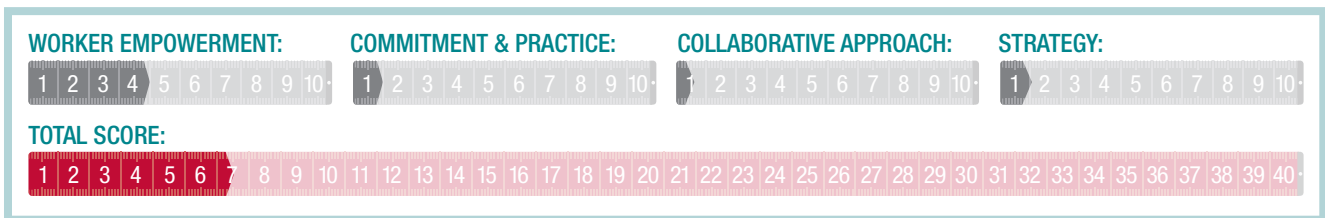


LIDL

Brands: Lidl



COMPANY POSITION ON THE LIVING WAGE:

“The aim of paying ‘living wages’ is clearly stated in our Code of Conduct, which is a fixed part of all contracts with business partners.

“In accordance with its cooperation in ILO’s [the International Labour Organization’s] Fair Wage Network, BSCI stresses the importance of including qualitative aspects such as the way of payment, timely and formal payment of wages, reflecting skills and education of workers in the level of wages, and equal treatment of full-time employees, part-time, and piece-rates workers. Thus, it is important to address the quantitative aspects of wages as well as qualitative aspects. Focusing on the quantitative level of the wage earned by workers alone is not enough.”

WHAT WE SAY:

This might all sound familiar if you’ve read the statements of many other BSCI members in this report. Like a number of these companies, Lidl has mostly repeated the answers given to it by the BSCI. However, some further information provided by the company highlights interesting project work in Bangladesh, on top of business-as-usual BSCI compliance.

IN MORE DETAIL:

Has living-wage benchmarks?

No.

Worker empowerment:

Lidl says: “We expect all supplier factories to comply with the ILO core conventions. For risk countries in general, Freedom of Association and Collective Bargaining is part of all audits being conducted under the Scheme of the BSCI Auditing Process.”

In addition to this, Lidl also cites a “Supplier Qualification Programme” (SQP) that it is running in Bangladesh in partnership with GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit): “SQP, which involves in the current phase eight factories with more than 26 000 workers in total, has one module on FoA and CB and clearly communicates these rights and the advantages of an organized labor force to the management and workers of the participating supplier factories ... The dialogue approach that we use as a basis for our trainings though has been developed at the Round Table Codes of Conduct together with trade unions and NGOs.”

Commitment and practices:

As part of the same project in Bangladesh, Lidl has been working to improve wages through two methods: firstly, by ensuring overtime is properly paid and that workers are correctly classified for the work they do. Secondly, it says: “...In Bangladesh, we commissioned GIZ to organize the payment of direct bonuses to workers in one supplier firm in recognition of their quality work. We implement this pilot measure in order to gauge whether such a system can be incorporated into the existing structures and to determine if other textile buyers can be encouraged to implement similar measures.”

This payment amounts to “more than a month salary per cash disbursement in addition to the normal monthly wage paid by factory”, and has taken place twice a year since October 2011.

Collaborative approach:

Lidl is a member of the business initiative BSCI, and has collaborated with German federal enterprise GIZ on its pilot project in Bangladesh.

Strategy:

Lidl gave no information of any internal strategy for improving the conditions for workers within its supply chain beyond its pilot project in Bangladesh. Although this project has been in operation since 2011, Lidl gave no indication of an intention to extend this project to other parts of its supply chain.

Production overview:

Number of suppliers: Lidl did not disclose this information.

Main production countries listed as: Lidl did not disclose this information.

Lidl does not publish a full public list of the names and addresses of its supplier factories.

COMMENTS:

Lidl’s work in Bangladesh is interesting and its commitment to make a significant payout to workers twice a year is hopeful. However, this project leaves us with a lot of questions. Is this payout a trial to see if this system works? Is the payment system one that Lidl hopes to scale up as a supply-chain practice? How was the bonus amount calculated? Without commitments or more information on what this idea means for the company it is difficult to judge whether this has the potential to bring about change for Lidl workers. We hope to hear more.

Lidl’s repeated reliance on its membership of the BSCI as an answer to important questions regarding its due diligence on human rights, however, seems to be the main element of the company’s work. While projects outlined by Lidl in this survey are of some value, there is little by way of a strategy within the company to ensure the respect of human rights within its supply chain.

Our take on the BSCI focus on addressing “the qualitative as well as quantitative aspects” of wage payment, is that this is missing the point. It is important, yes, to pay workers on time and ensure wages reflect how skilled workers are, but the main issue for most factory workers is that they cannot afford to buy shoes for their children. The repeated protests that take place around the world in garment-producing countries all call for a significant quantitative wage increase. The focus on other aspects of wage payment is a distraction from the pressing and urgent issue of poverty. Given a list of 12 things to do, one of which is ‘pay more’, every supplier will do the other 11 first.

With a revenue of more than €18 billion in 2012, this retail giant needs to take responsibility for its global supply chain and invest in ensuring the rights of all workers within that supply chain are respected.