PROGRESS REPORT 2021

UN GLOBAL COMPACT



ALDI SÜD Group 2022

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 is one of the world's most successful retailers because of the daily commitment shown by our employees and business partners. Our joint efforts provide us with the potential to make real and lasting change across markets and within our supply chains.

In 2021, we announced our new International Corporate Responsibility (CR) Strategy, with its 2030 Vision of "Making sustainability affordable to our customers".

We know that by embedding sustainability across all aspects of our business, our organisation will have a more positive impact in tackling global challenges relating to the critical areas of respecting human rights, improving resource efficiency, realising zero carbon emissions and being an employer of choice.

Our international strategy continues to build on our previous achievements and commitments. It also supports the ten UN Global Compact (UNGC) Principles in the key areas of human rights, labour, environment, and anti-corruption.

Our report shows that we are continuing to progress towards bringing our Vision 2030 to life and that our everyday actions are helping deliver positive change to social and environmental challenges.

I hope you find this report interesting and informative,



> **"ALDI strives to support its customers in making sustainable choices and brings sustainable and responsibly sourced products 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

APPROACH

ALDI is committed to respecting human rights and improving living and working conditions throughout its supply chains. Together with a wide range of partners, ALDI can improve the working and living conditions of workers and their families.



HIGHLIGHTS

Human Rights

- March 2021: ALDI announces its International Corporate Responsibility Strategy and Vision 2030 of "making sustainability affordable to its customers". » More
- May 2021: With its Vision 2030 roadmap, ALDI has set itself ambitious long-term goals in the areas of human rights, resource efficiency and zero carbon. » More
- July 2021: ALDI has set the ambitious 2025 goal of increasing the number of sustainable products in its range by an additional 10%. » More
- September 2021: With the disclosure of Tier 1 food suppliers for bananas & pineapples, coffee, and fish & seafood, ALDI takes a further step towards transparency. » More
- November 2021: ALDI updates its "International Policy Statement for Human Rights". » More
- December 2021: The publication of ALDI's first three Human Rights Impact Assessments (HRIA) for avocados, Brazil nuts and coffee, represents an important step to bringing ALDI's Vision 2030 on human rights to life. » More

Equality

- April 2021: ALDI GB/IE signs the UN Women's Empowerment Principles. » More
- November 2021: ALDI publishes its first "International Policy on Gender Equality for ALDI's supply chains". » More

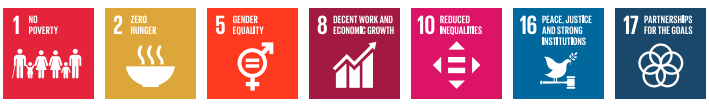
Living Wages & Living Incomes

- January 2021: As part of the German Retailer "Working Group on Living Wages and Living Income", ALDI is implementing a joint pilot project to promote a decent standard of living for banana farm workers, starting in Ecuador. » More
- April 2021: ALDI launches a new, responsibly sourced chocolate bar – the Choceur CHOCO CHANGER – that goes beyond certification. Our customers' choice is empowering cocoa farmers in West Africa to earn a living income. » More
- May 2021: ALDI publishes its "International Position Statement on Living Wages and Living Incomes". » More
- July 2021: ALDI kicks off a four-year project in Honduras helping to reduce the living income gap of coffee farmers. » More
- October 2021: ALDI participates in the Partnership for Sustainable Textiles "Living Wage Lab" to achieve living wages for garment textile workers. » More
- December 2021: ALDI SÜD Germany commits to implement living wages for at least 50% of bananas sold by 2025, and 100% in the long-term. » More

Supply chains

- July 2021: ALDI commits to the Sustainable Coffee Challenge to have over 50% of its coffee products certified by 2025. » More
- October 2021: ALDI supports sustainable fish and seafood in the European Union and signs a statement calling for robust fisheries control mechanisms. » More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



LABOUR

APPROACH

ALDI has always believed that its people drive its success. Because of this, ALDI has established practices which best enable its employees and leaders to fulfil their potential and achieve great business outcomes by delivering the best value for its customers. By understanding, respecting, and valuing the uniqueness of its employees, ALDI wants to provide a great place to work in an inclusive environment and be an employer of choice in the retail sector.


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HIGHLIGHTS

Employee Engagement Survey

- Based on the results of the previous global Employee Engagement Survey from 2019, ALDI has implemented concrete global actions in different focus areas like leadership, communication, and development.
- In the 2022 Employee Engagement Survey, ALDI will be measuring its progress in established focus areas and gathering additional insights on key topics like Diversity & Inclusion.
- In the future, all ALDI countries will be collecting data on ethnicity (or cultural minority) as a part of the 2022 Employee Engagement Survey.
- The global Employee Engagement Survey is complemented by national pulse surveys to gain deeper understanding on ALDI's employees' experience.

