

“Lidl’s response”, 11 July 2022

Lidl has a zero tolerance policy towards any human rights violations of any kind in our supply chain.

In our business activities, we take responsibility, respect and protect the fundamental rights of all stakeholders in the different stages of our supply chains. We are therefore committed to corporate due diligence and engagement for better working conditions and strengthening human rights within the framework of the United Nations Guiding Principles on Business and Human Rights. Our commitment towards implementing social and environmental standards in the supply chain has been integrated in our code of conduct. Our Code of Conduct is part of our legally binding agreement and applies to the entire supply chain. As part of our corporate due diligence, we continuously and systematically review potential risks such as human rights violations in the supply chains of our own-brand products and take remedial action where necessary. If we have specific facts about violations of our regulations, we investigate and take appropriate action.

Lidl has especially strengthened and increased the due diligence for business activities in Myanmar to avoid or remedy any human rights violations.

Regarding the mentioned factories, we would like to elaborate:

**Myanmar Guotai Huasheng Glory Fashion Co. Ltd.:**

- *“In April 2022, it was reported that workers were facing a number of violations at the factory, including being forced to sign new contracts that allegedly did not guarantee their rights, denial of social security benefits, mental and physical abuse, denial of leave and wage deductions. Workers who tried to address their grievances reportedly face threats.”*
  - **Lidl has no business relationship with this factory since July 2021.**
- *“In July 2021, it was reported that the factory was not implementing adequate COVID-19 safety measures in line with official guidelines. Labour activists and unions say some factory owners in Myanmar have taken advantage of the lack of monitoring since the February coup.”*
  - **According to our information, our supplier has implemented the following safety measures in the factory since July 2021:**
    - 1. temperature check of workers**
    - 2. provided hand sanitizer in each department**

3. provided face masks to workers
4. factory performed routine cleaning of workplace
5. kept the canteen clean
6. ensured visitors or guests wear face masks
7. recorded and reported workplace COVID-19 infections to the local authority
8. Ensured natural ventilation in workplace
9. Allowed workers to stay at home with sick leave which paid by SSB

#### **AMG Garment (AMG Factory Co. Ltd.):**

- *“In April 2022, it was reported that workers were facing a number of violations at the factory, including threats against union leaders, violations of the agreement between the union and employer, falling sick because the factory would not turn the fans on during hot weather, dangerous working conditions and discrimination against pregnant workers. Newly hired workers are allegedly forced to pay 20,000 kyats to the factory and garment workers are forced to work in the dyeing factory, despite having no training, and then being dismissed because they are unskilled.”*  
→ **We take these accusations very seriously and have immediately initiated our compliance process and communicated all listed compliance cases to our supplier who is investigating those. Until the remediation is complete, no new orders will be placed at the factory.**
- *“In March 2021, the military reportedly sought to arrest AMG Garment Factory Union President Thet Mar Soe.”*  
→ **We worked closely together with the factory and want to emphasize, that the compliance case has been solved. We reached a solution with the help of mediation via ACT. The case was confirmed to be solved by ACT. We have a settlement Agreement available which is signed by Union Representative Ma Khaing Zar on behalf of the IWFM.**

#### **Popular Garment:**

- *“In March 2021, the military reportedly sought to arrest Popular Garment Factory Union Secretary Treasurer Aye Thandar.*
- *In March and April 2021, 13 workers were reportedly fired for no reason. After labour unions lodged a complaint, the workers were compensated on 4 October 2021.*
- *In September 2021, it was reported that workers were told the factory would call the military to arrest workers if they contacted*

*union leaders who had joined the civil disobedience movement and told them about the working conditions in the factory.”*

→ **Lidl has had no business relationship with this factory since September 2021 as the factory’s lack of cooperation in resolving the above compliance cases has led us to discontinue the current relationship.**

#### **Twinkle Light Fashion Co. Ltd.**

*“In March 2021, over 100 workers were reportedly fired because they were unable to come to work due to security concerns and travel difficulties, and workers who returned to work late were re-employed as new workers. An agreement has since been negotiated between the union and the factory.”*

→ **We worked closely together with the factory and want to emphasize, that the compliance case has been solved. Out of the 100 workers, 40% have been reinstated into their previous positions. For the remaining 60%, the offer to be reinstated is still valid. Returning workers have always been reinstated.**

#### **Able Better Garment**

→ **As already communicated over email, we do not have any business relationship with this factory.**

#### **Sung Bo Garment:**

*“On 21 Feb 2021, 135 workers were fired after they joined a pro-democracy protest. The factory agreed to reinstate only 65 of the workers, none of whom were union members. The remaining workers eventually accepted compensation in lieu of reinstatement.”*

→ **Also this case has been resolved. After it became known that 135 workers had been dismissed by the factory, 65 were immediately reinstated (no union members). The remaining workers were paid by the factory JABP, including compensation under the supervision of the labour bureau.**

#### **GTIG EASTAR Garment (Myanmar) Co. Ltd:**

- *“In October 2021, the factory announced its closure, seven months after it was badly damaged by a fire. Over 1,900 workers have been left without compensation.*
- *In May 2022, it was reported that the factory had fired a worker who had been physically assaulted by her supervisor.”*

→ **We have had no business relationship with this factory since September 2021 as Human Rights Watch flagged the location of the factory as a risk.**