



**UN Global Compact**  
**Communication on Progress 2018**

**ALDI SOUTH Group**



## Statement of Continued Support

# FOREWORD BY THE MANAGING DIRECTOR



Dear reader,

Simply, responsibly, consistently – this is how we conduct our business operations across 11 countries. Our focus on the essentials and our optimisation of the discount principle has made ALDI SOUTH the leading international retailer it is today. In August 2017, ALDI SOUTH was the first discount food retailer to join the United Nations Global Compact (UNGC). In doing so, we committed to implementing the ten principles in the areas of human rights, labour, environment and anti-corruption, as part of our corporate strategy and within the scope of our daily business operations.

I am pleased to confirm that ALDI SOUTH reaffirms its support of the ten UNGC principles and has continued to progress in these areas. In 2018, we successfully advanced projects and initiatives in cooperation with our partners and these developments are outlined in this report. Nevertheless, we are just at the beginning of our journey.

We are currently revising our international corporate responsibility strategy to further integrate sustainability into our company's processes. Key elements of this strategy will focus on critical issues such as climate change, plastic and packaging reduction, the upholding of human rights and the efficient use of resources. Our strategy is based on the global United Nations Sustainable Development Goals (SDGs) and the UNGC, and will be finalised by the end of 2019.

With this Communication on Progress, we aim to provide further insights into the actions taken, and the progress made. I hope you enjoy reading this update, which is part of a transparent and ongoing dialogue concerning our comprehensive sustainability-related activities. Please feel free to send us your questions and comments via email to [cri@aldi-sued.com](mailto:cri@aldi-sued.com).

Anke Ehlers

Managing Director Corporate Responsibility International (CRI) on behalf of the national organisations of the ALDI SOUTH Group

# HUMAN RIGHTS

**Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.**

**Principle 2: Businesses should make sure that they are not complicit in human rights abuses.**

Long-term business success can only be ensured if human rights are respected, protected and fulfilled. In line with our responsibilities under the UN Guiding Principles on Business and Human Rights (UNGPs), we seek to prevent or mitigate any adverse impact on human rights we might cause, contribute to or are directly linked to.

## **COMMITMENT AND MANAGEMENT APPROACH**

We are committed to respecting human rights and preventing human rights violations. ALDI SOUTH respects all internationally recognised human rights. Certain human rights are of increased relevance to us as a retailer because our actions stand to have a greater impact. These include dignified conditions at workplaces, such as non-discrimination, health and safety, freedom of association, fair remuneration, suitable working hours and the prohibition of child labour and forced labour. Due to the nature of global supply chains, there are some specific human rights that are of particular concern to smallholder farmers and women, see [human rights information on our website](#).

We have developed guidelines and policies that steer our actions and enable us to address challenges relating to human rights.

### **The relevant guidelines and policies for us in this area are:**

- our [Corporate Responsibility \(CR\) Principles](#),
- the ALDI SOUTH Group Code of Conduct,
- the [ALDI SOUTH Group Human Rights Policy Statement](#) as well as
- the [ALDI 'Social Standards in Production'](#).

In addition, there are the [international and national purchasing policies and/or position statements](#).

Our international [CR Principles](#) define our understanding of the responsibility we have towards our people and the planet. They guide us in our daily actions and are a strict requirement for our business partners. The CR Principles describe our approach in the five key areas of action: Customers, Supply Chain, People, Community and Environment. In all these areas, human rights play an important role.

The ALDI SOUTH Group **Code of Conduct** defines our expectation of integrity and legal compliance and states our commitment to fair working conditions and to safeguarding the rights of our employees. The Code of Conduct provides guidance for our employees worldwide. Please refer to Principles 3-6 and 10 for further details on the Code of Conduct.

Our [Human Rights Policy Statement](#) was developed in 2018. It outlines our commitment and processes to respect human rights across our business. The United Nations Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, the UN Convention on the Elimination of All Forms of Discrimination against Women, the ILO core labour standards, as well as the UNGPs and OECD Guidelines for Multinational Enterprises, define the framework for our actions.

