



Responsible and
environmentally
friendly production



ALDI DETOX REPORT 2020

Five Years of Detox:
“Setting New
Standards, Achieving
New Goals”



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Preamble

Dear Reader,

We know that our everyday decisions have implications of the entire value chain and we are aware of our responsibility - this has never been truer than in our commitment to improving environmental performance.

Five years ago, we published the ALDI Detox Commitment. Since then, we have made continuous progress each year towards our 2020 goals. Based on greatly increased transparency, we have driven improvements in chemical management across all tiers in the supply chain, and fast-tracked systemic changes to reduce our environmental footprint for textiles and shoes. We have updated stakeholders on our progress since 2016 via Detox reports from [ALDI Nord](#) and [ALDI SOUTH](#), and we have adjusted and improved the program based on their valuable feedback.

Our successes result from working with business partners and industry-wide initiatives. We overcame challenges by developing joint initiatives, joining working groups, and coming together to make the greatest impact. This report signals the conclusion to the ALDI Detox Commitment. It also heralds the start of a new era.

With solid achievements behind us, we are now building on our experience to set new goals beyond the detox scope. Our mission and the key to our success remains the same: To be consistent, to keep things simple, and be responsible.

We thank all the business partners and stakeholders who worked with us and helped make this happen.

We hope you enjoy reading this report.



Christoph Georgius
Business Unit Director Corporate Responsibility/
Quality Assurance International,
ALDI Einkauf GmbH & Co. oHG



Anke Ehlers
Managing Director Corporate Responsibility
International, ALDI SOUTH GROUP

¹The term 'ALDI' jointly refers to the ALDI Nord Group of companies (hereinafter also referred to as 'ALDI Nord') and the ALDI SOUTH Group of companies (hereinafter also referred to as 'ALDI SOUTH'). Within the scope of this report, both groups of companies are to be understood as the legally independent retailers trading under the ALDI brand.

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Abbreviations

ACMT	Advanced Chemical Management Training
APEO	Alkylphenol Ethoxylate
ATC	ALDI Transparency Code
BCI	Better Cotton Initiative
BEPI	Business Environmental Performance Initiative
C2C	Cradle to Cradle
CMA	Chemical Management Audit
CmiA	Cotton Made in Africa
CR	Corporate Responsibility
CRSE	Corporate Responsibility Supplier Evaluation
CYP	Check Your Product
DMF	Dimethylformamide
ECAP	European Clothing Action Plan
EPEA	Environmental Protection Encouragement Agency
GOTS	Global Organic Textile Standard
GRS	Global Recycled Standard
IPE	Institute of Public and Environmental Affairs
LWG	Leather Working Group
MRSL / M-RSL	Manufacturing Restricted Substances List
NPEO	Nonylphenol Ethoxylates
OAR	Open Apparel Registry
OCS	Organic Content Standard
PET	Polyethylene Terephthalate
PFC	Per- and Polyfluorinated Chemicals
PFOA	Perfluorooctanoic Acid
PU	Polyurethane
RCA	Root Cause Analysis
RSL	Restricted Substance List
rPET	Recycled Polyethylene Terephthalate
SCCP	Short-Chain Chlorinated Paraffins
SDS	Safety Data Sheet
ZDHC	Zero Discharge of Hazardous Chemicals



Years of Detox



Introduction

Five Years of Detox

Setting New Standards, Achieving New Goals

In 2015, we signed the ALDI Detox Commitment: after five years of hard work on our joint goals, we are proud of the progress we have made together with our business partners. This is also the right time to map the path ahead and to focus on future challenges.

When we developed the roadmap, we created the Detox Strategy based on six different areas of focus, each one to address one aspect of our Detox Commitment.

Upon reflection, we have made significant changes in all areas:

Chemical Management: We created and executed a rigorous system to eliminate the use of hazardous chemicals from the supply chains of textiles and shoes.

Supply Chain: We mapped production facilities, substituted hazardous chemicals, and conducted extensive product, wastewater and sludge testing to ensure responsible use of chemicals.

Data Management: We collected and analysed vast volumes of data, which enabled us to work closer with our partners to achieve the goals set throughout our supply chain.

Training and Workshops: We have evaluated and implemented various types of training methods. By training our internal teams as well as our partners, we built and transferred knowledge essential to meet our goals.

Stakeholder Dialogue: Our commitment to stakeholder dialogue drove regular reporting and networking through the supply chain.

System Change: We launched extensive systemic change to reduce the environmental and human impact of fashion, such as extending product life cycles and working towards ambitious targets for a sustainable fibre mix.

In future, we will bring the same level of rigour to actions such as closing the loop, fulfilling the goal of 100% sustainable cotton, optimising our packaging, and more.

ALDI's core values

During the last five years, we have founded ALDI's Detox Commitment on three core business values:



Consistency:

Leads to reliability. We are consistent in our professional dealings.



Simplicity:

