

Modern Slavery Statement

This statement is published in accordance with Section 54 of the Modern Slavery Act 2015. It explains the steps taken by Aldi UK and other relevant group companies to prevent modern slavery and human trafficking in its business and supply chains during the year ending 31st December 2018.

Human trafficking, forced labour and the exploitation of vulnerable workers are abuses of basic human rights and have no place in our business or supply chain. Preventing these abuses from happening is a global, complex issue – in collaboration with our partners and suppliers we continue to work to understand its guises, detect and address it.

Introduction:

Aldi operates with honesty and integrity wherever it does business around the world. We respect human rights and treat the people in our supply chain who make, grow and supply our products fairly.

Modern slavery is a global problem affecting every economy, industry and sector. Latest figures from the UN's International Labour Organisation estimate that more than 40 million people are victims of modern slavery, including almost 25 million workers trapped in forced labour.

Our approach to tackling these problems is based on a continuous effort to understand how and where modern slavery occurs, using this to continually improve and adapt the processes we have in place to prevent it. This involves working in partnership with our suppliers, their business partners and cross-industry with third parties.

2018 Key Progress:

- We've introduced a Human Rights Policy Statement to complement our existing policy on Social Standards in Production. Further information can be found [here](#).
- The ALDI SOUTH Group has carried out a human rights risk assessment of its food and agriculture supply chains with an external expert to identify actual and potential human rights impacts. The high-risk areas include; cocoa, coffee, nuts, tropical fruit, fish and seafood, processed produce, and oils and condiments. Further details of this assessment can be found [here](#). The findings have been used to develop an international Responsible Sourcing Strategy for Food.
- As part of our ongoing partnership with Stronger Together, a multi-stakeholder initiative established to support organisations in tackling modern slavery within their businesses and supply chains, we encourage our suppliers to attend a workshop to help identify the signs of modern slavery and take appropriate action if they are faced with this issue. Since Stronger Together expanded its programme

in South Africa, over 900 representatives from South African agri-businesses and stakeholder organisations have attended workshops designed to address issues with sourcing wine and produce from South Africa.

- Rolled out our Ethical Trade Programme, which helps improve working conditions at sites from where we source our products, to **Goods Not for Resale** produced in high-risk countries. This includes products not sold in store, but produced for use by Aldi, for example: employee workwear, uniforms and promotional items, shoes and other Aldi-branded products.
- We have continued our membership of the World Banana Forum and in the last year, participated in meetings such as the working group "Distribution of value" which facilitates discussions amongst the main supply chain actors for a fairer distribution of value along the whole banana supply chain. In addition, our CR and Buying Departments are working closely to incorporate the objectives of the sub-group on the cost of sustainable production into our sourcing process.
- We sourced more than 250 Fairtrade, UTZ and Rainforest Alliance-certified products, which are produced under standards that create better social and environmental conditions for workers.

Our business:

Aldi UK is part of the ALDI SOUTH Group, an international supermarket chain that trades in eleven countries and operates more than 6,150 stores. We opened our first UK store in Birmingham in 1990 and we are now Britain's fifth largest grocer by market share, with more than 830 stores.



More than 6,150 stores in 11 countries



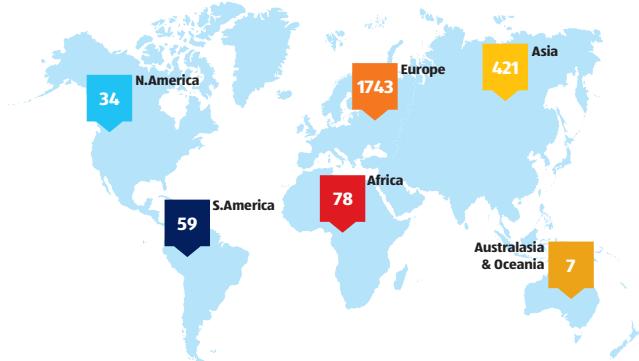
More than 830 stores in the UK



5th largest grocer by market share

Our ethos today is the same as when our first UK store opened almost 30 years ago – we treat all customers, suppliers and employees fairly and with respect. This includes our relationship with more than 2,300 suppliers across 70 countries.

2,342 suppliers across 70 countries



Although we do not own the companies or sites that we source from, we recognise that Aldi UK and our suppliers have a shared responsibility to ensure working conditions in the supply chains from which we source meet our standards.

Policy & Approach:



Aldi UK has an integrated strategy for tackling modern slavery based on comprehensive policies and processes, detailed risk assessment, training, and continuous review and dialogue with suppliers.