Our requirements towards suppliers and products are recorded within the [ALDI 'Social Standards in Production'](#) as well as other standards. We collaborate closely with our suppliers and use internal and external monitoring systems, social audits and training to ensure suppliers are able to meet our requirements and achieve continuous improvements.

### **Organisation & responsibilities**

To fulfil our responsibility across all areas of our business, we develop international strategies that are implemented locally within each of the countries where we operate. The ALDI SOUTH CEO responsible for Corporate Responsibility International (CRI) also oversees the implementation of our Human Rights Policy. At a national level, responsibility sits with the country CEOs and Group Managing Directors, who supervise implementation and compliance with the policy. The impact of our company on human rights, plus prevention and mitigation, is discussed during regular international management meetings. The Managing Directors of all business areas assume operational responsibility for the implementation of, and compliance with, the Human Rights Policy.

For further information on company structure and international organisation see [CR Report 2017](#).

#### **International goals of our current CR strategy (extract)**

We develop international strategies for fulfilling our responsibility across all areas of our business. These strategies are then implemented by the ALDI SOUTH Group's national organisations in each of the countries where we operate. The strategies include international goals which provide direction for each of the ALDI SOUTH Group's national organisations. The international goals are summarised in our International Action Plan (IAP), which also defines key performance indicators for measuring our progress. In addition to the range of international goals, the national organisations also set their own goals to pursue as part of their national CR strategies.

- Social Monitoring Programme: All non-food commodity groups are to be integrated within the Social Monitoring Programme (SMP).
- Auditing: All main production facilities used for non-food items, which have been integrated within the Social Monitoring Programme are to possess a valid social audit report or certificate accepted by ALDI SOUTH.
- Auditing: All new non-food production facilities located in Bangladesh and Myanmar are to be visited and audited within the scope of an ALDI Social Assessment.

For the complete goals see [CR Report 2017](#) as well as [CR Report 2015](#). See also [goals](#) that ALDI SOUTH Germany has set itself within the framework of the German Partnership for Sustainable Textiles in 2018 (German only). Further goals are currently under development.

### **ACTION TAKEN**

We will continue to assess the impact of our actions on human rights. We set priorities and evaluate risks based on both the severity of actual and potential human rights impacts and the areas where we can leverage the size and product range of ALDI SOUTH to have the greatest impact. We prioritise our actions based on these results, and have implemented the following measures:

#### **Monitoring**

In order to minimise risks relating to production conditions and to ensure compliance with our high standards, we have established two CR Units in Asia: the first is located in Hong Kong (established in 2012), and the second in Bangladesh (established in 2017). These CR Units monitor the production facilities and the corporate responsibility-related performance of our suppliers, and also conduct on-site training sessions.

We gain regular insights into the working conditions at production facilities used for making our non-food products in high risk countries through various measures. These include certification, comprehensive social audits conducted by external service providers and our own production facility assessments – ALDI Social Assessments (ASAs) – performed locally by our expert staff, as well as direct dialogue with suppliers and production facilities. We also look at the safety aspects of the production facilities, with reference to the [ALDI 'Social Standards in Production'](#).

In 2018, we continued consolidating our global garment textile supply chain and collaborated more closely with our suppliers to improve social and environmental conditions in our supply chain. Through our training activities, we provide suppliers with additional guidance on the ALDI CR requirements and facilitate improvement measures as required. For further information on the CR performance assessment programme, see [CR Report 2017](#).

### **Grievance mechanisms**

Grievance mechanisms provide an additional means of identifying human rights issues, and are essential elements of the UNGPs. We have therefore created processes for our own employees and business partners. However, due to our complex supply chains, there are challenges around implementation in particular countries where products are manufactured. We intend to address these by developing concepts that improve access to grievance processes in relevant supply chains. For example, within the framework of the German Partnership for Sustainable Textiles, we are working on the joint development of the [Partnership initiative](#) 'Complaint Mechanisms'. Within the framework of the Bangladesh Accord, ALDI SOUTH is also committed to the successful implementation of a grievance mechanism and the follow-up of individual complaints.