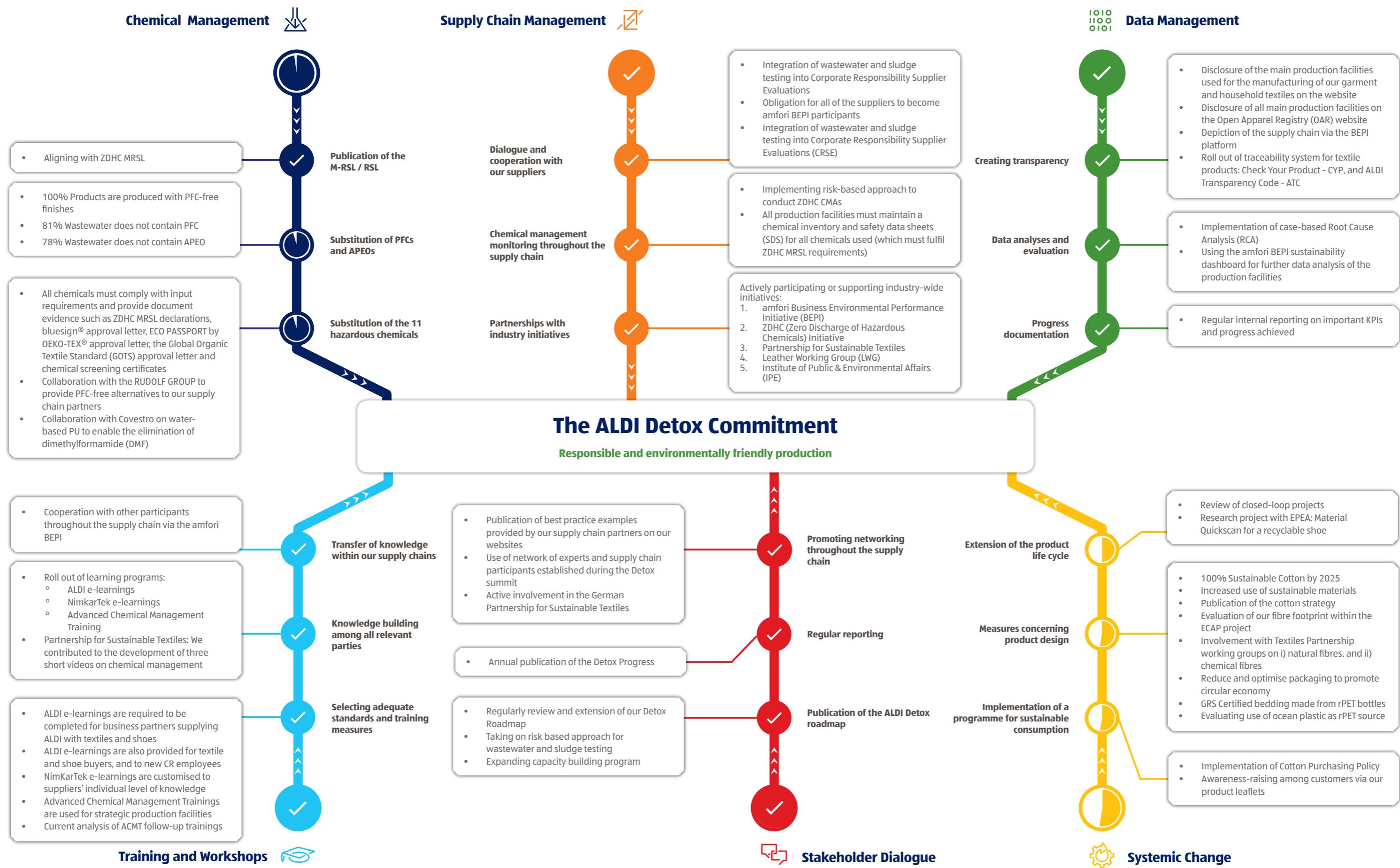
Creates efficiency, clarity and clear orientation within our organisations.



Responsibility:

Shapes our commitment. ALDI is fair, honest and open.

These values have guided us in 'setting new standards and achieving new goals'. Building on the achievements of the ALDI Detox Commitment, we strive for even greater improvements in collaboration with our business partners.



Part I: Chemical Management

Part I: Chemical Management



Implementing the ALDI M-RSL (Manufacturing Restricted Substances List) and ALDI RSL (Restricted Substances List)

We signed the ALDI Detox Commitment in 2015 to eliminate 11 prioritised hazardous chemical groups² gradually in production facilities for textiles and shoes. To drive supply chain oversight and transparency, we focussed on two pillars: input and output management.

Input Management

The foundation of our input management is the Zero Discharge of Hazardous Chemicals Programme's Manufacturing Restricted Substance List (ZDHC MRSL).

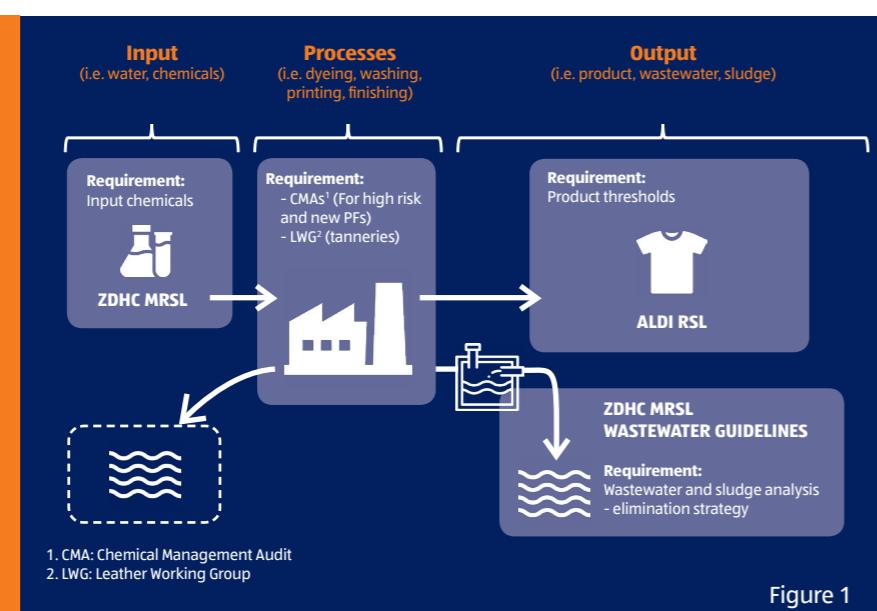
This industry wide standard is also the foundation of our Input

Chemicals Policy (implemented in 2016), which stipulates the use of environmental-friendly chemicals.

We expect all production facilities to use only ZDHC compliant chemicals and to demonstrate this by maintaining a chemical inventory and Safety Data Sheets (SDS) for all chemicals used for production of goods offered by ALDI (ALDI goods). Compliance can be demonstrated by declarations of conformity issued by bluesign® system partners, documents provided by approved certificate issuers or accredited testing institutes and evidence concerning the use of 'bluesign® approved' chemicals.

Input Chemicals:

Requirements that stipulate the use of environmental-friendly chemicals: SDS, chemical inventory and evidence such as ZDHC MRSL declarations, bluesign®, ECO PASSPORT by OEKO-TEX®, the Global Organic Textile Standard (GOTS) and chemical screening.

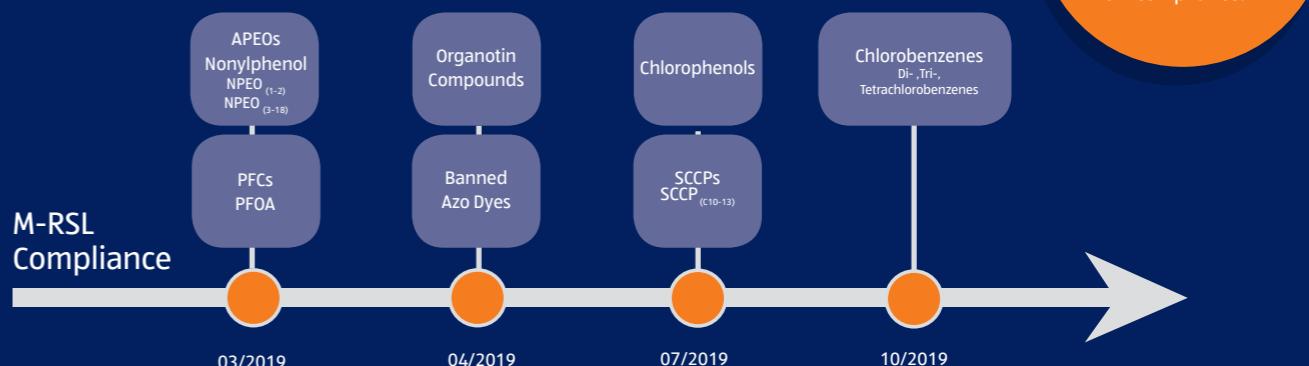


²Greenpeace started by asking for the elimination of 11 hazardous chemical groups, but after appreciating the challenges involved eventually prioritised alkylphenol ethoxylates (APEO) and per- and polyfluorinated chemicals (PFCs).

