



# International Corporate Responsibility Report 2015





» Every food product that we buy is sampled thoroughly. Our internal sampling is proof that we take great pride in the products we offer our customers. «

Jennifer Cotton, Director of Quality Assurance at ALDI US

→ Sampling:  
Insight ALDI US, p. 20



» We have been using 'Project 2020' to concentrate on sustainability topics where we can make a real difference, such as climate protection. Hofer is both leading the way by its own actions and encouraging customers and employees to get involved. «

Markus Freytag, Managing Director of the Loosdorf branch at Hofer in Austria

→ Carbon-neutral:  
Insight Hofer in Austria, p. 62

# Insights

## into our responsibility



» Sometimes I'm still surprised how much the ALDI Factory Advancement (AFA) Project changed the way we work. We set up an internal AFA Project team to continue the activities after the project has finished. «

Anawre Hossain, Manager HR and Compliance

→ Insight: ALDI Factory Advancement Project, p. 33



» We want to provide our employees with the best possible support and varied developmental opportunities. Our focus is always on the individual – his or her skills as well as personal development. «

Dieter Kaiserseder, Managing Director of the central administration at Hofer in Austria

→ Professional development:  
Insight Hofer in Austria, p. 43



» What particularly impresses us about ELTERN-AG is their drive to reach especially those parents who only rarely make use of other forms of support. And they successfully combine practical assistance with joy in parenthood itself. «

Marc von Krosigk, Managing Director of Auridis gGmbH

→ Auridis: Insight  
ALDI SOUTH Germany, p. 51



»» We want to recognise and act on our social obligations and tackle issues in the community together with our partners. ««

Daniel Baker, Head of Quality Assurance and Corporate Responsibility at ALDI Australia

→ Barnardos: Insight ALDI Australia, p. 50



»» ALDI UK is a proud supporter of British farming. We are committed to offering our customers British products wherever possible and, at present, 69% of our products are sourced exclusively from within the UK. ««

Tony Baines, Joint Managing Director of Corporate Buying at ALDI UK

→ Promoting home-grown products: Insight ALDI UK and Ireland, p. 21

# Insights

## into our responsibility



»» Charging your car couldn't be simpler thanks to ALDI. It's really an important contribution toward making e-mobility feasible in day-to-day life. ««

Monika Schumacher, ALDI SOUTH Germany customer

→ E-mobility: Insight ALDI SOUTH Germany, p. 63



»» It's great to be in a position to tell our customers that ALDI US believes and acts in a way that is ecologically responsible in the area of fish and seafood, too. ««

John Lee, Director Corporate Buying at ALDI US

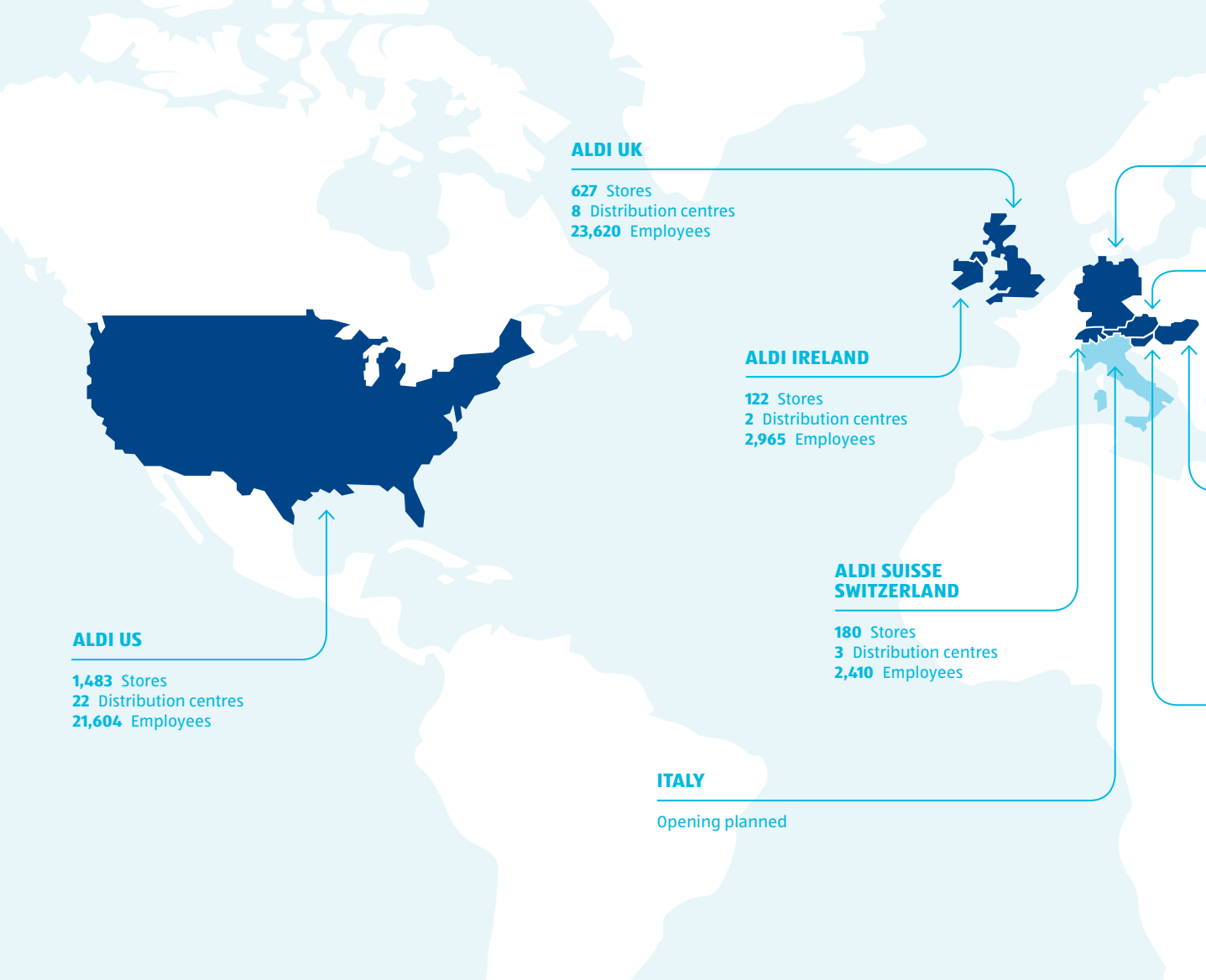
→ Sustainable fisheries: Insight ALDI US, p. 32



»» ALDI offered me the opportunity of taking on real responsibility and reaching a management position within just three years. ««

Adam Radley, former trainee at ALDI UK

→ Training at ALDI: Insight ALDI UK, p. 42



**ALDI US**

1,483 Stores  
22 Distribution centres  
21,604 Employees

**ALDI UK**

627 Stores  
8 Distribution centres  
23,620 Employees

**ALDI IRELAND**

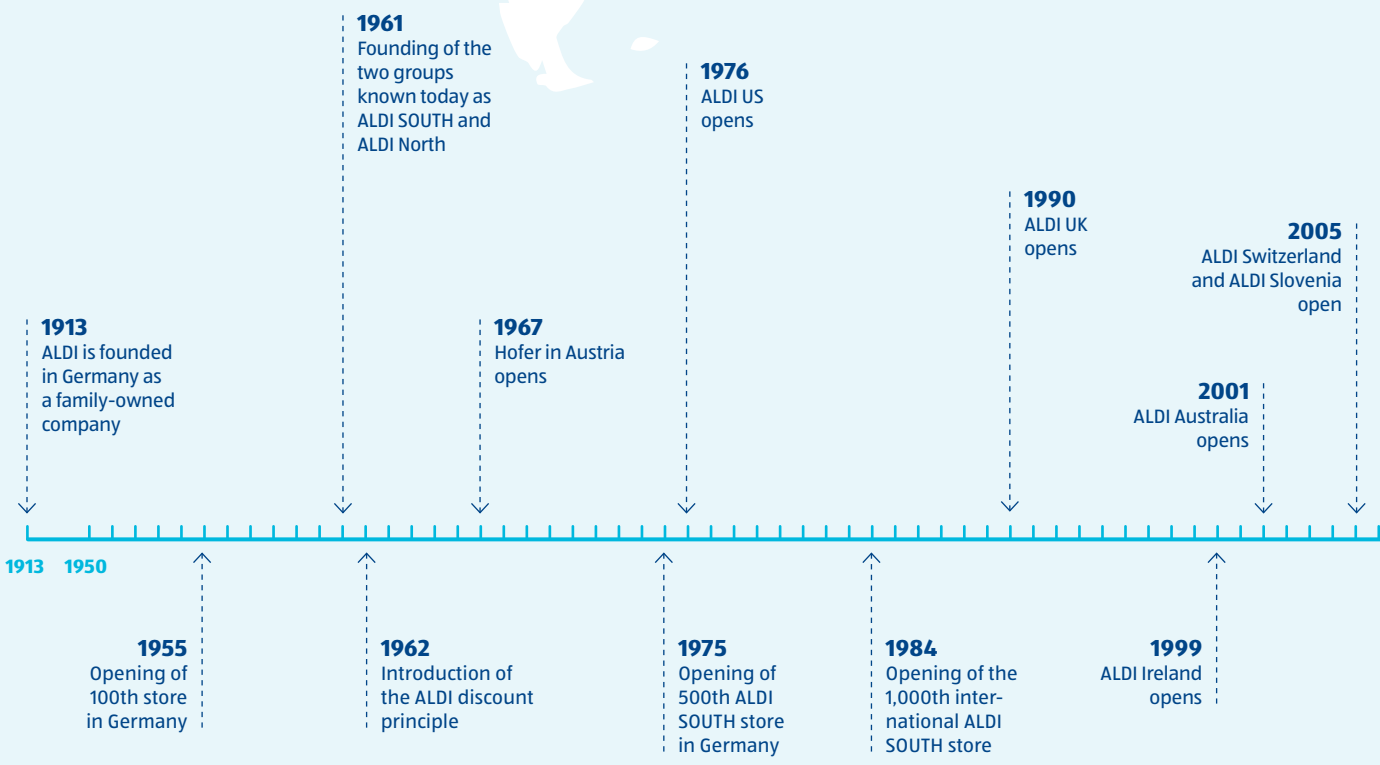
122 Stores  
2 Distribution centres  
2,965 Employees