### **ALDI Factory Advancement Project**

The ALDI Factory Advancement (AFA) Project is an initiative introduced to strengthen cooperative working relations between workers and managers at textile production facilities in Bangladesh. Training includes topics such as effective communication, health and safety in the workplace, working hours and remuneration, as well as productivity. The AFA Project has resulted in approximately 85,000 workers and managers experiencing positive changes in their day-to-day working environment. For further information on the AFA Project see [Project report](#), [CR Report 2017](#) and [website](#).

In February 2018, the project was extended to include the [AFA Project PLUS](#), which aims to tackle the shortage of adequate childcare for working parents and their children in garment factories. Working in collaboration with NGOs and other third-party organisations, ALDI SOUTH supports selected production factories in improving their existing childcare facilities and the quality of care provided.

### **Human rights risk assessment**

We continue to analyse the risks of negative impact on human rights in our supply chains, both in food and in the non-food supply chain, including the textiles sector, where the risk is particularly high.

In 2018, we comprehensively examined the human rights risks that are present throughout our supply chains for food products. We understand that the greatest risks lie at the raw material stage but our influence is strongest at final assembly stage. We see the human rights risk assessment as a starting point for identifying major human rights issues throughout our supply chain and for determining priority areas of focus for our continued work. For further information on risk assessment and risks of negative impacts on human rights, see [Human Rights website](#).

As a next step for food, we will focus on products with the highest risk of negative impacts on human rights – coffee, cocoa, nuts, fish and seafood, Italian and Spanish produce, as well as tropical fruit, especially bananas. These raw materials are in high demand and offer an opportunity for major improvement in production. Via our Responsible Sourcing Strategy, we plan to significantly increase our commitment and efforts in the identified risk areas through specific prevention and mitigation measures. This is in addition to the current measures in place to prevent or mitigate adverse human rights impacts and the continuation of supplier dialogue, which allows us to gain insight into our high risk supply chains.

See our [website](#) to learn how we are working together with our suppliers to prevent and mitigate impacts.

## International projects

In recent years, we have been able to initiate and implement a number of international projects, including: a [cocoa project](#) and [smallholder palm oil project](#) in Côte d'Ivoire, shrimp projects in [Costa Rica](#) and [India](#), and a [coffee project](#) in Honduras. To ensure continuous improvement, we will review the findings from these projects, as well as policies and processes and take action as appropriate. Please see our [case studies](#) for further details.

An international project example is our cocoa project. Cocoa is one of the most important natural resources used in our products and we aim to improve the environmental and social standards in the cocoa sector. Working in partnership with the German Initiative on Sustainable Cocoa and the Government of Côte d'Ivoire, we have supported approximately 20,000 cocoa farmers, including women farmers and their families, in developing more sustainable farming practices and to improve their living conditions.

## PERFORMANCE 2018

Our Social Monitoring Programme (SMP), which aims to review and improve social standards, has seen some significant achievements over the past few years. At the beginning of 2018, we were able to integrate all relevant non-food commodity groups into the SMP. The initial integration of food commodity groups has also started. All production facilities in Bangladesh that were used by our suppliers in 2018 have been visited by ALDI representatives within the scope of an ASA, and the number of ASAs performed continues to rise. Since January 2019, we have also been visiting all production facilities in Myanmar. Through our AFA Project in Bangladesh, we have implemented training measures in the 38 production facilities that are most important to ALDI SOUTH. A total of seven production facilities have been included in the AFA Project PLUS since 2018.

### ALDI Social Assessments (ASAs) – ALDI SOUTH total

#### As of 31 December

Year	2016	2017	2018
Number of countries in which an ASA has been conducted	8	10	11
Number of ASAs conducted <sup>1)</sup>	286	302	387

<sup>1)</sup> Bangladesh factories are visited at least once a year.

