PROGRESS REPORT 2019

UN GLOBAL COMPACT



ALDI SÜD Group 2020

FOREWORD



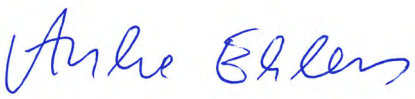
Dear reader,

Simply, responsibly, consistently – this is how we conduct business in our 11 national markets and with our business partners. We believe that efficient business processes and collaborative relationships are the best way to drive change in the key areas of human rights, labour, environment and anti-corruption.

We are proud to be the first discount food retailer to join the United Nations Global Compact (UNGC) and I am pleased to confirm that the ALDI SÜD Group is committed to continuing its support of the ten UNGC principles and has continued to make positive progress in 2019.

This report not only highlights how we have successfully advanced projects and initiatives in cooperation with our partners, it is also part of our ongoing commitment to be more transparent concerning actions relating to our sustainability activities.

Please feel free to send us your questions and comments via email to responsibility@aldisouthgroup.com.



Anke Ehlers

Managing Director Corporate Responsibility International (CRI) on behalf of the national organisations of the ALDI SÜD Group

HUMAN RIGHTS

PRINCIPLE 1: Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2: Businesses should make sure that they are not complicit in human rights abuses.

OUR APPROACH



Respecting Human Rights

As an international company with global supply chains, we are aware of our responsibility to respect human rights. The ALDI SÜD Group is certain that long-term business success can only be ensured if human rights are acknowledged and respected, protected and fulfilled.

We believe that companies should be committed to respecting human rights. Our commitment encompasses adverse impact on human rights that we might cause, contribute or are directly linked to.

OUR HIGHLIGHTS

Human Rights	» ALDI SÜD Group joins the Ethical Trade Initiative (ETI). » Enhancing the topic of living wage by engaging in the 'IDH Living Wage Steering Committee' as well as the 'Living Wage initiative' of the Partnership for Sustainable Textiles. » In 2020, we will start to carry out human rights impact assessments (HRIAs) for Brazil nuts, coffee and avocado.
AFA Project	» 85,000 people in Bangladesh benefitted from the ALDI Factory Advancement (AFA) project in the past 6 years. A new approach will be piloted in Phase 2.0.
Coffee	» Coffee project: Visit to smallholder farmers in Honduras.
Fish & seafood	» ALDI SÜD Group is a leading retailer for human rights in the canned tuna supply chain based on a survey by the 'Business & Human Rights Resource Centre'.
Palm oil	» The WWF Palm Scorecard for 2019 ranked the ALDI SOUTH Group as best discount retailer to be making most progress towards sustainable palm oil.

OUR WORK IN ACTION



OUR LIBRARY



CR Principles



ALDI Social Standards in Production



Human Rights Policy



Code of Conduct

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



LABOUR

PRINCIPLE 3: Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining.

PRINCIPLE 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

PRINCIPLE 5: Businesses should uphold the effective abolition of child labour.

PRINCIPLE 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

OUR APPROACH

People

The 157,000 ALDI SÜD Group employees are the key to our success. We are an international business with a diverse workforce. We aim to be a reliable employer by offering job security, attractive remuneration and benefits, as well as comprehensive training measures and development opportunities wherever we operate.

Responsible Sourcing

As well as being accountable for our own activities, we are also committed to respecting human rights and improving living and working conditions throughout our supply chains. Our aspiration is that all our products are made in a responsible way and we consider human rights standards and environmental criteria in our global supply chains - from raw materials to the final production of the products.

OUR HIGHLIGHTS

Employee Survey
- In 2019, a global Employee Engagement Survey was conducted. Based on the voices of our employees, focus areas were identified. For 2020, concrete actions are being implemented.

Health & Wellbeing
- All ALDI SÜD Group countries started to implement a Health Programme and respective trainings were conducted for our employees.

Diversity & Inclusion
- An international Diversity Statement was agreed on for all ALDI SÜD Group countries in 2019. ALDI UK released their policy "Equal Opportunities & Prevention of Discrimination". Diversity & Inclusion continues to be a top priority for 2020.
- ALDI UK/IE are investing in a Fairtrade Flowers Gender Empowerment Project that is aimed at enabling women to become leaders at work and in their communities.

Human Rights
- Anke Ehlers proud to be elected to amfori's Board of Directors.
- Respecting human rights in our supply chains: ALDI's Child Labour Policy.

Fish & seafood
- ALDI countries committed to responsibly sourced seafood and joined the Ocean Disclosure Project.

Nuts
- Supporting the Ethical Trade Norway's Cashew project that strengthens labour standards in cashew nut supply chains in Vietnam.

Textiles
- ALDI SÜD Germany reports continuing progress with 'German Partnership for Sustainable Textiles'.

Social Auditing
- ALDI SÜD Group conducted a total of 343 ALDI Social Assessments to evaluate production facilities' compliance with our CR Requirements and ALDI Social Standards in Production.

OUR WORK IN ACTION

AFA Project | Cocoa | Coffee | Cotton | Fish & seafood | Detox | Palm oil | Supply chain | Textiles | Tropical fruit

OUR LIBRARY


CR Principles


ALDI Social Standards in Production


Human Rights Policy


Child Labour Policy


Code of Conduct

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ENVIRONMENT

PRINCIPLE 7: Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8: Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

OUR APPROACH

Protecting the Environment

Our business activities have a significant impact on climate and the environment. This is a result not only of the products we sell, but also of our entire operations, from the construction and operational running of buildings to the transport of goods.

Our goal is to minimise the ecological footprint of our activities. We will achieve this by lowering our greenhouse gas emissions and ensuring that the products we offer do not have a detrimental impact on the environment.

