



Suppliers

“For our suppliers, we are a fair and reliable business partner. Together, and in cooperation with other stakeholders, we are committed to improving the living and working conditions throughout the supply chain. We articulate our expectations clearly to all our suppliers and business partners. Together with our suppliers, we work towards increased transparency and continuous improvement within the supply chain.”

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Ranging from textile products and household appliances to food from all over the world, we offer our customers a wide variety of different products, both through our core range and our weekly range of special buy items. Throughout our global supply chains, we assume responsibility for promoting fair working conditions and environmental compliance.

Our requirements towards suppliers and products are recorded within the [ALDI "Social Standards in Production"](#) as well as other specific standards. Using suitable monitoring approaches, audits, and training measures, we strive to ensure that our suppliers are able to fulfil our requirements. In this context, we closely collaborate with our suppliers in order to achieve continuous improvements.

We regularly review and, if necessary, update our requirements. For example, having joined the Greenpeace [Detox campaign](#) in 2015, we are committed to eliminating certain chemicals from textile and shoe production by 2020. By participating in industry and multi-stakeholder initiatives, we actively contribute to the further development of standards and practical approaches as well as knowledge sharing.

On a regular basis, we assess the potential risks related to social and environmental standards connected to the production of certain goods or in certain regions, and then prioritise our planned measures accordingly. For several years now, a major focus of our efforts has been on the production of textiles and shoes in Bangladesh, China, and other countries in Asia.

Through our programme aimed at reviewing and improving social standards ([Social Monitoring Programme, SMP](#)) and the implementation of the Detox Commitment, we have seen great achievements over the past few years. 99.58% of the non-food production facilities used for the manufacture of products which are covered by an SMP could present valid social audits in 2017. All Bangladeshi production facilities which were used by our suppliers in 2017 have already been visited by ALDI representatives within the scope of an [ALDI Social Assessment \(ASA\)](#). Through our [ALDI Factory Advancement \(AFA\) Project](#), which we conduct in Bangladesh, we offer additional training measures at almost 40 production facilities with the highest relevance for ALDI. Regarding the implementation of the Detox Commitment, we have achieved important initial milestones. Among others, wastewater analyses – which provide information on the use of chemicals in production – are already available for 89% of all pre-suppliers using wet processes.

We are committed to continuing our efforts in this area. To do so, we will continue to increase the transparency of our supply chains and work towards continuous improvements at all levels of the supply chain together with our suppliers. We regularly review new requirements and integrate them into our processes.

A man and a woman in business attire are shaking hands in front of a modern building with large windows. The woman is on the left, wearing a dark blazer, and the man is on the right, wearing a light blue shirt and holding a folder. A dark blue rectangular box with white text is overlaid on the left side of the image.

Focus: supplier assessments

A strategy is only as good as its implementation. With regard to sourcing, this means that our commitment to sustainability and responsibility needs to be reflected in our purchasing practices. The majority of our products are not sourced directly from producers, but from suppliers who commission the manufacture or import of the products. Therefore, collaborating with our suppliers is an essential factor in achieving our sustainability goals.

In 2017, we began consolidating our global garment textile supply chain and intensifying discussions with suppliers about Corporate Responsibility (CR)-related topics. As a result, the number of production facilities used by our suppliers in this sector has already decreased by 31%. Thus, our suppliers are able to achieve better capacity utilisation of production facilities, enabling investments in the improvement of working conditions and environmental compliance to pay off sooner.

To ensure continued compliance with our high standards in the future, new garment textile suppliers must first undergo an auditing and approval process conducted by the responsible CR department. Furthermore, these suppliers are obliged to specify a fixed production facility pool for the production of ALDI merchandise. New production facilities may only be used once we have confirmed that they adhere to our requirements.

At the same time, we have begun to systematically assess our suppliers' CR performance. On the one hand, we wish to support our business partners in improving their performance. On the other hand, we aim to increase collaboration with those suppliers implementing our CR requirements to a particularly high degree. During the introduction phase, we initially accepted various suppliers of garment textiles and other non-food items into the programme. In the future, we will extend the CR performance assessment programme to include additional suppliers.

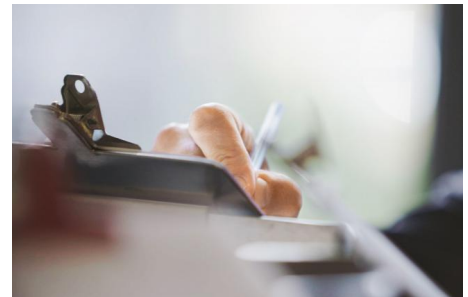
The starting point of our CR performance assessment programme for suppliers is a review of all available information on our business partners and their production facilities. In order to evaluate our suppliers' CR set-up, we analyse a wide variety of information. In doing so, we not only take their plans and CR strategies into account but also query information on personnel resources and organisational structures for the implementation of our CR requirements. For the verification of these information, we use the findings gained during on-site visits conducted as part of our ALDI Social Assessments. As a rule, these on-site visits are conducted by employees of our ALDI CR Units in Hong Kong and Dhaka together with independent auditors and supplier representatives.

