PROGRESS REPORT 2020

UN GLOBAL COMPACT



ALDI SÜD Group 2021

FOREWORD



Ankle Ehlers

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

Dear Reader,

The ALDI SÜD Group has always prided itself in making quality products available to its customers at the right price. Through our new Corporate Responsibility 2030 Vision of "making sustainability affordable to our customers", we will continue to give our customers access to great products, while reassuring them of the responsible sourcing of these products.

Whilst this is an ambitious goal, our new international CR Strategy shows that when organisations are faced with global challenges, they need to take a global perspective. We focus on four international areas: respecting human rights, improving resource efficiency, realising zero carbon and being an employer of choice, and combine them with national activities to meet our customers' everyday needs and support local communities.

In 2017, the ALDI SÜD Group joined the United Nations Global Compact (UNGC) and we continue to be committed to supporting the ten UNGC Principles in the key areas of human rights, labour, environment and anti-corruption.

Our 2020 report clearly demonstrates that we are on the right track to create positive progress and are implementing necessary measures to tackle global challenges. However, there is still much to be done and we believe that every day we are setting the stage for long-term success.

I hope you find this report enjoyable,



"ALDI contributes to the democratisation of sustainable products by making them affordable and bringing them into any household and onto everybody's plate."

THE PRINCIPLES



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.



LABOUR

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right 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.

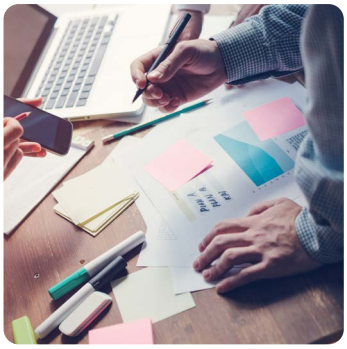


ENVIRONMENT

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

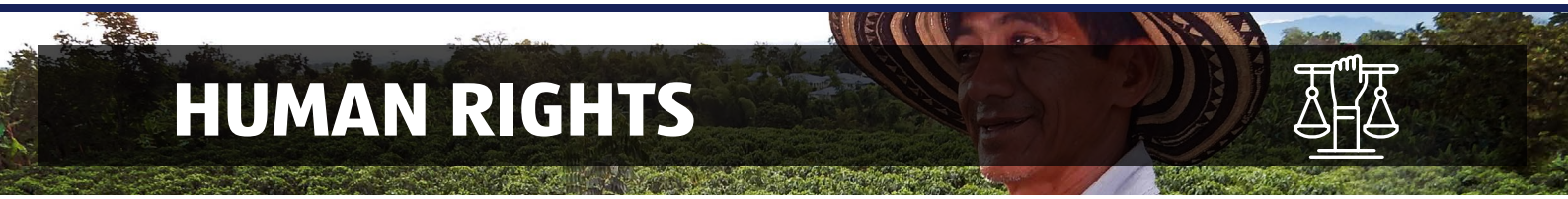
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

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



ANTI-CORRUPTION

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



HUMAN RIGHTS

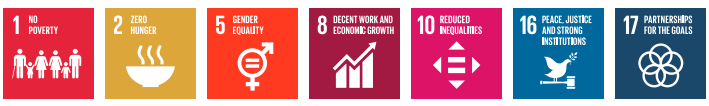
OUR APPROACH

Human rights are one of the focus areas of our International CR Strategy. We are committed to respecting human rights and improving living and working conditions throughout our supply chains. By focussing on supply chains with high risk and where ALDI has a high leverage, we can address global challenges where they are most pressing and where we have the greatest impact.

