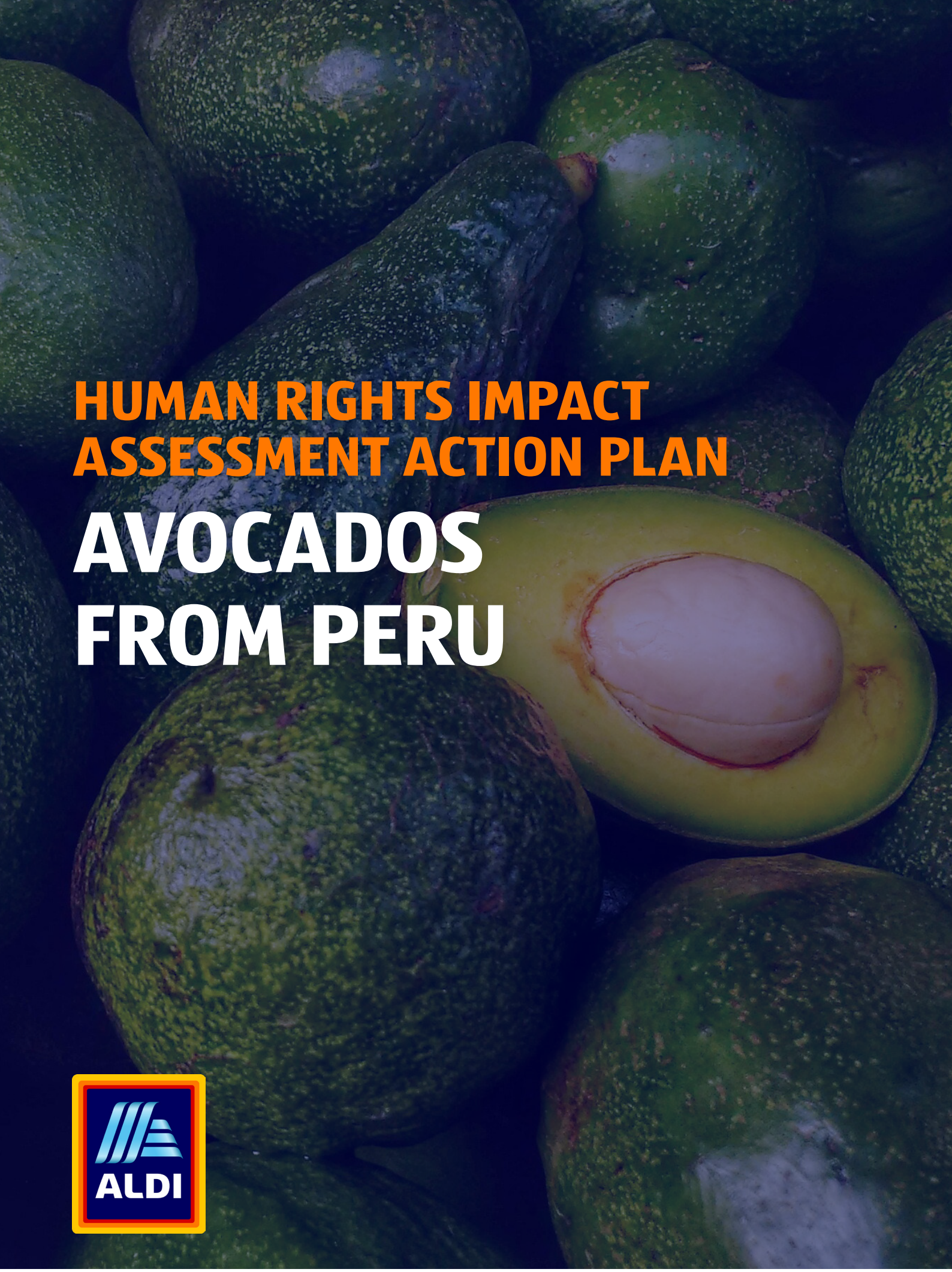


HUMAN RIGHTS IMPACT ASSESSMENT ACTION PLAN

AVOCADOS FROM PERU

ALDI SÜD Group

2024

HUMAN RIGHTS IMPACT ASSESSMENT

AVOCADOS FROM PERU

Peru is one of the largest producers of avocado in the world and - considering the high demand for this fruit - an important sourcing country for our business. In 2021, we conducted a Human Rights Impact Assessment (HRIA) that analysed the different perspectives of people affected by activities within the ALDI SÜD Group's Peruvian avocado supply chain.

To act responsibly and sustainably, we need to understand the impact our company activities and business relationships have on workers and communities. Human Rights Impact Assessments (HRIAs) help us to identify potential and actual issues and risks in our supply chains. These studies follow a stringent methodological approach, with extensive background research and engage with several rightsholders. The ALDI SÜD Group identified tropical fruit, including avocado, as a high-priority commodity group - due to its profile, the volume bought and the high risk of adverse impacts on human rights.

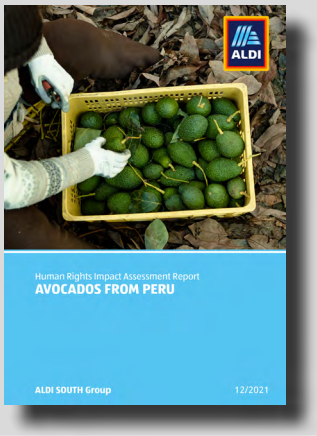
KEY FINDING AS A RETAIL COMPANY

Through this project, we gained in-depth knowledge of the avocado supply chain. We identified impacts potentially linked to ALDI's business activities and where ALDI can initiate change. The HRIA has been crucial for shedding light on the supply chain. It also offered market and business perspectives on human rights in the Peruvian fresh fruit production sector. These findings help us to strengthen our ALDI standards and due diligence.

- The most salient human rights challenges are linked to labour rights and working conditions, freedom of association, non-discrimination, and workplace grievances.
- The fluctuating demand for labour throughout the year strongly relies on temporary and seasonal employment, leaving some workers with an irregular income and low wages.