Health & Wellbeing

- ALDI provides and actively develops Health & Wellbeing programmes for its colleagues in each ALDI SÜD Group country. It is committed to create a positive working environment and offer programmes that support employees' mental, emotional, and physical wellbeing.
- With a global remote-work-framework, new ways of working were established to provide important flexibility and support for employees during the COVID-19 pandemic and beyond.

Diversity & Inclusion

- ALDI believes that understanding, respecting, and valuing the uniqueness of its people and customers makes them stronger. That's why we are committed to build an inclusive culture that values diversity in all its forms. Our core value of responsibility ensures that people, customers, and partners are treated fairly, in the pursuit of its core purpose. As a global retailer, ALDI strives to represent and serve the needs of the communities they operate in and to improve the world in which we live.
- A global commitment on ambitions and metrics was agreed to accelerate ALDI's path towards a more diverse workforce and a more inclusive culture. This development is supported by dedicated global and local resources.

Learning & Development

- In all ALDI SÜD Group countries, an ALDI Academy has been implemented with tailored training and development programmes to ensure colleagues receive the opportunity to grow and develop within their roles.
- To support employees in times of continued transformation, ALDI has committed itself to building change management capabilities across the business.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



LABOUR

APPROACH

Sustainable buying practices are essential for the long-term success of ALDI's business. ALDI's aim is that all its products are made or grown in a responsible way and that sustainability criteria are considered in its global supply chains – from raw materials to final production.



HIGHLIGHTS

Labour Rights

- March 2021: ALDI and the "Partnership for Sustainable Textiles" develop training together that highlights the impact of purchasing practices on working conditions in the supply chain and practical ways to improve them. » More
- April 2021: The "Business & Human Rights Resource Centre (BHRRC)" ranks ALDI in their 2021 survey as one of the top five global retailers due to its approach to human rights in the canned tuna supply chain. » More
- April 2021: ALDI is ranked sixth out of 36 retailers in the annual Easter Chocolate Scorecard. Retailers from around the world were assessed on their contribution to driving positive change in the cocoa industry. » More
- August 2021: ALDI successfully completes the ALDI Factory Advancement Project in Bangladesh and recognises significant improvement in workplace cooperation between workers and managers. » More
- August 2021: Together with the "Issara Institute", ALDI pilots a project on grievance mechanisms in Thailand. » More
- October 2021: ALDI pilots amfori's "Speak for Change" grievance mechanism programme to support workers' rights. » More
- November 2021: After having started to monitor the working conditions and livelihoods of local cocoa farmers in Côte d'Ivoire in 2020, the first impact report "Building Trust. Creating Impact" has been published. » More

Forced Labour

- February 2021: ALDI publishes its "International Policy on Forced Labour" to promote fair and safe workplaces. » More
- June 2021: ALDI Australia and ALDI GB/IE publish their annual Modern Slavery Statements. » More

Child Labour

- June 2021: ALDI signs a joint pledge by "The Centre for Child Rights and Business" to emphasise the importance of the elimination of child labour. » More

Health & Safety

- March 2021: ALDI signs an open letter from the "Ethical Trading Initiative (ETI)" to urge the implementation of a global occupational health and safety (OHS) roadmap. » More
- September 2021: ALDI signs the new "International Accord for Health and Safety in the Garment and Textile Industry" to increase worker safety in Bangladesh. » More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ENVIRONMENT

APPROACH

ALDI's business activities have a significant impact on climate and the environment. ALDI's aim is to minimise the ecological footprint of all its activities by lowering greenhouse gas emissions and ensuring that the products ALDI offers do not have a detrimental impact on the environment.

ALDI is committed to using resources wisely and protecting ecosystems by not only concentrating on sustainable sourcing, good water stewardship and deforestation-free supply chains, but also on reducing food and operational waste across its whole business and tackling plastic and packaging.



HIGHLIGHTS

Chemicals in Production

- June 2021: ALDI is featured in the "Better Lives through Better Business" campaign presented by The Consumer Goods Forum. The film shows the success of ALDI's work in reducing the negative impacts of chemical-based production processes used in the textile and footwear industry since 2015. » More

Climate Protection

- February 2021: Seven out of the eleven ALDI countries already operate climate neutral. This is achieved through a reduction of greenhouse gas (GHG) emissions, the use of renewable energy, and the funding of certified carbon offsetting projects. » More
- June 2021: As of 2021, all ALDI countries are procuring green electricity with ALDI Australia achieving its commitment to power its operations with 100% renewable electricity, and ALDI China also committing to 100% green electricity. » More
- October 2021: The "Progress Report on Climate Protection 2020" shows that ALDI is already exceeding its science-based reduction target for operational emissions and is making good progress regarding its supplier engagement goal to set Science-based Targets. » More

