# Resources

"Our aspiration is that all our products be made in a sustainable way. We consider environmental and social criteria, including animal welfare, throughout our product supply chains – from raw materials to final production. Raw materials include agriculture and forestry, livestock and fish, and other natural resources used for our products and packaging."

CR Principles

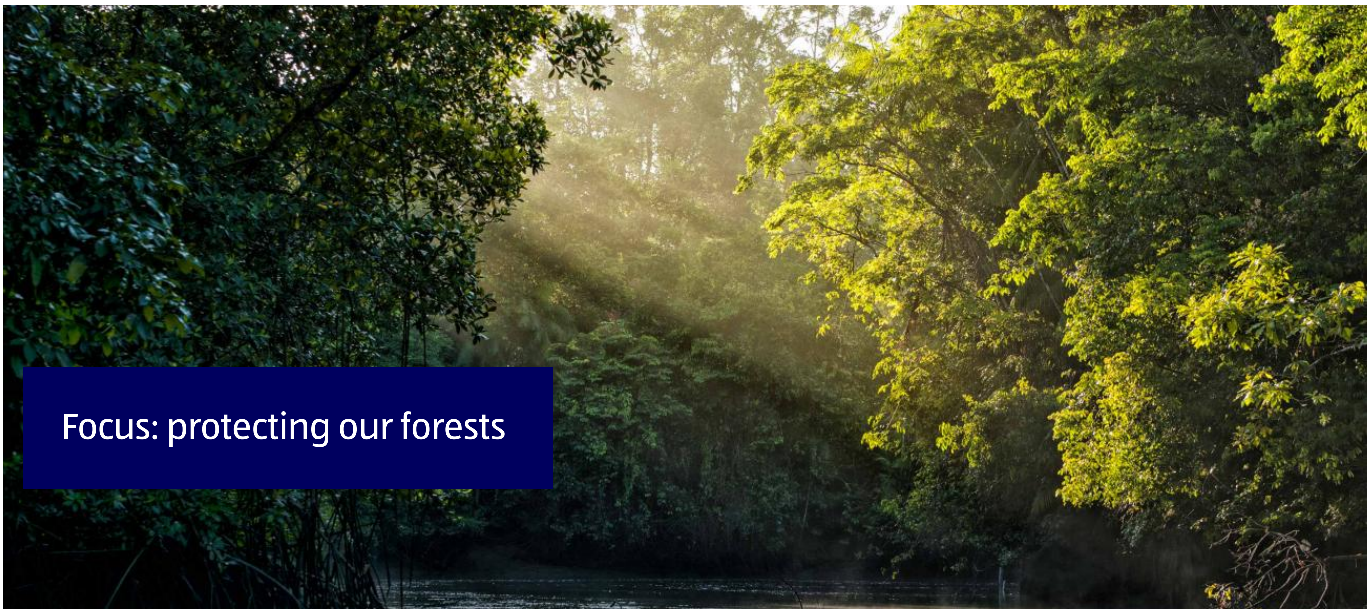
## Content

A large variety of different agricultural commodities and natural resources are required for the manufacture of our products. The cultivation of crops, the rearing of animals, and the extraction of raw materials often involve consequences for the environment, climate, wildlife, and population. The same is true for certain processing and production processes.

We strive to achieve an increased sustainable use of global resources. To achieve this, we analyse the resources used for our products and the possible risks or negative impacts associated with these resources that need to be considered. For the relevant resources, we define strategies in order to ensure their long-term availability and minimise the associated negative impacts to the greatest extent possible. Within the scope of our cooperation with suppliers and our dialogue with experts and non-governmental organisations (NGOs), we work to successively improve the sustainability of our entire supply chain. For the practical implementation of this goal, the individual national organisations of the ALDI SOUTH Group define their own tailored buying policies and guidelines for many areas.

