

ALDI Detox Commitment

Progress Report 2017

Responsible and
environmentally sound
production processes

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List of abbreviations

APEOs	Chemical substance group comprising all alkylphenoethoxylates
amfori BEPI	amfori Business Environmental Performance Initiative
CMA	Chemical Management Audit
ECAP	European Clothing Action Plan
M-RSL/MRSL	Manufacturing Restricted Substances List
PFCs	Substance group comprising all perfluorinated chemicals
PU	Polyurethane
QR code	Quick Response code
RSL	Restricted Substances List
ZDHC	Zero Discharge of Hazardous Chemicals

1. Preamble

Dear Reader,

In 2015, ALDI committed to the goals of the Detox campaign, which was brought to life by the environmental organisation Greenpeace in order to reduce the negative impacts on humans and the environment caused by intensive chemical-based production processes used in the textile and footwear industry. In this context, the focus is on preserving water as a natural resource.

With the [ALDI Detox Commitment](#), we have set ourselves the goal to phase out certain chemicals from textile and footwear production by 2020. Within the scope of the [ALDI Detox roadmap](#), we have defined ambitious goals and milestones related to the requirements of the ALDI Detox Commitment in a total of six areas of focus.

In 2016, we published a detailed [report on our measures and the progress](#) made with regard to their implementation, which received overall positive feedback in the context of the last [Greenpeace Detox interim report \(II\)](#) published in May 2017. At the same time, Greenpeace also identified potential for improvement, which we used as impetus for the definition of even more specific goals and further measures.

With our second Detox Progress Report, we would like to report on the most important developments in 2017 regarding the [ALDI Detox Commitment](#) and demonstrate how we have been able to make an important contribution to promoting change within the textile and footwear industry.

The report is complemented by the further specification of our goals within the area of 'systemic change', where we have defined strategic goals in order to promote more sustainable consumption by means of effective measures. We hope you enjoy reading this report.



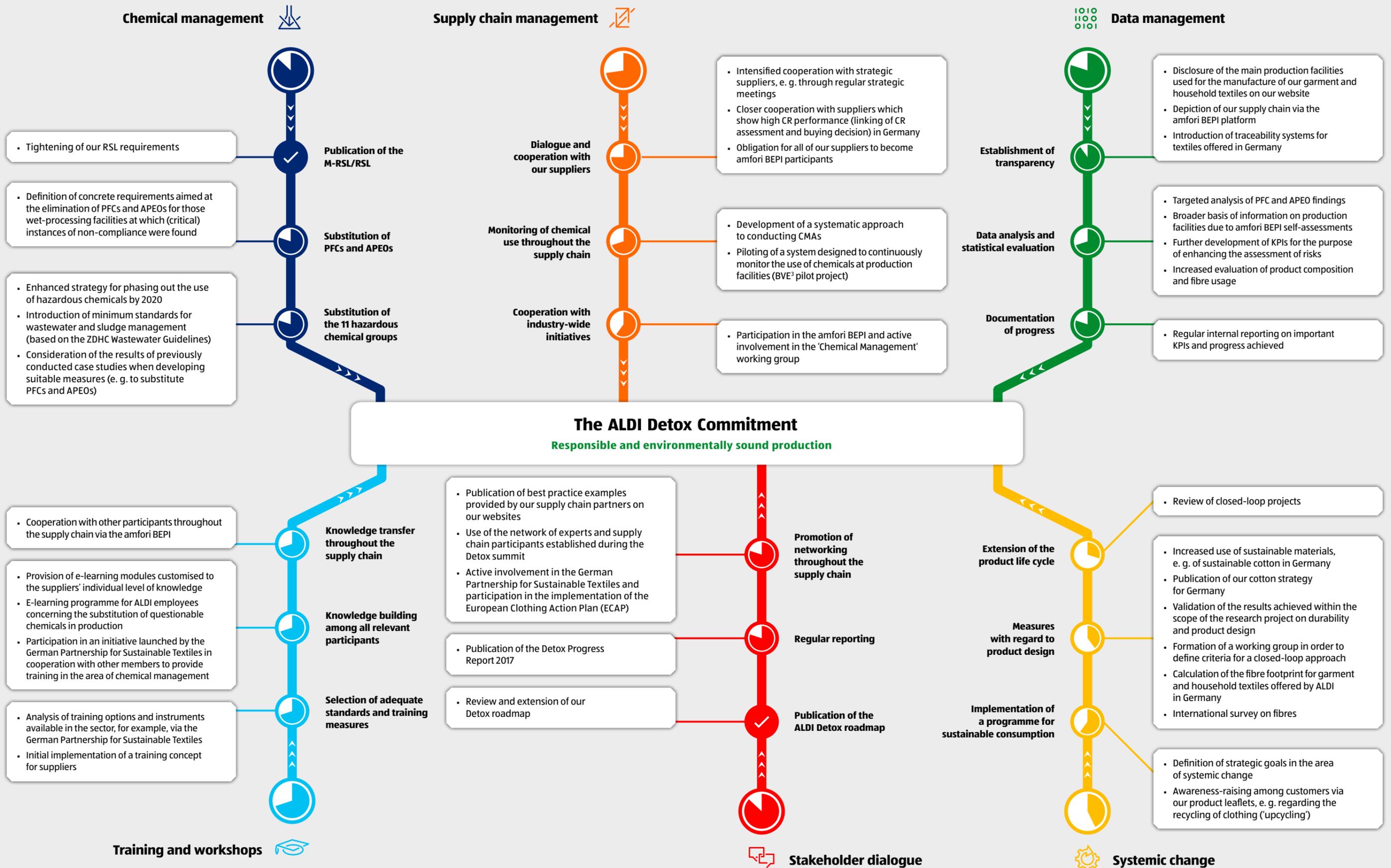
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¹ Where 'ALDI' is stated, this refers to the ALDI North group of companies (ALDI North) and the ALDI SOUTH group of companies (ALDI SOUTH). Please note the term 'groups of companies' referred to in this report are the separate legal entities conducting their retail operations under the ALDI brand.