Plastics & Packaging

- June 2021: To reduce the use of raw materials in plastic packaging and to promote a circular economy, ALDI is committed to using an average of 30% of recycled content in plastic packaging across the Group by 2025. » More
- September 2021: ALDI SÜD Germany starts a strategic partnership with Interseroh+ and in October. ALDI's sorting instructions on packaging "Tipps für die Tonne" is one of the finalists for the German Sustainability Award Design 2022. » More
- October 2021: HOFER Austria receives an international packaging award for sustainable fruit baskets. » More
- November 2021: ALDI Ireland receives a national environmental award for its work in reducing plastic and packaging waste. » More
- December 2021: ALDI Australia achieves a 10% reduction in plastics across its fresh produce in just one year. » More
- December 2021: ALDI Italy receives a national packaging award for its innovative fruit and vegetable packaging made of Social Plastic®. » More
- December 2021: ALDI US removed all Styrofoam packaging from produce items, and sponsored the development of a national Sustainable Packaging Playbook through The Food Industry Association (FMI). » More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ENVIRONMENT

HIGHLIGHTS

Responsible Sourcing

- February 2021: ALDI completes a smallholder palm oil farmers project in Cote d'Ivoire, paving the way for more sustainable practices and forest restoration. » More
- May 2021: ALDI partners with the "Global Tuna Alliance" to support the sustainable development of supply chains and ensure the highest standards of environmental performance and social responsibility. » More
- June 2021: ALDI joins the North Atlantic Pelagic Advocacy Group (NAPA) to advocate for effective international agreement and drive sustainability in fisheries. » More
- June 2021: ALDI advocates for the protection of the Amazon and supports a European legal framework against deforestation. » More
- July 2021: ALDI SÜD Germany publishes requirements for deforestation-free soy in meat and egg supply chains. » More
- July 2021: ALDI achieves a great ranking in the "Textile Exchange's Material Change Index (MCI)" and is seen as a leader for cotton. » More
- September 2021: ALDI becomes a member of Donau Soja and promotes sustainable and deforestation-free soy cultivation in Europe. » More
- November 2021: ALDI UK signs up to the UK Soy Manifesto. » More

Water Stewardship

- March 2021: ALDI publishes requirements for the responsible use of water in its top selling fresh fruit and vegetable supply chains. » More

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



ANTI-CORRUPTION

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.



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.
- ALDI has put group-wide anti-corruption measures in place and monitors 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

Social Monitoring Programme (SMP): » More

- Since 2018, all high-risk non-food supply chains, including garment and household textiles, are integrated into the Social Monitoring Programme (SMP).
- Since 2020, additionally all high-priority food supply chains of the ALDI SÜD Group (excluding China), including fish and seafood, oils and condiments and processed produce are covered by the ALDI SMP.

ALDI Social Assessments (ASAs) and ALDI Producer Assessments (APAs): » More

- ALDI conducts 260 ALDI Social Assessments (ASAs) in non-food production facilities.
- ALDI conducts 53 Producer Assessments (APAs) on banana and pineapple farms and plantations to evaluate the compliance with ALDI's CR Requirements and "ALDI Social Standards in Production".

Corporate Responsibility Supplier Evaluation (CRSE) » More

- In 2020, ALDI integrated shoe business partners into the Corporate Responsibility Supplier Evaluation (CRSE).
- The evaluation of garment textile business partners is now in its sixth year.
- In addition to evaluating international banana suppliers since 2019, ALDI expanded the food CRSE to include international pineapple suppliers in 2020 and conducted a pilot CRSE for the ALDI canned tuna supply chain in 2021, with plans for further roll-out to other high-risk food supply chains.

SUPPORTING THE SUSTAINABLE DEVELOPMENT GOALS



FURTHER INFORMATION

PROGRESS

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.

» More





MEMBERSHIPS & PARTNERSHIPS

We believe the best way to protect the people and the planet is through joint initiatives and partnerships. For this reason, we engage in multi-stakeholder initiatives.

» More

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 Gender Equality in Supply Chains


Position on Human Rights Due Diligence Legislation


Position on Living Wages & Living Incomes


Policy on Sustainable Cotton


Position on Animal Welfare


Position on Supply Chains free from Deforestation and Conversion


ALDI's International Recyclability Guideline

WORK IN ACTION

FOCUS AREAS


Vision 2030


Human Rights


Resource Efficiency


Zero Carbon


Supply Chain

SUPPLY CHAINS


Cocoa


Coffee


Cotton


Fish and Seafood


Nuts


Palm Oil


Textiles


Tropical Fruit

ENVIRONMENT


Chemicals in Production


Forest Protection


Packaging

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