Operational Guidelines on Fair Recruitment
- ILO Declaration on Fundamental Principles and Rights at Work
- OECD Guidelines for Multinational Enterprises

Our [Supplier Code of Conduct](#) (CoC), which was first published in 2006 and updated in October 2020 as Schwarz Group Business Partners' CoC, outlines Lidl's minimum standards for business relationships. It follows internationally recognised guidelines and principles on both social and environmental criteria. The CoC, which is written into all commercial contracts,, specifically prohibits human rights violations in the form of both forced and child labour, and further addresses issues including working conditions, discrimination and workplace health and safety.

The Lidl Group's [Human Rights and Environmental Due Diligence Policy](#) shares Lidl's process to mitigating, addressing and tackling some of the most systemic global challenges connected to our operations, based on the UN GP's. Within this policy, we outline Lidl's Group commitment to human rights due diligence, report on the steps we are currently taking, as well as outlining our future commitments, ensuring we continue to learn and adapt our approach as our business and global challenges evolve.

In the last year the Lidl Group has published two new policies outlining our business responsibility and commitments to addressing the most salient human rights and labour risks throughout our global supply chains.

Our [Purchasing Policy on Human Rights in the Supply Chain](#) communicates our human rights strategy and pinpoints how key business activities and commitments sit within each strategic pillar. Key aspects of our human rights strategy are detailed within this statement, including: supply chain transparency, social auditing and grievance mechanisms. Within this human rights policy we also detail our timebound commitments to upholding supply chain labour standards including: no forced labour and no child labour, among others.

The Lidl Group [Purchasing Policy on Gender Equality in the Supply Chain](#) further explains the unique challenges that individuals may face because of their gender, gender identity or sexual orientation, which frequently occur in the upstream stages of food and textile supply chains. Through this policy we outline the intricacies of how key labour risks impact women differently and how Lidl Group plan to address these topics through a gender lens.