Our Corporate Responsibility (CR) Department is responsible for the design and implementation of this strategy in the UK and Ireland. It works closely with our Corporate Buying Department, ALDI SOUTH Group's international CR Department and our CR offices based in Bangladesh and Hong Kong.

Like many international businesses, we source products from a range of countries. While this can provide an

important source of livelihood for many people, we also recognise there is a risk of modern slavery in our supply chains. To mitigate it, we have developed comprehensive policies and processes that all suppliers must contractually agree to before we work with them.

These include Aldi's Social Standards in Production, which form part of our standard terms and conditions and are based on the following international policies:

- UN Universal Declaration of Human Rights
- UN Convention on the Rights of the Child
- UN Convention on the Elimination of All Forms of Discrimination against Women
- UN International Labour Organization (ILO) conventions
- OECD Guidelines for Multinational Enterprises

In conjunction with our CR Principles and Human Rights Policy Statement, these policies define our commitment to human rights and fair labour. They set out the minimum standards we expect from our suppliers, including:

- No use of forced or bonded labour
- No use of child labour
- Payment of legal minimum wages
- A maximum length for a working week
- Freedom from discrimination in the workplace

All suppliers are required to apply these standards across their own supply chain and to any approved sub-contractors.

As forced and bonded labour issues are often hidden from view, we also support the development and implementation of responsible recruitment initiatives, such as Clearview, a certification scheme specifically designed for labour recruiters and providers, and the Responsible Recruitment Toolkit – an innovative resource, which we recently became a founding sponsor of, for suppliers and those recruiting workers in our supply chains. With the toolkit, our suppliers and their labour providers now have access to a one-stop solution across all areas of responsible recruitment. To date, 85 of our UK suppliers have registered for support.

Auditing & Certification:

Modern slavery is a complex and hidden issue which makes choosing who we do business with critical.

We seek to work with suppliers that share our approach. This means actively monitoring and working to improve conditions at all sites across their supply chain used to produce our products, as well as having an approach to ethical trade that goes beyond compliance.

We have a number of due diligence processes in place across the full scope of our business and supply chains which inform who we partner with and are designed to ensure standards are improved and maintained during the course of our working relationship.

Our **Ethical Trade Programme** aims to improve working conditions at sites that make Aldi products, particularly those in high-risk countries or product categories.

All suppliers in the programme must be a member of a supply chain management platform – either the Supplier Ethical Data Exchange (Sedex) or the amfori Business Social Compliance Initiative (BSCI).

To demonstrate that they can meet our ethical standards and requirements, suppliers must also undergo an independent ethical audit or certification of their production sites. Those that we accept include;

- Sedex Members Ethical Trade Audit (SMETA)
- amfori Business Social Compliance Initiative (BSCI)
- International Council of Toy Industries (ICTI)
- Social Accountability International SA8000 standard (SA8000)
- Responsible Business Alliance (RBA)

As part of the programme, in 2018 we reviewed audits of more than 99% of the production facilities which we source from (located in high-risk countries as defined by amfori BCSI) and have taken remedial action where necessary.

In addition to third party audits and certification schemes, we also carry out our own ethical audits and site visits through our **Aldi Social Assessment (ASA)** programme.

These assessments are carried out by our team of qualified ethical auditors based in our CR offices in Bangladesh and Hong Kong. This local expertise means we can directly monitor and address issues on the ground in high-risk sourcing countries.

Our teams regularly carry out announced, semi-announced and unannounced site visits and assessments of supplier facilities to check they meet our ethical standards and requirements. They also focus on building co-operation and gaining increased transparency from suppliers so that we can work with them to improve conditions for workers in all sites that produce our products.

In 2018, the Ethical Trade Programme was rolled out to **Goods Not for Resale** produced in high-risk countries (as defined by amfori BSCI). This includes products not sold in store but produced for use by Aldi, for example:

- Clothing, including but not limited to, employee workwear, uniforms and promotional items (e.g. t-shirts or baseball caps)
- Shoes
- Other Aldi-branded products

Suppliers of these products in high-risk countries are also required to be a member of either the amfori Business Social Compliance Initiative (BSCI) or Supplier Ethical Data Exchange (Sedex). Any production facilities in their supply chain must also undergo an independent ethical audit or certification. Those that we accept include:

- Sedex Members Ethical Trade Audit (SMETA)

- amfori Business Social Compliance Initiative (BSCI)
- International Council of Toy Industries (ICTI)
- Social Accountability International SA8000 standard
- Responsible Business Alliance (RBA)

Supplier case study

"The Aldi ASA identified a serious incident of systematic delayed payment of workers in one of our overseas manufacturing facilities. Workers' payments were delayed by up to 92 days.