At international level, the ALDI SOUTH Group primarily focuses on the resources of wood and paper, palm oil/palm kernel oil, coffee, cocoa, fish and seafood, as well as cotton. Over the past few years, we have made considerable adjustments to our product range. For example, we have increased the share of certified wild-caught fish and seafood products from 44% to 55% and the share of certified aquaculture products from 67% to 84% between 2015 and 2017. In 2017, we published an International Position Statement on Sustainable Product Packaging. In addition, we developed an internal guideline which aims to support our buyers in using the most environmentally friendly packaging possible. Moreover, we also published an International Position Statement on Animal Welfare in 2017, which formed the basis for the review and implementation of the relevant national requirements in close cooperation with our suppliers. Among other things, in every country of the ALDI SOUTH Group and with that also outside of the European Union, we are committed to sourcing 100% of our shell eggs from cage-free supply chains by 2025 at the latest.

At present, we are developing activities at international level and considering initiatives from the areas of product packaging and tea. We have established international working groups entrusted with the task of developing an international strategy for increasing the sustainability of our supply chain and our involvement, for example, in multi-stakeholder initiatives. We will continue to assess our product supply chains with regard to particular risks concerning compliance with human rights and possibilities for the ALDI SOUTH Group to contribute to the reduction of these risks.




Around 30% of the Earth's land area is covered by forest. The Earth's forests are of vital importance to global ecosystems – they provide habitats for a diversity of species and have important functions for the Earth's climate. In this respect, the tropical rainforests in South America and Southeast Asia are of particular importance. However, millions of hectares of forest are destroyed each year to make way for agricultural and urban areas. Deforestation significantly contributes to global greenhouse gas emissions.

A large share of forests are destroyed in order to create cultivation areas for animal feed, such as soy, crop plants, such as oil palms, or grazing land for cattle farming. In addition, logging for obtaining wood as a construction or working material and the production of paper and cardboard also causes the further reduction of global forests.

In terms of our buying activities, we aim to ensure that the products we offer do not contribute to illegal logging. In this respect, we initially focus on four key areas: soy cultivation, palm oil/palm kernel oil production, forestry, and cattle farming.

Our aim is to ensure that the cultivation of soy, which is primarily used as animal feed within our supply chains, has no negative impacts on forest areas. For this purpose, we maintain intensive dialogue with our stakeholders and became a member of the Roundtable on Responsible Soy (RTRS) and the Retailer Soy Group (RSG) in May 2017. Within the scope of further developing our strategy for ensuring the ecologically and socially responsible cultivation of soy, we calculated a soy footprint for our business operations in Germany, the UK, Ireland, and across HOFER S/E for the first time in 2017 with the aim of providing a quantitative impact assessment of our supply chain. This soy footprint reflects the soy usage of relevant animal products, which account for the majority of the soy footprint in our supply chain. Based on the updated soy footprint, we will develop appropriate measures and intensify our involvement in multi-stakeholder initiatives over the course of the next year.

In many cases, the palm oil/palm kernel oil contained in our products cannot be readily replaced by other fats or oils. One aspect which needs to be considered is the higher yield achieved with oil palms compared to all other oil plants. In order to obtain the same quantity of oil from other plants, significantly larger cultivation areas would be required – meaning the problem would only be displaced. This is why we rely on the use of palm oil/palm kernel oil from certified sources. We joined the Roundtable on Sustainable Palm Oil (RSPO) in 2011 and, since late 2015, the palm oil/palm kernel oil contained in our private label food products sold in Germany, Austria, Switzerland, the United Kingdom, Ireland, and Australia is certified according to the RSPO chain of custody standards. By the end of 2018, we aim to complete the transition to certified palm oil/palm kernel oil for all of our private label products worldwide. For derivatives and fractions contained in non-food products, we will also accept RSPO Palm certificates. We are also actively involved in the Retailer Palm Oil Group and the Retail Palm Oil Transparency Coalition.

A significant share of the globally traded palm oil/palm kernel oil is produced by smallholders. In order to account for these smallholders within the scope of our commitment to using sustainable palm oil/palm kernel oil, we employ a combination of three measures: We purchase RSPO Independent Smallholder Credits to support their work, we participate in the RSPO Smallholder Working Group in order to further support and integrate smallholders, and since 2017, we have been supporting a smallholder project in Côte d'Ivoire in order to pave the way for a sustainable cultivation of palm (kernel) oil. In close cooperation with our partner, the NGO Solidaridad, we have developed a project focussing on the protection of native forests and environmentally friendly cultivation methods. Solidaridad offers intensive training which builds on an existing RSPO Smallholder Support Fund project supporting 5,000 smallholders and is intended to qualify up to 3,200 smallholders to protect their forests as well as align their cultivation methods with environmental and resource conservation requirements.