OUR HIGHLIGHTS

Human Rights	• May 2020: ALDI is listed among the most influential companies worldwide to deliver the Sustainable Development Goals.	» More
	• June 2020: ALDI increases its score to 25% in Oxfam's Supermarket Scorecard, which reflects our progress to increase the transparency on our human rights approach.	» More
	• August 2020: ALDI extends its coffee smallholder Fairtrade project in Honduras.	» More
	• September 2020: ALDI publishes "International Position Statement on Mandatory Human Rights Due Diligence Legislation".	» More
Equality	• December 2020: ALDI partners with amfori and the United Nations to support gender equality.	» More
Living Wages & Living Incomes	• January 2020: ALDI signs Living Wage Commitment and joins the Working Group on Living Income and Living Wages by the German Society for International Cooperation (GIZ).	» More
	• December 2020: ALDI supports a project for cocoa farmers in Ghana to generate alternative income sources to cocoa.	» More
Memberships & Partnerships	• May 2020: ALDI supports the Sustainable Fisheries Partnership (SFP) and joins the Aquaculture Technical Committee of the certification scheme GLOBALG.A.P.	» More
	• June 2020: ALDI joins the Consumer Goods Forum to work alongside manufacturers and retailers to drive positive industry change.	» More
	• July 2020: ALDI joins the Sustainable Coffee Challenge.	» More
	• August 2020: As the first discount retailer, ALDI joins the Sustainable Nut Initiative (SNI).	» More
	• September 2020: ALDI products are carrying the new Rainforest Alliance certification seal and we are collaborating with them on the standard development.	» More
	• December 2020: ALDI co-founds the new Soy Transparency Coalition.	» More
	• December 2020: ALDI joins Global Dialogue on Seafood Traceability.	» More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS





LABOUR

OUR APPROACH

Our employees are the key to our success. They are the ones who define the ALDI business day after day and distinguish us from our competitors. For ALDI to continue on its path of success, we want to provide a great place to work and be an employer of choice within the retail sector. Our conviction is that understanding, respecting and valuing the uniqueness of our employees makes us stronger.

Sustainable buying practices are essential for the long-term success of our business. Our aim is that all our products are made or grown in a responsible way, whilst at the same time respecting human rights standards in our global supply chains.

OUR HIGHLIGHTS

Employee Engagement Survey	• Based on the results of the Employee Engagement Survey 2019, we have implemented concrete global actions and already started with the planning of the Employee Engagement Survey 2022, in order to measure our progress.	
Health & Well-being	• We provide and actively develop Health & Well-being programmes for our colleagues in each ALDI SÜD Group country, as we are committed to create a positive working environment and offer programmes that support employees' mental, emotional and physical well-being.	
Diversity & Inclusion	• We have dedicated global resources to continue improving within the field of Diversity & Inclusion, as it is our conviction that understanding and valuing the uniqueness of our colleagues makes us stronger.	
Learning & Development	• We have implemented the ALDI Academy in all ALDI SÜD Group countries with tailored training and development programmes to ensure our colleagues receive the opportunity to grow and develop within their roles.	
Labour Rights	• January 2020: ALDI commits to 100% sustainable cotton by 2025 and publishes "International Buying Policy for Cotton". In 2020, we already reached 50% of this goal.	» More
	• February 2020: ALDI and Fairtrade collaborate on a project in Côte d'Ivoire, which will improve working conditions and livelihoods for cocoa farmers.	» More
	• March 2020: ALDI UK wins award for its efforts in eliminating modern slavery.	» More
	• May 2020: ALDI increases its score to 30% in the Fashion Transparency Index 2020. ALDI now also publishes main production facilities for textiles and shoes on our international CR Website.	» More
	• July 2020: ALDI signs a joint letter calling on the Indian government not to suspend labour laws.	» More
	• August 2020: ALDI Australia and ALDI UK/IE publish their annual Modern Slavery Statements.	» More
Memberships & Partnerships	• March 2020: ALDI signs an open letter on preserving Thailand's Fishery Reforms.	» More
	• May 2020: ALDI joins the International Labour Organization's (ILO) "Call to Action in the garment industry".	» More
	• August 2020: ALDI supports the development of the new Responsible Fishing Vessel Standard (RFVS), which enables fishing operations to provide assurance of decent working conditions and operational best practice from catch to shore.	» More
	• November 2020: ALDI signs a letter to support better labour rights in Thailand.	» More
	• December 2020: ALDI is the first discount retailer to join Tony's Open Chain and develops a new responsibly sourced chocolate bar.	» More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ENVIRONMENT

OUR APPROACH

Climate protection is a major focus of ALDI and our aim is to minimise the ecological footprint of all our activities by lowering our greenhouse gas emissions and ensuring that the products we offer do not have a detrimental impact on the environment.