- The high demand for water in avocado production leads to scarcity in most production regions, impacting the standard of living for local communities.
- Smallholders were identified as highly vulnerable due to their position in the export value chain with limited leverage to negotiate prices.

Deep dive: Methodology and impact assessment

READ MORE



HUMAN RIGHTS ACTION PLAN

OUR ACTIONS TO DRIVE CHANGE

Based on the recommendations of this study, ALDI has developed an avocado supply chain-specific Human Rights Action Plan. It focuses on areas where we have potential leverage to address negative and enhance positive impacts for rightsholders.

Continuing and intensifying stakeholder engagement

The HRIA key findings and Action Plan were translated to Spanish. After reviewing the results collaboratively, the action plan was reviewed and refined with selected stakeholders.

As part of this, we successfully

- strengthened our dialogue with our suppliers and are now actively considering their sustainability performance and measures as part of our buying decisions
- conduct our own ALDI Sustainability Assessments at farm level to investigate and evaluate the environmental and human rights situation on farms supplying to ALDI
- supported initiatives to strengthen social dialogue in the fresh produce production in Peru
- published a policy for gender equality in supply chains, specifically on expectations regarding gender equality, non-discrimination, and gender-based violence and harassment



OBJECTIVE: Continuing and intensifying stakeholder engagement			
Key measures	ALDI remark	Timeline	Status
• Translation of HRIA key findings and Action Plan to Spanish and share the results with involved stakeholders.		2022	✓
• Collaborative review and refinement of action plan with selected stakeholders.		2022	✓