**ALDI SUISSE  
SWITZERLAND**

180 Stores  
3 Distribution centres  
2,410 Employees

**ITALY**

Opening planned



**1913**  
ALDI is founded in Germany as a family-owned company

**1961**  
Founding of the two groups known today as ALDI SOUTH and ALDI North

**1967**  
Hofer in Austria opens

**1976**  
ALDI US opens

**1975**  
Opening of 500th ALDI SOUTH store in Germany

**1990**  
ALDI UK opens

**1984**  
Opening of the 1,000th international ALDI SOUTH store

**2001**  
ALDI Australia opens

**2005**  
ALDI Switzerland and ALDI Slovenia open

**1999**  
ALDI Ireland opens

**1955**  
Opening of 100th store in Germany

**1962**  
Introduction of the ALDI discount principle

**ALDI SOUTH GERMANY**

1,858 Stores  
31 Distribution centres  
32,110 Employees

**HOFER AUSTRIA**

457 Stores  
7 Distribution centres  
9,073 Employees

**ALDI HUNGARY**

107 Stores  
1 Distribution centre  
1,883 Employees

**HOFER SLOVENIA**

78 Stores  
1 Distribution centre  
1,364 Employees

**CR UNIT ASIA HONG KONG**

11 Employees

**ALDI AUSTRALIA**

392 Stores  
6 Distribution centres  
9,372 Employees

**2010**

International goal for sustainable forestry adopted

Founding of Corporate Responsibility International unit

International CR Policy adopted

**2011**

ALDI Social Assessments introduced in China

Regular international employee surveys conducted

**2012**

Corporate Responsibility Unit Asia opens in Hong Kong

Calculation of international Company Carbon Footprint

**2013**

ALDI Social Assessments expanded to Bangladesh

Signing of the Accord on Fire and Building Safety for textile production in Bangladesh

More rigorous safety requirements defined for textile production in Bangladesh

Social Monitoring Programme in all national organisations

**2015**

Voluntary commitment to Detox campaign for textiles and shoes

**2008**

ALDI Hungary opens

ALDI SOUTH joins Business Social Compliance Initiative (BSCI)

**2011**

Expanded product labelling of fish products

**2012**

Implementation of national fish buying policy in all countries

**2013**

International climate strategy adopted

**2015**

Introduction of animal welfare policies in all countries

2010

2011

2012

2013

2014

2015

# Corporate Responsibility Principles

## Preamble

The ALDI SOUTH Group of Companies conducts its business according to the principle of corporate responsibility. This document describes how we apply this principle throughout the areas of our business operations: Customers, Supply Chain, People, Community, Environment. In addition, we define our understanding of integrity in the ALDI Code of Conduct and our principles of personnel management in the ALDI Management System (AMS).

Simplicity and responsibility are core values of ALDI SOUTH. Our business model is simple: great quality at the best price, fair and honest product offers, and efficient business processes. In all we do, we assume responsibility towards our customers, business partners, employees, the community, and the environment.

Our CR Principles summarise our commitments to people and planet. They guide all of us in our day-to-day actions and are a strict requirement of our business partners.



## Customers

We promise our customers quality products at the best prices. We are guided by our customers' needs and appreciate their feedback and ideas. It is our responsibility to design our select product range in a way that meets our customers' everyday needs.

For us, quality includes consumer safety, health and well-being, and the sustainability of our products and their production.

The safety of our products is one of our core commitments to our customers. At ALDI, our safety and quality management policies and processes meet or exceed consumer legislation. We want to offer our customers options for a healthy and sustainable lifestyle. Our buyers and suppliers work to improve the composition and nutritional profiles of the products we offer whilst considering national taste profiles. We strive to take into consideration the product's lifecycle with the aim of continually reducing resource intensity and ecological impact whilst improving compliance with social standards.

We want to enable our customers to make informed choices by providing them with accurate and transparent information through clear product labelling and direct customer communications.



## Supply Chain

Sustainable buying practices are essential for the long-term success of our business. We assume responsibility across our global supply chains and for the resources used in the production of our goods.

Our aspiration is that all our products be made in a sustainable way. We consider environmental and social criteria, including animal welfare, throughout our product supply chains – from raw materials to final production. Raw materials include agriculture and forestry, livestock and fish, and other natural resources used for our products and packaging. For our suppliers, we are a fair and reliable business partner. Together, and in cooperation with other stakeholders, we are committed to improving the living and working conditions throughout the supply chain.

We articulate our expectations clearly to all our suppliers and business partners. Together with our suppliers, we work towards increased transparency and continuous improvement within the supply chain. We strive to increase the share of sustainable resources used in our products and to minimise the negative ecological and social impacts of production. We are committed to establishing and further developing social and environmental standards throughout the supply chain. Our "Social Standards in Production" constitute an integral part of our supplier contracts (see document ALDI "Social Standards in Production", [aldin/socialstandards](https://www.aldi.in/socialstandards)).



## People

Our employees are the key to our success. They are the ones that define the ALDI business day after day and distinguish us from our competitors.

For ALDI to continue on the path of success, we want to be the employer of choice within the retail sector and to attract talented professionals who work together with us to further develop the global market.

We succeed by providing an appealing, efficient, and supportive work environment and by being honest, fair, and responsible in everything we do.

Each employee makes a difference within our business. The commitment of our staff makes it possible for us to deliver the greatest possible value to our customers – in terms of both quality and price. We delegate responsibility and give our employees the necessary autonomy they need to make decisions independently.

We are committed to ensuring that each employee receives the opportunity for individual personal growth and further development – irrespective of their origin, religion and ideology, age, gender, disability, or sexual orientation. Together, we establish a culture of learning and personal development.

We focus on maintaining longlasting working relationships and support our employees through the various phases of life. We enable them to partake in the success of our business by means of attractive remuneration and recognise exceptional individual performance.



### **Community**

ALDI is part of the community. To us, responsibility means making a positive contribution to the community by applying our skills and resources beyond our core business operations.

The objective of our community activities is to deliver a sustainable societal impact. This will be achieved by engaging in long-term partnerships with charitable organisations and focussing on key issues and target groups. This strategic investment in the public good is supplemented by funding local and regional initiatives within our local communities.

We support charitable organisations with donations of money and products. Furthermore, we support charitable organisations by using other resources available to us, including the time and skills of our employees. An additional area of activity is the cooperation with non-profit organisations in countries where we source our products. In these countries, we are committed

to improving health and education, and support other social and ecological causes with the aim of contributing towards sustainable development.



### **Environment**

Our business activities have a significant impact on climate and the environment. This is a result not only of the products we sell but of our entire operations, from the construction and operational running of buildings to the transport of goods.

We aim to minimise the ecological footprint of our entire business. We strive to become a climate-neutral company and are therefore committed to the continuous reduction of our greenhouse gas emissions.

To achieve this, we will continue to increase our energy efficiency across the business, to minimise the impact of our refrigerants on global warming, to improve logistics efficiency, to use renewable energies, and support climate protection projects. Aspiring towards 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 corporate administration buildings.

### **Implementation and Accountability**

The CR Principles apply to all employees. All companies of the ALDI SOUTH Group ensure adherence to these principles by setting specific goals and implementing adequate measures. We regularly report on our CR performance, both internally and to the public.





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# Dear Reader,

We at ALDI SOUTH are aware of our responsibility as one of the most successful retailers in the world. We have built a strong company by focussing on the essential, and with our range of high-quality products at the best price we appeal to millions of customers in Europe, the USA, and Australia.

Our most important business principle is simplicity: we put our customers at the heart of our decisions and find simple solutions for everyday needs. This principle is also our guide when it comes to deciding how to manage our responsibilities as a company: we strive to develop the simplest solution possible even for complex problems.

As a retailer we hold a key position between manufacturers and suppliers on the one hand and our customers on the other hand. Working together with our suppliers, we tailor our product range to cater to our customers' needs and are in a position to influence how the products we offer are manufactured. Our responsibility as a company also includes the way we treat our employees, how environmentally sound our operating processes are, and our relationship with the communities we operate in.

We have summarised what corporate responsibility means to us in our "Corporate Responsibility Principles" (CR Principles in short, → see [fold-out pages at the back](#)). They guide all of us in our day-to-day actions and are a strict requirement of our business partners.

The CR Principles apply to all ALDI SOUTH companies and employees. International strategies specifying our goals and approaches in the individual fields of action are developed and jointly adopted by our national organisations. Based on these strategies, the individual ALDI SOUTH national organisations stipulate goals and measures appropriate for their respective markets. Our decentralised structure allows us to act flexibly in order to achieve the internationally agreed sustainability goals, and the

national organisations take into account the expectations of their stakeholders and the varying circumstances in their country.

With this International Corporate Responsibility Report we are summarising our joint strategies and goals for the entire ALDI SOUTH Group for the first time. We are also using this opportunity to document how much we have already achieved. The effectiveness of our actions is our main focus. Select key performance indicators have been reviewed by the auditing company PricewaterhouseCoopers AG; these are highlighted and marked with the ✓ symbol.

We have made considerable progress in many areas over the past years. This includes our activities to enhance social and environmental conditions along the supply chain, the optimisation of our energy consumption, and improving the sustainability of the products in our range.

We will continue to face the challenges of the future head on to assure that our conduct remains responsible and sustainable as we move forward. Our international structure, our market position, our decades of experience, and the daily commitment shown by our more than 100,000 employees provide us with the potential to make important contributions to more sustainable development. We see it as our responsibility to continually improve how effectively we make use of this potential.