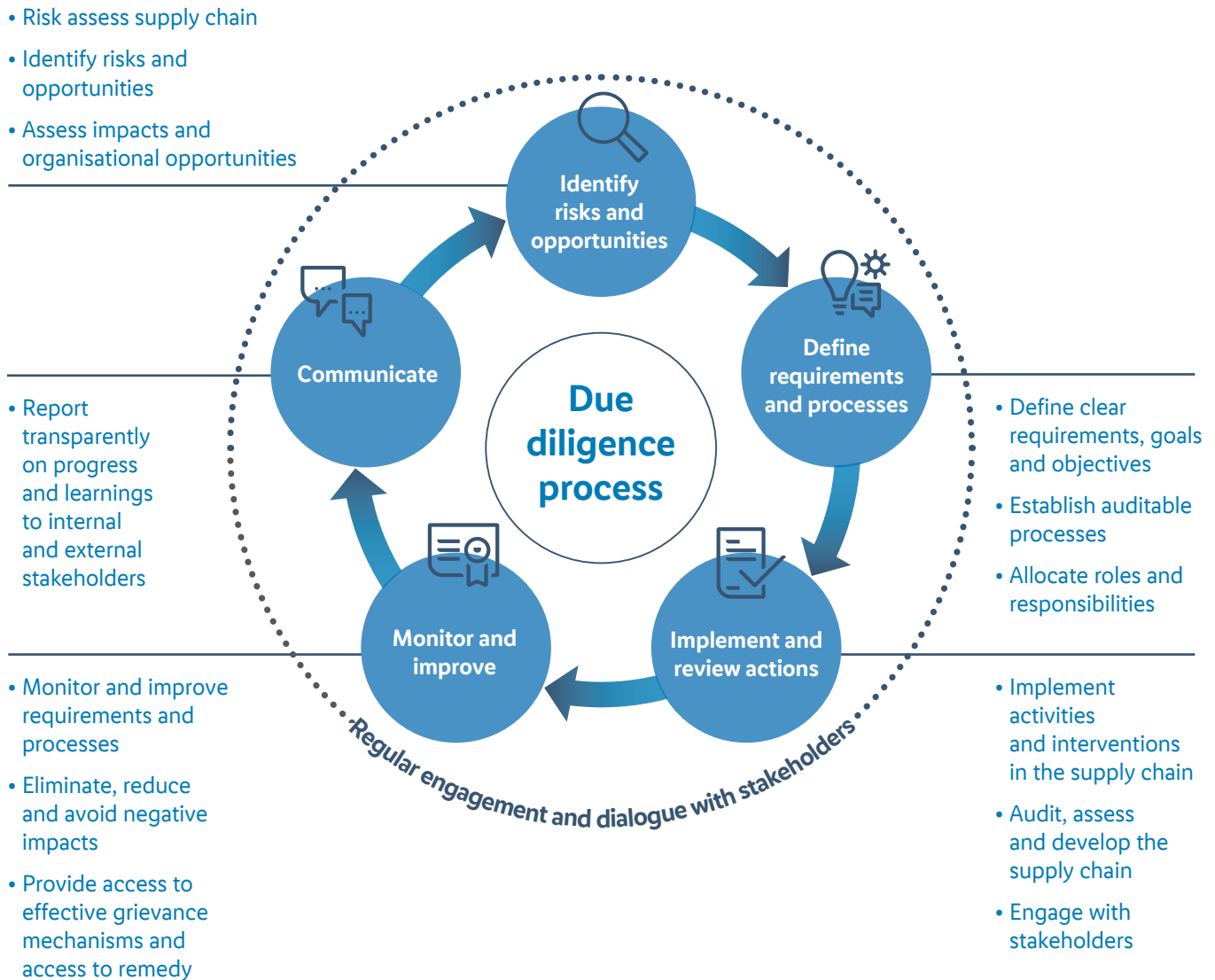
Women's Empowerment Principles

In 2019 Lidl Group signed up to the Women's Empowerment Principles, which is the first global initiative aimed to promote women's empowerment and gender equality within businesses and their supply chains. It is the first global initiative which aims to promote women's empowerment and gender equality within businesses and their supply chains. By signing up to the following seven principles businesses commit to using these principles as guideposts to integrate broader commitments on the topic of women's empowerment into their own company policies.

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

4. Due diligence processes

As part of our due diligence process, we structure our human rights and modern slavery work on a risk-based approach, ensuring we systematically address the most adverse, actual and potential risks within our business and supply chains as a priority. This is done through the development of tangible actions, which are implemented within our business practices, buying policies and external program partnerships, as outlined below.



By applying these steps, we take accountability for the adverse impacts of our business and continually review further opportunities. This systematic process is guided by the UN Guiding Principles on Business and Human Rights.

Modern slavery strategy

In the recent update of our Modern Slavery Strategy, we identified five focus areas to develop our activity in addressing modern slavery in our business and supply chains. These include:

- **Training and capacity building**
The continuation of training and capacity building to ensure priority departments and suppliers are aware of the modern slavery risks specific to their sectors and begin to embed due diligence processes to prevent and mitigate potential instances of labour exploitation.
- **Collaboration**
Partnering with expert organisations and working collaboratively across the sector to implement due diligence remains critical to addressing systemic modern slavery risks in food retail supply chains.
- **Supply chain programmes**
Introducing programmes with selected partners to identify and address modern slavery risks in prioritised supply chains.
- **Effective grievance mechanisms**
Enabling access to effective grievance mechanisms and access to remedy (as defined by the UN GP's) in high-risk supply chains.
- **Support remediation**
Ensuring appropriate remedy for issues raised through grievance mechanisms and exploring opportunities to partner with organisations that support the remediation of modern slavery victims.

Third-party certification schemes

We continue to recognise third-party certification schemes as a robust part of our due diligence processes. Lidl has committed to sourcing identified critical raw materials more sustainably by the end of 2025. (See [Human Rights in the Supply Chain Policy](#)). Raw materials are the Earth's natural resources and form the basis of almost all commercial products. Within our food supply chains, the schemes we accept include: Fairtrade, Rainforest Alliance, GLOBALG.A.P., RSPO and MSC, among others. These requirements are also enforced for raw materials used as ingredients within our products.

