



## Materiality analysis ✓

### Selection of topics

We selected the topics to be included in our CR Report based on our stakeholders' expectations, our actual or potential impact, and our general belief as expressed in our [CR Principles](#).

### Approach

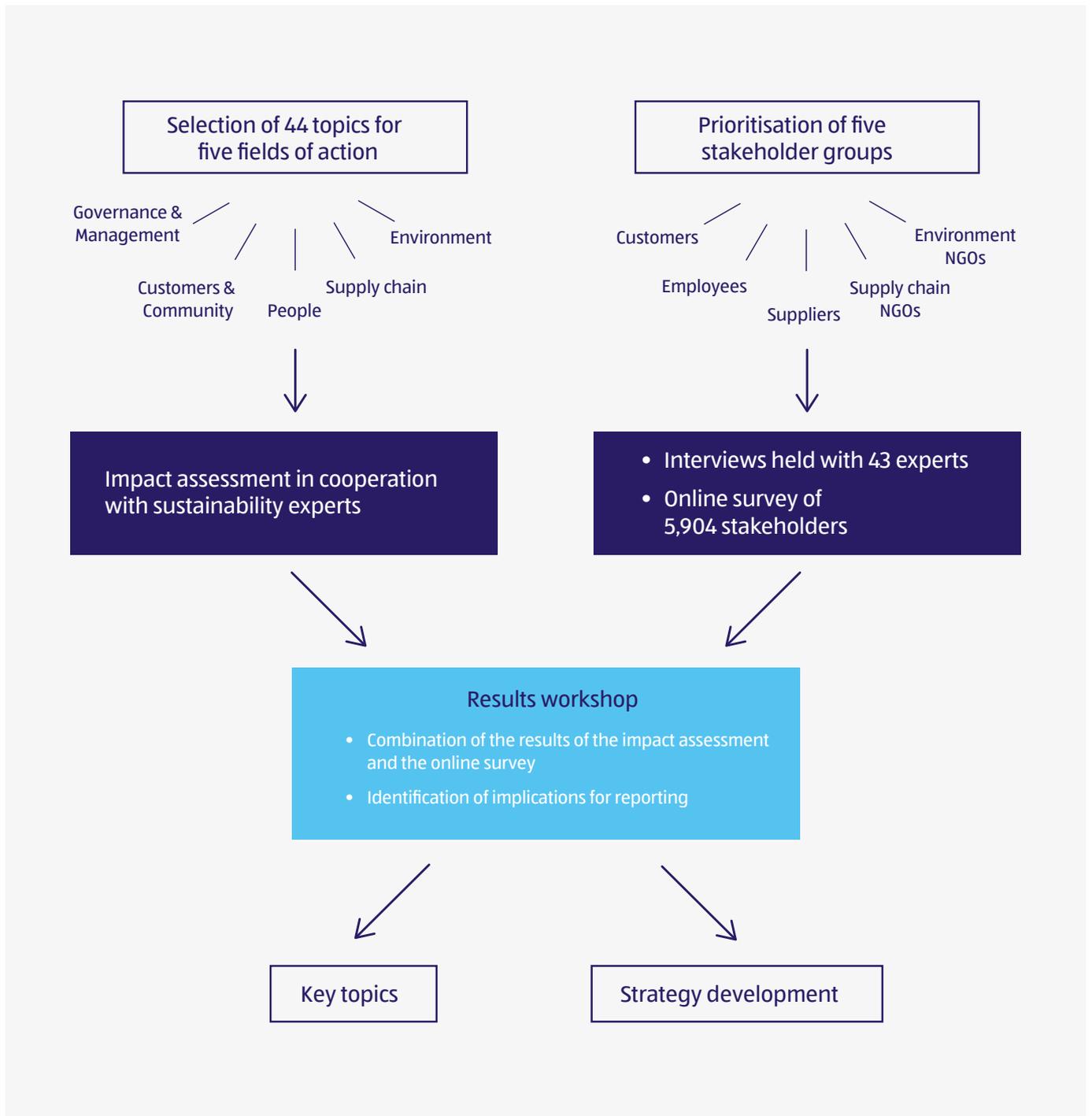
In 2017, more than 5,900 stakeholders from all countries where the ALDI SOUTH Group conducts its business participated in an online survey. We asked our stakeholders to rate the importance they attach to various sustainability-related topics. The surveyed stakeholder groups included customers, employees, suppliers, and non-governmental organisations specialising in supply chain and environmental protection. These groups were identified as being most relevant based on the criteria of 'potential influence of ALDI SOUTH', 'potential influence of the stakeholder group on ALDI SOUTH', and 'possible potential for conflict'. In addition, we also conducted detailed interviews with 43 experts from the same areas across all ALDI SOUTH countries.

The online questionnaire had a total of 44 topics which were allocated to the following fields of action: Governance & Management, Customers & Community, Supply chain, People, and Environment. To identify the topics for the survey, we reviewed internal strategy papers and external analyses as well as materiality analyses prepared by other market agents and results from market research, and created a comprehensive list of potential aspects. Through a series of workshops held with the internal experts of the Corporate Responsibility International (CRI) department, we grouped the numerous aspects within 44 topics. The online questionnaire provided detailed explanations of the individual topics and clear distinctions between them. These topics ranged from emission prevention to work-life balance.