**Sven van den Boomen**  
Managing Director Corporate Responsibility International  
on behalf of the companies of the ALDI SOUTH Group

# ALDI SOUTH – simply successful

**Focussing on the essential and perfecting the discount supermarket principle have made ALDI SOUTH a leading international retail company. We meet challenges with simple and sound solutions. These principles are developed further and implemented independently by all of the ALDI SOUTH Group’s national organisations.**

## Our product range

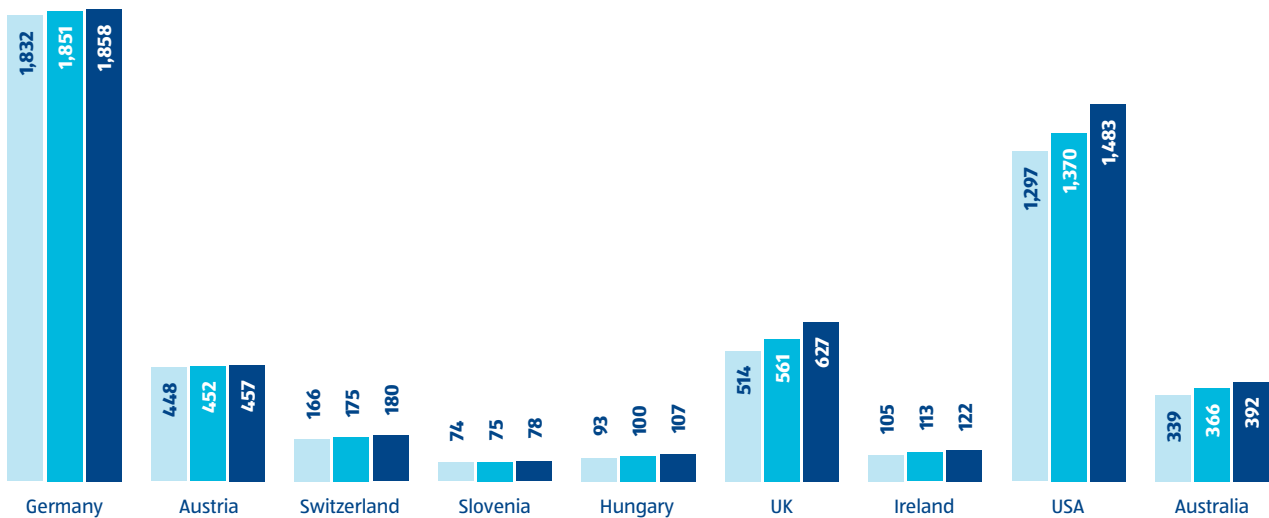
We offer a carefully selected range of products that focusses on food products and other daily necessities. Depending on the national organisation, we offer between 1,200 and 1,500 core products as well as a selection of 30 to 90 special buy products per week. Additionally, in some countries we offer services such as travel packages, telephony and photo services, or floral delivery.

Our own brands form the heart of our range. They allow us to offer an optimally selected product range and guarantee quality at the best price. We continually refine our brands together with our suppliers. Our range is complemented by well-known brand-name products.

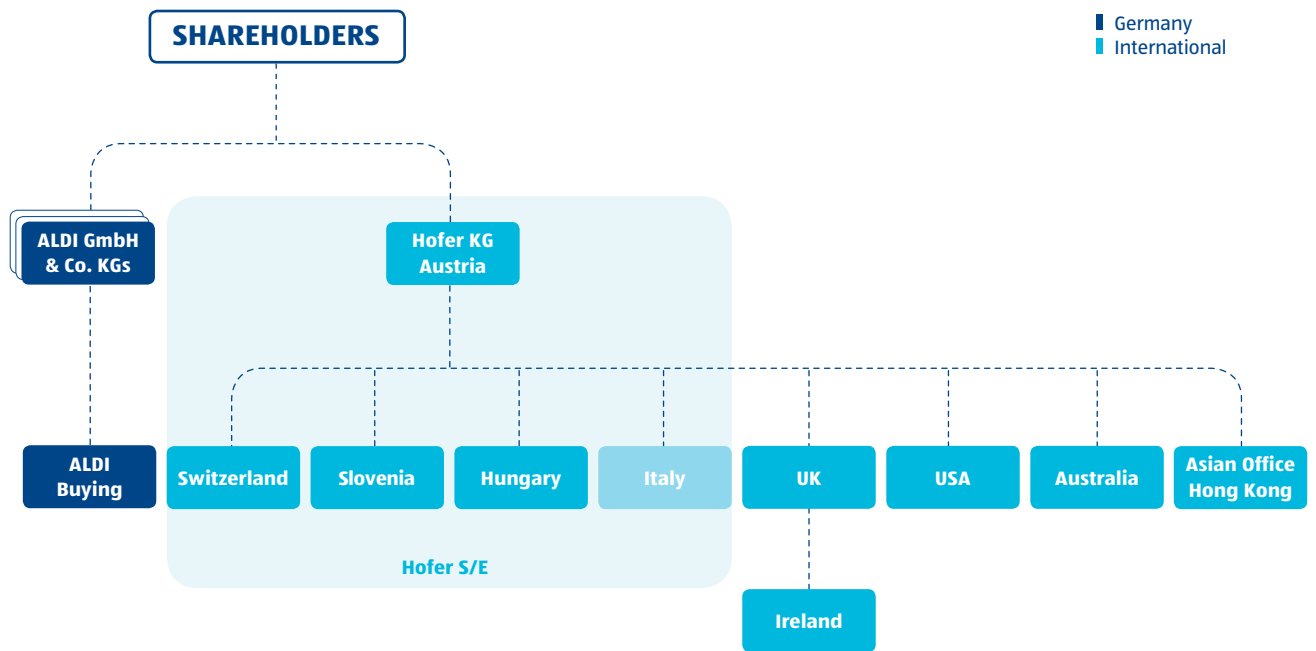
## A corporate structure shaped by simplicity and efficiency

It is not just our stores that are designed with simplicity and efficiency in mind: our corporate culture also follows this principle. The majority of our processes and structures – from buying and IT to logistics and store workflows – are organised in a similar way in all our national organisations and have been optimised for maximum efficiency. Our organisational structures are always set up in a similar manner, both at regional level and within the national organisations.

■ Year 2013 ■ Year 2014 ■ Year 2015



Number of stores by country as of 31 December



**The ALDI SOUTH Group**

**Decentralised and international orientation is the key to success**

Our group’s decentralised organisational structure has been a decisive factor in shaping the positive development ALDI SOUTH has experienced. Our proximity to our customers and our knowledge of national and regional markets allow us to tailor our range to the needs of our customers. This also applies to the area of corporate responsibility: the expectations and needs of our customers and other stakeholders differ considerably from country to country.

A number of topics can be addressed more efficiently and more effectively if the national organisations combine their efforts. In these cases, the exchange of experience and best practices across national borders ensures a coordinated approach to achieve common goals. Internationally agreed strategies form the framework and basis for realising joint goals in the national organisations.

**Legal structure**

From a legal standpoint, ALDI SOUTH is organised as a group of companies, based on two pillars. In Germany, our business operates through a group of 31 independent regional companies.

Our international activities are legally separate from these operations and are consolidated and coordinated under Hofer KG in Austria. Business operations outside of Austria are carried out by subsidiaries of Hofer KG in Switzerland, Slovenia, Hungary, the United Kingdom, Ireland, the USA, and Australia. Both Hofer KG in Austria as well as its international subsidiaries have set up a number of branch offices as a regional structure within their respective countries. Collectively, the national organisations in Austria, Switzerland, Slovenia, and Hungary are referred to as Hofer S/E. Hofer KG is planning to enter the market in Italy within the next few years. The Asian Office in Hong Kong provides support for the ALDI SOUTH companies in the area of buying and in the realisation of CR goals in Asia.

**Corporate services consolidated centrally**

ALDI Einkauf GmbH & Co. oHG in Mülheim an der Ruhr, Germany, or ALDI Einkauf, provides services for the German regional companies in the units Corporate Buying, Administration, and Logistics and Services. In addition, the International Services department provides buying, controlling, and IT services for all the companies of the ALDI SOUTH Group. With regard to the topic of corporate responsibility, the individual national organisations receive support from the Corporate Responsibility International (CRI) department.

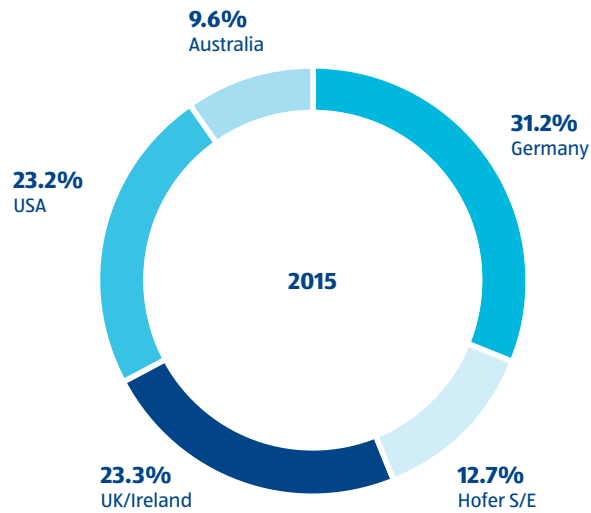
**A long tradition**

The family-owned company founded in 1913 was split in 1961 into what has since developed into two groups of companies, ALDI SOUTH and ALDI North. The two groups have remained linked by family ties, but both are legally and economically independent entities and operate outside of Germany in different countries. ([www.aldi.com](http://www.aldi.com))

The ALDI SOUTH Group today has more than 5,300 stores and 81 distribution centres around the world. With 104,400 employees, the ALDI SOUTH Group generated net sales of 45.5 billion euros in 2015.

**Ownership structure**

The main capital interests of the companies of the ALDI SOUTH Group are held by the two foundations Siepmann-Stiftung and Carolus-Stiftung, headquartered in Germany. The foundations' Management Boards primarily represent the founding family. An Advisory Board consisting of foundation representatives and external experts advises the shareholders on economic and strategic issues. The owners and the Advisory Board are not involved in day-to-day operations. They ensure that the values and traditions of the family business ALDI SOUTH are upheld and form a strong basis for continued successful development in the future.