Further details on our Raw Material Responsible Sourcing Policies are available on our [website](#).

In 2020, requirements for our Fruit and Veg and Plants and Flowers growers were updated to include a revised commitment to source 100% of fresh produce from sources certified with both environmental and social standards by the end of 2021. The new update, which is applied to 100% of Lidl growers, in Ireland, Northern Ireland and internationally, establishes GLOBALG.A.P. GRASP (or equivalent 3rd party social schemes, including Bord Bia Quality Assurance Scheme) as the minimum ethical requirement.

In our non-food supply chains we are committed to sourcing 100% of cotton from sustainable sources including organic and Cotton Made in Africa standards by 2025. Further details on our responsible sourcing policies are available on our [website](#). A full overview of progress against our raw material certification goals is included in our FY20/21 [sustainability report](#).

Social compliance requirements

Food

In Lidl Ireland, our social compliance programme enables regular review and insight into the ethical status of the many suppliers we work with who grow, manufacture and package our food and non-food products that are nationally negotiated by our buyers based in Ireland. Our social compliance requirements are an important part of our tender process and require our suppliers to join Sedex, complete the Self-Assessment Questionnaire (SAQ) and update it every six months and conduct an ethical audit on request. Currently 70% of our suppliers' sites are fully compliant with these requirements.

Non-food

Within our non-food supply chains, Lidl Group have an ongoing social compliance programme to monitor the standards of all own-brand suppliers outside of Europe. Since 2007, we have been carrying out annual social audits at all factories that manufacture textiles and hardware in countries categorised as high-risk in the BSCI Country Risk Index. The social compliance programme includes a requirement to conduct annual Amfori - Business Social Compliance Initiative (BSCI) social audit, the results of which form part of our buying decisions. We also outline clear expectations with regards to policies on preventing child labour, forced labour and responsible recruitment. Progress against action plans is monitored by ethical trading managers within the business and any remediation required is closely observed.

Goods and services not for resale

We have our Modern Slavery Requirements, which set out our expectations for the contractors and providers of GSNFR we use specifically relating to slavery and human trafficking. We require our contractors and service providers to agree to conduct a programme of annual training to ensure compliance with our Modern Slavery Requirements, we also require them to register to the Sedex platform, complete the Self-Assessment Questionnaire (SAQ), update it every six months and to conduct an ethical audit on request. The Sedex Platform allows us to systematically assess and manage the risk of our GSNFR supply chains. If our contractors and service providers breach our modern slavery requirements, then we ultimately reserve the right to terminate our relationship with them.

Human Rights Impact Assessments (HRIAs)

Lidl Group has selected HRIAs as an advanced form of human rights due diligence, with the fundamental purpose to understand the impact that our business sourcing has on the workers within high-risk supply chains and to address key indicators that are not typically identified through other forms of due diligence, such as audits. HRIAs support key objectives within our modern slavery strategy and overarching human rights objectives.

For each HRIA a timebound, mitigation plan has been developed to address both the positive and negative impacts identified aims to guide the next phase of our due diligence. HRIAs support objectives within our modern slavery strategy, as well as overall human rights objectives.

The methodology applied to these assessments ensures that indicators of forced labour and child labour are reviewed as part of both desk-based analysis and stakeholder engagement and potential links to business operations are identified. From the three HRIAs Lidl has conducted, identified direct links to our business operations are primarily focussed across impacted labour rights (e.g. occupational health and safety, freedom of association and non-discrimination) as well as economic and social rights (e.g. right to adequate standard of living and right to health). Typically, the majority of impacts identified are at the cultivation or plantation tier of the supply chain. For each HRIA a timebound mitigation plan is developed to address the identified positive and negative impacts and guides the next phase of Lidl's human rights due diligence in each of these supply chains.

Lidl Group is committed to conducting and publishing three HRIAs a year until 2025, following internationally recognised methodologies and will continue to share reports and mitigation plans to address the findings identified.

5. Risk assessment and management

To help us to systematically understand the actual and potential modern slavery risk in our supply chains we regularly monitor measurable human rights and economic indicators and use these insights as a foundation for developing appropriate measures.