Part I: Chemical Management

Elimination Strategy

- Focus on 7 substance groups
- If one of them has been detected: Assessment as non-compliant
 - Action: Production facility blocked by ALDI



The foundation of our success has been implementing our elimination strategy as well as testing and sanctioning in case of non-compliance.

Output Management

ALDI's output management is based on compliance with the ALDI M-RSL and RSL that forms the basis of our elimination strategy.

Before 2015, ALDI already had a RSL for finished products in place. After signing the ALDI Detox Commitment, we took steps towards more responsible chemical management, with key activities being:

2015

- We worked together with our industry peers and drove the development of industry standards which includes the definition of chemical threshold values, and implementation measures to achieve our goals.
- Published an ALDI M-RSL and RSL to control chemical residues in products and to prevent releases into the environment. The thresholds defined were some of the strictest in the entire industry.
- Production facilities are required to contract independent third-party service providers to analyse their wastewater and sludge.

2017

- Introduced even stricter chemical limits for production facilities and final product testing based on Standard 100 by OEKO-TEX.

2019

- Out of the 11 prioritised chemical groups, ALDI decided to target the 7 which were deemed the most problematic for contaminations. They are APEOs, banned azo dyes, chlorobenzenes, chlorophenols, PFCs, organotin compounds, SCCPs. See figure 2.
- Since March 2019, ALDI has reserved the right to block production facilities failing to comply with the ALDI M-RSL requirements until proof of compliance is submitted. There are two ways of unblocking a production facility:
 - Conducting a Root Cause Analysis (RCA)
 - Submitting a compliant wastewater and sludge analysis report

2020

- ALDI aligned with industry-wide standards by adopting the ZDHC Wastewater Guidelines for wastewater and sludge analyses.

Part I: Chemical Management

Service providers conducting analyses are obligated to support our commitment to transparency by uploading test results to an online platform administered by the [Institute of Public & Environmental Affairs \(IPE\)](#)³.

ALDI drives complete supply chain oversight by requiring suppliers to disclose the details of all production facilities, wet and dry, used for the production of ALDI goods. This way we ensure compliance with our standards and make sure that suppliers engage with production facilities far beyond tier 1 (down to the spinning level). All newly nominated⁴

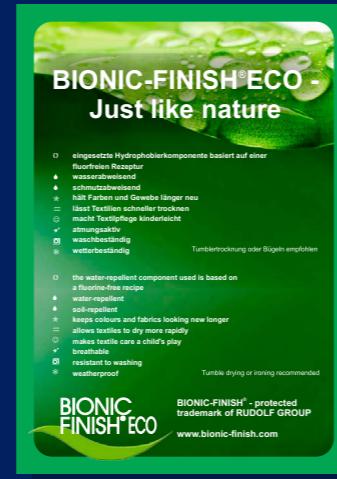
and potential 'high risk' production facilities⁵ must meet our requirements by successfully completing a ZDHC Chemical Management Audit (CMA).

We have made significant progress in eliminating hazardous chemicals, including exploring innovative ways to substitute them with environmentally friendly products. For example, [Bionic-Finish®ECO](#) by the [RUDOLF GROUP](#) has allowed us to eliminate per- and polyfluorinated chemicals (PFCs), one of the hazardous chemical group identified by Greenpeace.

Substitution of PFCs

Per- and polyfluorinated chemicals (PFCs) are used to create finishes and coatings. Among other uses, PFCs provide fabrics with water and oil-repellent properties. Eliminating and finding substitutes for PFCs is challenging, which is why we have collaborated with the RUDOLF GROUP to provide PFC-free alternatives to our supply chain partners for producing water repellent textiles.

The RUDOLF GROUP is a chemical manufacturer and global service provider for the textile industry and the developer of the novel, ecologically advantageous technology for water repellence called [BIONIC-FINISH®ECO](#), which is based on a PFC-free recipe. Bionic principles (combining Biology and Technics) realise functional principles from biology (such as water repellent bird feathers) and transfer them to technical solutions. These can be found today in the automotive, aircraft or building industries. Based on the findings of the bionic system, RUDOLF has developed patented, star like, hyperbranched polymers without using fluorocarbon. This produces a (textile) finishing technology with wash-durable, abrasion-resistant and water-repellent effects.



³See below for more on the IPE.

⁴Production facilities never used for the production of ALDI goods before.

⁵'High risk' is defined by a number of considerations, including the number of contracts to produce goods for ALDI (the more contracts, the higher the risk rating), and chemical management performance. Production facilities failing to submit a wastewater and sludge analysis have the highest risk rating, followed by production facilities with adverse chemical findings. The details of the rating scheme are for internal use only.



Results

By implementing the ALDI M-RSL/RSL, we have driven major improvements by wet-processing facilities, including a significant reduction in the use of hazardous chemicals through substitution and elimination. This has also lead to improved wastewater and sludge testing results, and better chemical management. The illustration below shows the share of wastewater and sludge analyses free of findings, which has increased across most of the chemical substance groups.

Note that external factors are difficult to control including contaminated incoming water and contamination from inlet pipes; this is often the cause for heavy metal findings. As a result of our business model, we purchase from suppliers who produce for other brands and business. Since we do not always

Part I: Chemical Management



have complete influence over all chemicals used at each facility, we are yet to find some contaminations such as flame retardants. This is why we work with industry stakeholders collectively on this challenge.