Share of sales by country/country group

# Strategy



# Strategy for sustainable business

» **Simplicity and responsibility are core values of ALDI SOUTH. Our business model is simple: great quality at the best price, fair and honest product offers, and efficient business processes. In all we do, we assume responsibility towards our customers, business partners, employees, the community, and the environment. Our CR Principles summarise our commitments to people and planet. They guide all of us in our day-to-day actions and are a strict requirement of our business partners.** «

(CR Principles)

The companies of the ALDI SOUTH Group are dedicated to the principle of corporate responsibility. In doing so, we focus on delivering maximum efficiency. This means that we:

1. analyse the impact of our operations on society and the environment,
2. identify topics and approaches for all relevant business processes,
3. set measurable goals,
4. plan and implement effective measures, and
5. monitor implementation and make adjustments if and when necessary.

## **Guiding principles embedded throughout the company**

ALDI SOUTH first defined CR Principles that apply across the group as early as 2010 and reviewed these in 2015. They define our understanding of responsibility towards people and the environment. They guide us in our day-to-day actions and are a strict requirement of our business partners. The CR Principles define our approach to our five central fields of action: customers, supply chain, people, community, and environment. (→ [Focussing on the essentials, p. 8](#))

Our understanding of responsible corporate governance is further specified in the ALDI Management System (AMS) and in our Code of Conduct (CoC). The AMS describes the main principles for leadership, organisation, and cooperation in our company. (→ [Honest and fair cooperation, p. 37](#)) The Code of Conduct illustrates our understanding of integrity in corporate dealings and explains how this essential principle is to be adhered to in our daily business. (→ [Compliance and risk management, p. 66](#))

In areas where the company faces particular challenges, the ALDI SOUTH Group develops its own frameworks and guidelines. For example, we have developed our own set of standards for our suppliers, which target working conditions and social issues in production. (→ [Safeguarding social and environmental standards, p. 28](#))

## **National organisations manage local activities**

The decentralised structure of the group is also reflected in the development and implementation of corporate responsibility strategies. The experience of the ALDI SOUTH national organisations in their respective countries forms the basis for the development of viable solutions that allow them to reach our common goals. Together, the national organisations decide on topics and goals with group relevance, which are then developed into international strategies for the individual CR areas. The goals agreed upon are summarised in an international action plan, which is updated annually. Taking into account these international strategies, the national organisations then formulate their own priorities and measures, which, depending on the national situation, may go above and beyond those agreed at international level.

All national organisations have established CR departments for the planning, management, and implementation of the measures, and which are



responsible for the majority of the CR activities. In some countries, certain topics, e.g. individual aspects of our operations' impact on the environment and climate, or certain personnel topics, are coordinated by one of the regional companies.

### **International coordination and presence in Asia**

The service unit Corporate Responsibility International (CRI) is a central partner for the national organisations when it comes to topics with international relevance. The national organisations commission CRI with the aggregation and coordination of both strategic and operational issues. On their behalf, CRI analyses future developments in the area of sustainability, develops suggestions for the strategic coordination of activities, and manages the internal reporting process as well as external CR communication at group level. CRI also maintains contact with international stakeholders and represents the ALDI SOUTH Group's national organisations in international committees and multi-stakeholder initiatives.

All the national organisations procure a portion of their goods from sourcing countries in Asia. In order to minimise risks relating to production conditions and to oversee compliance with our high standards, the ALDI SOUTH Group has established the CR Unit Asia in Hong Kong. Its primary task is to monitor our suppliers' production facilities and CR performance. The CR Unit Asia performs checks of the working conditions in production facilities on behalf of the national organisations and supports suppliers in implementing social and environmental standards.

In order to meet our own standards as well as the expectations of our stakeholders, over recent years we have steadily increased the number of employees that work on corporate responsibility issues. In addition to the national organisations' CR teams, in the international CRI unit alone – including the CR Unit Asia in Hong Kong – the number of staff grew from 36 to 44 in 2015.

## **Focussing on the essentials**

When prioritising responsibility and sustainability topics, the ALDI SOUTH Group bases its decisions on own analyses, media observation, and external studies as well as on insights gained from direct dialogue with external organisations and other stakeholders. In 2015, in preparation for this report, we interviewed stakeholders from several countries and sectors and compared their assessments with our own perspective. (→ [In dialogue with our stakeholders, p. 10](#))

### **ALDI SOUTH's CR fields of action**

The ALDI SOUTH Group continually reviews and updates CR topics, goals, and measures. Along the value chain, we have identified five central CR fields of action. Within this structure, we systematically prioritise goals and measures and allocate responsibilities.



**Environment**

Our business activities have an impact on climate and the environment. We take responsibility not only for the products we buy but also for our entire operations, from the construction and operational running of buildings to the transport of goods.

**Supply chain**

Sustainable buying practices are essential for the long-term success of our business. We assume responsibility across our global supply chains and for the resources used in the production of our goods.



**Customers**

We promise our customers great quality at the best price. We are guided by our customers' needs and appreciate their feedback and ideas. It is our responsibility to design our select product range in a way that meets our customers' everyday needs.

**People**

Our employees are the key to our success. They are the ones that define the ALDI SOUTH business day after day and distinguish us from our competitors.

**Community**

ALDI is part of the community. To us, responsibility means making a positive contribution to the community by applying our skills and resources beyond our core business operations.



## In dialogue with our stakeholders

Our operations have an impact on many people and organisations along the value chain. As a result, ALDI SOUTH must take into account highly varying interests in all of its corporate decisions. We maintain communications with our stakeholders at both a national and an international level. This allows us to address international topics without neglecting national specifics. This also helps us to define the focus of our actions.

### Customer needs guide our actions

Our customers are our most important external stakeholders. Responding to their needs is imperative for our company's success. We are also working to increase dialogue with customers outside of our stores, for example by increasing the activity of national organisations on social media. We also regularly learn more about our customers' thoughts on our company and products via customer surveys. Moreover, we answer more than 2.1 million enquiries from customers annually – and the number of questions relating to sustainability is increasing every year.

### Close dialogue with our employees

The dedication and expertise of the group's employees are ALDI SOUTH's most important resource. We value employee satisfaction and a cooperative corporate culture. The ALDI Management System has been the foundation of our personnel management for decades. It describes how employees and management cooperate and communicate within our companies. The concerns and suggestions of our employees are compiled through regular staff surveys. We then use these surveys to determine fields of action and introduce initiatives that take into account the needs of our employees. We have also established independent points of contact in all national organisations that our staff can turn to confidentially. (→ [Honest and fair cooperation, p.37, Compliance and risk management, p. 66](#))

### Cooperative relationships with suppliers

Business relationships with our suppliers and partners that are based on fairness and trust are another important building block for our success. We aim for robust partnerships where both partners meet high expectations. Transparency with regard to expectations of one another and ongoing dialogue form the foundation of our partnerships. Together with our suppliers we work to optimise our products and processes and improve compliance with social and environmental standards in the sourcing countries.

### Involvement in associations and initiatives

The ALDI SOUTH Group maintains a close exchange of information with trade associations, interest groups, and public bodies and participates in topic-related working groups and forums. We contribute our expertise and experience and, in return, we benefit from national and international dialogue.

(→ [aldi.in/memberships](https://www.aldi.in/memberships))

### Regular stakeholder engagement

All national organisations maintain communication with their relevant stakeholders. At international level, the department Corporate Responsibility International is responsible for communicating with stakeholders and representing the positions jointly adopted by the ALDI SOUTH Group's national organisations in international bodies and associations.

In 2015 we interviewed stakeholders from several different countries and sectors regarding our CR fields of action – customers, supply chain, people, community, and environment. We wanted to know how our company and our performance was perceived with respect to sustainability and to assess how this must translate to future action.

The results of the stakeholder interviews were taken into account during the creation of a materiality matrix in which the CR topics are weighted from the point of view of the stakeholders as well as of the ALDI SOUTH Group. The topics determined to be extremely relevant are the quality and safety of our products, building up our suppliers' competence with regard to maintaining social standards, and workplace-related topics such as corporate culture and values as well as training and professional

development. In future, we will continue to give these topics particular consideration.

Dialogue with stakeholder groups is also managed at a national level: ALDI Australia, for instance, conducted a stakeholder survey in winter 2014/2015. As

part of its "Project 2020" sustainability initiative, Hofer in Austria established a four-person Stakeholder Council to ensure direct contact with relevant stakeholder groups.



Detail of the materiality matrix from relevant to especially relevant

Relevance for stakeholders >>> especially relevant very relevant relevant	Involvement in sector and multi-stakeholder initiatives Environmental standards in the supply chain Fish and seafood, animal welfare	Quality and safety Social standards in the supply chain Corporate culture and values Training and professional development	
	Sustainable consumption Donations in kind	Health and well-being Donations and partnerships Waste avoidance and recycling Timber and paper	Customer orientation and service Palm oil, coffee, cocoa Climate and energy
	Sustainable building	Health and safety in the workplace Logistics	
	relevant	very relevant	especially relevant

Relevance for the ALDI SOUTH Group >>>>

**Materiality matrix of the ALDI SOUTH Group**



SAMPLING:  
INSIGHT ALDI US



**QUALITY**

# Customers

237

Organic products in the range of Hofer in Austria



**ORGANIC**



**FAIR**

**SUSTAINABLE CONSUMPTION**

**SUPPLY CHAIN**

**PRODUCT RANGE**

**CONSUMER BEHAVIOUR**



**COMPONENTS OF OUR QUALITY MANAGEMENT**



**QUALITY MANAGEMENT**

**COMPLAINTS**

**CUSTOMER SERVICE**

**2.1** million  
customer queries in 2015

**INFORMATION ON PRODUCTS**

**CALL CENTER**

**HEALTH**

**REGIONAL**

**PROMOTING HOME-GROWN PRODUCTS: INSIGHT ALDI UK AND IRELAND**

**INGREDIENTS**

Product formulas

New product lines

**RECIPE IDEAS**



# A range of quality, sustainable products

» We promise our customers quality products at the best prices. We are guided by our customers' needs and appreciate their feedback and ideas. It is our responsibility to design our select product range in a way that meets our customers' everyday needs. For us, quality includes consumer safety, health and well-being, and the sustainability of our products and their production. [...] We want to enable our customers to make informed choices by providing them with accurate and transparent information through clear product labelling and direct customer communications. «

(CR Principles)

As a retailer, the ALDI SOUTH Group has an important role to play connecting suppliers and consumers. In this role we take our responsibility toward our customers and their needs very seriously, since it is our buying departments who decide which products to purchase and put on our stores' shelves. This is also the foundation of our success – offering a select range of high-quality products at the best price.

