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Investment Giant KKR Profits from Dollar General's Poor Labor Record, Report Shows

December 22, 2009, New York- China Labor Watch's newest report describes conditions for workers who make Dollar General's merchandise in four supplier factories producing appliances, plastic cookware, household goods and electronic fireplaces. Hours range from 2-4 hours of overtime daily, full weekend overtime, and some factories have illegal contracts and no insurance or even basic safety equipment. Workers earn \$147-\$190/month.

In November of 2009, Dollar General went on the market, with major profits going to its majority owner, investment giant Kohlberg Kravis Roberts (KKR). Dollar General's low-priced goods are attractive to communities across America who face shrinking household budgets and growing unemployment rates. The real price of these goods is paid by the Chinese workers who make them. KKR takes advantage of this unsustainable relationship between resource-strapped Americans and exploited Chinese workers to bank millions of dollars on its investment.

KKR turns a blind eye to the human impact of the massive production outsourced by Dollar General and other companies in its portfolio. DG does not even have a corporate responsibility department, let alone an effective system for handling the massive human rights abuses in its supply chain. CLW Executive Director Li Qiang states that DG has "the worst labor performance in China of all major US retailers".

At Rongxin Appliance Company in Huizhou, excessive hours and injuries from outdated equipment are frequent. At Shijie Plastic Company in Shenzhen, employees suffer wage arrears, wretched smells that they must endure without face masks, discriminatory hiring, dark dormitories where 12 workers sleep in each room, and disguised layoffs. Suncheong Plastic Product is not much better: poor safety equipment and excessive fees. Source Pro, the subject of a previous CLW report, has still not improved. Workers are still receive illegally low wages, face excessive fines and must sign away rights to social insurance.

Kenneth Melman, KKR's Managing Director and head of Global Public Affairs and Peter McKillop, Director of Global Communications state that KKR cannot currently invest in labor conditions. KKR issued no response to the report in meetings with CLW from June to November 2009 which concluded after DG began trading publicly. Li Qiang comments that meetings with KKR were meant to "placate CLW and delay release of the report so that the public would not know about conditions in these factories when DG hit the market."

To read the report, visit www.chinalaborwatch.org.

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