Share of Wastewater and Sludge Analyses Free of Findings

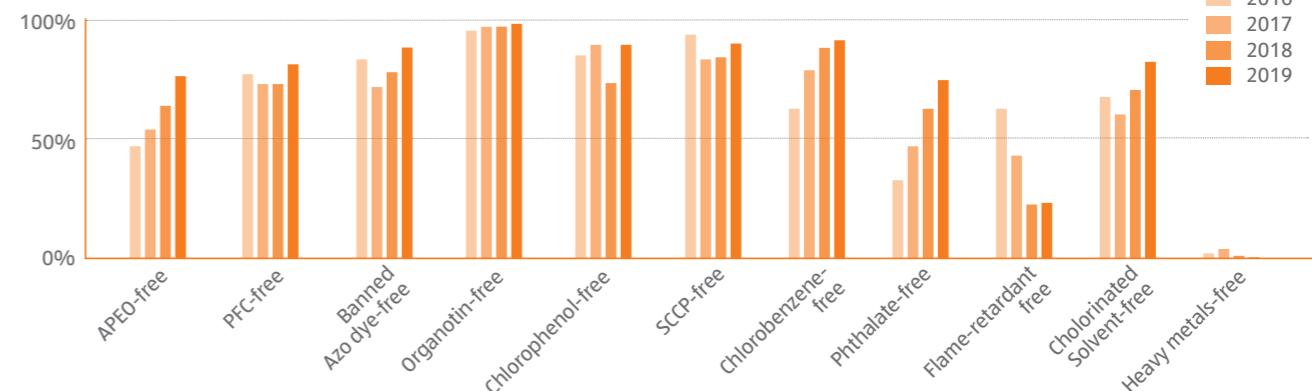


Figure 3

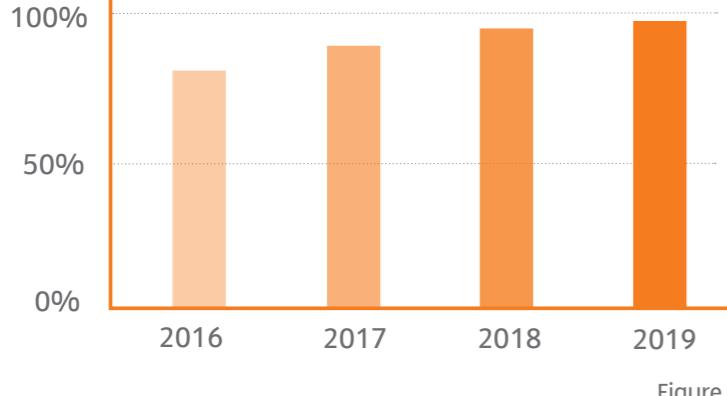
Share of Wastewater and Sludge Analysis Free of Findings

	2016	2017	2018	2019
Share of APEO-free wet-processing facilities	47%	55%	65%	78%
Share of PFC-free wet-processing facilities	78%	75%	75%	82%
Share of banned azo dye-free wet-processing facilities	84%	73%	79%	89%
Share of organotin-free wet-processing facilities	96%	97%	97%	98%
Share of chlorophenol-free wet-processing facilities	86%	90%	74%	90%
Share of SCCP-free wet-processing facilities	94%	84%	86%	91%
Share of chlorobenzene-free wet-processing facilities	64%	80%	90%	92%
Share of phthalate-free wet-processing facilities	27%	48%	63%	76%
Share of flame retardant-free wet-processing facilities	68%	41%	22%	23%
Share of chlorinated solvent-free wet-processing facilities	69%	60%	71%	83%
Share of heavy metal-free wet-processing facilities	2%	4%	1%	0.3%

Figure 4

Part I: Chemical Management

Share of Wet-Processing Facilities with a valid Wastewater and Sludge Analysis Report



4,025

Wastewater and sludge analyses provided since the publication of the ALDI Detox Commitment (March 2015)

2019 KPI Highlights

100%

Production facilities have incorporated the ALDI M-RSL/RSL and elimination strategy.

97%

Wet production facilities producing for ALDI submitted a valid discharge analysis in 2019.

109

Production facilities with valid CMA producing for ALDI.

77%

Tanneries used held valid LWG certificates.

Lessons Learned

We have learned very valuable lessons along the way:

- Testing has provided us with a great deal of insight into supply chain chemical management. It drives and allows us to monitor gradual improvement.
- The key to success has been stringent enforcement and consequences for non-compliance. This creates awareness, drives the successful implementation of our requirements, and has achieved results.
- Results for individual production facilities need to be carefully evaluated. To communicate and implement requirements effectively, it is important for brands sharing large production facilities to also share a common understanding of requirements, such as the ZDHC MRS or Wastewater Guidelines. Brands working together means outputs like RCAs become effective tools to understand conditions in production facilities, which enables appropriate action.

- A collaborative approach feasible for the whole industry is essential. We share facilities with other brands and have limited ability to 'influence' behaviour



Moving Forward

We will reinforce future progress by:

- Consolidating the supply chain: Progress on supply chain consolidation allows a tailored approach to specific segments of the supply sharing similar issues. It leads to more effective and efficient implementation of requirements, such as assessing production level specific risk versus a one size fits all approach.
- Continuous development and improvement: Strengthening alignment with industry standards to enable more effective implementation of requirements.

ALDI's core values in chemical management



Consistency:

Consistent and realistic requirements for suppliers and production facilities lead to reliable improvements



Simplicity:

Simple goals clearly articulated at the outset create efficiencies for ALDI and our business partners



Responsibility:

We are fair and incentivise suppliers meeting our requirements

Part I: Chemical Management

Managing The Supply Chain

ALDI's responsible supply chain management rests on the following five pillars:

Five pillars for Chemical Management

1. Ensuring full visibility of our suppliers' sustainability performance (via the Corporate Responsibility Supplier Evaluation (CRSE) tool, which evaluates social and environmental performance indicators and assists buyers making purchasing decisions – see quote right)
2. Setting stringent requirements for suppliers and production facilities (e.g., all newly nominated and high-risk production facilities must conduct a ZDHC CMA)
3. Establishing a clear path for improving chemical management (through assessments, training as well as the promotion of STeP by OEKO-TEX® certification and bluesign® system partnerships)
4. Actively removing non-compliant suppliers and production facilities from our supply chains
5. Supporting standards aligned to industry initiatives (such as amfori BEPI and ZDHC – more on these partnerships in the next sections)



"The ALDI CRSE provides us with a transparent overview of our business partners' sustainability performance. It reflects their efforts to meet our strict CR requirements, both social and environmental and informs decisions on whether to continue business relationships where our requirements cannot be met."

