
LIDL SUBMISSION



Clean Clothes Campaign Wage Survey

Response ID:33; Data

1. Login/Password Action

2. Introduction

1. Company name:

Lidl

2. Brands owned by company:

3. Main contact person:

Name: : Florian Schütze

Email: : florian.schuetze@lidl.com

Contact phone number: : 07132-942000

3. The living wage standard

4. 1.1 What is your company's position on payment of the living wage to workers in your supply chain?

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. Furthermore, our company is a participant of the Business Social Compliance Initiative. In accordance with its cooperation in ILO'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.

5. 1.2 Please give the link to the code of conduct which is used when monitoring conditions in your supplier factories. If it isn't publicly available, please upload a copy using the option below.

www.lidl.de

Upload option.

6. 1.3 Does your company agree with the definition of a living wage as given [here](#)?

Yes

If no, please provide details of how your definition of a living wage is different and give justification.

4. Respect for freedom of association and collective bargaining, a precondition for a living wage

7. 2.1 How has the right to Freedom of Association and Collective Bargaining been clearly communicated to workers in your supplier factories and subcontractors?

We expect all supplier factories to comply with the ILO core conventions. For risk countries in general, FoA and CB is part of all Audits being conducted under the Scheme of the BSCI Auditing Process.

In Bangladesh we go further: Our direct 1st tier suppliers in Bangladesh which are part of our Supplier Qualification Programme (SQP) conducted by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).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. Furthermore SQP builds on the dialogue approach, which aims at establishing dialogue structures at the production facilities to gradually increase trust among the managers that dialogue and collaboration produce a win-win situation for everyone involved. In the training managers and workers learn how they can better communicate with each other at the workplace and how they can identify and solve problems together. These abilities are gradually built up during the course of the workshops and factory visits. The approach does not intent at compensating or weakening the workers' right to freedom of association. In the contrary: as a result, resistance to the workers' right to freedom of association can be reduced.

Based on our Membership within the BSCI framework, our Company has initiated and conducted over 10.000 factory audits through accredited verification bodies. Part of the audit is to ensure that the BSCI Code of Conduct is translated into local language and displayed prominently within the respective factory as stated in the implementation guidelines.

Percentage of supplier factories and subcontractors reached by these measures:

50100%

Please supply an example of materials used:

8. 2.2 Do you support or facilitate training for workers to ensure they are aware of their right to freely associate, in conjunction with local independent trade unions or workers' rights organisations? Please supply details:

Yes, in SQP in Bangladesh we include workers (as part of the Change Management Teams) in our workshops and training. The Change Management Teams are than responsible to deliver respective training and communication to the broader group of workers.

Trade unions and worker rights organisations are not (yet) involved in our training. 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.

Percentage of supplier factories reached by these measures: : %

9. 2.3 Do you provide training for management of your supplier factories and subcontractors on the right to freedom of association?

Yes, for example in Bangladesh via our Supplier Qualification Programme with GIZ (see above). Workers and management are trained together and FoA and CB are workshop and training topics.

Percentage of supplier factories and subcontractors reached by these measures:

10. 2.4 Have your supplier factories and subcontractors issued the Right to Organise Guarantee to workers in any of your production units?

	Country:	Number of suppliers:	Details:
			With regards to Bangladesh and the International Fire and Building Safety Accord, the direct factories of our company have been informed with regards to this matter in a personal meeting on the 18. August 2013 in Dhaka. We

1:	Bangladesh	clearly informed and expressed our requirement that factories shall and must not have any objections in case of workers wishing to organize themselves at factory level. Covered by the BSCI Code of Conduct, this requirement must be translated into local language and displayed prominently within the respective factory.
2:		
3:		
4:		

Please provide a sample of materials used in specific countries:

11. 2.5 Do you require supplier factories and subcontractors to sign Union Access Agreements? If yes, please supply details.

The International Fire and Building Safety Accord shall cover basic safety procedures and precautions, as well as enable workers to voice concerns and actively participate in activities to ensure their own safety. Signatory companies of the Accord shall require their suppliers to provide access to their factories to training teams designated by the Training Coordinator that include safety training experts as well as qualified union representatives to provide safety training to workers and management on a regular basis.