## Decentralised approach and international strategy

In addition to price and quality, our customers are also increasingly interested in making purchasing decisions based on well-being and sustainability. Our decentralised structure enables us to serve the highly varied expectations and needs of our customers in the different national markets. An international strategy for the area of health and well-being was adopted in May 2015. International goals are implemented by the national organisations as part of national initiatives and programmes.

## Focussing on transparency and on the development of the product range

We want to enable our customers to make informed purchasing decisions. We provide our customers with clear information, such as on food's ingredients or the origins of certain raw materials. We continually review the quality of our products and adapt recipes. The changes we make to our products also reflect national needs and/or updated regulatory requirements.

We actively monitor societal developments and market trends so that we can react quickly and in our customers' best interests. ALDI UK, for example, signed the UK Department of Health's Responsibility Deal in 2011 and subsequently reformulated a significant number of products to reduce levels of salt and sugar. As part of its sustainability initiative "Project 2020", Hofer in Austria added environmentally friendly cleaning products to its range.

## Safety and quality for our customers

We offer quality at the best price – this is a key tenet of our business policy and a promise to our customers. The most important quality factors are: safety of the product, impact on health, and the benefit for the customer. In addition, the impact of our products and their manufacture on the environment and society is increasingly important to our understanding of quality.

## Certified food safety at ALDI SOUTH

The production facilities of ALDI SOUTH's suppliers are reviewed by independent third parties in accordance with recognised food safety standards. It is our aim that all production facilities for our food products have certification that is recognised and confirmed by the Global Food Safety Initiative (GFSI).

Insofar as this is not possible in exceptional cases, the safety of the production facilities will be appropriately confirmed using other methods, such as through ALDI SOUTH-specific audits or audits based on national standards.

When products are delivered to our stores, they are subjected to incoming goods controls carried out according to stringent standards, for example regarding the quality of fresh fruits and vegetables or the delivery temperature and shelf life of fresh refrigerated products. Our own checks are supplemented by due diligence analyses in specialist labs where needed. The taste of our products is assessed regularly by experienced staff, external institutes, or consumer panels. (→ [Sampling: Insight ALDI US, p.20](#))



**Dimensions of quality for food and non-food products**

**Multi-tier quality assurance process for non-food products**

We consider product safety to be the most important factor for all of the items we sell, both food and non-food products. For this reason, the ALDI SOUTH Group has established a comprehensive quality assurance process. This allows us to manage quality right from the tender stage. It includes quality controls in the production process as well as before and during delivery. The system of analyses and inspections involves internal quality assurance departments as well as external institutes and testing labs.

Quality assurance teams accompany both internal quality processes and the suppliers' processes in all national organisations and the International Buying department.

**High quality standards at suppliers**

One aim of our quality management is to ensure that all non-food products meet our high standards. Quality parameters are defined and communicated to potential suppliers as early as the tendering phase. Before delivery, suppliers must provide proof that the product meets both the regulatory requirements as well as the contractual quality

parameters. Evidence must be provided that the required analyses have been performed by an accredited testing institute authorised by the ALDI SOUTH Group.

**Fit-for-use tests at testing labs**

In addition to the supplier tests, we also perform in-house fit-for-use tests. Furthermore, experts from the ALDI SOUTH Group quality assurance departments may decide to take samples from production. These samples are then examined by independent testing labs according to certain technical and chemical parameters. Inspectors also visit production facilities around the world and perform random inspections on our behalf, inter alia for textiles, shoes, and furniture.



**Components of our quality management**

On delivery, we inspect all goods for transport damage and check whether they meet the agreed product specifications. The goods are only made available for sale to the customers once they have passed all tests.

**Striving to reduce hazardous substances**

The ALDI SOUTH Group strives to achieve a continuous reduction in the use of hazardous substances in the production of non-food products. To this end, all national organisations have committed themselves to promoting the use of more environmentally friendly manufacturing methods in the production of textiles, home textiles, and shoes. (→ [Safeguarding social and environmental standards, p.28](#)) Moreover, the ALDI SOUTH Group has high safety standards for non-food products. The implementation of these standards is often evidenced by the voluntary inspection labels attached to our products. Examples include the "VPA Güte geprüft" label, the "GS" symbol, and "UL" certification for the US market.



### **Rapid and prudent recalls**

We do not compromise when it comes to our customers' safety. Should, despite our control measures, shortcomings in quality come to light after sale of a product has commenced, we immediately remove the product from sale and, where needed, initiate a recall, for example if health concerns arise. This is first and foremost a preventative safety measure and an indicator that our quality management system works. If other national organisations are also affected, our quality management system enables us to respond rapidly across national borders.

## **Customer service and transparency**

**2.1 million**  
customer queries were answered in 2015

We offer our customers extensive information in order to enable them to make informed purchasing decisions, and we are available to answer questions and respond to suggestions via multiple contact channels. If our customers find that they are not satisfied with one of our products, they can return the product to us.

### **ALDI SOUTH communicates on all channels**

Our customers access information on our offers via many different channels, such as advertisements in newspapers, weekly leaflets, customer magazines, the internet, and TV commercials. Customer contact in our stores is of paramount importance to us. Our store employees are our most important brand ambassadors. In some countries we have established information and communication channels on social media networks such as Facebook, Twitter, Pinterest, YouTube, and Instagram.

### **Customer service centres expanded**

We are increasingly relying on customer service centres to open up more communication possibilities, improve our availability, and to make life easier for our customers. ALDI in Australia opened its first customer service centre in 2011, and this service centre has been available nationwide since 2012. In 2013, ALDI UK and Ireland established a customer service department for questions, enquiries as to availability, and other comments for all its stores. In future, central customer service centres will be available in most of the ALDI SOUTH Group countries to provide an additional contact option.

### **Fair rules for returning products**

We pursue a customer-oriented policy when it comes to product complaints. In general, our fair policy allows all food products, and – depending on the country – even non-food products to be returned in our stores with ease. The customer then receives a full refund for the returned item. In addition, the majority of non-food products are also covered by warranties.

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### **Double guarantee in the USA**

**In the USA, if for any reason a customer is not 100% satisfied with a product, ALDI will replace the product and refund their money. The Double Guarantee does not apply to non-food special buy items, alcohol, national brands, or non-quality-related issues.**

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### **Transparent information on product origins**

Our customers are increasingly interested in the origins of products. Some national organisations have set up online platforms where customers can find information on our products' origins. For example, in the countries in which Hofer S/E operates, we provide a variety of information on products' origins for fresh meat, fish, fruit, and wine.

Product labelling offers additional guidance to our customers. (→ [Facilitating responsible shopping, p. 18](#)) We are also transparent with regard to the ingredients of food items.



## Health and well-being

Consumers are increasingly aware of the importance of health and well-being. The ALDI SOUTH Group is constantly reviewing its range to reflect this demand. We want to enable our customers to eat more healthily and to actively support them in their purchasing decisions. We also offer food products for different nutritional needs and lifestyles.

### Product alternatives for special nutritional needs and customer preferences

In most countries, we offer gluten-free, lactose-free, vegetarian, or vegan products. We are also working on product lines to meet specific demands and nutritional needs in the individual countries. These include “Fit & Active”, “liveGfree”, and “SimplyNature” in the USA and “Enjoy free!” in the Hofer S/E countries. In Australia, certain products carry Heart Foundation labels marking them as the more healthy choice. This enables our customers to quickly and easily find what they are looking for.

We are continually reviewing existing products and formulas. The amount of salt, sugar, or fat in certain foods, in particular convenience products, is of increasing importance. For example, trans-fatty acids are suspected to increase the risk of cardiovascular diseases. We have limited the proportion of trans-fatty acids of industrial origin in our food to under 2% of the total fat, or even removed them entirely, across our national markets.

### Removing additives

In the countries in which the ALDI SOUTH Group is active, public opinion regarding the use of certain ingredients varies considerably. One focus area is the topic of additives. When we make adjustments to recipes we thus try to avoid artificial flavour enhancers as well as artificial flavours and colours. For example, ALDI SOUTH in Germany and Hofer S/E have summarised their criteria regarding the use of additives, which exceed the statutory standards, in their respective Clean Label policies.

### Promoting a healthy lifestyle

The ALDI SOUTH national organisations have developed initiatives to assist their customers in their healthy food and lifestyle choices. In the USA, those interested can find tips and recipe ideas on the ALDI website for a balanced diet under the slogan “Healthy Living”. ALDI UK is supporting a similar campaign called “Change4Life”. Furthermore, in 2015 ALDI UK removed confectionary, chocolates, and sweets from its checkout lanes, and since then products sold in checkout lanes have to meet strict criteria, e.g. regarding salt, sugar, and fat. Hofer in Austria is working with the Academic Institute for Nutritional Medicine in Vienna to support a pilot project aimed at promoting a healthier diet for school children.

### Discussions on genetic engineering

Opinions on genetically modified foods vary in the countries in which the ALDI SOUTH Group is represented. Societal opinions range anywhere from broad tolerance to absolute rejection.

The positions held by the ALDI SOUTH national organisations are based on local consumer expectations and the current market situation. In Australia, the United Kingdom, Ireland, Germany, Austria, Switzerland, Slovenia, and Hungary we do not offer any products that require corresponding labelling due to their containing a verifiable proportion of genetically modified organisms. In the USA, the products in the “SimplyNature” line also do not contain genetically modified organisms.