OUR HIGHLIGHTS

Climate Protection
- » Environmental projects support our carbon neutrality target.
- » The ALDI SÜD Group set the goal for each individual country to reduce greenhouse gas (GHG) emissions per m² of sales area by 30% by 2020. In 2018, all ALDI SÜD Group countries achieved the reduction goal two years ahead of time.
- » A new climate strategy beyond 2020 will be developed based on criteria of the Science Based Target initiative.

Cocoa
- » Joining forces: ALDI engages in the Retailer Cocoa Collaboration to tackle issues such as deforestation in the cocoa sector.

Deforestation
- » ALDI urged Brazilian government to stop Amazon destruction for the production of soy.

Detox
- » Four years ago, the ALDI SÜD Group committed to the goals of Greenpeace's Detox campaign and has made great progress to reduce the negative impacts of chemical-based production processes used in the textile and footwear industry.

Palm Oil
- » Since 2018, we use sustainable RSPO-certified palm oil in 100% of our own-brand food and non-food products.
- » ALDI SÜD Group pushes for greater action on deforestation and exploitation free palm oil.

Textiles
- » ALDI SÜD Germany's sustainable textiles are marked with the 'Green Button'.

OUR WORK IN ACTION

Climate protection | Defore-station | Detox | Packaging | Palm oil | Supply chain | Textiles

OUR LIBRARY



CR Principles


ALDI Social Standards in Production



Code of Conduct

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ANTI-CORRUPTION

PRINCIPLE 10: Businesses should work against corruption in all its forms, including extortion and bribery.

OUR APPROACH

Code of Conduct

As an international company the ALDI SÜD Group and our employees are obliged and committed to complying with the respective laws of all the countries where we operate. In addition to the requirements defined by national and international law, we are committed to upholding our own set of ethical values and standards. The international ALDI SÜD Group Code of Conduct defines our expectation of integrity and legal compliance. It sets the minimum standard for the national Codes of Conduct, which provide guidance for our employees worldwide.

OUR HIGHLIGHTS

Compliance

- Across the ALDI SÜD Group, Compliance organisation is tasked with implementing the Compliance Framework prioritising Anti-corruption and building a strong culture of Compliance.
- Internal Anti-corruption policies were updated in 2019. National Compliance Officers in all countries are point of contact regarding Anti-corruption topics. Additionally, Compliance trainings addressing Anti-corruption topics were rolled-out in the ALDI SÜD Group countries.
- AlertLines and Counsels of Trust are continuously used as channels to anonymously report any instances of potential non-compliance issues.

Social Auditing

- Since 2018, all high-risk non-food commodity groups of the ALDI SÜD Group are integrated into our Social Monitoring Programme.
- ALDI SÜD Group conducted a total of 343 ALDI Social Assessments to evaluate production facilities' compliance with our CR Requirements and ALDI Social Standards in Production. 'Bribery and corruption' is one of the areas these assessments look into.

OUR WORK IN ACTION

Supply chain

Textiles

OUR LIBRARY



CR Principles



ALDI Social Standards in Production



Code of Conduct

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



PERFORMANCE

By measuring our progress we can continuously understand the effectiveness of our actions and highlight the areas where we are already making strong progress, as well as other areas where further action is required.

	2018	2019	STATUS	GOAL
RESPECTING HUMAN RIGHTS				
AFA Project: Phase 2.0	-	-	●	-
ALDI Social Assessments (ASAs) conducted	388	343	●	-
Corporate Responsibility Supplier Evaluation (CRSE): Textile business partners integrated	100%	100%	●	All high-priority commodity groups integrated
RESPONSIBLE SOURCING				
Cocoa: Products containing certified cocoa	86%	88%	●	100% in 2020
Coffee: Sustainable coffee tonnage	56%	55%	●	-
Cotton: Sustainable cotton tonnage	-	25%	●	100% in 2025
Fairtrade: Certified products (incl. Fairtrade-sourced ingredients)	334	686	●	-
Fish & seafood: Responsibly sourced fish and seafood	88%	89%	●	100% in 2020
Forestry: Certified/recycled wood-based own-brand products	71%	79%	●	100% in 2020 (ALDI US: 2021)
Palm (kernel) oil: Certified palm (kernel) oil in our own-brand products	100%	100%	●	100% in 2020
Tropical fruit: Certified bananas and pineapples sold in European and US stores	-	100%	●	-
PROTECTING THE ENVIRONMENT				
Company Carbon Footprint: Reduction of operational greenhouse gas emissions per m^2 of sales area (change compared to 2012)	-30%	-	●	-30% in 2020
Carbon-neutrality of ALDI SOUTH Group countries	5	7	●	Zero carbon
Food waste: Stores cooperating with charitable organisations to donate unsold food	93%	92%	●	-
Packaging: Own-brand products with certified/ recycled paper-based packaging	37%	53%	●	100% in 2020 (ALDI US: 2021)
Refrigeration: Stores using more environmentally-friendly refrigerants	82%	87%	●	100% in 2025
ANTI-CORRUPTION				
Social Monitoring Programme (SMP): Non-food production facilities with a valid social audit report	100%	100%	●	100%
ATTRACTIVE EMPLOYER				
Women in management positions	43%	43%	●	-
Employee Engagement Index in employee survey	-	83%	●	-

● New ● In progress ● Completed ● Ongoing

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ALDI SÜD KG
Moserstraße 42
A-5020 Salzburg
VAT Reg. No.: ATU24963706
Commercial register: FN 26451z, Regional Court of Salzburg

Contact:
sustainability@aldisuedgroup.com

Please visit sustainability.aldisuedgroup.com for more information on our international sustainability activities.