Furthermore, the running SQP aims to create awareness amongst the factory management and the workers in these topics by including them into the workshops and trainings.

Number of supplier factories with agreements:

Please provide a sample of agreements signed:

12. 2.6 Does your company have an accessible, actionable and safe means by which workers can file and follow up on complaints about violations of freedom of association and collective bargaining rights? How do you monitor that this can be accessed freely by workers?:

We work on this issue on different levels:

-through the BSCI Auditing System with qualified personnel on the ground and available clearly communicated hotline and email communication channels to handle any complaints by workers appropriately.

-through the membership in the International Fire and Building Safety Accord the Safety Inspector shall establish a worker complaint process and mechanism that ensures that workers from factories supplying signatory companies can raise in a timely fashion concerns about health and safety risks, safely and confidentially, with the Safety Inspector. This should be aligned with the Hotline to be established under the NAP. Grievance Handling and worker feedback is an important part of the SQP training and is communicated through role

- plays or other practical exercises to management and workers. However, through illiteracy or cultural conditions the establishment of an effective, for all workers accessible and discrete compliance mechanism remains a sensitive topic. Therefore the dialogue approach of the SQP strengthens communication structures to support the Change Management Teams in the factories to find appropriate solutions which consider local conditions.

In SQP, the number of complaints/ suggestions/ complaints are regularly monitored to evaluate in how far in-factory compliance mechanism are used. Furthermore, additional interviews with workers are conducted.

13. 2.7 Have you done any work to limit the use of short term contracts in your supplier factories and subcontractors?

Please provide details of your policy and its impacts in relevant countries: : Our aim is to build long term partnerships with selected and direct suppliers. Furthermore, by having conducted more than 10.000 audits by accredited verification bodies, the underlining questionnaire (BSCI, B.4.2.) asks for satisfactory evidence that workers (including those paid based on productivity) are paid benefits at least in conformity with the national law and/or industry standards. Auditors pay special attention to verify that the company does not use labour-only contracting arrangements, consecutive short-term contracts, and/or false apprenticeship schemes to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.

14. 2.8 Is there anything else you would like to tell us about work you have done so far, or work you are planning, to promote the right to freedom of association in your supply chain?

5. Dialogue and negotiation with labour rights organisations

15. 3.1 Please provide details of any active collaborative work undertaken with independent trade unions or labour rights organisations in your sourcing countries:

The BSCI organizes numerous round tables in sourcing countries to address critical issues in social compliance that include all stakeholders, including trade unions. See <http://www.bsci-intl.org/search/node/%22round%20table%22>

16. 3.2 Have any of your collaborations resulted in unions or bargaining processes starting within your supplier factories?

6. 4. Benchmarks for a minimum living wage

17. 4.1 Does your company have internal figures that it uses to benchmark living wages for each sourcing country or region?

No

If yes, please provide details of how these were developed and how they are used:

Orientation is based on national regulations and international recommendations issued by organizations such as SAI and ILO.

18. 4.2 Please provide information about the figures you are using to benchmark a living wage in your 3 main production countries or regions.

	Country/region	Living wage benchmark
1.		
2.		
3.		

19. 4.3 Please give details of the number of your supplier factories in Asia that are currently paying the [Asia Floor Wage](#).

	Country/region	Number of supplier factories paying Asia Floor Wage
1.		
2.		
3.		

4.		
5.		

7. Purchasing practices that make living wages possible

20. 5.1 Is your company doing work to limit the use of subcontractors in your supply chain and/or consolidate your supplier factory list? Please provide details:

Yes, unknown subcontracting is strictly forbidden and will be penalized.

21. 5.2 Does your company operate a policy of buyers favouring supplier factories that consistently meet a high wage standard? How?