We are committed to using resources wisely and protecting ecosystems. We will not only concentrate on sustainable sourcing, good water stewardship and deforestation-free supply chains, but also reduce food and operational waste across our whole business and tackle plastic and packaging.

OUR HIGHLIGHTS

Animal Welfare	• November 2020: ALDI SOUTH in Germany supports the European Chicken Commitment for higher animal welfare.	» More
Chemicals in Production	• July 2020: ALDI joins the Partnership Initiative Wastewater for clean wastewater and environmental protection in the textile production.	» More
	• July 2020: ALDI publishes its "ALDI Detox Report 2020", which marks the conclusion of the ALDI Detox Commitment after five years of progress in chemical management.	» More
Climate Protection	• July 2020: ALDI is one of the first international food retailers to set itself a company-wide Science Based Target (SBT) for climate protection.	» More
	• August 2020: ALDI Australia commits to 100% renewable electricity from 2021.	» More
	• September 2020: ALDI signs a letter to support an increase to the 2030 carbon reduction target for the European Union to at least 55%.	» More
	• November 2020: ALDI continues to improve its performance against the already achieved 2020 greenhouse gas (GHG) reduction target.	» More
	• November 2020: Seven out of the eleven ALDI SÜD Group countries already operate climate-neutral by purchasing carbon offsets.	» More
	• December 2020: ALDI China purchases green electricity. By 2021, all ALDI SÜD Group countries are procuring green electricity.	» More
Forest Protection	• June 2020: ALDI signs an open letter initiated by the Retail Soy Group urging Brazil not to undermine its protection of the Amazon.	» More
	• December 2020: We thoroughly examined the deforestation risk within our supply chains and identified the high-priority supply chains in regards to tackling deforestation. ALDI aims to eliminate deforestation from its high-priority supply chains by 2030 and we will publish a Position Statement at the beginning of 2022.	» More
Plastic & Packaging	• September 2020: ALDI US becomes a founding activator for the US Plastics Pact - a collaborative initiative aimed to create a path towards a circular economy for plastics.	» More
Sustainable Approaches	• June 2020: ALDI ranks fourth for the use of organic and recycled cotton in the global "Corporate Fibre and Materials Benchmark".	» More
	• September 2020: ALDI SÜD Germany and ALDI Nord are searching for new innovative sustainable startups in the areas of sustainable packaging, sustainable (non-)food products, sustainable farming and retail.	» More
Waste	• September 2020: ALDI supports a recycling project in Mozambique to collect empty pesticide containers for recycling.	» More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS





ANTI-CORRUPTION

OUR APPROACH

The ALDI SÜD Group and our employees are obliged to comply with the respective laws of all the countries where we operate. In addition to the requirements of national and international law, we commit ourselves to our own ethical values and standards defined in the "International ALDI SÜD Group Code of Conduct". It defines our expectation of integrity and legal compliance and 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 organisational teams are tasked with implementing the Compliance Framework prioritising anti-corruption and building a strong culture of compliance.
- National Compliance Officers in all ALDI countries are the point of contact regarding anti-corruption topics.
- We have put group-wide anti-corruption measures in place and monitor these. Compliance culture is fostered through continuous training and communication.
- AlertLines and Counsels of Trust are used as channels to anonymously report any instances of potential non-compliance issues.

Social Auditing

- December 2020: Since 2018, all high-risk non-food supply chains, including garment and household textiles, are integrated into our Social Monitoring Programme (SMP). Since 2020, additionally all high-priority food supply chains of the ALDI SÜD Group, including fish and seafood, oils and condiments and processed produce are covered by the ALDI SMP. » More
- December 2020: ALDI conducts 304 ALDI Social Assessments (ASAs) in non-food production facilities and 20 ALDI Producer Assessments (APAs) on fruit and vegetable farms and plantations to evaluate the compliance with our CR Requirements and "ALDI Social Standards in Production". » More
- December 2020: ALDI integrates shoe business partners into the Corporate Responsibility Supplier Evaluation (CRSE). The evaluation of garment textile business partners is now in its fifth year. As well as evaluating banana suppliers, we expanded the food CRSE to include pineapple suppliers and are planning a further roll-out to other high-risk food supply chains. » More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS





OUR PERFORMANCE

OUR APPROACH

By measuring our corporate responsibility performance on a regular basis, we are continuously validating 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 still required.[1]

● New ● In progress ● Completed

	2018	2019	2020	STATUS	TARGET
HUMAN RIGHTS & ANTI-CORRUPTION					Learn more
ALDI Social Assessments: Evaluation of non-food production facilities	388	343	304	●	-
ALDI Producer Assessments: Audits of food farms and plantations	-	44	20	●	-
Corporate Responsibility Supplier Evaluation: Integration of business partners	100%	100%	100%	●	Integration of all food & non-food high-priority supply chains
RESOURCE EFFICIENCY[2]					Learn more
Chemicals in Production: Wet production facilities with compliant wastewater and sludge analysis	-	-	88%	●	-
Cocoa: Products containing certified cocoa	86%	88%	89%[4]	●	100% by 2020
Coffee: Sustainable coffee tonnage	56%	55%	52%[4]	●	-
Cotton: Sustainable cotton tonnage	21%	25%	50%	●	100% by 2025
Eggs: Shell eggs from cage-free supply chains	46%	46%	44%[4]	●	100% by 2025
Fairtrade: Certified products (including Fairtrade-sourced ingredients)	334	686	401	●	-
Fish & Seafood: Responsibly sourced fish and seafood	88%	89%	95%[4]	●	100% by 2020
Food Waste: Food surplus per total food sold	-	-	1.39%	●	-
Packaging: Products with certified/recycled paper-based packaging	37%	53%	74%[4]	●	100% by 2021
Palm Oil: Certified palm (kernel) oil in products	100%	100%	100%	●	100% by 2020
Timber: Certified/recycled wood-based products	71%	79%	84%[4]	●	100% by 2021
Tropical Fruit: Certified bananas and pineapples sold in European and US stores	-	100%	100%	●	-
Operational Waste: Recycled plastic transport packaging	96%	97%	97%	●	-

	2018	2019	2020	STATUS	TARGET
ZERO CARBON					Learn more
Company Carbon Footprint: Reduction of operational greenhouse gas emissions	-	-	-[3]	●	-26% by 2025 (baseline year 2016)
Carbon-Neutrality of ALDI SOUTH Group countries by purchasing carbon offsets	5	7	7	●	Net Zero Carbon
Electricity from renewable energy sources by direct and indirect purchase	89%	90%	-[3]	●	-
Refrigeration: Stores using more environmentally-friendly refrigerants	82%	87%	-[3]	●	100% by 2025
EMPLOYER OF CHOICE					Learn more
Women in management positions	43%	43%	46%	●	-
Employee Engagement Index: Employees' participation in employee survey	-	83%	-	●	-

Reporting scope:

1. All reporting are based on our own-brand products. Branded products are excluded. ALDI China is not considered within the scope of this reporting.
2. For the year 2020, the ALDI SÜD Group's CR performance in the area of Resource Efficiency is reported excluding our national operations in Austria, Switzerland, Slovenia, Hungary, and Italy, due to a transition of IT systems.
3. Indicator for 2020 will be published at the end of the year 2021.
4. Due to varying reasons, some 2020 goals were not met. Please visits our International CR Website for more details.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



OUR LIBRARY



CR Principles



Code of Conduct



ALDI Social Standards in Production



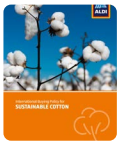
Human Rights Policy Statement



Policy on Child Labour



Policy on Forced Labour



Policy on Sustainable Cotton



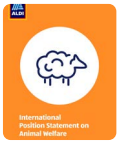
Position on Human Rights Due Diligence Legislation



Position on Living Wages & Living Incomes



Position on Sustainable Product Packaging



Position on Animal Welfare

OUR WORK IN ACTION



AFA Project



Chemicals in Production



Cocoa



Coffee



Cotton



Fish and Seafood



Forest Protection



Human Rights



Packaging



Palm Oil



Nuts



Resource Efficiency



Supply Chain



Textiles



Tropical Fruit



Vision 2030



Zero Carbon



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Commercial register: FN 26451z, Regional Court of Salzburg

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