Progress on key milestones of the ALDI Detox Commitment



2. Measures taken in 2017 and next steps

2.1 Achieving improvements through consistent chemical management processes

The correct use and handling of chemicals is defined within numerous national and international regulations. However, especially in developing and emerging countries, the applicable legal requirements are often insufficient or not consistently adhered to.

Our goal is to **successively eliminate the use of hazardous chemicals during the production of garments, household textiles, and footwear**, and to replace these substances with safer alternatives wherever possible. Our [ALDI M-RSL/RSL](#) is a key tool for this purpose and forms part of all relevant contracts concluded with our business partners.

ALDI M-RSL/RSL (Manufacturing Restricted Substances List/Restricted Substances List)

The ALDI M-RSL/RSL defines substances which may either not be used at all or only to a limited extent for the production of merchandise intended for ALDI. By using this document, we intend to control the use of chemicals during the production of textile and footwear products, as these substances involve potential risks to people and the environment. While the ALDI M-RSL defines threshold values for chemical residues contained in wastewater and sludge generated by the production facilities, the ALDI RSL defines threshold values for the finished products.

In 2017, we further intensified our **threshold values for finished products (RSL)** to ensure that our strict requirements for production standards are also incorporated within our products. Our commitment to this goal is reflected, for example, in ALDI's support for the development of the [OEKO-TEX Appendix 6](#), which includes these new, more stringent requirements. Our merchandise is analysed within the scope of extensive product testing conducted by selected and accredited testing institutes. For example, all of our textile products offered have been certified according to the STANDARD 100 by OEKO-TEX for many years now.