All Audits being conducted in the framework of BSCI Audit include the calculation of the locally applicable living wage applying the SA8000 methodology and includes a gap-analysis between the actually paid wages and calculated level of the living wage. In line with its collaboration in ILO's Fair Wage Network, BSCI also emphasizes that there is no primacy of the quantitative level of a the wage, but qualitative aspects such as timely and formal payment of wages and reflecting skills and education of workers in the wages they receive are just as important. Factory performance under the BSCI framework Auditing process is systematically monitored by our company and results in consequences if the improvement of necessary actions to be taken by a factory are not sufficient according to our requirements.

22.

How is this monitored? : see above

23. 5.3 Does your company break down and calculate whether FOB prices per piece are sufficient to allow for compliance with the wage standard your company has set out in its code of conduct?

-

24. 5.4 Does your company operate a policy of buyers favouring supplier factories that support the establishment and functioning of genuine trade unions, and those with collective bargaining agreements?

Factory performance under the BSCI framework Auditing process is systematically monitored by our company and results in consequences if the improvement of necessary actions to be taken by a factory are not sufficient according to our requirements.

25. 5.5 Please provide information about any other work your company has done / is planning to do on improving your purchasing practices, in relation to wages.

Intensifying the working relationship with existing suppliers by bundling orders enabling better production planning. However, it must be noted that we have only a very limited influence on the total production planning of a factory as in reality there are always many customers in a single factory and final decision lies within the factory management.

8. Living wage projects

26. Please provide details of any projects here. Please note you can cut and paste long pieces of text into these small boxes if necessary:

	Project 1	Project 2	Project 3	Project 4
Location:	Dhaka, Bangladesh			

Number of factories and workers involved:	currently 1 Factory with over 6.000 employees			
Living wage benchmark used:	Based on the yearly talks with the Kampagne für saubere Kleidung (CCC) in Germany			
Partnerships:	Gesellschaft für Internationale Zusammenarbeit (GIZ)			
Wage increase achieved:	More than a month salary per cash disbursement in addition to the normal monthly wage paid by factory			
Details of process:	Since October 2011 half year Cash disbursement in relation to production volume occupied, next Payment to be executed in October 2013			

27. Please upload any useful supporting documentation here:

[Attachment to 6.1...pdf](#)

9. New Page

28. 7.1 Have you publicly supported calls from civil society and unions to increase the minimum wage to a living wage standard in your production countries? Have you made this position clear towards governments and employers associations?

Our company has stated our half year direct cash disbursements mentioned in 6.1. in responding to enquiries received from media journalists in Germany. Through the above described payment of direct bonuses to workers, we aim to encourage other brand and retailers to implement similar measures that target the workers directly.

29. 7.2 As part of this work, have you issued a public statement assuring country governments that you will not relocate production as a result of minimum wage legislation that ensures a living wage?

The Fire and Building Safety Accord differs from other Alliances mainly in the point that it is a not business initiative, because the Accord has been put forward by trade union federations and is an agreement between Accord signatory companies and the union federations. The other main difference is that other Alliances do not mention the commitment of companies to keep sourcing from Bangladesh in the future as stated "Signatory companies to this agreement are committed to maintaining long-term sourcing relationships with Bangladesh, as is demonstrated by their commitment to this five-year programme ..., provided that (a) such business is commercially viable for each company and (b) the factory continues to substantially meet the company's terms and comply with the company's requirements of its supplier factories under this agreement."

10. Transparency

30. 8.1 Does your company publish a full public list of supplier factories, and sub contractors, their locations and products?

Yes for example in Bangladesh through our participation in the International Fire and Building Safety Accord

Do you have plans to publish a full list in the future?

31. 8.2 Does your company publish impact reports on projects related to wages?

11. Collaborative working

32. 9.1 Please provide details of your involvement with any multi-stakeholder initiative projects working to improve wages:

Firstly, our Company is a Founding Member of the International Fire and Building Safety Accord formed on the 15th May 2013 which also aims to improve wages in sourcing countries like Bangladesh.