## Facilitating responsible shopping

An increasing number of consumers are turning to products that use particularly environmentally friendly production methods and are interested in products' origins. The ALDI SOUTH Group sees this trend towards increased sustainability as an opportunity to support consumers in their endeavour to make more sustainable purchasing decisions.

### Alternative products for more sustainable shopping

Our range features an increasing number of alternative products that allow consumers to make more responsible purchasing decisions. For the future, we strive to consider a product's entire life cycle – from the raw materials used to socially and environmentally responsible manufacturing and finally the responsible utilisation and recycling opportunities available to our customers.

All our national organisations include more environmentally friendly product alternatives in their ranges. ALDI Australia, for instance, avoids laundry detergents containing phosphates. In Austria, Hungary, and Slovenia, Hofer encourages consumers to save energy and offers products suitable for this purpose. Demand for energy-efficient technologies, such as energy-saving bulbs, is also increasing significantly in the ALDI SOUTH stores in Germany.

ALDI SOUTH customers can also recognise responsibly produced goods by way of labels representing established sustainability standards. Among others, we offer products carrying the Fairtrade, UTZ, Marine Stewardship Council (MSC), or Aquaculture Stewardship Council (ASC) labels, which represent independent social and environmental standards. (→ [Using resources responsibly, p.25](#)) With our customer reach we help introduce products with these labels to a larger audience and make them available to consumers.

### Promoting regional food products

Regionally produced food products support local and regional economies. Shorter transportation distances can often help reduce CO<sub>2</sub> emissions. ALDI SOUTH's national organisations have been including regional products in their ranges for many years.

The ALDI SOUTH stores in Germany offer several types of vegetables, fish, and dairy products as well as eggs featuring the "Regionalfenster" (regional window). This indicator shows where the product's main ingredient originated from and where it was packed. With this label we aim to cater to our customers' increasing demand for regional products. At ALDI SOUTH the maximum size of the region which can be indicated is the German federal state level. ([aldι.in/regionalfenster](https://aldi.in/regionalfenster))

#### SUPPLY CHAIN



Sustainable raw materials



Sustainable production



#### PRODUCT RANGE



Sustainable products



#### CONSUMER BEHAVIOUR



Decisions to purchase



Sustainable use



Recycling/return

### Sustainability throughout the product life cycle

In Australia, the availability of “Australian made” products is a key factor in our customers’ purchasing decisions. The majority of fresh products are sourced from Australia, for example eggs and bread as well as fresh meat and dairy products. Moreover, 91% of fresh fruit and vegetables are Australian grown. In the UK, the “Red Tractor” certification scheme for meat produced in the UK as well as “Best of Scotland” and “Bord Bia” for products from Scotland and Ireland respectively have also been very well received. The “Red Tractor” standard guarantees that a product originates entirely from the United Kingdom and has been certified by independent auditors as complying with the national standards for animal welfare. Our “Zurück zum Ursprung” (Back to the roots) brand at Hofer in Austria exclusively features home-grown organic products, as does the brand “NATURE SUISSE BIO” in Switzerland.

#### **Organic products increasingly popular**

In all ALDI SOUTH countries, we offer organic products such as eggs, milk, bananas, or baked goods, for instance. All of our products labelled as “organic” meet the European or respective national certification standards for organic farming or even considerably exceed these, such as the “Zurück zum Ursprung” (Back to the roots) line of organic products in Austria. Across the national markets, our organic products comprised between 0.5% and 12.4% of food sales in 2015. Overall, the share of sales accounted for by organic products totalled 3.2%.

## Outlook

The cooperation among manufacturers, retailers, consumers, and public bodies will make tangible progress toward more responsible consumption possible. We will contribute toward this common goal by offering sustainably produced choices at the best price.

As in the past, we will continue to focus our attention on the topics of safety, quality, health, well-being, and healthy eating. Our consumer-oriented, de-centralised organisational structure is a key asset.



## Insight ALDI US:

# Do we like it? Quality for our customers

How does the ALDI SOUTH Group achieve and maintain the highest levels of product quality? Where food is concerned, safety is the top requirement – but it is just as important that our products taste good and meet customers' expectations. First and foremost, we rely on the experience and skill of our own employees. They sample the food and evaluate not only its taste but also aspects like appearance and texture.

ALDI US alone performs around 2,500 internal samplings every year, covering approximately 30,000 food products. Jennifer Cotton, Director of Quality Assurance, explains why her colleagues' work is so important.

### **What role do product samplings by own staff play in addition to, for instance, the tests carried out by specialist institutes?**

Our internal sampling is proof that we take great pride in the products we offer our customers. We also gain an even better understanding of how our products compare with those of the competition, and our employees are proud to be able to make a personal contribution to the high quality of our products.

### **Who takes part in the sampling, and how are employees prepared for this task?**

Our sampling teams include Group Buying Directors, Buying Directors and their teams. Other staff and people external to the company are welcome to provide feedback at any time, too. In order to prepare the samplers, they attend sensory training and, where relevant, attend specialised courses for particular product groups, such as wine, beer, coffee, and cheese.

### **Which products does ALDI sample, and what happens if these products are not up to expectations?**

Every food product that we buy is sampled thoroughly. If it becomes a part of our core range, then it is sampled at a minimum of two times every year, and in the first year a product launches it is sampled at least five times. If a product does not meet expectations, we contact the supplier and request specific improvements. If this is impossible – which is rarely the case – we terminate the cooperation and find an alternative solution.



Jennifer Cotton, Director of Quality Assurance at ALDI US, during product sampling.

## Insight ALDI UK and Ireland:

# Promoting home-grown products

Our range of domestic products both strengthens regional suppliers and caters to customers' tastes.

**W**e aim to become an integrated part of the home market in all of the nine countries where ALDI SOUTH is present. This is particularly reflected in the range of products available in each country.

In the UK, more than two thirds of products are sourced from UK-based suppliers, and 100% of ALDI UK's core range of fresh meat is British and "Red Tractor" assured. Milk and eggs are also sourced exclusively from "Red Tractor"-certified farms. ALDI is also the only retailer in the UK market that offers its customers fresh British lamb all year round. And approximately 40% of the fresh produce products sold in our stores are British, which is higher than the industry average of 35%.

ALDI UK is also a signatory of the National Farmers Union's (NFU) Back British Farming Charter and is the only retailer to have signed the NFU's Fruit and Veg Pledge.

In Scotland, ALDI's stores stock more than 300 Scottish products sourced from over 60 Scottish independent food and drink businesses.

ALDI Ireland is equally committed to supporting Irish agriculture. For example, all fresh meat and poultry products are sourced exclusively from Irish producers.



To achieve this, ALDI Ireland works together with more than 170 domestic suppliers, the majority of which are long-term, trusted partnerships. 100% of fresh poultry as well as beef, pork, and lamb is sourced from "Bord Bia"-certified farms.

Great quality at the best price and supporting local suppliers are two of our key success factors in all the countries in which we operate. We are committed to building customers' trust in our products, and working with domestic suppliers will continue to be a priority for our business.

» **ALDI UK is a proud supporter of British farming. We are committed to offering our customers British products wherever possible and, at present, 69% of our products are sourced exclusively from within the UK.** «

**Tony Baines**, Joint Managing Director of Corporate Buying



# Supply chain



> 90% share of own brands in product range

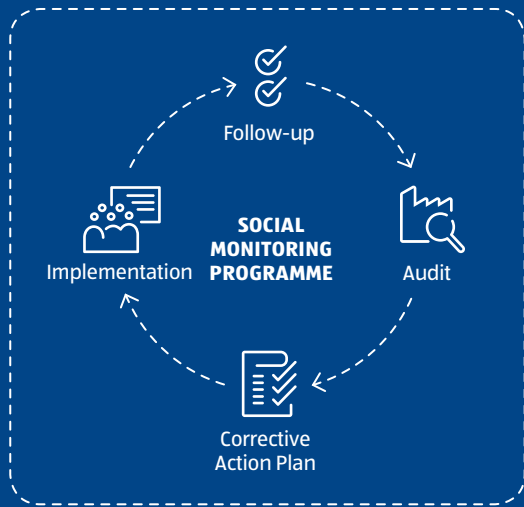


BUYING POLICY



ENVIRONMENTAL AND SOCIAL STANDARDS

INTERNAL AND EXTERNAL AUDITS



ALDI "SOCIAL STANDARDS IN PRODUCTION"



255 ALDI Social Assessments





# Responsibility along the supply chain

» Sustainable buying practices are essential for the long-term success of our business. We assume responsibility across our global supply chains and for the resources used in the production of our goods. Our aspiration is that all our products be made in a sustainable way. [...] Together with our suppliers, we work towards increased transparency and continuous improvement within the supply chain. We strive to increase the share of sustainable resources used in our products and to minimise the negative ecological and social impacts of production. «

(CR Principles)

The ALDI SOUTH Group assumes responsibility for its own corporate activities, but also shares responsibility throughout the supply chain. Our relationships with our suppliers – based on mutual respect and trust – form the foundation for our activities. (→ Partnership and continuity in buying, p.25) With respect to the supply chain, the main areas for action are responsible use of natural resources (→ Using resources responsibly, p.25) as well as improving working conditions and protecting the environment along the supply chain. (→ Safeguarding social and environmental standards, p.28) A key requirement for, and challenge in, achieving these goals is the creation of transparency throughout global supply chains.

## **Sustainability increasingly important as a quality factor**

The ALDI SOUTH Group's commitment to corporate responsibility is not restricted to meeting minimum legal requirements. Our aim is to go above and beyond by defining and strengthening sustainability as a quality factor for our products. We focus on both the resources used in our products as well as the working conditions and environmental standards in production.

To determine priorities, we follow a risk-based approach. (→ Strategy for sustainable business, p.7) For this reason, our current focus at group level is on specific products and countries of origin. This includes, for example, textiles and other non-food products from Asia as well as the resources palm oil, timber, cocoa, coffee, fish and seafood. In addition, the national organisations are pursuing initiatives to address further topics.