ALDI endorses the **use of recycled materials** and promotes the repurposing of valuable raw materials, for example by means of **separate RSL requirements applicable to recycled materials**. Unfortunately, the use of recycled materials still poses a challenge to the textile industry as such materials are potentially contaminated with chemical substances from the original production processes. For example, it is conceivable that recycled polyester is manufactured from a discarded pullover which was dyed many years ago using substances which have meanwhile been prohibited. Our approach to this issue is based on the **Global Recycled Standard (GRS)**. It is intended that the combination of the GRS requirements for raw materials and the use of chemical substances within the scope of further processing on the one hand and the special product requirements defined within the ALDI RSL on the other hand ultimately simplify the use of recycled materials without compromising our high quality standards. Of course, we also comply with or even surpass all applicable legal norms. In 2017, we were able to offer our customers socks made from up to 66 % recycled cotton in addition to our conventional products.

Due to their negative impact on the environment, **PFCs (perfluorinated chemicals) and APEOs (alkylphenoethoxylates)** are a special focus of our activities. Among other things, PFCs are ingredients of certain water, oil, and stain-resistant finishing agents, the use of which has been banned by ALDI. APEOs are auxiliary substances and are used, for example, as surfactants in laundry detergents during textile production. The evaluation of the wastewater and sludge analyses conducted in 2017 showed an 8% decrease in the number of APEO findings made (share of APEO-free wet-processing facilities at the time of analysis: 55%), whereas PFC findings (share of PFC-free wet-processing facilities at the time of analysis: 75%) slightly increased by 3%. In total, 89% of all wet-processing facilities possessed valid wastewater and sludge analysis reports in 2017. Some of the findings made indicated that the dyeing and finishing facilities deliberately used the substances prohibited by ALDI for products intended for other markets. Besides this, the **elimination of heavy metals** continues to be a general challenge, as in many cases these substances can already be detected in the fresh water prior to production. Since more than 90 % of the production facilities used showed such findings, this chemical group requires particular attention.

The next steps of our **elimination strategy** will be focussed on prohibiting the deliberate use of APEOs and PFCs and, subsequently, the use of other selected chemical groups. Consequently, we are gradually requesting our suppliers and production facilities to concentrate on specific fields of action (see figure titled 'Steps of our elimination strategy'). For all remaining chemical groups, we will continue to pursue their elimination by 1 January 2020 as defined within our Detox Commitment. In future, the pool of production facilities used for ALDI production will be limited to those partners who are willing to follow this path jointly with us. In order to promote the implementation of our strategy, we **provide training measures and conduct Chemical Management Audits (CMAs)** (see Sections 2.2 and 2.4).



Steps of our elimination strategy

The **'clean factory' approach** aims to replace hazardous chemicals used with harmless alternatives throughout the entire production process. In a nutshell, 'clean factory' means that a certain production facility completely – not only for the production of ALDI merchandise – refrains from using hazardous chemicals. In order to provide the wet-processing facilities with suitable tools for complying with this obligation, we defined the requirement that all chemicals used must be compliant with the ZDHC MRSL already in 2016. The ZDHC MRSL specifies relevant threshold values for chemicals used during production ('input chemicals') and, consequently, supplements the [ALDI M-RSL/RSL](#) (see above).



Dr Christina Raab, ZDHC

"ZDHC welcomes the fact that as a member of the 'Friends of ZDHC', ALDI follows the approach of contributing to harmonised chemical management requirements at the production facilities and, thus, to the creation of synergy effects within the industry throughout the entire supply chain."

[ZDHC \(Zero Discharge of Hazardous Chemicals\)](#)

The non-profit ZDHC Foundation pursues the goal of garment, textile, and footwear manufacturers collaborating with the chemical industry and testing institutes in order to develop solutions for reducing the use of hazardous chemicals during production and promoting sustainable chemical management processes and related innovations throughout the supply chain.

2.2 Supply chain management as a means of assuming responsibility

Only through joint actions taken by all parties involved throughout the industry is it possible to positively change the supply chain. In order to comply with the Detox requirements, we need to **cooperate with the right partners**. In this respect, our suppliers take on a very important role. They collaborate directly with the production facilities and act as multipliers who convey our requirements and the necessary knowledge along the supply chain. Consequently, sustainability KPIs form an integral component of all our **buying decisions**. Within the scope of regular strategy meetings, we discuss the relevant KPIs with our suppliers and Buying Directors and reflect on the challenges faced and progress made with regard to the implementation of the ALDI Detox Commitment. By doing so, we define improvement measures and, ultimately, common goals.