Tools such as the Sedex Risk Assessment Tool which are used to assess our food supply chain by our team based in Ireland and Northern Ireland, and the Amfori BSCI Country Risk Classification, used for our non-food supply chain, allow us take a more targeted approach to risks in first tier supply chains and beyond. In addition to using third party risk assessment tools, we also understand, and review risks based on information gathered through our supplier relationships, NGO partners and internal expertise. As part of the Due Diligence policy we are committed to regularly reviewing and refining this risk assessment process.

At Lidl Ireland, 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.

In our business

Responsible Recruitment

We tackle modern slavery within our business through a range of responsible recruitment measures. We have identified three key areas of risk within our business operations: employment stability, decent pay and indirect employment.

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 to fill gaps where work is not available in order to improve our employees working conditions, at the end of FY18 we announced that all our store and warehouse employees will be offered contracts with a minimum of 30 hours. We therefore ensure that the majority of people employed by Lidl Ireland are recruited on longer hour contracts. We also ensure that temporary workers are only used for periods of high demand, or as a temporary measure until permanent workers can be recruited.

Lidl Ireland recognise that our workforce is the backbone of the business and that by investing directly in our colleagues through living wages we are also able to offer greater job security and improved livelihoods for our employees, which is why we are committed to paying our employee's industry leading wage rates. In 2016 we were proud to become the first major retailer in Ireland and Northern Ireland to commit to paying the real living wage to each of our team members.

Since then, the pay scales are reviewed annually and updated according to the living wage rate as recommended by the Living Technical Group in Ireland, with the last increase in the salaries in March 2022. This competitive salary, alongside our extensive benefit package reduces the need for employees to seek out extra, often more precarious, work.

Another of the major areas of risk within our business is where workers are not directly employed by Lidl Ireland, for example, where we contract our haulage and waste disposal services to third parties. As stated earlier, in order to reduce risks in these areas, we also include our haulage and waste and recycling partners into the scope of our regular risk assessment.

Although indirect employment risks are managed through our commitment to employing our colleagues 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 distribution centre. In order 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.

Grievance mechanisms

Lidl Ireland has a dedicated HR manager who is trained and accountable for supporting the welfare of our employees in Ireland. In addition to the HR Manager we have a HR Services team who are dedicated to answering all employee queries and giving them support and guidance through any complaints procedures. We also operate a confidential Whistleblowing Hotline and online reporting system (called BKMS) that members of the public, employees and business partners can use to report modern slavery or breaches of our policies and procedures. The reporting tool is available in almost all languages worldwide and is operated by a provider independent of Lidl Ireland, enabling customers, employees, and business partners to pass on anonymous, and secure information, which is immediately forwarded to the compliance officer, but does not allow Lidl Ireland to trace the information against the individual's wishes. This online reporting tool can be accessed on any device through [this link](#).

This year we received 25 reports through our whistleblowing hotline and online reporting system, one of these related specifically to a modern slavery indicator. On that occasion, the indicator was linked to a health and safety issue. As a response, our quality assurance department conducted an internal audit on site and the non-compliances were addressed and closed off as part of the corrective action plan.

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 of our supply chain and beyond.

Tier One

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 the Sedex Platform.

Through the Sedex platform, all own-label food suppliers negotiated by our buying team based in Ireland and Northern Ireland, are required to complete a profile and answer a detailed Self-Assessment Questionnaire (SAQ) and update it every six months. This enables us to collect key profile information such as the number, gender and nationality of their 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.

The table below provides an insight into our tier one own-brand food supply chain data. 'Tier one' refers to the final packaging and production sites of suppliers of permanent products.