With regard to resources, we have developed specific international goals. These commitments are implemented by all national organisations and by the International Buying Department, taking into account any additional national requirements where appropriate.

We have internationally defined social standards for the production of all of our goods. In the future, these standards will increasingly be supplemented with environmental aspects.

When it comes to implementing our goals, we use systems with proven reliability and suitability for market-wide implementation. The use of independent certifications when buying resources is one example. Using these certifications, we can determine whether recognised sustainability standards were adhered to in the use of the resources. If these systems do not meet our needs, we develop our own approach. For example, we have defined specific requirements for production facilities in Bangladesh. These standards are monitored on-site by employees from the CR Unit Asia.



## Partnership and continuity in buying

Our business model provides us with numerous opportunities for realising sustainability goals. Both the high volumes we purchase and the large proportion of own brands in our range play a role.

### Own-brand products mean quality at the best price

Our fundamental principle is to offer high-quality products at the best price. When buying, the companies of the ALDI SOUTH Group do not look for the lowest price but rather for the best value for money. In addition to the quality and availability of the products and supplier reliability, we also consider social and environmental factors when making purchasing decisions.

Our focus on our own exclusive-brand products allows us to define our own quality and sustainability standards for a significant portion of the products in our range and implement these standards in cooperation with our suppliers. Together, we continue to develop products and processes until they meet our expectations.

### Long-term partnerships

We seek long-term partnerships where our partners benefit from timely payments and large purchase volumes. In return we expect excellent products and services. Together with our partners we consistently ensure that our standards are maintained, including our sustainability requirements.

We have been working with the majority of our suppliers for many years. To keep up with changing markets and consumers' expectations, we develop the ALDI SOUTH range together with our suppliers on an ongoing basis. At the same time, new suppliers

also have the opportunity to establish business relations with ALDI SOUTH. This is particularly true for the markets currently experiencing strong growth, such as the UK, Australia, and the USA.

## Using resources responsibly

More sustainable agricultural practices and the responsible use of resources help protect the environment as well as ensure the long-term availability of resources.

At group level, we have carried out a materiality analysis of CR criteria in buying, taking into account both the perspectives of internal and external stakeholders as well as the developments in our national markets. Our activities focus in particular on those resources which are most relevant for our product range at an international level and for which great action is needed. At the moment, these include palm oil, timber, cocoa, coffee, fish and seafood, as well as the topic of animal welfare.

### Transition to sustainable palm oil production

Due to its many useful properties, palm oil can be found in numerous food and non-food products. Palm oil has many characteristics – it is temperature-resistant, easy to process, and odourless – that make it ideal for numerous applications.

However, cultivation of palm oil has led to the clearance of large areas of tropical rainforest and continues to do so. Consequently, high volumes of CO<sub>2</sub> are released into the atmosphere, local populations are deprived of their livelihoods, ecosystems are destroyed, and biodiversity is reduced.



Palm oil



Timber and paper



Cocoa



Coffee



Fish and seafood



Animal welfare

## Resources in focus



Nevertheless, replacing palm oil with other types of vegetable oils or fats is not always feasible due to palm oil's unique properties. Moreover, the palm fruit is a highly efficient source of vegetable oil, meaning that in order to generate the same amount of oil from rapeseed, sunflower seed, soy, or coconut, a cultivation area 2.5 to 7 times larger would be required. If demand were to increase for alternative oils, it could cause more competition for agricultural land that could be used for other food crops.

For these reasons, ALDI SOUTH has committed itself to using sustainably produced palm oil. As of the end of 2015 we had already changed production of all our own-brand food products in Germany, Austria, Switzerland, the UK, Ireland, and Australia to use palm oil certified according to the standard of the Roundtable on Sustainable Palm Oil (RSPO). ALDI SOUTH supports exclusively the certifications "identity preserved", "segregated", and "mass balance" and requires evidence of the supply chain's certification to be provided by the last production facility in the chain. In individual cases exceptions are made for small amounts of palm oil derivatives and fractions where physically traceable palm oil is not yet available. ✓

We have set ourselves the goal of using exclusively RSPO-certified palm oil in our own-brand food products in all countries by the end of 2018. We are also engaged in dialogue with producers and importers of palm oil, the processing industry, and manufacturers about increasing the availability of certified palm oil derivatives and fractions, used in articles like washing powder and cosmetics.

**70.2%**  
of relevant products containing wood and cellulose components are certified or recycled ✓

**Wood and paper from sustainable sources**

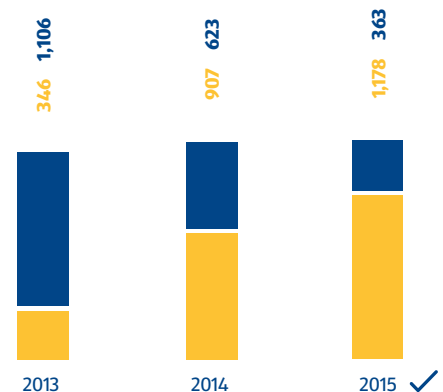
In 2009 we committed to sourcing wood and paper from recycled materials or certified sources (FSC, PEFC) for our products containing wood or paper as well as for communication materials and pulp-based packaging. Thus, we strive to counter the negative consequences of global deforestation. In Europe, this has already been implemented for pulp-based products such as paper towels and cosmetic wipes, toilet paper, and facial tissues. In the USA and Australia, our implementation process is making good progress. In addition, all of our advertising materials have already been completely converted. We will work to transition other wood and paper

products as well as primary and secondary pulp-based packaging to sustainable sources by the end of 2020. (→ [Avoiding waste and recycling reusables, p. 60](#))

**Cocoa from sustainable cultivation**

Cocoa is primarily cultivated in tropical and equatorial countries – mainly by small farmers in areas frequently impacted by political and social conflicts. In these areas monocultures and the intense use of pesticides and herbicides negatively impact the environment. Adherence to social standards, in particular to avoid child labour, continues to be a challenge in the area of cocoa cultivation.

■ Number of relevant products without certified cocoa  
■ Number of products with certified cocoa



**Products containing certified cocoa (UTZ, Rainforest Alliance, Fairtrade)**

ALDI SOUTH is committed to fostering fair working conditions and environmentally friendly production in the cultivation of cocoa, with the support of the sustainability standards UTZ, Rainforest Alliance, and Fairtrade. We have already converted the majority of our products. By the end of 2020 all our own-brand chocolate and biscuits will use exclusively certified cocoa.

ALDI SOUTH in Germany has been an active member of the multi-stakeholder initiative "German Initiative on Sustainable Cocoa" since 2015.

### Sustainable coffee

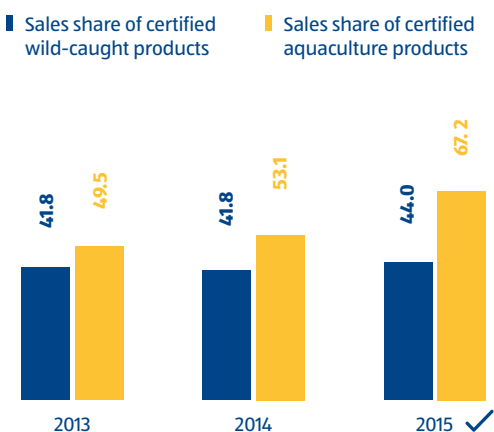
Coffee is among the world's most-traded raw materials. It is primarily cultivated by small farms in sub-tropical regions. As a result, many of the same conditions are seen in coffee cultivation as in cocoa cultivation, with fair working conditions and more efficient cultivation methods being key challenges.

In order to tackle these challenges, ALDI SOUTH has included sustainably sourced coffee (Fairtrade, UTZ, Rainforest Alliance, and 4C Association) in its range. In 2015, this amounted to 30% of the total amount of our coffee.

Since early 2016, ALDI SOUTH in Germany has been actively involved in a cooperative initiative with Fairtrade in Honduras. The project's goal is to improve living conditions for smallholders.

### Requirements for fish and other seafood products

Unsustainable fishing practices endanger marine ecosystems and the long-term availability of fish as an important food source. Even with fish from aquaculture, the adherence to environmental standards cannot always be guaranteed.



### Share in total sales of wild-caught or aquaculture fish and seafood (own-brand) products accounted for by certified products

Across all countries, ALDI SOUTH has increased the sustainability level of its fish and seafood product range. All national organisations have defined national buying policies, which are equally binding for both our suppliers and our buyers. We review our range of fish and seafood products on the basis of external expertise – provided by Greenpeace and Sustainable Fisheries Partnership (SFP), among others – for aspects such as species, fishing area, and fishing methods. We evaluate our national fish buying policies annually and amend them as appropriate. (→ Sustainable fisheries: Insight ALDI US, p.32) Over the last few years, we have continually increased the percentage of products in our range that are certified according to the Marine Stewardship Council (MSC), Aquaculture Stewardship Council (ASC), Bio (organic), GLOBALG.A.P. Aquaculture, or Best Aquaculture Practices (BAP) 2 Stars standards.

### More sustainable fishery practices

We use pilot projects to promote more sustainable seafood production. In Morocco, ALDI SOUTH is supporting a project to improve sustainable sardine fishing. As a member of the Asia Reduction Fisheries Supplier Roundtable, we are committed to a solution-oriented approach to improving economical, social, and environmental aspects of procurement methods for fish and other seafood in Southeast Asia. Hofer in Austria has launched a project to foster sustainable prawn production in West Bengal, together with a long-term supplier and with the support of the Austrian Development Agency. As part of the project, a certified-organic supply chain for prawns was developed, in addition to implementing social and environmental improvements.

### Dedication to improved animal welfare

Many of our products contain meat or other animal products: fresh meat, eggs, and milk, but also wool, cosmetics, and household items. The ALDI SOUTH Group's aim is to support its suppliers in improving animal welfare.

Regarding animal welfare, the regulatory framework as well as expectations and priorities vary among the countries in which ALDI SOUTH operates. All the national organisations have defined animal welfare policies which are based on the "5 Freedoms" according to the British Farm Animal Welfare Committee (FAWC). These guidelines cover the exclusion of certain products as well as traceability, transparency, independent monitoring, and research projects for the improvement of animal welfare.