Our customers are becoming increasingly interested in purchasing products certified by organisations such as Fairtrade and we enable our customers to purchase these at an affordable price. For example, we now have over 330 Fairtrade certified products (including Fairtrade-sourced ingredients) across the whole Group in 2018.

### Fairtrade – ALDI SOUTH total

#### As of 31 December

Year	2016	2017	2018
Number of Fairtrade certified products (including Fairtrade-sourced ingredients)	105	141	334

# LABOUR RIGHTS

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

The 149,000 ALDI SOUTH employees are the key to our success; they define the ALDI business and distinguish us from our competitors. Due to our success, the number of employees has continuously grown, and this can create challenges in preserving our strong corporate culture of respect and fairness.

As well as being accountable for our own activities, we also share responsibility throughout the supply chain. Our relationships with our suppliers, which are based on mutual respect and trust, therefore form the foundation for our activities.

## COMMITMENT AND MANAGEMENT APPROACH

We are an international group with a diverse workforce and we do not tolerate any form of discrimination. All of our employees have the prospect of professional development, regardless of origin, religion, ideology, age, gender, physical ability or sexual orientation.

High social and ethical standards regarding our employees and suppliers are a top priority for ALDI SOUTH. Core to these is upholding freedom of association and collective bargaining as well as the prohibition of forced labour and child labour.

Our guidelines and policies relating to labour rights have been developed to steer our actions and enable us to address any related issues that are identified.

### The relevant guidelines and policies for us in this area are:

- our [CR Principles](#),
- the ALDI SOUTH Code of Conduct,
- the [ALDI SOUTH Group Human Rights Policy Statement](#),
- the ALDI Management System (AMS) as well as
- the [ALDI 'Social Standards in Production'](#).
- In addition, there are [international and national purchasing policies and/or position statements](#).

Please see also the section on Principle 1 & 2 'Human Rights' in this document for further details – particularly on the topic in the supply chain.

The [CR Principles](#) define our work culture with an emphasis on personal development, autonomy in decision making, attractive remuneration and recognition of exceptional individual performance.

The ALDI SOUTH international **Code of Conduct** (CoC) is relevant to all employees and states: “We commit to fair working conditions and to safeguarding the rights of our employees. [...] The health and safety of our employees is of immense importance. We therefore invest in creating safe working conditions and have work health and safety integrated into all areas of our operations. [...] All employees may choose to be represented by any person or organisation they wish in any matters associated with their employment. [...] Based on the Charter of the United Nations and the European Convention for the Protection of Human Rights and Fundamental Freedoms, all human rights are considered fundamental values to be respected by all employees. We will not tolerate any form of unlawful discrimination and harassment.” Please see also Principle 10 for further details on the Code of Conduct.

The internal **ALDI Management System** (AMS) forms the guideline and framework for cooperation in our company. It outlines our organisational structure and describes how we work together, so that every employee has the right to make decisions independently within their area of responsibility.

### **Organisation & responsibilities**

The decentralised organisational culture of ALDI SOUTH gives the national organisations responsibility for determining their own relevant national policies, which take into account national and cultural differences.

Our Group Human Resources (HR) Department assumes international responsibility for strategic-related topics that affect the majority of the ALDI SOUTH Group. Group HR will drive, develop, coordinate and implement policies at an international level. An international committee with representatives from all countries decides on strategic HR topics of international relevance.

#### **International goals of our current CR strategy (extract)**

- Corporate health management: A corporate health management system is to be implemented in each ALDI SOUTH country by 2018.
- Diversity: A global guideline for equal opportunities is to be implemented by 2020.

Further international goals are currently under development. Please see also the section on Principle 1 & 2 'Human Rights' in this document for further details.

### **ACTION TAKEN**

We aim to be a reliable employer by offering job security, attractive remuneration and benefits, as well as comprehensive training measures and development opportunities wherever we operate. In every national organisation within ALDI SOUTH, men and women working in the same position receive equal remuneration. We have focused on implementing a number of high-impact actions in this area so that all of our employees are treated equally.