As a supplier committed to ethical trade we knew that this issue was unacceptable. It needed to be remediated with an action plan that identified root cause to prevent it from happening again.

Aldi highlighted the issue to us immediately and provided us with guidance and support to enable us to fix it. This included guiding us through the corrective action plan, resolution and timings each step of the way. This aided us by fixing the matter at hand but also helped us think about our short, medium and long-term ethical strategy.

We and the production facility drew up a full corrective action report to confirm that all outstanding payments were made to workers and that all future payments would be made on time at the end of each month.

To enable this to happen, the production facility reviewed all relevant laws and regulations, provided training for managers, established and implemented a salary and welfare management system for employees. Evidence of this was submitted to Aldi for review and follow up.

During our meetings with Aldi, we drafted and agreed an ethical trade business plan with our commitments and transparency at its heart. This included a review and summary of the status of all our production partners and the way forward in terms of CR management.

Since then, we have improved our ethical systems via industry-leading organisations such as the ETI, Stronger Together, and our Sedex membership. Our journey with Aldi has been one that is supportive, honest and transparent. We couldn't ask for much more as we close the gaps in our systems and our production facilities continue to work even closer with us."

Aldi supplier

Managing Risk:

We source our products from 70 different countries around the world and recognise there is a risk of modern slavery in every level of the supply chain, from where the product is made or grown through to its journey to our stores. In addition to the auditing, certification and on-site assessment measures outlined above, effective mitigation also requires wider efforts.

The risk of modern slavery in supply chains is higher for

certain product types and geographical territories than others, which we identify through detailed risk assessments carried out by qualified external parties.

In recent years, we have established dedicated CR offices in Bangladesh and Hong Kong to forge closer relationships with suppliers and further strengthen on-the-ground monitoring. These teams work closely with our international CR Department and national country CR Departments, including the UK.

We are also involved in external initiatives to mitigate the risks associated with specific types of produce or geographies, such as the Spain Ethical Trade Forum and the ETI Italian Produce Working Group.

Whenever possible, we try to source products that are produced under standards that create better social and environmental conditions for workers. These include Fairtrade, Rainforest Alliance and UTZ.

We also have an **Aldi Alert Line** that can be used by suppliers and employees in confidence to raise concerns or report any policy violations. The Alert Line is promoted to our employees and suppliers. It is an independent service staffed by multi-lingual call handlers and is available 24 hours a day, seven days a week. All reports to the line are fully investigated and callers always remain confidential.

Aldi Factory Advancement Project

The Aldi Factory Advancement (AFA) Project was introduced to strengthen cooperative working relations between workers and managers at production facilities that produce our textile goods in Bangladesh. We believe that cooperation is key for creating sustainable solutions for dignified working conditions.

The Project brings together the workers, managers and owners of the relevant production facilities. It enables them to identify problems, to examine them critically, to create joint approaches for the future and to address problems in a structured, effective way.

It includes training on effective communication, health and safety, working hours, remuneration and private financial planning, data and quality management, and productivity.

Launched in 2013, the AFA Project has resulted in approximately 85,000 workers and managers experiencing positive changes in their day-to-day working environment. Impact analysis has confirmed that the AFA Project has led to:

- Improved communication and relations between workers and managers
- Improved occupational health and safety
- Better social benefits, such as a canteen for workers

According to factory management teams, training has also helped increase productivity and quality.

AFA Project PLUS:

The AFA Project was extended in February 2018 with the launch of AFA Project PLUS 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 supports seven factories in improving their existing childcare facilities and the quality of care provided.

To date, AFA Project PLUS has resulted in:

- Professionally-trained caregivers, childcare centre supervisors and nurses
- Improvements in health and safety
- Child-friendly equipment and improved quality and quantity of toys, learning materials and decoration
- Establishment of designated breastfeeding areas
- Provision of nutritious snacks
- Introduction of parent consultation
- Development of child-friendly daily routines
- Monthly health checks of all children undertaken by the medical staff of the production facilities
- Revision of policies

Testimonials:

"I am so happy to see so many achievements through the AFA Project that were only possible because of the teamwork between workers and managers. I don't think of myself as the only owner of this factory, rather we all own it together."