International Buying Departments

We actively participate or support industry-wide initiatives to meet our supply chain management goals:

1. amfori Business Environmental Performance Initiative (BEPI)
2. ZDHC (Zero Discharge of Hazardous Chemicals) Initiative
3. Partnership for Sustainable Textiles
4. Leather Working Group (LWG)
5. Institute of Public & Environmental Affairs (IPE)

amfori BEPI:

amfori is the leading global business association for open and sustainable trade, and **amfori BEPI** emerged in 2013 to provide a comprehensive range of services enabling companies to drive environmental improvements, including chemical management. ALDI has been a strategic partner since March 2017, and we use amfori BEPI tools in three areas:

1. We use the amfori BEPI platform to map our supply chain (to increase visibility and access all tiers).
2. It is mandatory for all textile and shoe suppliers to be amfori BEPI participants. All production facilities must provide an annual environmental performance report

amfori BEPI

Trade with purpose

"ALDI was instrumental in amfori Sustainable Chemicals Management activities and in the implementation of the Detox campaign. They were the perfect example of a committed company towards sustainability: using our chemicals-related tools, cascading them into their value-chain and making it known publicly every year. With their CSR spirit, they were always available to share their experience, their best practices with other companies, regardless the sector. Both ALDI and amfori are looking forward to maintaining this commitment and surely to pushing it further with a stronger partnership"

Eric Gravier,
Environment & Chemical Programmes Lead, amfori



ZDHC:

The **ZDHC** (Zero Discharge of Hazardous Chemicals) Initiative was formed largely as a response to the Greenpeace Detox Campaign, and is a group of apparel and shoe brands and retailers, chemical and service providers and others working together for better chemical management.

ALDI uses the ZDHC requirements for input chemicals and ZDHC CMAs to verify compliance with minimum standards.

using the amfori BEPI self-assessment questionnaire (made available on the amfori BEPI platform). We use this tool to drive improved environmental performance across our supply chains.

3. Newly nominated and 'high risk' production facilities must undergo a ZDHC CMA (to be assigned via the BEPI platform). ALDI is one of the major users of this tool.

ALDI participates in two amfori BEPI project groups: i) "Systems"; and ii) "Chemicals in Textiles and Shoes". In both groups, we collaborate with industry peers to tackle issues of supply chain mapping, performance data reporting and chemical management.

In April 2020, we replaced the ALDI M-RSL with the ZDHC Parameters for Wastewater and Sludge as defined in the ZDHC Wastewater Guidelines. Our alignment with this industry standard allows suppliers to focus resources on relevant improvement areas instead of double testing.

Part I: Chemical Management

Partnership for Sustainable Textiles:

The [Partnership for Sustainable Textiles](#) (Bündnis für nachhaltige Textilien) (hereafter referred to as “Textiles Partnership”) is a multi-stakeholder initiative based in Germany with approx. 120 members from business, government, civil society, unions, and standards organisations. Together, they strive to improve the conditions within global garment supply chains and textile production.

ALDI engages with several Textiles Partnership working groups. Our involvement in the “Chemical and Environmental Management” initiative saw the development of Basic and Advanced Chemical Management Trainings, which were subsequently applied in our own supply chains⁶.

We also contributed to the development of short video lessons on issues and good practices in chemical management in the textile industry, titled:

- Chemicals in textiles, why you should be aware
- Avoid restricted substances
- Safely managing chemicals in your production

These were developed to raise awareness on chemical management in the textile industry for the general public as well as for our customers.



Screenshots from videos developed with Textiles Partnership



“Through their strong engagement and contribution in the different working groups with knowledge and time ALDI has proven to be a valuable partner of the Partnership for Sustainable Textiles. The cooperation so far has led to tangible results in the development of tools and the joint work on solutions.”

ALDI has always been a real asset and added value for other members to drive their agenda and goals forward, and they have always been willing and open to share data and information with other members to contribute to working groups and projects.”

Rahel Lemke, Project Manager for Environmental Management,
Partnership for Sustainable Textiles



LWG:

The [Leather Working Group](#) (LWG) is a multi-stakeholder initiative, which develops and maintains a protocol to assess the environmental compliance and performance capabilities of leather tanneries. It promotes sustainable and appropriate environmental business practices within the leather industry.

We have been a member of the LWG since 2015. Our business partners are required to use only LWG-certified tanneries for leather-based main components. This requirement applies to the commodity groups of textiles, shoes (in all cases) and to small leather goods.

IPE:

The [Institute of Public & Environmental Affairs](#) (IPE) is a not-for-profit environmental research organisation registered and based in Beijing, China. Its Green Supply Chain initiative works with brands and their suppliers to disclose key environmental data.

ALDI requires third party testing institutes to upload all wastewater and sludge analyses data to the IPE platform. Barring minor singular events and deviations, all wet production facilities data is submitted to the IPE platform (which includes identification and description of production facilities, certifications from – and partnerships with – organisations such as the LWG, STeP and bluesign® to ensure credible wastewater and sludge analyses).

ALDI's core values in managing the supply chain



Consistency:

We have carefully selected partnerships that offered us the best guidance to achieve more responsible chemical management



Simplicity:

Our goals have been clear; working with key organisations has reduced duplication and enhanced efficiency



Responsibility:

We have worked with credible industry initiatives to improve chemical management



Part I: Chemical Management



Managing Data and Transparency

Since signing the ALDI Detox Commitment, we have become more transparent, analysed and evaluated more data, and have improved our reporting.

We store all relevant information in internal databases, ranging from a list of all production facilities to results of wastewater and sludge analyses. We record information on each production facility and each ALDI article, which assists to focus improvement efforts. Performance histories for individual production facilities are created: i) by providing data to the IPE and amfori BEPI platforms, and ii) through transparency tools for customer use.

In 2018, we launched a customer-oriented [ALDI Transparency Code](#) (ATC) for ALDI Nord and [Check Your Product](#) (CYP) for ALDI SÜD. All sustainable cotton articles with certifications from



Example of Product with 'Check Your Product' label

Screenshot of ALDI Transparency Code (ATC)

Screenshot of 'Check Your Product' QR Code scan results

the [Global Organic Textile Standard \(GOTS\)](#), [Cotton made in Africa \(CmiA\)](#), [Organic Content Standard \(OCS\)](#) and [Fairtrade](#) are published on the platforms. By adding this product information, customers can easily identify these additional sustainability values. The ATC is available in Germany and customers can find the link to the ATC webpage in the weekly ALDI magazine. CYP is available in ALDI and HOFER stores in Germany, Austria, Slovenia, Italy, Switzerland and Hungary, where the QR code is available on packaging and in the in-store magazine.

In 2019, we also started to publish our main production

Screenshot of Open Apparel Registry (OAR)

ALDI's core values in data management and transparency



Consistency:

Rigorous data collection and management has led to reliable information for us, our business partners and our customers



Simplicity:

We provide simple, clear data, creating efficiencies for partners and customers and clarity for our people



Responsibility:

We are sharing our insights with the customer

Part I: Chemical Management



Training for suppliers and production facilities

ALDI implements new standards through training programmes online and face-to-face.