### **Diversity and equal opportunities**

The concept of diversity and equal opportunities is deeply rooted within our culture and forms part of our CR Principles. At the end of 2016, we adopted an international employee strategy to provide a common framework, which includes 'Promotion of diversity and equal opportunities'. The detailed implementation of this strategy is the responsibility of the individual national organisations.

For further information on gender equality among workers in the supply chain see [Human Rights website](#), section 'Commitments to smallholder farmers and gender equality'.

### Health and safety

The majority of our staff works in stores or logistics. To prevent accidents, we utilise modern equipment and appropriate workwear, and we strategically design our workplaces and workflows to ensure maximum safety. We provide regular staff training on operational health and safety, and the compliance with safety regulations is monitored and reviewed on a regular basis. Although we were unable to fully achieve our goal of implementing a corporate health management system by the end of 2018, there are already corporate health management plans in place in almost all countries, and some are well underway, such as a Wellness Programme in Australia, Health and Wellbeing events in the UK and seminars on health management in Germany.

For further information, see section 'People' of the [CR Report 2015](#) and [CR Report 2017](#).

### Complaints handling systems

In all ALDI SOUTH countries, we have set up independent complaints handling systems, which employees may use if they feel they have been discriminated against or if there have been any other breaches of regulations. Complaints are dealt with at national level. Please see Principle 10 for further details on alert lines.

### PERFORMANCE 2018

We measure our success based on several key figures, including the percentage of women in our workforce. The share of women employed by the company varies depending on the national organisation. In total, 59.9% of our staff are women and 42.5% of management positions are currently held by women – an increase of 1.7% since 2017.

### Women in management positions

Information provided in full-time equivalents/as of 31 December

Year	2016	2017	2018 <sup>1)</sup>
<b>Percentage of female employees compared to the total number of employees</b>	<b>60.1</b>	<b>62.5</b>	<b>59.9</b>
<b>Percentage of female employees compared to the total number of employees in management positions</b>	38.4	40.8	42.5
Lower management	39.1	41.7	43.3
Middle management	30.9	32.3	32.9
Upper management	11.6	12.2	16.5

<sup>1)</sup> Data for 2018 already include ALDI Italy and ALDI China.

# ENVIRONMENTAL PROTECTION

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Our business activities have a significant impact on climate and the environment. This is the result of the products we sell and the running of our business, from the construction of buildings to the transportation of goods.

The 17 Sustainable Development Goals (SDGs) specified within the United Nation's 2030 Agenda for Sustainable Development require action to be taken in relation to climate protection and responsible consumption and production. Climate protection, including greenhouse gas reduction, energy efficiency and the use of renewable energy sources, as well as 'Sustainable purchasing practices', continues to be high on the agenda of our stakeholders.

## **COMMITMENT AND MANAGEMENT APPROACH**

The 2015 Paris Agreement on climate protection, as well as the global goal to limit global warming to below two degrees Celsius (2 °C) above pre-industrial levels, form the framework for our strategic thinking. We aim to minimise the ecological footprint of our entire business and we strive to become a climate-neutral company.

To achieve this, we will continue to increase our energy efficiency across the business, minimise the impact of our refrigerants on global warming, improve logistics efficiency, use renewable energies and support climate protection projects. In our aspiration for zero-waste business practices, we are guided by the principle to reduce, reuse and recycle. In close cooperation with architects, planning engineers and construction companies, we implement innovative concepts to constantly reduce the climatic and environmental impacts of our stores, distribution centres and office buildings.

The topics of climate protection and waste reduction are at the centre of our environmental protection activities. Currently, we focus on areas under our direct control such as our stores, regional distribution centres and transport logistics. In recent years, we have developed strategies, policies and management systems to guide our actions and enable us to address the challenges in this area.