15% of our tier one suppliers use agency labour, supplying 1,654 workers



3,025 people (11.5% of the workforce) are employed on a temporary basis to cover peak season production

10% of our tier one suppliers provide living accommodation to their workers*

32 Supplier sites have more than 10 nationalities in the workforce

Figure 1: Tier one own-brand food supply chain overview data (FY21/22) accessed via the Sedex platform
*accommodation provided by the supplier, 3rd party or labour provider

Region	Number of sites	Number of workers	Percentage Male	Percentage Female
Northern Ireland & Ireland	152	20,476	63%	37%
Rest of Europe	12	8,514	64%	36%
Total	164	26,290	63%	37%

Figure 2: Tier one own-brand food supplier work force data (FY21/22) accessed via the Sedex platform

	Number of workers	Percentage Male	Percentage Female
Permanent	21,498	64%	36%
Temporary	3,025	60%	40%
Agency	1,654	50%	50%
Total	26,177	63%	37%

Figure 3: Tier one own-brand food supplier work force profile (FY21/22) accessed via the Sedex platform. *on date of publishing some sites have yet to update information on permanent/temporary/agency workers, Lidl IE NI are working with the Sedex platform to get this information completed.

	Number of workers	Percentage Male	Percentage Female
Local	13,054*	65%	35%
Migrant	7,335*	54%	46%

Figure 4: Tier one own-brand food supplier work force profile (FY21/22) accessed via the Sedex platform. *on date of publishing some sites have yet to update information on local/migrant workers, Lidl IE NI are working with the Sedex platform to get this information completed.

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 responsible sourcing team 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 supplier’s management systems and reinforce the expectations of our CoC.

In the last year, 19 ethical audits were conducted by our suppliers. The majority of the issues identified during audits were related to health and safety (39%), working hours (19%) and wages (9%), while 10 instances (8%) were identified where regular employment could be strengthened.

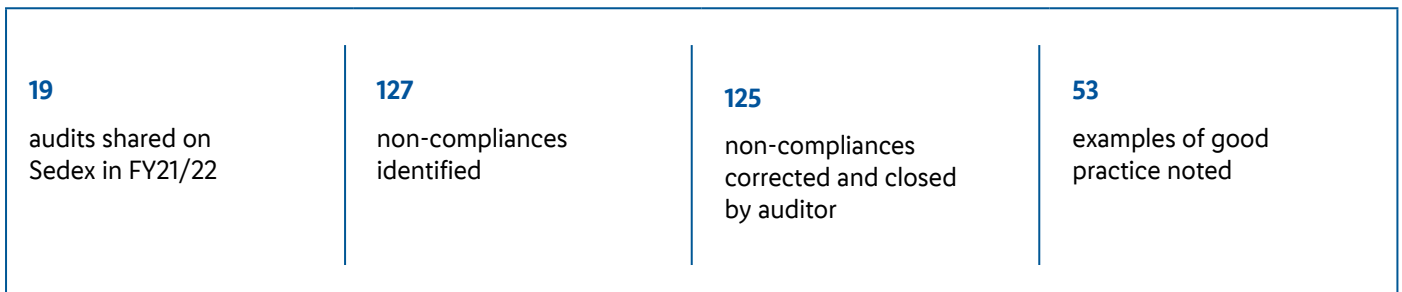


Figure 5: First tier own-brand food supplier social compliance overview data (FY21/22) accessed via the Sedex platform

Developing our Tier One supplier relationships

To strengthen the capacity of our supply chain to manage the risk of modern slavery, we recognise that we need to work directly with our suppliers to go 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.

For example, we have worked with our main beef supplier in Ireland for over 18 years, and with our main fruit and vegetable supplier since we started operations in Ireland in 2000. As a result of these stable relationships, we are better placed to achieve supply chain transparency and take collective action to tackle modern slavery.

Beyond Tier One

We have started working on increasing the transparency of our supply chains beyond tier one, working closely with our buyers, quality department and suppliers, particularly with our ‘Fruit & Vegetable’ and ‘Plants & Flowers’ suppliers, to better understand the risk of modern slavery in sourcing communities around the world.

In the coming year, we intend to further investigate the measures being implemented in these supply chains to tackle forced labour and identify opportunities to strengthen processes.

Since 2020, we have continued to develop our transparency approach and published supply chain information for our tier one textile and hardware suppliers. We have also improved the transparency on our farmed fish supply chain by certifying our products with the GNN label. All products bearing the label come from farms with production processes that are independently certified according to the strict criteria of GLOBALG.A.P. standards. This confirms that they were produced in line with responsible farming practices that cover food safety, environmental sustainability, animal welfare, traceability, and workers’ well-being.