We have made two significant improvements in the past five years:

1. We have developed training materials to help all suppliers meet our rising standards
2. We are driving the [Advanced Chemical Management Training](#) (see further explanation in the next section) to enable production facilities to manage chemicals responsibly and independently

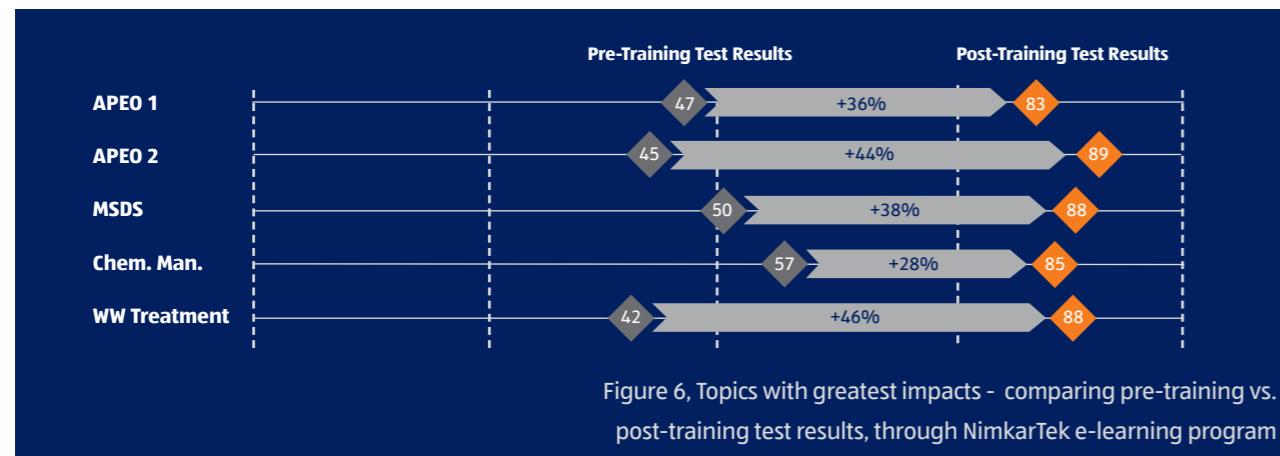
We provide internal training on the ALDI Detox Commitment to new textiles and shoe buyers, as well as to new CR employees. We also train all new business partners, so they fully understand our requirements. Below are three of the ways we ensure everyone involved is kept up to date.

ALDI e-learning:

ALDI has developed comprehensive e-learning modules, which all business partners supplying ALDI with textiles and shoes are required to complete as part of the onboarding process. This ensures all new business partners understand how to meet and implement the ALDI Detox Requirements. Upon completion, business partners must confirm they understand our requirements by agreeing to the Detox chemical management terms.

88%

Through the NimkarTek training, test results improved from 42% to 88% for the topic of wastewater treatment.



Advanced Chemical Management Training:

Starting in 2019, we joined the [Advanced Chemical Management Training](#) program for wet processing units. This is a program resulting from cooperation between the Textiles Partnership and the Strategic Alliance "STA" consisting of Rewe Group, Tchibo and GIZ, ALDI Nord, ALDI SOUTH and the Otto Group. The program focusses on establishing an improved chemical input, raising awareness and training the factories in chemical substitution. It includes factory visits, group workshops and the joint development of management action plans.

ALDI uses this program to support the development of ALDI compliant chemical management in strategic wet production facilities in China and Bangladesh. The program with the aim of providing the knowledge and practical skillset required to replace hazardous chemicals in the wet processing units is accompanied by our CR teams in Dhaka and Hong Kong. Selected production facilities take part in the 10-month

(pilot) program, comprising of a mix of classroom lessons and practical on-site visits. The trainings focus on specific needs of the production facilities. In 2020, we started the second round of training for other important production facilities in Bangladesh and we are further evaluating the option of implementing additional follow-up training for the 2019 participants.

With the help of our capacity building programs, we are developing self-reliant production facilities capable of professional chemical management and independent problem solving.



ALDI's core values in training for suppliers and production facilities



Consistency:

Continuous learning develops reliable expertise (for both ALDI and supply chain partners)



Simplicity:

Our training provides clarity and efficiency and gives clear direction for all involved



Responsibility:

We want factories to be able to manage chemicals responsibly and independently



Part I: Chemical Management

Part I: Chemical Management

A diverse range of external factors influence the way chemicals are used and managed across ALDI's supply chain network and so we engage with stakeholders both individually and in multi-stakeholder initiatives to systematically work towards our Detox goals. We cannot do this alone.

Stakeholder Dialogue

International ALDI Detox Summit in Shanghai

In 2016, we hosted the ALDI Detox Summit in Shanghai. The event brought together more than 400 participants from ALDI's key stakeholder groups to discuss the challenges of our Detox Commitment and ALDI's path towards fulfilling it.

Our key stakeholder groups include suppliers of garment textile and footwear, production and pre-production facilities, NGOs like Greenpeace, Chemical industry representatives, University representatives and Testing Institutes and Service Providers.

The ALDI Detox Summit was a valuable and successful event as it enabled us to discuss the issue of Detox intensely with all key participants.



ALDI Detox Summit, 2016



In a mixture of panel discussions and six individual workshops, we covered the following topics:

- Detox implementation in the footwear industry
- Implementation of M-RSL in wet-processing facilities
- Implementation of the Detox requirements at all levels of the value chain
- Increase supply chain transparency
- Capacity building
- Implementation of audit processes and sludge- and wastewater testing
- Elimination of APEOs and PFCs
- Handling of positive sludge- and wastewater test reports



ALDI Detox Summit, 2016

"This summit significantly furthered the creation of awareness on environmental issues among regional suppliers. Consequently, ALDI is pro-actively underlining the considerable importance of this topic."

Ada Kong, Toxics Campaign Manager
East Asia at Greenpeace

ALDI's core values in training for Stakeholder Dialogue



Consistency:

We are consistently involved with our key stakeholders



Simplicity:

We ensure openness for dialogue and feedback



Responsibility:

We share our findings and challenges by publishing our progress reports annually

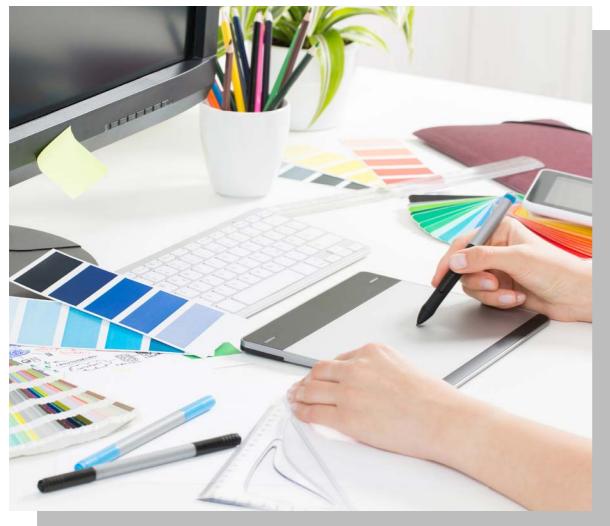
Involvement in other industry groups

As covered under '[Managing the supply chain](#)', ALDI participates in or supports industry-wide initiatives including amfori Business Environmental Performance Initiative (BEPI), ZDHC (Zero Discharge of Hazardous Chemicals), Partnership for Sustainable Textiles, Leather Working Group (LWG) and Institute of Public Environmental Affairs.