Golam, Factory Owner

"Earlier I was very afraid to talk and did not have a chance to express my opinion. Being part of the AFA Project Team, now I am confident, and I can share my opinions and ideas without fear and the management listens to me and they value my opinion. We have learned the 7-Step solution finding process, through which we can solve any kind of problem in the factory. This learning has also greatly helped me in my family life and I was able to help my family to find solutions in times of need."

Shahnaz, Data Entry Operator

"I'm glad to have been part of the AFA Project for the past four years. I realised that my opinion and my ideas are important in order to advance my factory. Through the 7-Step solution finding process, we learned how to use good communication and dialogue to resolve any problems or conflicts in the factory. Earlier there was no dialogue between workers and managers. Now we can take decisions jointly and implement solutions together."

Rabeya, Quality Controller

Partnerships:

We continue to establish partnerships and collaborate with others to drive improvements in labour standards in supply chains. Our partners include:



Accord on Fire and Building Safety on Bangladesh (Accord)

We were one of the first signatories of both the original Accord in 2013 and the follow-on agreement in 2018. Through this agreement, we support measures to improve health and safety within garment factories in Bangladesh.



amfori Business Social Compliance Initiative (BSCI)

The ALDI SOUTH Group joined the BSCI in 2008 and, since then, we have dedicated time and effort to support the organisation in continuously improving and becoming the leading international social and environmental compliance system. Aldi has also contributed to various amfori BSCI working groups and committees. For example, since 2018, Aldi has been an active member of the amfori BSCI Sustainability in the Food Industry Working Group.



British Retail Consortium (BRC)

Aldi is an active member of the BRC and several working groups, including the Ethical Labour Working Group, which brings the retail industry together to collaboratively tackle unethical practices in supply chains. It developed and published a 'Retailer Protocol for Handling Reported Cases of Modern Slavery' to drive consistent application of good practice in the processes that retailers apply in handling reported cases of forced labour, human trafficking, debt bondage and other forms of modern slavery in their UK supply chain. The Group continued to call on Government to strengthen enforcement of labour practices to safeguard workers in high-risk sectors.



Choosing Fairtrade is one way of ensuring that producers in developing countries receive a fair price for their products. As well as a Fairtrade minimum price for their products, farmers and workers get a Fairtrade premium that they can use to invest in their businesses and communities. This can give them access to education, medicine and much more. Our Fairtrade range includes: bananas, cocoa products, coffee, tea, sugar and flowers. We also work more broadly with the Fairtrade Foundation to support projects which further enhance the livelihoods of those working in our supply chain.



Food Network for Ethical Trade (FNET)

FNET is a network of UK food companies collaborating to improve working conditions in our supply chains. The activities of FNET comprise of supplier support, tools including risk assessment and guidance, collaborative working and joint learning to form a framework for identifying, managing and responding to global food supply chain ethical trade risks. It has collectively developed 20 tools to support members in their efforts, including supplier training and country risk profiles.



Gangmasters & Labour Abuse Authority (GLAA)

The GLAA operates a licensing scheme that regulates businesses providing workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law. Aldi UK has worked with the GLAA for many years to help identify and protect workers at risk of exploitation in our supply chain.



Seafood Ethics Common Language Group

Participating in this group, which was set up by Seafish, allows us to collaborate with other retailers, food service organisations and suppliers to improve our understanding of the ethical issues impacting the seafood supply chain and contribute to collaborative efforts to improve ethical standards in the sector.



Sedex (Supplier Ethical Data Exchange)

Sedex is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Sedex is one of the ethical trade organisations that we require our suppliers to be members of, as part of our Ethical Trade Programme requirements. The platform can be used by buyers, suppliers and auditors to quickly identify and share indicators of forced labour and modern slavery. A representative from Aldi UK's CR Department sits on the Sedex Board.



Spain Ethical Trade Forums

These Forums address a range of specific concerns associated with the sourcing of produce from key growing regions in Spain. During 2018, key outputs from the Forums included:

- Huelva Forum – development of an accommodation guide to support local companies on providing optimal living conditions for workers, as well as extensive stakeholder engagement with authorities, unions, growers' associations and NGOs to improve conditions for workers
- Murcia Forum – a project to develop a tool to monitor labour providers
- Almeria Forum – a project to develop a good practice guide for small farms



Sustainable Fisheries Partnership (SFP)

This partnership enables us to improve the responsible sourcing of fish and seafood and to avoid illegal, unregulated and undocumented fishing, contributing to a more transparent seafood supply chain



Stronger Together

Aldi UK is a project sponsor of Stronger Together, a multi-stakeholder initiative established to support organisations in tackling modern slavery within their businesses and supply chains.