For all products which are made of wood or contain wooden components as well as our paper products and cardboard packaging, we pay attention to sourcing our raw materials in a sustainable manner. The share of products which are certified according to the FSC®, PEFC, or SFI standard or made from recycled materials amounts to 80%. For products and product packaging of our core range products made of paper or cardboard, we have set the goal to only use certified or recycled materials by the end of 2020. In addition to this, we already completed the transition to sustainable paper for all our advertising materials in 2012.

Moreover, both the impacts of cattle farming in South America and the accompanying deforestation of native forests are important issues to be addressed in the future. We are currently analysing potential connections with products we source as well as suitable measures for addressing this issue. One major challenge in this respect is the complex supply chain with its many stages of cattle farming.

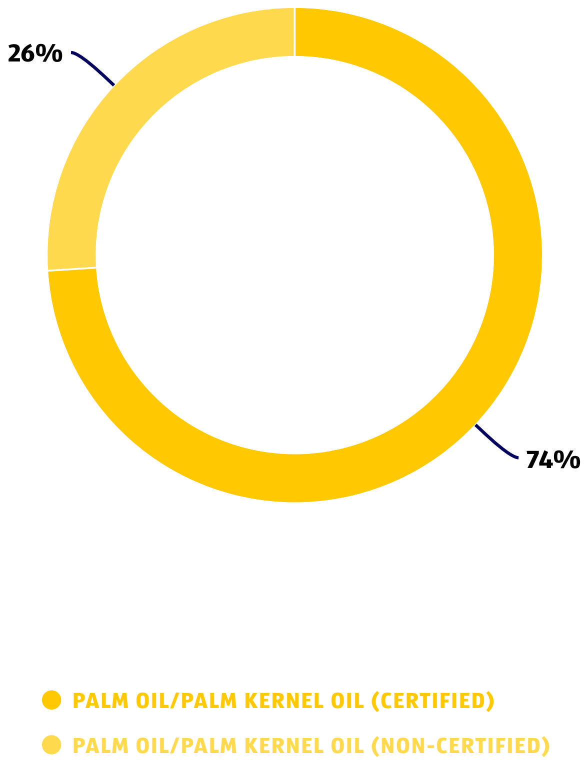
Over the next few years, the focus of our efforts will be on enhancing the traceability of our products and the resources used. In close cooperation with our suppliers and other stakeholders, we will continue to work to increase the number of products derived from sustainable sources and thus contribute to the protection of our forests.