Sharing of information

Since the launch of our Detox work, we have monitored progress against our roadmap and published the results annually. We believe being open and transparent about our work held us accountable and lead us to where we stand today.

Part II: Systemic Change



Systemic Change

Another important part within the Detox Commitment is the consumer perspective and how ALDI enables consumers to purchase textiles and shoes in a more sustainable and responsible manner.

ALDI started driving systemic change with projects designed to extend product life cycles and increase sustainable consumption. Most recently, we made a pledge to source 100% sustainable cotton by the end of 2025. Other projects we have been working on include the development of a recyclable shoe; supporting a cotton seed project for organic Fairtrade cotton, and sourcing more sustainable materials such as waterborne PU.

International cotton purchasing policy:

In 2019, ALDI used 29% sustainably sourced cotton within our own-brand textiles. We have also made a commitment to increase that share to 100% sustainable cotton by the end of 2025. We will require cotton used for our own-brand textiles to be of either recycled origin or certified according to one of the following internationally recognised sustainability standards: Fairtrade, GOTS, OCS, CmiA, and BCI.

We are also pleased to note the [Textile Exchange's Corporate Fibre and Materials Benchmark 2019](#), ranked ALDI 4th largest in the category of the 'Top 10 by Volume of Organic Cotton', and 4th largest in the category of the 'Top 10 by Volume of Recycled Cotton.'



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Largest

Textile Exchange has ranked ALDI 4th largest in the category of the 'Top 10 by Volume of Organic Cotton', and 4th largest in the category of the 'Top 10 by Volume of Recycled Cotton'

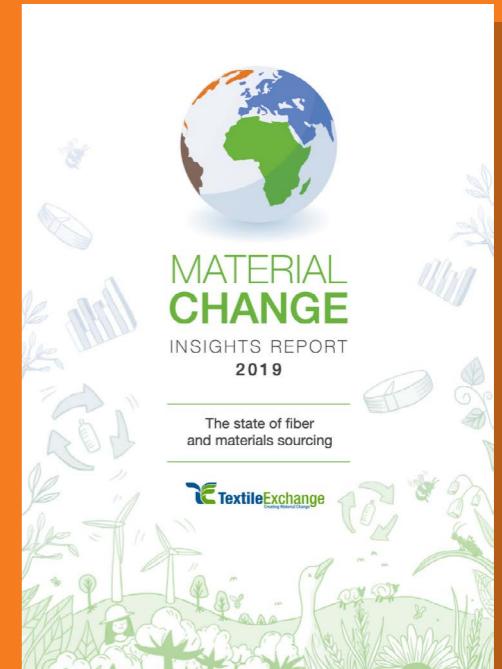


ALDI is a committed and successful participant in our Corporate Fibre & Materials Benchmark program. I am impressed with their progress in sourcing cotton responsibly, and can see how the company is applying the learnings from cotton into other materials.

Liesl Truscott
Director of European & Materials Strategy, Textile Exchange



Part II: Systemic Change



Part II: Systemic Change



Cotton seed project:

Since 2018, ALDI is involved in a project to support [Fairtrade cotton farming cooperatives](#) in Tajikistan and Kyrgyzstan, which produce organic cotton and eliminate genetically modified seeds from the process. Farmers have been denied access to higher-value markets through a lack of access to non-GMO cotton seed. The project has included training on seed production and multiplication, action to combat GMO contamination, increasing cultivable acreage for organic cotton, better yields, and knowledge management and sharing.

We use Fairtrade non-GMO cotton from this project in parts of our Fairtrade home textiles.



"ALDI has largely contributed to increasing the visibility of Fairtrade textile products in the markets.

We really enjoyed the joint project in Tajikistan and Kyrgyzstan and the great support of ALDI has helped a lot to support local farmers and their families."

Claudia Brück, Managing Director,
Communication and Politics, TransFair e.V. (Fairtrade Deutschland)



Product lifestyle extension:

In 2019, we embarked on a pilot project to develop a recyclable shoe. We worked with the EPEA ([Environmental Protection Encouragement Agency](#)), an organisation founded in 1987 by Dr. Michael Braungart (the co-author with William McDonough of the influential book Cradle to Cradle: Remaking the Way We Make Things), to assess whether an EVA (ethylene-vinyl acetate)-based shoe would demonstrate improved recyclability and environmental footprint.

The EPEA evaluated an EVA-based garden clog based on the bill of substances (BOS) used during the production process, by assessing possible environmental impacts of the substances used. The research concluded the shoe was accepted on material health, and it was not toxic to the biosphere (it was rated as low toxicity, thus acceptable). However, the evaluation also concluded the material was persistent and exhibited a high risk of micro plastic creation due to rubber friction. From the Technosphere perspective, the shoe was not

Part II: Systemic Change

recyclable because the material is "cross-linked" (and hence insoluble due to strong covalent bonds). Thus, to increase the recyclability of the garden clog, it is crucial to find a material 100% recyclable or safe for the biosphere.

ALDI's goal in sponsoring the project was to gather first-hand experience with the Cradle to Cradle (C2C) approach. For our next step, we will use the lessons learned to improve the product design and purchasing process for future sourcing activities, with the main focus on the Detox relevant commodity groups.

ECAP:

In 2018, ALDI joined the [European Clothing Action Plan \(ECAP\)](#), a €3.6 million project launched by WRAP in the UK, funded by the European Commission's Life Program for a four-year period ending in December 2019.

ECAP focused on several aspects in the textiles value chain, such as sustainable design, production, consumption, public procurement, collection, recycling and reprocessing. ALDI disclosed fibre survey data for the years 2016 to 2018 (for ALDI Germany only) to generate a fibre footprint which was divided into a water, carbon and waste footprint. We decreased our fibre water footprint by 18% between 2016 and 2018. Based on the results, we developed our own fibre strategies, which led to the 100% sustainable cotton purchasing policy. We will further drive the development of a strategy for our remaining fibre, such as synthetic or man-made cellulosic fibres throughout 2020 and beyond.

Water-based PU shoes

Another success in this area has been the use of water-based PU in shoes.