As we are convinced that we will achieve more by working together with others, we joined the **amfori BEPI** at the beginning of 2017. For ALDI and its business partners, the amfori BEPI forms the central platform for collaboration throughout our supply chains and also provides access to relevant training measures. In order to provide the means for efficient cooperation using this platform, we held onboarding meetings in Germany, Australia, Belgium, Great Britain, and the US during which we familiarised our suppliers with the amfori BEPI system and the related ALDI requirements.

We intend to create synergy effects by **using the amfori BEPI platform together** with all other parties involved in the supply chain. This helps to prevent, for example, that one production facility is repeatedly assigned the same training measure or receives audit requests from different suppliers, which increasingly poses a problem in complex supply chains. As a result of the cooperation between the amfori BEPI and the ZDHC, users are also provided access to **training offered by the ZDHC** using the common Academy Platform. This facilitates the provision of information which is compliant with this well-established standard and forms the basis for the Detox-related activities undertaken by various customers, not just ALDI.

Collaboration with the amfori BEPI facilitates the exchange of information with other parties concerned within the industry. We discuss the insights gained from our pilot **Chemical Management Audits (CMAs)** conducted in 2016 during the meetings held by a dedicated working group to enable a wider scope of application which also involves other amfori BEPI participants via a platform. CMAs are used to verify compliance with the minimum standards defined for the storage and use of chemicals. The risk-based approach to conducting CMAs followed by ALDI ensures the necessary focus throughout our supply chains. Initially, CMAs will be conducted in those production facilities where findings have been identified in wastewater and/or sludge and concrete improvements are required.

The concrete action plans prepared during the CMAs are intended to empower the production facilities to also understand our overarching goals regarding chemical management and to keep pace with the ever increasing requirements.



Anouschka Jansen, amfori BEPI
“The active involvement of participating companies, such as ALDI, and their business partners, in the further development of our approach to CMAs has enabled us to integrate valuable practical experience directly into the working group and, therefore, base the implementation of our tool on practical requirements.”

[amfori BEPI](#)
The amfori BEPI is an initiative by amfori (formerly FTA – Foreign Trade Association) which strives to promote environmental protection throughout the supply chains in production countries, for example, with regard to the intensive use of chemicals during production.

In terms of case studies and the assessment of innovative measures, we focussed on chemical and wastewater management in 2017. In this context, we initiated a **pilot project concerning the use of the BVE³ tool** in collaboration with Bureau Veritas which is intended to enable us to better understand how the use of chemicals impacts the relevant wastewater and sludge analysis results. For this purpose, the IT-based BVE³ tool calculates the contamination level to be expected at the production facility concerned. This calculation is based on key facts of the production processes and data on the chemicals used, which is collected in compliance with ALDI's requirements for input chemicals. In addition, training measures are also offered. Initially, the BVE³ pilot project is scheduled for a duration of 12 months. ALDI provides on-site support to the participating production facilities. The project progress made has so far not only shown that often the quality of the safety data sheets provided by the chemical manufacturers is insufficient but also that the production facilities need to improve their records of the chemicals used. This is often described as 'working with the chemical inventory' and will be included in the scope of our training measures offered even beyond this pilot project. Following conclusion of the pilot phase, we will evaluate the suitability of this tool for introduction at other production facilities.

2.3 Achieving transparency by means of data management

Data management is a central concern for us in order to implement the Detox requirements. We are only able to fully assume responsibility by analysing and understanding our supply chains and their impacts. Therefore, our participation in the amfori BEPI is a milestone with regard to our efforts undertaken to collect data on environmental parameters throughout the entire textile and footwear supply chains. The platform shows **hot spots and potential for improvement** which enable us to adjust our internal and external processes accordingly in the future.

We wish to inform our customers about the origin of our merchandise in a simple and transparent manner. On our **websites, we disclose** and regularly update the list of all main production facilities used by our suppliers for the production of textiles and footwear. We are currently assessing whether we will be able to provide additionally relevant and valid information on these [main production facilities](#) in the future.