Based on our assessments, we regularly conduct supplier interviews in order to identify potential for improving our suppliers' CR performance. Wherever required, we support our suppliers in further developing their processes by

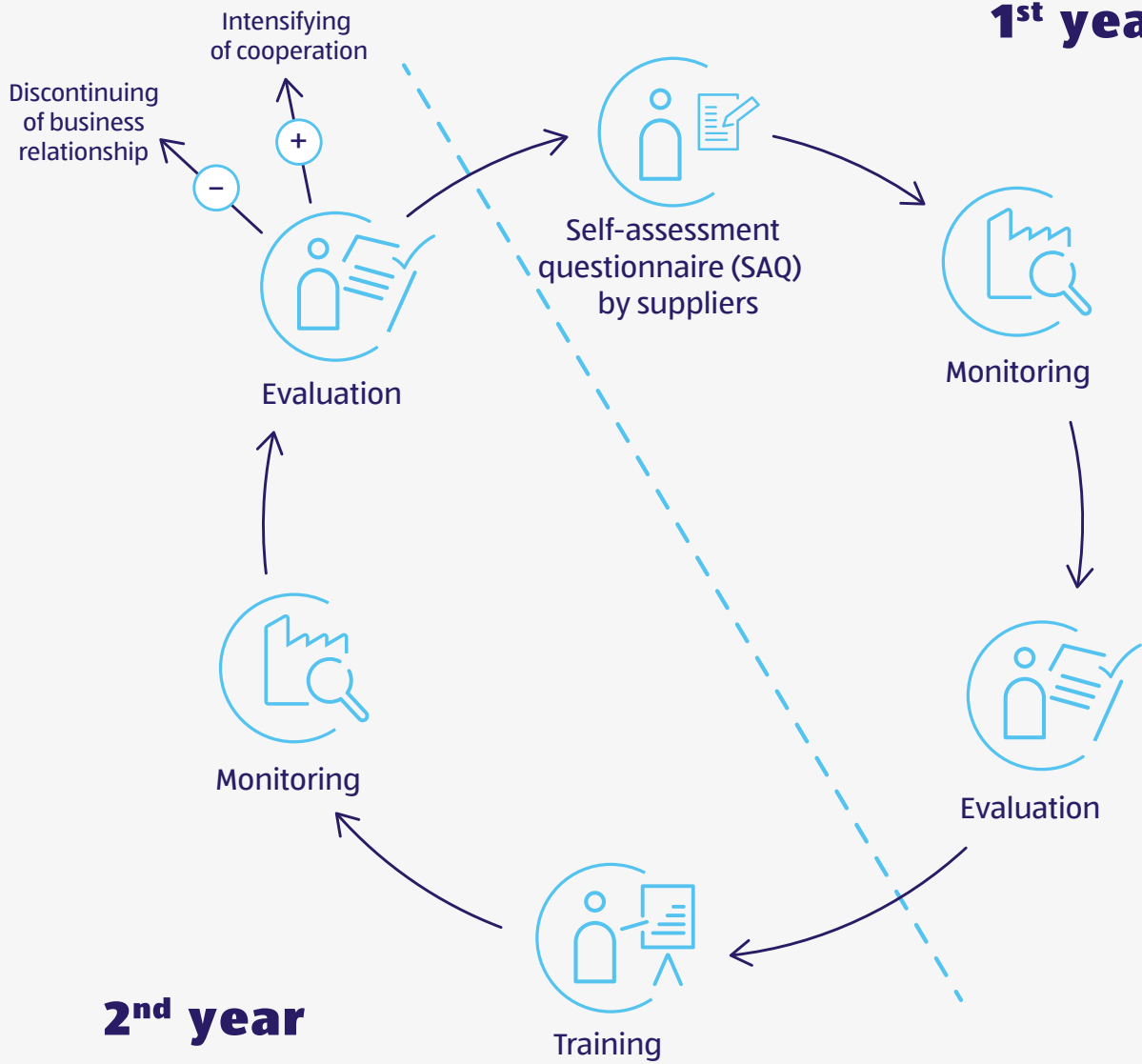
providing targeted training sessions.

The CR assessment is an increasingly important factor which influences contract placement. In future, we plan to increase our cooperation with those suppliers which fulfil our CR requirements to a particularly high degree and to discontinue our business relationships with other suppliers. Consequently, particularly committed suppliers will be able to expand their collaboration with us by increasing their investments in sustainability.

Continuously increasing the sustainability of our supply chain is a task we face together with our suppliers. In order to achieve effective changes, we need to steadily enhance the knowledge of our own supply chains and our understanding of the related challenges and opportunities. Therefore, measures for improving transparency are the initial focus of many of our initiatives. By assessing the CR performance of our suppliers, we are taking an important step towards ensuring that we can meet the ever increasing challenges of the future together.