Through www.stronger2gether.org, the initiative provides clear guidance, pragmatic resources and training to support employers and labour providers in at-risk sectors to deter, detect and deal appropriately with forced labour, labour trafficking and other hidden labour exploitation.

Since its launch in October 2013, Stronger Together has achieved significant traction in engaging businesses:

- Over 4,400 individuals have attended and have committed to take the tackling slavery, of which over 900 supply to Aldi UK
- More than 10,000 industry representatives have registered with www.stronger2gether.org to access the resources for use within their organisations
- An independent impact assessment measured the impact of the programme from October 2013 – September 2017 amongst UK consumer goods suppliers. Key findings were that being involved in Stronger Together increased their knowledge and understanding of what modern slavery is (96%); helped them prepare and understand how to manage potential situations of forced labour (87%); and resulted in their senior management making a commitment to tackle modern slavery in their business and supply chain (72%)

Aldi has also supported the rollout of the Stronger Together South Africa Programme to support the fruit-growing and wine-producing industries through free training workshops and multi-language resources.

To date it has delivered 62 workshops across seven

provinces to over 900 individuals from more than 530 South African agri-businesses and stakeholder organisations. Attendees have pledged that an estimated over 155,000 workers will also receive Stronger Together education messages through subsequent activity. The programme has also engaged and delivered specialist training to 65 individuals from the South African provincial Human Trafficking Task Teams and Rapid Response Teams across six provinces.

An awareness-raising video, 'Eyes Wide Open', created to engage South African stakeholders, also received a Gold World Medal at the New York Festivals TV & Film Awards 2018 for Instruction & Education.

Ultimately, modern slavery affects every economy, industry and sector and cannot be tackled in isolation. Working in **collaboration with others** is vital and enables us to gain insight, share and adopt best practice, and – together – drive change at scale.

Training & Capacity Building:

We build capacity amongst our employees and suppliers to recognise and act on incidents of modern slavery via a range of training programmes.

Training for employees

- All Aldi Buying Directors are trained on how to ensure suppliers uphold the ethical standards that we set. They work closely with our CR Department to monitor suppliers' performance and intervene if any issues are found
- All new employees with buying responsibility receive one-to-one training as part of their induction, to ensure they have a thorough understanding of ethical trade issues, including modern slavery

Our CR department runs ethical trade and modern slavery refresher training for all employees in our Buying department.

Training for suppliers

- All suppliers are asked to attend Stronger Together workshops, which are part-funded by Aldi through our sponsorship of Stronger Together. These sessions are led by labour rights experts and help suppliers understand what modern slavery is and how to spot warning signs
- We host conferences with suppliers in the UK to train and educate on ethical trade and modern slavery
- For our textile suppliers, we have developed an eLearning course on setting up social compliance management systems

Looking Ahead:

We recognise that modern slavery is a reality in global supply chains. It is a complex and global issue and

requires retailers, suppliers, NGOs and industry partners to continue to work together. While positive progress is being made in preventing and tackling modern slavery, there is more work to be done. During 2019, we are committed to continuing our proactive approach. The steps that we will take include:

- Implementing our Responsible Sourcing Strategy to address social and environmental risks in high-priority commodity groups as identified in our human rights risk assessment
- Increase the number of site visits carried out by Aldi CR and Buying employees in order to better understand and increase transparency of our supply chains
- Continuing to play an active role in the Ethical Trade Initiative's (ETI) Italian Produce Working Group to drive improvements in human rights in the Italian produce sector
- Continuing our involvement in the German Partnership for Sustainable Textiles, including its living wage initiative
- Assessing the risk of modern slavery in high-risk areas of our business and supply chain, including Produce, Horticulture and Logistics
- Continuing to ensure our suppliers have access to the relevant support, training and resources, such as our Responsible Recruitment Toolkit
- Strengthening our employee training on modern slavery by running Stronger Together workshops for employees working in areas where there may be a higher risk of modern slavery, including Buying and Logistics; and
- Partnering with Fairtrade on a four-year project to empower Ethiopian female flower workers. The project aims to help women become leaders in the Ethiopian flowers sector and in their local communities. It supports education programmes aimed at enabling women to become leaders at work and in their communities through mentorship, upskilling and information sharing, and behaviour change initiatives

There is no place for modern slavery in our business or our supply chain and we remain committed to combatting this criminal activity.

This statement has been approved by the Board on 24th June 2019 and signed on its behalf by:



Giles Hurley

Chief Executive

24th June 2019