In response to our customers' desire for information on the product origin, our products now display a **tracking code**. We also provide consumers with further online information on selected textile products, such as descriptive information ranging from the generation of the raw materials used to the manufacture of the product. In some regions in Germany, ALDI already offers a number of products containing certified cotton, the origin of which can be traced by means of a [tracking code](#) right back to the country of cotton cultivation. In further regions in Germany, ALDI will initially offer similar products in its stores in 2018. Successively (by 2020 at the latest), we will extend the use of tracking codes throughout Germany to include **all garment and household textiles containing certified cotton** (see chapter 3).

2.4 Contributing to a shift in awareness by means of training and workshops

This forms an important area of focus for the implementation of our voluntary commitment where we deem it to be particularly important to involve our suppliers in our processes and to prepare them to face the major challenges involved, especially with regard to the **selection of production facilities and their willingness to cooperate**.

In collaboration with **NimkarTek**, we developed a **suitable training programme for the area of chemical management** in 2017 which is aligned with the learning requirements for our suppliers. Based on each participant's individual level of knowledge, we offered additional training modules (e.g. on general chemical or wastewater and sludge management), which complemented our range of compulsory training modules (e.g. on APEOs). Since the training materials were offered as e-learning modules, i. e. their completion is not dependent on time and location. This enabled us to start initial training with those ALDI suppliers based in eight different countries in 2017 and to subsequently extend the training scope to include the ALDI suppliers based in the remaining countries in 2018. By the end of 2018, all of our suppliers of textile and footwear products will have completed this training.

Our business partners have reacted positively to the workshops, training sessions, and dialogue events offered so far. As a next step, we intend to analyse the **need for training at the production facilities** based on the feedback received and the experience gained within the scope of the CMA and BVE³ pilot projects. As an active member of the German Partnership for Sustainable Textiles established by the German federal government, we also support the **Partnership Initiative, which focusses on chemical and environmental management ('Bündnisinitiative Chemikalien- und Umweltmanagement')**. Among other things, the initiative intends to conduct chemical management training in production facilities – initially only in China and Bangladesh – as these are the most important production countries for textiles and footwear. The systematic implementation is scheduled for commencement in 2019 and will enable the preparation of other training content which is tailored to the needs of the production facilities.

In addition to our suppliers and their production facilities, we also focus on **extending the knowledge of our own staff**. For example, those of our employees who are involved in the Detox project participated in a comprehensive e-learning module provided by NimkarTek in 2017.



Dr Jürgen Janssen, German Partnership for Sustainable Textiles
“By supporting the Partnership Initiative which focusses on chemical management at wet-processing facilities, together with the other participants, ALDI is making a valuable contribution to the implementation of a harmonised chemical management training programme at the production facilities.”

German Partnership for Sustainable Textiles

The German Partnership for Sustainable Textiles is a multi-stakeholder initiative with around 150 members from the fields of economics, politics, and civil society, which strives to improve the conditions within the global textile industry – from the production of raw materials to the disposal of textiles. The partnership was initiated by Dr Gerd Müller, German Federal Minister for Economic Cooperation and Development, in October 2014. Today, members of the Partnership for Sustainable Textiles already cover more than half of the German textile market and are expected to cover 75 percent by the end of 2018.

In line with their competence, professional focus points, and the goals of their individual organisations, the members participate in working groups or concrete measures for certain supply stages. Every year, during the so-called review process, each member examines their status, sets goals in accordance with a 'roadmap', and gives an account of their individual progress. All members communicate the overarching achievements of the Partnership for Sustainable Textiles within the scope of a common progress report. Besides the constant, larger progress made at the process and target levels of the member organisations, there are also partnership initiatives being undertaken in selected countries of production.