**The following strategies and management systems are in place:**

- Our international [climate strategy](#) since 2014: We monitor our progress by calculating the Company Carbon Footprint (CCF) for all of our business processes and locations every year from 2019 onwards in accordance with the Greenhouse Gas (GHG) Protocol. Our climate protection goal is to reduce our greenhouse gas emissions – measured in carbon equivalents per square metre of sales floor – by at least 30% by 2020 compared to 2012.
- Our international strategy on efficient waste management since 2015: With regard to waste management, we follow the principle 'reduce, reuse, recycle'. We monitor our progress with a waste monitoring system.
- An energy management system is established in all stores.

**Organisation & responsibilities**

Strategies and measures regarding environmental and climate protection will be developed by Corporate Responsibility International in cooperation with representatives of the ALDI SOUTH countries at the annual International Climate and Energy Meeting. Decisions are ultimately approved at the International Management Meeting. The ALDI SOUTH countries are responsible for the implementation of strategies and measures.

**ACTION TAKEN**

We strive to both maintain and improve on the very high standards of environmental protection that we already have in many areas. While we continue to optimise our operational procedures, we will increasingly focus on our cooperation with service providers and suppliers in the future. We have therefore prioritised the following actions:

**Climate protection**

In 2018, in order to develop a long-term climate strategy beyond 2020, we are currently evaluating our potential contributions throughout the supply chain, for example within the area of procurement logistics or with regard to products and production methods.

**Energy**

In almost all countries where we operate, we have been able to significantly reduce our greenhouse gas emissions. We have achieved this by switching to green electricity throughout Europe, generating electricity with photovoltaic systems on the roofs of a number of our stores, regional distribution centres and administrative buildings. We have increased our energy efficiency by equipping our stores and regional distribution centres with LEDs instead of conventional light sources. In Germany, Austria, Switzerland, Slovenia and Hungary, our stores are all carbon-neutral through modernisation and the use of electricity from renewable sources, as well as supporting various climate protection projects to compensate for unavoidable emissions. [ALDI UK and ALDI Ireland](#) will be carbon-neutral from 1 January 2019. To support the reduction of emissions by our logistics fleet, we began testing electric trucks in Germany and Austria in 2018.

**Refrigerants**

We increasingly use more environmentally-friendly refrigerants for our chest freezers and chiller cabinets. Approximately 43% of our stores are currently equipped with carbon dioxide-based refrigeration systems for the chiller cabinets and storage areas, and ammonia-based refrigeration systems are used in the majority (2018: 90%) of our regional distribution centres. All new free-standing chest freezers within those stores that are not connected to the central refrigeration system operate on propane, which possesses a low Global Warming Potential (GWP) and does not deplete the ozone layer. In all our refrigeration systems, including chest freezers and logistics vehicles, we monitor any refrigerant leakages in order to identify and repair defects at an early stage.

### Waste and packaging

We aim to reduce packaging material by 15% sales weight average by the end of 2025 (baseline: 2020) as well as having 100% recyclable, reusable or compostable packaging for private label products by the end of 2025. The [International Position Statement on Sustainable Product Packaging](#) describes how we fulfil our international responsibility towards people and planet by means of our commitment and efforts in the area of sustainable product packaging. The approach of ALDI SOUTH to sustainable product packaging is based on three essential pillars: the exchange with external experts (1), with suppliers (2), and the setup of an internal 'International Packaging Project Group' (3). We strive to avoid oversized or unnecessary packaging components and design packaging for alternative possibilities for reuse and maximise recyclability. We also recycle content according to the various possibilities for recycling and waste disposal that exist within each of the national markets.

As part of our broader mission to reduce packaging waste, we continuously explore new technologies. In [Germany](#), we are currently testing laser branding for our organic fruits and vegetables. We are the first food retailer to stop providing plastic bags for fresh produce free of charge. In Austria, [HOFER](#) uses cellulose nets made of beech wood for packaging organic vegetables such as onions and potatoes. This was a first for the Austrian market and has reduced conventional plastic consumption by almost 24 tonnes per year.

For further information on national goals, see websites of the national organisations of ALDI SOUTH such as [ALDI SOUTH Germany](#), [HOFER Austria](#) or [ALDI UK](#).