Grievance mechanisms

Access to an effective grievance mechanism for employees in global supply chains is an essential part of corporate due diligence, in order to uncover human rights risks and potential rights violations. In practice this often poses a challenge, as employees with varying circumstances e.g., language skills, access to technology, cultural differences, should all have equal access to an effective grievance mechanism.

Lidl Group recognises 'effective grievance mechanisms' as defined by the UN GPs, meaning that they are legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of continuous learning and based on engagement and dialogue. Grievance mechanisms form part of our CoC and we firmly believe that when these are implemented effectively, human rights violations can be better identified and remediated in a meaningful way.

Lidl Group has therefore set itself the goal of piloting grievance mechanisms in various high risk supply chains, in order to identify scalable and effective approaches. As a first step, we have started to pilot grievance mechanisms in the following three supply chains:

Berries, Spain

As part of this pilot project, we have worked with our partner Elevate on a new, effective grievance mechanism for workers in the berry sector in Huelva, Spain. The grievance mechanism will be piloted with selected producers as part of the 2021/2022 harvest season. This mechanism has multiple grievance channels, including a hotline operated by trained staff, as well as the ability to report complaints via Whatsapp. Complaints are accepted in any language and verbal exchange with the hotline employees is possible in Spanish, Arabic and English. All workers are trained in the use of the grievance mechanism. As the majority of the workers on site are women from North Africa and Eastern Europe, all hotline employees are women. We will evaluate this pilot after the end of the harvest season, and report on results and next steps.

Coconut milk, Vietnam

In Vietnam we are piloting a grievance mechanism which is provided by the service provider Ulula in cooperation with Amfori. This is a mechanism that is tested in both non-food and food sectors. Lidl Group is participating in this project with production facilities in both the textile and coconut milk sector. As part of this pilot, workers are provided with various channels to share their grievance. Grievances are investigated formally with the involvement of a third party and remedial measures are developed. The pilot will run until mid-2022 and will continue thereafter with the potential for scaling up the project.

Palm oil

We are working with our suppliers to pilot an effective grievance mechanism in the palm oil sector. As part of the pilot, we will work with selected palm oil suppliers and their palm oil plantations to evaluate whether the grievance mechanism is suitable for a further roll-out in other regions or in relation to other product groups. Following the pilot, we will work with Amfori on next steps.

Prevention of child labour

For supply chains connected to countries stricken by poverty, children are sometimes required to work to support their families. This is due to a lack of educational opportunities that is often exacerbated by frequent relocation among migrant workers, as well as low wages and inadequate family incomes. It is Lidl's intention to prevent child labour and safeguard children throughout our agricultural supply chains. If violations of children's rights occur within the supply chain, Lidl strives to work closely with its suppliers to resolve the situation in the interests of the child concerned.

In collaboration with the Save The Children and the German Federal Ministry for Economic Cooperation and Development, Lidl established a project to protect children's rights in the hazelnut supply chain in Turkey in 2021. The aim of this project is to guarantee the protection of children's rights; create access to safe work and protection from dangerous activities for young workers and establish remedial action in cases where child labour is identified. For the first time, the entire supply chain – from growing the hazelnuts to harvesting and processing – will be assessed for compliance with children's rights. This pilot project has been developed to be scalable and transferable to other agricultural supply chains.

Since 2017, Lidl Group have also been running training courses in our non-food supply chain for suppliers on the prevention and remediation of child labour. Save The Children is training suppliers in Bangladesh, Turkey, Myanmar and China on behalf of Lidl. In 2020, this programme expanded to Pakistan and Vietnam.

For further information on Lidl's policy and actions to combat child labour, please refer to our [Human Rights in the Supply Chain policy](#).

6. Capacity building, training and collaboration

Training remains crucial to addressing the complex and hidden nature of Modern Slavery within our business and supply chains. Through raising awareness of Modern Slavery and highlighting potential risks and indicators to our internal departments and colleagues, we aim to continuously improve our approach to identifying and mitigating labour exploitation and risks of modern slavery.