2.5 Use of stakeholder dialogue as a chance for learning together

We view our **involvement in networks, committees, and multi-stakeholder initiatives** as a chance to help shape and further develop different standards and requirements. On the one hand, this enables **cross-sectoral dialogue and joint learning**. On the other hand, other parties involved are also offered the opportunity to contribute to the goals of the Detox campaign, therefore building on collective experience. The aforementioned [German Partnership for Sustainable Textiles](#), which places particular emphasis on cooperation and exchange of knowledge and experience, is only one example for those multi-stakeholder initiatives in which we engage. In our [roadmap](#) prepared for the Partnership for Sustainable Textiles in 2017, we defined and disclosed seven goals in the area of chemical and environmental management. In the past year, we succeeded in fulfilling all of these goals and were able to develop new measures for the roadmap 2018, which are based on the 2017 goals.

The [European Clothing Action Plan \(ECAP\)](#) is another initiative in which we are actively involved. This project is funded by the EU and aims to reduce the ecological footprint of textiles and, for example, achieve savings with regard to water consumption and carbon emissions by means of a more sustainable use of fibres by 2019. In order to support this process, we calculate our company's annual carbon, water, and waste footprints between 2016 and 2019 caused by the use of different textile fibres contained in products offered by ALDI in Germany. Based on the insights gained from this calculation, we initiate suitable measures for continuously reducing our company's footprints wherever possible.

Following the ALDI Detox Summit held in Shanghai in 2016, we have been further extending our **network**. For example, we maintain continuous dialogue with various NGOs, such as Greenpeace, testing institutes, and other experts. As a result of the workshops held with suppliers and production facilities during the ALDI Detox Summit, we are also increasingly focussing on **more sustainable production technologies** and using these for the production of our textile and footwear products. One example is a dyeing facility which operates according to the so-called [zero liquid discharge principled \(ZLD\)](#), which is based on the recovery and reprocessing of wastewater for reuse. Consequently, regular production operations do not cause wastewater to be released into the environment and the consumption of fresh water is reduced enormously. This technology represents an important and forward-thinking progress, in particular for regions where water resources are becoming increasingly scarce due to climate change.

2.6 Achieving transformation through systemic change

For ALDI, systemic change means achieving profound transformation throughout the entire product life cycle. This requires action by all parties involved, from producers and politicians to civil society. In this context, we view it as our main task **to enable our customers to consume sustainably in the simplest manner possible**. By publishing our [Programme for Sustainable Consumption](#) in 2016, we reached an initial milestone. In 2017, we used this programme as the basis for further developing our goals (see Section 3).

Cotton accounts for more than half of the total fibre quantity of all garment and household textiles offered by ALDI and often constitutes the main product component. As a natural fibre, cotton is a renewable natural resource and biodegradable. However, cotton cultivation is often linked to **social, economic, and ecological risks** in the countries of origin. Through our product leaflets and relevant labelling, we inform our customers about the problems related to cotton cultivation and the advantages of sustainable cotton in an exemplary manner. Consequently, we are continuously increasing our range of **textiles made from more sustainable fibres**. In 2017, for example, the share of sustainable cotton used for garment and household textiles offered on the German market reached approx. 18% (ALDI North and ALDI SOUTH sales territory in Germany). We have defined our goals for sustainable cotton within our [Corporate Buying Policy for Cotton](#) in which we commit to, for example, sourcing 30% of the cotton used for those of our products sold on the German market from sustainable sources in 2018 and 100% as soon as possible, respectively.

Furthermore, we encourage our customers **to become active on their own and to extend the useful life of their garment textiles**. For example, ALDI North in Germany, ALDI in the UK, and HOFER in Austria, all published tips on the topic of 'upcycling' in their product leaflets and/or on their [websites](#) in 2017.



Examples for our customer communication on upcycling

One key issue for enabling the continuous transition to sustainable fibres is the **calculation of the fibre quantity used for our garment and household textiles**. This data serves as the decisive basis for supplementing and replacing conventional fibres with more sustainable alternatives in a targeted manner. Moreover, our participation in the ECAP enables us to analyse the environmental footprint of the fibres used in detail and also to trigger positive developments in this area. Between 2016 and 2017, we were able to triple the share of sustainable cotton contained in our products and, consequently, **reduce our carbon, water, and waste footprints** accordingly.