OBJECTIVE: Strengthening supplier dialogue and evaluation during tendering and contract delivery			
Key measures	ALDI remark	Timeline	Status
• Share findings of HRIA with first tier avocado suppliers and strengthen periodic dialogue with suppliers on the issues and impacts identified through the HRIA.		2022	✓
• Identify existing supplier and producer good practices and evaluate opportunities for support.	• As part of our CR Supplier Evaluation (CRSE) process, the ALDI SÜD Group communicates good practices and areas for improvement with suppliers. Meetings are held with selected suppliers to further discuss expectations and improvement measures in detail. With strategic suppliers, long-term agreements are being developed to further support long-term planning and sourcing stability in the supply chain.	Start: 2022	•••
• Raise awareness among suppliers of upcoming CR Supplier Evaluation (CRSE) processes and long-term CR expectations. This includes: 1. Supplier onboarding prior to the start of the CR Supplier Evaluation cycles. 2. Informing about the purpose of the CR Supplier Evaluation. 3. Informing about supplier and grower expectations. 4. Informing about timelines. • Identify support options, including guidance, to help suppliers meet requirements.		Start: 2022	•••

✓ Completed In progress ••• Completed and Ongoing

• Pilot and subsequent CRSE roll-out to avocado suppliers, including onsite farm assessments focusing on areas such as: effective worker representation and grievance mechanisms.		Start: 2022	✓
• Continue and further strengthen the identification and awareness of relevant human rights issues regularly within supplier meetings.		Start: 2022	•••
• Follow up on farm assessments based on risks.	• Corrective action plans (CAP) with fixed timelines are created in case there have been any findings during an ALDI Sustainability Assessment (ASA). CAP follow-ups are part of the regular CR Supplier Evaluation process for ALDI SÜD Group to work with our business partners to ensure remediation.	Start: 2022	•••

OBJECTIVE: Evaluating living income and living wage for workers

Key measures	ALDI remark	Timeline	Status
• Gather gender-aggregated wage data in avocado production utilising farm assessments and compare against living wage benchmarks.		Start: 2022	•••

OBJECTIVE: Supporting and strengthening social dialogue in Peru

Key measures	ALDI remark	Timeline	Status
• Participate and support the ETI/ Mondiaal FNV Fruits of Peruvian Dialogue programme, including continued dialogue with suppliers to help facilitate a sectoral approach. Note: Forum was discontinued.		n/a	✓

✓ Completed In progress ••• Completed and Ongoing

OBJECTIVE: Strengthening gender equality activities			
Key measures	ALDI remark	Timeline	Status
• Publish a policy for gender equality in supply chains, specifically on expectations regarding gender equality, non-discrimination, and GBVH.	• ALDI's International Policy on Gender Equality published online.	2021	✓
• Utilise the International Policy on Gender Equality in ALDI's Supply Chains to raise awareness among suppliers on gender issues and to collect and share best practices of suppliers (e.g. gender sensitive health and safety provisions).		Start: 2022	✓
• Evaluate further incorporation of gender equality criteria in ALDI's CR Supplier Evaluation (CRSE).		2022	✓
• Gather gender-aggregrated wage in avocado production utilising farm assessments.		2023	✓
OBJECTIVE: Strengthening social audits at farm level			
Key measures	ALDI remark	Timeline	Status
• Review social standards and identify best practice on effective workplace grievance mechanisms verification and their extension to all workers on-site (including service providers).		2022	•••
• Conduct regular review of standard schemes including criteria on human rights and assurance processes.		Ongoing	•••
• Engage with standard scheme holders to further improve the standard schemes		Ongoing	•••
OBJECTIVE: Strengthening water management standards at farm level			
Key measures	ALDI remark	Timeline	Status
• Analyse outcomes of responsible water management requirements in consultation with suppliers/growers and standard schemes and other relevant stakeholders as applicable to support a scaling of good water management practices.		2023	✓

✓ Completed In progress ••• Completed and Ongoing

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First Edition (Human Rights Impact Assessment Report): 12/2021
Second Edition (Human Rights Action Plan): 11/2024

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