Working with our colleagues

Our Responsible Sourcing and CSR teams continue to engage with colleagues across business areas including buying, recruitment, property, construction and human resources, who are located in our distribution centre and head office, to support the welfare of all employees. We want to empower colleagues to understand the risks within our business and industry to take any necessary action(s) to prevent or remediate concerns. To this end, this year we have:

- Continued developing transparency of our supply chains beyond tier one, working closely with our buyers, quality department and suppliers, particularly for our 'Fruit & Vegetable' and 'Plants & Flowers' supply chains
- Developed a bespoke training in Modern Slavery and Human Rights for our buyers based in Ireland in partnership with Business in the Community Ireland (BITCI)
- Trained all of our new buyers on relevant modern slavery risks and developed action plans with buyers in relation to their product categories as part of their annual range review process

In the coming year, we plan to complete the expansion of our training programme to reach more colleagues across our business and continue raising awareness of modern slavery risks and the necessary action(s) to facilitate remediation. We will work with our Learning and Development team to facilitate this process to ensure the programme is effective and sustainable.

Buying Department

Our buying department interact with multiple external businesses and agree contracts with supplier partners on a daily basis. To ensure buyers understand the potential risks within their specialist food categories, the CSR team train the department as part of the annual range review cycle, sharing the known human rights challenges in product or raw material sourcing countries and sectors. This training encompasses the actions that Lidl Ireland is taking as a business to address these human rights risks with the intention for buyers to feel comfortable to discuss these topics with their suppliers and make informed buying decisions.

Apart from the regular range review training, in 2021 our national buyers attended to bespoke training programme on Human Rights and Modern Slavery delivered by Business in the Community (BITCI) developed organised by with the Responsible Sourcing department.

Working with our suppliers

Making sure our suppliers build their capacity in ethical trade is a key strategy for us in preventing modern slavery within our supply chains. Our contracts 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.

We have increased our capacity to monitor and manage the human rights risk in the supply chain of our nationally sourced food products. We are working with an Ethical Trade Coordinator (ETC) from Sedex on a weekly basis to support our suppliers to renew the Sedex Self-Assessment Questionnaire (SAQ) every six months, with the aim of improving the quality of our data in the platform and to quality check our monitoring and risk management.

In 2021, we partnered with Business in the Community Ireland (BITCI) to expand the bespoke training programme on modern slavery developed the previous year to all our nationally negotiated suppliers.

7. Measuring progress

Through setting clear action-orientated goals and Key Performance Indicators (KPIs), we are able to measure our progress and ensure we are on target to meet our commitments to tackling modern slavery in our business and supply chains.

We are committed to setting and disclosing further goals going forwards, to ensure we are transparently reporting key areas of our due diligence process.

KPI	Status in FY21/22
Suppliers attending Modern Slavery training	8 (pilot)*
Buyers trained on human rights issues as part of the range review process	22
Employees working on GSNFR trained on Modern Slavery	New KPI
Number of whistle-blowing reports alleged relating to modern slavery indicators	1
Human Rights Impact Assessment's underway or completed	6

*We conducted a pilot training in October 2020 and we worked with BITCI in FY21/22 to review and improve the training with the full roll out planned for FY22/23.

8. Our plans for 2022 and beyond

Lidl Ireland recognises its responsibility to protect human rights across our supply chain as critical to our success and as the right thing to do. 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:

- Continue internal training to build awareness and capacity on the topic of modern slavery and risk management with focus on GSNFR suppliers and food suppliers, including our suppliers in Kick Start, our supplier development programme
- Develop and offer capacity building trainings, tools and resources on modern slavery to our national buyers and employees working with GSNFR suppliers
- Continue to review opportunities to partner with external, specialist organisations to support implementation of our modern slavery due diligence
- Publish new HRIAs based in identified high-risk supply chains in-line with our commitment to publish three HRIAs a year until 2025
- Continue to internally communicate our progress towards risk management and social compliance monitoring
- Continue to increase the information publicly available about our supply chains
- Continue strengthening our actions to address risks beyond the first tier of our supply chain

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

Signed,



J.P. Scally
Chief Executive Officer