Footprint	2016	2017	Change
Water (m³)	612,158,802	537,544,040	-12.19 %
Carbon (tCO ₂ e)	2,186,424	2,185,708	-0.03 %
Waste (tonnes)	120,572	119,880	-0.57 %

Fibre footprint for 2016 and 2017 (Germany)



ECAP
european clothing action plan



Project supported by LIFE funding

[European Clothing Action Plan \(ECAP\)](#)

The ECAP is a EU Life-funded project which aims to reduce the negative environmental impacts of textile production by pursuing a circular economy approach and developing relevant measures throughout the entire product life cycle in collaboration with the participating companies. The intended project duration is 3.5 years and will conclude in March 2019. By the end of the project, concrete goals are to be reached, which include reduced carbon, water, and waste footprints of the industry and raising consumer awareness of possibilities to contribute to these goals, for example, by means of sustainable consumption.

The **longevity of textile products** plays an important role in making consumption more sustainable. For this reason, in 2017 we internally evaluated the further use of the results obtained within the scope of our project on textile product longevity conducted in cooperation with the Niederrhein University of Applied Sciences. Based on this initial analysis, we identified the need for further research in order to assess the longevity of our products and implement corresponding measures.

At present, we are discussing further steps in cooperation with various service providers. In order to strategically consider the topics of **recycling and repurposing** at the end of the product life cycle, we established a working group which deals with the topic of a **closed-loop approach** in 2017. Our goal is to develop a catalogue of criteria which enables the evaluation of textiles with regard to the optimisation of their recycling properties. In this context, we will also **evaluate closed-loop projects** for which we already collected initial ideas for concepts in 2017. We will assess the **systematic collection of data on as well as the re-use of residual stock and samples** (see chapter 3).

Closed-loop

The term 'closed-loop' refers to a closed material cycle, i. e. the transition from linear production of textiles to circular production where discarded products form the basis for new raw materials.

In order to implement such a circular economy approach, the entire product life cycle needs to be considered and further developed. Already during the design phase, recycling issues must be considered. During product development and production, recyclable materials must be used. However, the intended use and repurposing aspects are also of crucial importance. For example, efficient return systems for textiles need to be established or innovative recycling concepts must be developed which enable the contribution to resource conservation by means of reusing and repurposing textiles.

3. Promoting sustainable consumption – outlook

We strive to support systemic change and utilise our presence in a large number of countries by means of our stores in order to raise awareness of sustainable consumption throughout society. This means that we **promote more sustainable products and the production thereof** and, consequently, enable our customers to consume sustainably. Our measures reach from eliminating hazardous substances and improving product longevity to introducing recycling programmes.

By publishing our [Programme for Sustainable Consumption](#) in 2016, we reached an initial milestone and further developed our relevant goals in 2017.

Our **most important goals** can be systematically allocated to four areas:

Transparency:

- In 2018, we will provide further information on the main production facilities already disclosed on our corporate websites.
- By 2020, customers will be able to trace the cotton contained in all certified textiles offered by ALDI in Germany back to the country of cultivation by means of a tracking code.

Sustainable materials:

- For 2018, we have defined the goal to use 30 % sustainable cotton for our garment and household textiles offered in Germany. Moreover, we aim to offer only certified cotton on the German market as soon as possible under consideration of current framework conditions.
- By no later than 2020, the leather contained in all textile and footwear products with leather as a main product component will be sourced exclusively from LWG-audited tanneries.

Quality and product design:

- By 2020, we will review and optimise our entire range of textile products with regard to the use of packaging.
- By 2020, we will review our quality requirements for the promotion of product longevity.

Recycling and repurposing:

- By 2020, we will assess possibilities for the systematic gathering of data concerning residual stock and samples as well as their further use.
- By 2020, we will assess the potential implementation of closed-loop systems and corresponding research projects wherever possible and feasible.

In 2018, we will **lay the foundation** for consequently achieving these goals over the course of the next few years.