Secondly, as a supporting member of BSCI as BSCI is engaged in a network of Round Tables in supplying countries that gather representatives from local governments, trade unions, NGOs, as well as garment producers' and exporters' associations and representatives. Those Round Tables help to address strategic issues such as wages with the local governments who bear the responsibility to ensure the well-being of the workers in the country.

Thirdly, as one of only two German companies being present in the "Stakeholder Consultation Meeting" on the 9th September 2013 in The Hague and through our planned participation at the European Conference on Living Wages on 25th and 26th November 2013 in Berlin. At this venue stakeholders are invited to get involved in a joint approach to draft a Living Wage Roadmap with a focus on the industrial sector in Asia. This will define more in detail the roles that different actors should play in order to address the challenges of realizing a living wage, building on the foundations laid in the international normative framework (UN Guiding Principles, OECD Guidelines for Multinational Enterprises and the ILO MNE Declaration).

Furthermore, see 6.1.: Since October 2011 direct cash disbursements through an innovative pilot project with GIZ

33. 9.2 Please provide details of any work you have initiated outside an MSI, directly with other companies which has improved wages:

See 6.1. and the collaboration with the GIZ in Bangladesh. However, it must be noted that Anti-trust and competition laws make it difficult for retailers and brand companies to define what should be the local industry wage at shared suppliers.

34. Supporting documents:

12. 10. A clear route map for implementing a living wage for all workers

35. 10.1 Has your company developed a strategy for delivering a living wage in your supply chain? Is this a public commitment?

Starting on a small scale with an innovative pilot project in October 2011 conducted as mentioned in 6.1. in cooperation with the local expertise of GIZ. Through the above described payment of direct bonuses to workers, we aim to encourage other brand and retailers to implement similar measures that target the workers directly.

However, we aim for a sector-wide approach for improving wages and therefore participating and welcoming the European Conference on Living Wages on 25th and 26th November 2013 in Berlin. For the preparation of this venue, we were one of only two German companies being present in the "Stakeholder Consultation Meeting" on the 9th September 2013 in The Hague. At this venue stakeholders are invited to get involved in a joint approach to draft a Living Wage Roadmap with a focus on the industrial sector in Asia. This will define more in detail the roles that different actors should play in order to address the challenges of realizing a living wage, building on the foundations laid in the international normative framework (UN Guiding Principles, OECD Guidelines for Multinational Enterprises and the ILO MNE Declaration). Furthermore, through offering certified goods under the supervision of internally accepted organizations such as Fairtrade.

36. 10.2 Does this strategy have a time scale? If yes, please state.

37. 10.3 What consultation have you carried out on this strategy, both within and outside your company?

Regular talks with initiatives like Kampagne für saubere Kleidung and building on the local expertise of GiZ as a implementing partner

38. 10.4 How will you ensure that vulnerable workers, such as homeworkers or migrant workers are also included in efforts to increase wages?

Through pilot projects implemented as mentioned in 6.1.

39. 10.5 Is there anything else you would like to tell us about your work on the living wage that hasn't been covered in this survey?

13. Further questions about your supply base

40. 1. What are your main production countries? Please state percentage of total production per country and the number of supplier factories.

	Country	Percentage of production	Number of suppliers
1	-	-	-
2			
3			
4			
5			
6			
7			
8			
9			
10			

41. 2. What kind of trade partners are part of the sourcing structure? Please indicate an approximate % of volume share of your production:

Production at factories owned by your company: : %
Orders placed directly to supplier factories: : %
Orders placed through agencies or intermediates: : %
Other: : %

42. If other, please specify.

43. 3. What is the length of time that you have been working with your current suppliers?

	% of suppliers
More than 5 years:	-
2-5 years:	-
Less than 2 years:	-

44. 4. How many sites did you use to produce your goods in 2012?

First tier suppliers: : -

Sub contracted suppliers: : -

45. 5. How many supplier factories do you trade with where you have a regular production share of more than 25%?