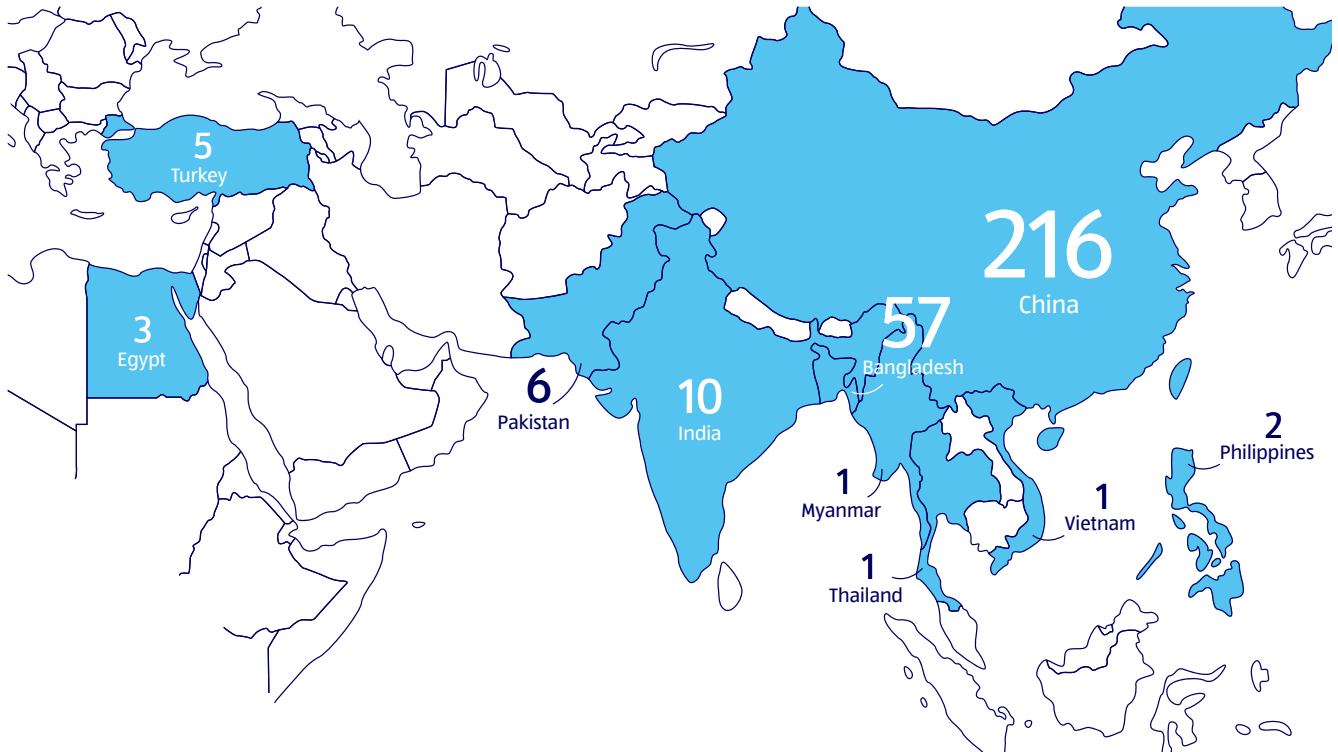


1st year



Key figures

Number of ALDI Social Assessments (ASAs) conducted per country of production



ASAs are audits of production facilities that are carried out by ALDI SOUTH employees together with external auditors and supplier representatives mainly in Bangladesh and China.

ALDI Social Assessments (ASAs)

Number of countries in which an ASA has been conducted	10
Number of ASAs conducted	302

Third-party social audits

The indicator takes into account all contractually agreed main non-food production facilities located in risk countries, as defined by the amfori Business Social Compliance Initiative (amfori BSCI), and which are already integrated within an ALDI SOUTH Social Monitoring Programme as well as all social audit reports and certificates accepted by ALDI SOUTH.

Percentage of non-food production facilities with a valid social audit report

99.58 ✓

ASAs in Bangladesh

The indicator is based on all contractually agreed, main non-food production facilities used for ALDI SOUTH production which are located in Bangladesh.

Percentage of production facilities located in Bangladesh which have been continuously visited within the scope of an ASA	100 ✓
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Supplier assessments

The indicator is based on all risk-relevant garment textiles suppliers of ALDI SOUTH.

Percentage of garment textiles suppliers for which a supplier assessment was conducted	100
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Wastewater and sludge analyses

The indicator is based on all wet-processing facilities used for textiles and shoes which have been contractually agreed with ALDI SOUTH and on test reports for wastewater and sludge analyses which are no older than one year.

Percentage of wet-processing facilities for which a valid wastewater and sludge analysis report has been provided	89
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Sustainable Development Goals



GRI disclosures

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