The online survey participants were asked to indicate to which extent the individual topics influenced their assessments and decisions vis-à-vis ALDI SOUTH (or ALDI, HOFER, or ALDI SUISSE, respectively depending on the country), using a scale ranging from 'not important at all' to 'very important'. Furthermore, the participants could specify additional topics they deemed relevant using free-text fields. The participants initially completed the field of action allocated to them – for example, suppliers completed the topics from the 'Supply chain' field of action. Subsequently, the participants were also free to answer questions from other fields of action. More than 90% of the surveyed consumers not only completed the topics from the 'Customers' field of action allocated to them but also voluntarily answered questions from other fields of action, such as 'Supply chain' or 'Environment'.

In addition, for each topic, our internal sustainability experts assessed the impact level of our business operations in accordance with the requirements defined by the Global Reporting Initiative. In doing so, they considered the actual current impacts of the business operations on the respective topic. To simplify comparison, all topics were grouped into 'low', 'medium', and 'high' impact topics by our internal experts.

The external expert interviews provided a more comprehensive assessment of the ALDI SOUTH Group's present CR performance. Moreover, they helped us identify trends and provided indications regarding potential future developments.





## Results of the materiality analysis

The results of the materiality analysis generally confirmed our previous assessment. The three topics rated 'very important' most often across all stakeholder groups and countries are 'Working conditions throughout the supply chain' for the 'Supply chain' field of action, 'Product quality and safety' for the 'Customers' field of action, as well as 'Ethical business practices and compliance' for the 'Governance & Management' field of action.



## Focus topics

The focus topics for this CR Report were selected based on the results of the materiality analysis.

### 'Customers' focus: health and well-being

'Range of affordable, healthy food products' was one of the top-rated topics in the 'Customers' field of action. The topic of 'Promoting a healthy and sustainable lifestyle' was also rated as important.

### 'Resources' focus: protecting our forests

The top-rated topics in the 'Supply chain' field of action include 'Environmental impacts of agriculture, forestry, and fishery' and 'Sustainable purchasing practices'. In the 'Customers' field of action, the topic of 'More sustainable products' belongs to the most important topics. We chose the topic of 'Protecting our forests' as an area of focus to explain the potential impact of our activities on important ecosystems and to show the measures we take in order to contribute to the protection of forests.

## 'Supply chain' focus: supplier assessments

The topics rated by many stakeholders as 'very important' include 'Working conditions throughout the supply chain', 'Fair business relationships', and 'Sustainable purchasing practices'. One of the instruments we use to promote further improvement in these areas is the systematic assessment of our suppliers' CR performance.

## 'People' focus: occupational health and safety

Both the topics of 'Occupational safety' and 'Health of employees' were priority topics in the 'People' field of action. Since we attach high importance to our employees' health and safety, we selected this focus topic for the 'People' chapter of the CR Report.

## 'Environment' focus: modern refrigeration technology

Our stakeholders consider the 'Reduction of GHG emissions caused by business operations' to be important. Our efforts for modernising our refrigeration equipment provide us with particularly great influence as refrigeration accounts for a large portion of our energy consumption and the refrigerants used are of considerable relevance to our GHG balance.

## 'Community' focus: long-term partnerships

The materiality analysis shows that from our external stakeholders' view, our company's community activities are not considered a priority. However, we, and our employees, attach increasing importance to this commitment. Within this area of focus, we present our approach to achieving a particularly high societal impact by concentrating on long-term partnerships.

In addition to these areas of focus, the survey also showed a number of topics which are of great importance to our customers, employees, and other stakeholders.

Within the 'People' field of action, the topics of 'Diversity and equal opportunities', 'Work-life balance and compatibility of job and family', and 'Attractiveness as an employer' were rated as 'very important'. The concept of diversity and equal opportunities is deeply rooted within our corporate culture and forms part of our CR Principles. Within the scope of implementing our strategy to become an employer of choice within the retail industry, we are currently developing several initiatives to provide our employees with an attractive working environment.

For our customers, 'More sustainable packaging' is an important field of action. Plastic shopping bags are a striking example in this context. As a matter of principle, we do not offer such shopping bags free of charge – not even in countries where free shopping bags are common practice. In various countries, we have already replaced disposable shopping bags with reusable shopping bags. We are making the gradual transition of the packaging of our core range products made from cardboard or paper to raw materials originating from certified sources or recycled materials. In this context, we will need to face various challenges as product packaging must fulfil a broad variety of requirements (including sustainability, hygiene and protection of the merchandise against damage, consumer-oriented presentation, and efficient transport).

'Avoiding food waste' is one of the most highly ranked topics in the 'Environment' field of action. Although we continuously increase our range of fresh products offered, we still succeed in reducing food waste to a minimum. This is possible because of our focused range of products and our appropriate merchandise planning methods. We donate unsold but still sound merchandise to charitable organisations, while organic waste is repurposed as animal feed or for the production of bioenergy. Additionally to raising awareness on the topic among consumers, for example through the "Reste Retten" ("Save food scraps") campaign in Germany, we intend to reduce food waste caused during agricultural production and transport in cooperation with our suppliers.

## Insights gained from the expert interviews

The interviews held with external experts provided us with many important indications concerning the ongoing development of our corporate responsibility strategy. The multitude of challenges faced throughout our supply chains continue to provide potential for optimisation. We deem an ever stronger integration of sustainability requirements into our other business processes – with a particular focus on buying operations – and adequate consideration of the related performance of suppliers and producers within the scope of product selection to be important tasks for the ALDI SOUTH Group. At the same time, we were happy to hear that the interviewed experts – most of them from the 'Supply chain' field of action – perceive our efforts to be serious and credible.

## GRI disclosures

### Stakeholder engagement

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### Reporting practice

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