Number of suppliers: : -

Please list suppliers, country and % of product share at the factory: : -

Response Location

Country:	Germany
Region:	01
City:	Heilbronn
Postal Code:	
Long & Lat:	Lat: 49.140301, Long:9.22

6.1. Please provide details of any projects here: (nb. A number of columns are available for filling in data).

The wage topic has been approached in Bangladesh in two different ways:

The SQP in a first step fosters increased wage payments with introducing incentive systems and appropriate workers classification which can translate into higher salaries for individual workers and also helps to improve transparency in the salary calculation. Furthermore, SQP is taking efforts to ensure that overtime is paid correctly. This is done through trainings of management and workers as well as through regularly salary payment monitoring.

In a second step, 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.

From : Florian.Schuetze@lidl.com
To : <anna@labourbehindthelabel.org>
Cc : "Gisela Burckhardt" <gisela.burckhardt@femnet-ev.de>
Subject : Antwort: Lidl profile
Date : Mon, 03 Feb 2014 11:48:59 +0000

Dear Anna

please excuse the late reply.

In order to improve the wage level in selected Lidl supplier factories for all employees of a factory, Lidl has contracted GIZ in 2011 with a pilot measure, according to which LIDL financed bonus payments in cash were disbursed directly to all employees of a selected supplier company. So far, five consecutive bonus payments have been successfully performed. Since the first payment in October 2011, a total of 867.331 Euro were disbursed to 27.547 workers, which is an average increase of 32 Euro per worker in addition to their regular monthly payment. Thereby, the calculation of the extra cash payment is based on the quantity of order volumes for a specific period of time. Next payment is scheduled for March 2014.

Furthermore, hoping that other buyers will follow this unique approach, Lidl's intention is to broaden this project to other factories, incorporating 1-2 more factories in 2014.

Best regards,

Florian Schuetze

Mit freundlichen Grüßen
ppa. Florian Schütze
Geschäftsbereichsleiter

Gesellschaft und Umwelt International

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803 808

Von: anna <anna@labourbehindthelabel.org>

An: <florian.schuetze@lidl.com>

Kopie: "Gisela Burckhardt" <gisela.burckhardt@femnet-ev.de>

Datum: 14.01.2014 12:53

Betreff: Lidl profile

Dear Florian,

Please find attached the first draft of your company's profile, which has been put together based on information you submitted to the Clean Clothes Campaign Wage Survey (also attached).

If you would like to correct any factual inaccuracies, or provide CCC with further information to support your submission which clarifies anything we have mentioned, then please send it to us by close of play on 30th January. Please note this profile is subject to change prior to publication, although it will mostly remain the same.

We had a few things we wanted to clarify: We would like to know more about the bonus payment programme that you have been implementing in Bangladesh with 1 supplier. What is your intention for this project going forward? Is it a one off, or something you want to do in other factories also? Why was this factory chosen and is the payment meant to be a 'top up' to a living wage? How was the figure paid out calculated?

The report timeline going forward from this is that we will need a few more weeks to incorporate comments and finalise details, before the report is published towards the end of March – final date TBC. A finished copy of the report will be sent to you a few days before launch.

Copied in to this email is your CCC contact point person. Please be in touch with this person if you have questions or concerns. However, please do make sure to copy me in (anna@labourbehindthelabel.org) to mails with any additional concise information or factual corrections you wish to make to the text.

Best wishes,
Anna

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Anna McMullen | Campaigns Director | Labour Behind the Label
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Please note: As of 1st March 2014 we will move offices to Easton Business Centre, Felix Road, Bristol BS50HE

Join the LBL Facebook group | Follow us on Twitter: [@labourlabel](https://twitter.com/labourlabel)

Labour Behind the Label works to improve conditions and empower workers in the global garment industry. We are the UK platform of the Clean Clothes Campaign, a coalition of campaigns in 15 European countries with a network of 250 organizations worldwide.

All LBL staff work 3 days a week only. My normal working days are Monday - Wednesday. You can reach me on the mobile number above at other

times. [Anhang "Lidlresponse.pdf" gelöscht von Florian Schuetze/HQEU001/EU/LIDL] [Anhang "Lidl profile.doc" gelöscht von Florian Schuetze/HQEU001/EU/LIDL]