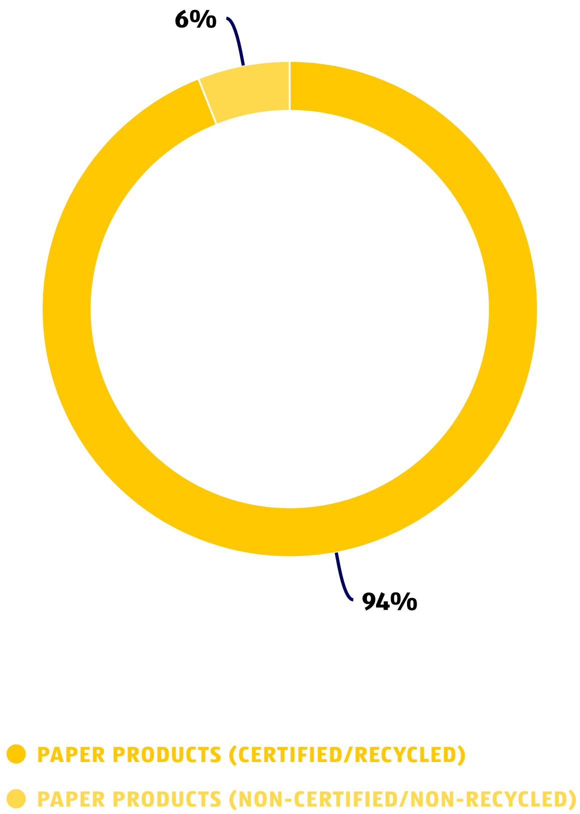

Soy
Palm oil/palm kernel oil
Wood
Cattle farming
Protecting our forests

# Key figures

Palm oil/palm kernel oil: percentage of certified products ✔

Paper products: percentage of sales of certified/recycled products ✔






## Palm oil/palm kernel oil

The indicators are based on the total amount of palm oil/palm kernel oil used for our products and derived from the physical supply chain options 'Identity Preserved' (IP), 'Segregated' (SG), or 'Mass Balance' (MB) as defined by the Roundtable on Sustainable Palm Oil (RSPO).

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| Percentage of certified products (food and non-food products) compared to the total number of products containing palm oil/palm kernel oil | 74.14 ✔ |
| Percentage of tonnage for certified palm oil/palm kernel oil in food products | 90.18 |
| Percentage of tonnage for certified palm oil/palm kernel oil in non-food products | 12.68 |

## Wood and paper

The indicators are based on all products with wood-based components. The sales share is specified for all products for which the wood-based components are certified according to FSC®, PEFC, or SFI or made from recycled materials. SFI-certified products are included as of 2017.

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|---|---|
| Percentage of sales of certified/recycled products | 80.45 ✔ |
| Paper products: percentage of sales of certified/recycled products | 94.19 ✔ |

The indicator is based on all core range products with wood-based product packaging. The percentage specified refers to all products which are certified according to FSC®, PEFC, or SFI or which contain a minimum of 70% recycled material.

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| Percentage of products with certified/recycled product packaging | 51.74 |

## Cocoa

The indicator is based on all products from the  chocolates, biscuits, and seasonal confectionary commodity groups as well as products from other commodity groups which contain at least 10% cocoa, such as baking chocolate and drinking chocolate.

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| Percentage of sales of products containing certified cocoa (Fairtrade/Fairtrade Sourcing Program for cocoa, UTZ, Rainforest Alliance, organic) | 79.76 ✔ |

## Coffee

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| Percentage of certified coffee (Fairtrade, UTZ, Rainforest Alliance, organic) contained in the total amount (in tonnes) of coffee | 43.44 |

## Fish and seafood

Sales share of certified aquaculture or wild-caught fish products in the total sales of aquaculture or wild-caught fish and seafood products

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|---|---|
| Percentage of sales of certified wild-caught products (MSC) | 55.31 ✔ |
| Percentage of sales of certified aquaculture products (ASC, organic, GLOBALG.A.P., BAP, minimum two stars) | 83.94 ✔ |

Our criteria for the responsible sourcing of fish:

1. Certification in accordance with one of our recognised standards (Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Organic, GlobalG.A.P., Best Aquaculture Practices (BAP) and further by Global Sustainable Seafood Initiative (GSSI) recognised standards), or
2. World Wide Fund for Nature (WWF) or Sustainable Fisheries Partnership (SFP) rating shows a low or medium risk, or
3. the raw material originates from a fishery participating in an Fishery Improvement Project (FIP) or Aquaculture Improvement Project (AIP).

Additional criteria for tuna: the producer is a member of the International Seafood Sustainability Foundation (ISSF) or the fishing vessel is registered within the ProActive Vessel Register (PVR).

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| Percentage of products which comply with our criteria for the responsible sourcing of fish | 81.63 |

## Soy

Fresh meat products, consumer milk products, and shell eggs were included in the calculation of the soy footprint. The soy footprint does not contain products sourced from deforestation-free supply chains which are defined as products certified in accordance with the standards set by ProTerra/Danube Soya/Europe Soya and not originally sourced from South America.

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| Soy footprint (in tonnes) | 298,174 |

## Sustainable Development Goals

1 NO POVERTY

2 ZERO HUNGER

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

## GRI disclosures

**Management approach**

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**Supplier environmental assessment**

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