Initially, we were assured by business and supply chain partners that the usage of water-based PU would lead to a decrease in shoe quality and a parallel increase in sourcing costs.

However, quality testing and more detailed information on the use of water-based PU showed that the initial concerns were incorrect. Water-based PU could provide the same and sometimes even better quality than regular PU material by using organic solvents. Time has proven our assessment correct. Increased demand for water-based PU has driven down the price to conventional PU levels.

Given this, the number of ALDI goods, which now consist of water-based PU, is constantly rising. In fact, we now predominantly use water-based PU for commodities (shoes).



INSQIN® by Covestro

One example is INSQIN® by Covestro. INSQIN® waterborne PU chemicals can be processed without organic solvents, and enable the elimination of dimethylformamide (DMF) from the manufacturing process of many kinds of PU-coated fabrics. The use of such waterborne technology enables the elimination of workplace and pollution risk, and resource efficiency (95% less water and 50% less energy).

Part II: Systemic Change

Moving Forward

We are seeking other opportunities to further improve our fibre mix portfolio for textiles and shoes. For example, since 2016 we have sold bedding made from recycled PET bottles, which is certified according the Global Recycled Standard (GRS), and we are evaluating the use of ocean plastic as an rPET source.

It is clear that sustainable production alone will not solve the global overconsumption problem, and that the long-term challenge is to overcome current consumption levels. We have accepted that challenge.

Currently, we focus on these key areas:



Product Design

We are continuously implementing and looking for new ways to strengthen the durability of our products.



Product Technologies

We strive to deliver quality products to our customers.

We actively look for innovative ways to prolong the lifespan of products - enabling longevity and endurance.



Sustainable Materials and Policies

We have engaged with the Textiles Partnership working groups on i) natural fibres, and ii) chemical fibres. Suppliers will continuously report the fibres/materials used in our products, so we have detailed information on our fibre mix.

We are currently evaluating sustainable alternatives, including our most relevant synthetic and cellulosic fibres. And as mentioned above, we have committed to 100% sustainable cotton by 2025.



Sustainable Packaging

We have been engaging in measures to reduce and optimise packaging in order to promote a sustainable circular economy.

We support sustainable packaging for textiles and shoes by reducing packaging materials and promoting recyclability.



Looking ahead, we believe the next step is making sustainable production methods mainstream. There is an enormous amount of innovation occurring in production right now, from laser finishing jeans to salt-free and CO₂ dyeing. Our role in this environment is to support access to market for relevant and commercially viable innovations.

We are developing a holistic approach to sustainable fibre sourcing in the context of our total fibre portfolio. Our goal is to have a general aligned and comprehensive strategy, which includes all fibre categories (synthetic, cellulosic, animal, and natural fibres). We initially focused on cotton but in the future we are going to develop strategies for other raw materials.

We are strengthening transparency in critical supply chains such as cotton and cotton-based products. This has become an increasingly important area to both ALDI and its stakeholders.

And finally, we are building more links with stakeholders and multi-stakeholder initiatives, with a goal of working more closely together on some of the critical issues outlined above.

ALDI's core values in systemic change



Consistency:

We research and choose projects carefully to ensure reliability for customers



Simplicity:

We work on a limited number of projects at one time, creating efficiencies for delivery



Responsibility:

We work with partners who can help us meet responsible objectives

Part III: Driving Future Change

Part III: Driving Future Change

Moving forward, we will continue to drive change and streamline and expand our current processes.

Beyond 2020, we will be harmonising our chemical management requirements with other leading brands and standards. This will secure efficient implementation and effective collaboration with business partners and other stakeholders. Adopting ZDHC Parameters for wastewater and sludge testing is an important step. We are also strengthening collaboration through joint training (e.g., Advanced Chemical Management Trainings) and shared industry platforms (such as amfori BEPI) wherever possible.

Further, we are closely examining our highest risk areas to focus resources on where they are most needed. An example of this is the exemption of our requirements regarding wastewater and sludge analyses and ZDHC CMAs in specific low-risk countries⁷. Instead, we will focus wastewater and sludge testing on countries, facilities and processes with the highest risk.

We will also expand our capacity building program to help suppliers become more self-reliant, so they have the capability to solve problems themselves. In 2020, we will continue with the Advanced Chemical Management Training for a selection of strategic wet production facilities. Our key objective is to develop a deeper understanding of how training adds value for different production facility types in preparation for a larger rollout. We have identified this program as a key tool to reduce environmental impact.

In 2020 and beyond we will utilise data from the ZDHC CMAs more effectively to identify weak points in our textiles and shoe supply chains. We will develop more targeted approaches in line with production facilities' needs.

We are advancing sustainable packaging for textiles and shoes and will set an ambitious timeline for the implementation of an entire range of sustainable, high quality packaging. A similar process is focusing on sustainable materials and production technologies.

⁷Low-Risk countries include European countries, USA and Australia.

Key Areas for 2020 and beyond

- Harmonizing our chemical management requirements with other leading brands and standards.
- Focus wastewater and sludge testing on countries, facilities and processes with the highest risks.
- Expand capacity building program to help suppliers become more self-reliant.
- Utilise data from the ZDHC CMAs more effectively by using it to identify weak points in our textiles and shoe supply chains.

Part IV: Conclusion

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In 2015, we committed to better chemical management and systemic change.

Consistent with our mission statement, we set new standards and achieved new goals by taking simple and straight-forward action, calling on our partners to join us in acting responsibly, and maintaining a consistent approach (testing, monitoring, implementing solutions and reviewing).

Changing organisational behaviour is complex and doing it across hundreds of organisations globally is even more so. Luckily, our business partners and key stakeholders were good companions along the way.

Together, we learned how to generate significant change in chemical management along our supply chains. We developed new expertise internally and new ways of seeing how to do things.

With chemical management being a systemic challenge, we could not have achieved the results we have today without our industry peers. We thank all industry partners who have been involved developing, implementing and strengthening these standards with us over the last five years.

Reflecting on our activities, we learned to succeed by taking bold steps to affect change in new areas. We moved quicker to implement new goals, such as switching to more sustainable materials like waterborne PU and our 2025 commitment to using 100% sustainable cotton, or providing customers with more transparent information about the origin of ALDI goods. By raising standards for our business partners, we raised our own.

For five years, we have embraced the challenge of change, not just because stakeholders requested it but because it was the right thing to do. While we have shown significant progress and are proud of our achievements in all fields, we acknowledge that there is still work to do, particularly in the topics of Systemic Change and Beyond Textiles.

And now, building on that work, we are implementing further standards and increasing collaboration with the industry to achieve our new ambitious goals.

ALDI DETOX REPORT 2020

Five Years of Detox:
“Setting New Standards,
Achieving New Goals”



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