### Raising awareness for environmental protection

We provide national training sessions for employees on energy use and waste handling. Additionally, there are training courses and coaching on economical and environmentally-friendly driving styles ('eco-driving') for our logistics fleet personnel. Customers are also informed about local measures such as free charging points at local stores and energy efficient products. Please see national websites for more information.

Through our Detox commitment, we work on the environmental sustainability of our textiles and shoes. Please also see our [Detox Progress Report 2018](#).

### PERFORMANCE 2018

In all countries, or country groups, we succeeded in reducing emissions per square metre between 2012 and 2018, often considerably. Although we increased the number of stores from 4,672 in 2012 to over 6,000 in 2018, we have been able to reduce absolute greenhouse gas emissions – as measured in CO<sub>2</sub> equivalents – by 50% across the Group in the same period.

### Company Carbon Footprint

in kg of CO<sub>2</sub>e per m<sup>2</sup> of sales floor by country/country group (change compared to the base year 2012 as a %)/as of 31 December

Year	2012	2016	2018 <sup>1)</sup>
<b>ALDI SOUTH total</b>	<b>350</b>	<b>291</b>	<b>174 (-50%)</b>
Germany	209	120	57 (-73%)
HOFER S/E	203 <sup>2)</sup>	89	73 (-64%)
UK/Ireland	357	178	162 (-55%)
US	537	561 <sup>2)</sup>	244 (-55%)
Australia	846	735 <sup>2)</sup>	562 (-34%)

<sup>1)</sup> Forecast data. Data may be adjusted after publication of the report as part of further reporting on our [International website](#).

<sup>2)</sup> The data was adjusted retroactively compared to previous publications.

# ANTI-CORRUPTION

## Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

As an international company ALDI SOUTH and our employees are obliged and committed to complying with the respective laws of all the countries where we operate.

### COMMITMENT AND MANAGEMENT APPROACH

In addition to the requirements defined by national and international law, we are committed to upholding our own set of ethical values and standards. The international ALDI SOUTH Code of Conduct defines our expectation of integrity and legal compliance. It sets the minimum standard for the national Codes of Conduct, which provide guidance for our employees worldwide.

The Code of Conduct represents our commitment to comply with the respective laws of all countries where we operate. It contains the key rules of conduct and lays out a binding operational framework for every employee. We do not under any circumstances tolerate acts of bribery. Furthermore, relationships with third parties must be established in a manner in which any suspicion of corruption is avoided. We do not make any donations to political parties or organisations affiliated with political parties. Donations made by ALDI SOUTH will be provided as social commitment in a transparent way and on a voluntary basis without expecting any service in return.

For further information on the Code of Conduct, see websites of the national organisations of ALDI SOUTH with country specific Code of Conducts.

### Organisation & responsibilities

A compliance organisation has been set up for the ALDI SOUTH Group. It comprises an international Compliance Team and at least one National Compliance Officer in each operating country. For further information about organisation and responsibilities, see [CR Report 2017](#).

#### International goals of our current CR strategy (extract)

- Compliance: Effectively manage compliance risks in the area of Anti-Corruption by establishing a robust Compliance Framework and building a strong culture of compliance across the Group.
- Social Auditing: All main production facilities used for non-food items which have been integrated within the Social Monitoring Programme are to possess a valid social audit report or certificate accepted by ALDI SOUTH.

### ACTION TAKEN

As an international business committed to the highest levels of conduct, we take our responsibility to national and international laws seriously and expect our employees to do the same and to act with integrity. To fulfil our commitment, we have focused on the following actions:

### Compliance management

In order to achieve our compliance goal (see section 'Goals'), we rely on training of high risk groups in the area of anti-corruption, processes on handling conflict of interest and gifts, especially in the area of interactions with public officials, and screening of sanctions lists. Employees receive regular training to keep them up-to-date on relevant legal topics. The frequency and scope of these training measures are aligned with the requirements of the different areas of responsibility.

### Alert lines/Counsels of Trust

We have created independent points of contact within all of our national organisations. Our employees and, in most countries, our third-party service providers and suppliers (first tier) can contact alert lines or Counsels of Trust to report potential instances of non-compliance, discrimination or other forms of misconduct. All information is anonymised and treated as confidential on request before being forwarded to the responsible internal parties to take action.

Please see also the section on Principle 1 & 2 'Human Rights' in this document for further details.

In line with the relevant national framework conditions, alert lines have been established in the United Kingdom, Ireland, the USA, Australia and China. In Germany, Austria, Slovenia, Switzerland, Hungary and Italy, independent Counsels of Trust are available. These serve as a neutral point of contact for employees and business partners. The process allows both the informant and the person(s) against whom a complaint has been made to state their view.

### Violations/social audits

We thoroughly investigate any irregularities detected. If a supplier or service provider is found to have committed a serious violation, we reserve the right to terminate the business relationship. Serious misconduct by an employee may result in termination of the employment contract.

### Monitoring of production facilities

As part of our Social Monitoring Programme, we monitor working conditions and social standards at the production facilities used throughout our supply chain. Moreover, we supplement external social audits carried out by third-parties with own internal assessments and work together with our business partners to continually improve social and environmental standards in production throughout the supply chain.

For further information on risk management, see [CR Report 2017](#).

### PERFORMANCE 2018

All national organisations of ALDI SOUTH have made the Code of Conduct binding for all employees.

100% of the non-food production facilities used for the manufacture of products which are covered by the Social Monitoring Programme (SMP) were able to present valid social audits in 2018. For further information on the SMP and our achievements, see section on Principle 1 & 2 'Human Rights' in this document.

### Third-party social audits

Percentage of non-food production facilities with a valid social audit report/as of 31 December

Year	2016	2017	2018
<b>ALDI SOUTH total</b>	<b>99.54</b>	<b>99.58</b>	<b>99.34</b>

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) as well as all social audit reports and certificates accepted by ALDI SOUTH.

# ABOUT THIS REPORT

This interim report provides a condensed overview of the progress made at international level by the national organisations of ALDI SOUTH in 2018. The report's structure is based on the ten universal sustainability principles of the UN Global Compact which have been clustered in the areas of human rights, labour, environment and anti-corruption. The report addresses both internal and external stakeholders, in particular our employees, customers, business partners and interested members of the public.

This report focuses on the jointly coordinated activities of the national organisations of ALDI SOUTH. In addition to the activities outlined in the report, all national organisations of ALDI SOUTH take various other measures, participate in initiatives and projects, and address a broad variety of topics.

## REPORTING SCOPE

The subject of the report is the ALDI SOUTH Group. From a legal perspective, ALDI SOUTH is structured as a group of companies based on two pillars. In Germany, our business is operated by a group of 30 independent regional companies. Our international operations are legally separated from these and are bundled and coordinated under the umbrella of HOFER KG in Austria, with its direct and indirect subsidiaries operating under the HOFER or ALDI name in Switzerland, Hungary, Slovenia, Italy (initial store openings in 2018), the United Kingdom, Ireland, the USA, Australia and China (online mail order service since 2017, initial store openings in 2019), including the respective national and international administrative and service organisations. Any information referring to a specific national organisation of ALDI SOUTH is indicated accordingly. ALDI Italy and ALDI China are not yet considered within the scope of the goals or key performance indicators (KPIs) specified within this report. With the exception of the key figures for the People area: ALDI Italy and ALDI China are already included for 2018.

Further information about legal structure, organisation, tradition and ownership structure see also [CR Report 2017](#).

## REPORTING PERIOD AND CYCLE

The reporting period is 1 January to 31 December 2018. Any activities undertaken outside of this reporting period are indicated accordingly. The editorial deadline was end of June 2019.

The report is published in English only.

# LEGAL NOTICE

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**Forward-looking statements**

This report contains statements that refer to the future development of the ALDI SOUTH Group. These forecasts represent estimates made based on the information available to ALDI SOUTH at the time of writing. Actual developments may deviate from current expectations. The ALDI SOUTH Group accepts no responsibility regarding these statements.