ALDI SOUTH in Germany was instrumental in the founding of the German Initiative Tierwohl organisation, a cross-sector alliance dedicated to enhancing sustainability and animal welfare in the meat-producing sector.

## Safeguarding social and environmental standards

We expect our suppliers to comply with all our social and environmental standards. We pay particular attention to production conditions in countries where adherence to these standards is not yet a matter of course. In these countries, we want to contribute to the improvement of living conditions and the protection of the environment. To do so, we maintain an ongoing dialogue with our business partners and work jointly to see that the requirements we have laid out are implemented and maintained in all production facilities.

In order to achieve this goal, ALDI SOUTH has put a system comprising multiple levels into place. Independent audits as well as site visits by our employees provide us with insight into the working conditions in the production facilities. Based on this information, we work together with both suppliers and producers to jointly develop measures that will promote continuous improvements. In addition, through the ALDI Factory Advancement (AFA) Project we are helping production facilities in Bangladesh enhance their social performance.

### **ALDI “Social Standards in Production”**

The ALDI “Social Standards in Production” are our definitive standard for cooperation with suppliers. They were first published in 2010 and were revised in 2014. These standards are based on the following:

- standards of the International Labour Organization (ILO),
- Human Rights Declaration of the United Nations,
- UN Convention on the Rights of the Child,

- UN Convention on the Elimination of All Forms of Discrimination against Women, and
- OECD Guidelines for Multinational Enterprises.

Among their numerous, wide-ranging tenets, these international conventions prohibit forced labour and child labour as well as discrimination in any form. They also underpin employees’ rights to freedom of association and collective bargaining.

([🔗 aldi.in/socialstandards](https://www.aldi.in/socialstandards))

The ALDI “Social Standards in Production” are contractually binding for all suppliers. We expect our partners to communicate these requirements, in addition to all legal requirements, at the production facilities and monitor compliance.

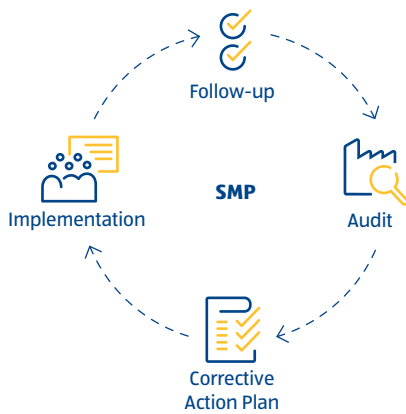
## Internal and external audits

### **Social Monitoring Programme**

In order to be able to monitor compliance with social and environmental standards and continue to foster these together with our suppliers, we have developed and implemented our Social Monitoring Programme. Commodity groups and sourcing countries are integrated in this programme according to an assessment and prioritisation of their respective risks. Over the medium term, we will integrate all non-food commodity groups into this programme.

On-site audits performed by independent experts are a key component of the programme. These audits must be carried out before production of our goods may commence. ALDI SOUTH recognises audits and certifications according to the standards of the Business Social Compliance Initiative (BSCI), the Sedex Members Ethical Trade Audit (SMETA), the International Council of Toy Industries (ICTI), SA8000, and the Code of Conduct of the Electronic Industry Citizenship Coalition (EICC), among others.

In general, we do not have direct business relations with the production facilities at which our products are manufactured; the products are usually manufactured on behalf of our suppliers. In order to be able to monitor adherence to our standards, we agree with our suppliers in advance and in writing at which production facilities our products will be manufactured. Transferring orders to different production facilities without our prior consent is contractually prohibited.



## Social Monitoring Programme

### Own monitoring via ALDI Social Assessments

From our experience, we know that often audit reports do not fully reflect the situation at the production facilities. A continuous on-site presence can lead to greater transparency and fosters partnership with suppliers and production facilities. For this reason, since 2011 we have been supplementing third-party audits with our own regular on-site visits for certain high-risk commodity groups.

These ALDI Social Assessments (ASA) are carried out by ALDI SOUTH employees together with external auditors and supplier representatives, mainly in Bangladesh and China. In 2015 we carried out a total of 255 ALDI Social Assessments.

The apparel we purchase from Bangladesh is sourced almost exclusively from production facilities we have visited, assessed, and approved ourselves by way of an ASA. ✓ It is our goal to source these products exclusively from production facilities that have passed an ALDI Social Assessment. In addition, the ALDI SOUTH Group has joined the Accord on Fire and Building Safety, which, among other things, conducts building and fire safety inspections.

### Improvement measures based on audit results

In its work to ensure appropriate working conditions, ALDI SOUTH is committed to achieving continuous improvements. Problems that have been identified in production facilities include irregularities with respect to the payment of wages, the observance of working hour regulations, as well as health and safety issues. Following every audit, corrective action plans are drawn up which lay out an individualised timeline for eliminating the faults. Our suppliers are obliged to implement the measures together with the production facility's management. Our CR and buying departments closely monitor the process.

If no progress is seen in the implementation of the action plan, or if the supplier or the production facility management do not take appropriate action to resolve significant issues, such as fire and building safety, late payment of wages, or producing in unauthorised production facilities, we may decide to take further action. This may include the temporary or permanent exclusion of the supplier and/or the production facility from future tenders.

### Capacity building as key to success

#### Capacity building with the ALDI Factory Advancement Project

Audits are an important tool for identifying problems and initiating improvements. However, since they are only snapshots of a situation, we recognise that they have their limits. Long-term changes require intense cooperation based on trust, particularly within factories. While the Social Monitoring Programme focusses on the adherence to social standards in the supply chain, the ALDI Factory Advancement (AFA) Project goes one step further. This pilot project is a collaboration between ALDI SOUTH, ALDI North, its suppliers, the production facilities, and our partner Sustainability Agents on-site.

#### Dialogue-oriented approach to conflict resolution

The ALDI Factory Advancement Project targets the improvement of working conditions and the establishment of viable social relations in the factories. It is based on a cooperative, dialogue-oriented

# 96.4%

of production facilities for textiles, shoes, and toys in risk countries have been audited ✓

# 98.6%

of the production facilities for textiles in Bangladesh have been visited in the context of an ALDI Social Assessment (ASA) ✓



approach. Workers and managers learn to communicate more effectively, improve their skills, recognise problems together, and solve them efficiently. The training includes topics such as health and safety in the workplace, fire safety, wage issues, working hours, and discrimination.

20 production facilities that are strategically important for ALDI SOUTH were chosen as initial participants for the ALDI Factory Advancement Project. **These pilot factories supply more than 40% of the apparel we buy in Bangladesh.** ✓ Another 20 production facilities will be integrated into the project in 2016, and we plan to increase the share of our buying volume coming from production facilities participating in the project significantly.

#### **Evaluation of the project shows initial success**

The success of the project is evaluated regularly. In a number of cases, the trainings conducted have already led to structural improvements in the factories. Fire safety equipment and sanitary facilities have been modernised, drinking water facilities and cleaning systems have been overhauled, and the safety infrastructure has improved. In addition to structural and technical changes, dialogue between workers and managers on the improvement of processes is at the heart of this project.

Both workers and management report tangible improvements, such as a drop in employee turnover rates and sick leave, increases in productivity, and the development of competence models. In addition, feedback from the production facilities shows that employees' ideas are considered more often and overall communication has improved.

At the request of the participants, following the end of the pilot project phase the training will be continued with a reduced scope for three additional years. (→ **Insight: ALDI Factory Advancement Project, p.33**) Additional social initiatives will be implemented as part of the ALDI Factory Advancement Project in future in collaboration with NGOs from Bangladesh such as Phulki and AWAJ.

## **Achieving long-term improvements through multi-stakeholder initiatives**

### **Commitment to environmental production standards for textiles and shoes**

ALDI has made a voluntary commitment to support the aims of the Detox campaign. The Detox campaign was launched by the environmental protection organisation Greenpeace to reduce the threat to humans and the environment from chemically aided production processes in the textile and shoe industry.

In cooperation with Greenpeace we have developed comprehensive criteria, which define rigorous environmental requirements for production. Our action plan includes the gradual elimination of certain chemicals used in the manufacturing processes for both textiles and shoes by 2020.

We are aware that the path to achieving lasting acceptance and understanding of the Detox requirements among all parties involved will be a long-term process. With the involvement and support of our business partners throughout the supply chain, ALDI SOUTH will continue to actively promote the development of sustainable environmental and social standards in our sourcing countries.

[🔗 aldi.in/endetox](https://aldi.in/endetox)

### **Wide-ranging engagement in initiatives and boards**

We see our engagement in relevant networks, boards, and multi-stakeholder initiatives as an opportunity to take an active role in helping to shape changes, develop standards, and exchange experiences across sectors.

Among others, ALDI SOUTH is a member of the Roundtable on Sustainable Palm Oil (RSPO) and the Retailers' Palm Oil Group.

ALDI SOUTH has been a member of the Business Social Compliance Initiative (BSCI) since as early as 2008. As a member of the steering committee, we are actively involved in the development of the organisation and the standards.

ALDI UK and Australia are both members of Sedex, a global alliance of producers and retailers. Sedex simplifies the exchange of sustainability information and audit reports.

The ALDI SOUTH Group encourages its business partners to participate in such initiatives as the BSCI, Sedex, or the Accord on Fire and Building Safety in Bangladesh as well. Thus, our involvement is contributing towards a higher market penetration of binding minimum standards.

In 2015 ALDI SOUTH in Germany joined the "Bündnis für nachhaltige Textilien" (Partnership for Sustainable Textiles). This initiative, founded by representatives from government, industry, trade unions, and civil society, aims to achieve concrete improvements in environmental and social standards in the textile and clothing industry. Another field of action is transparency on sustainable production conditions in order to make it simpler for consumers to make responsible purchasing decisions.

ALDI UK has been a sponsor of "Stronger Together" since 2013. This multi-stakeholder initiative fights human trafficking, forced labour, and the exploitation of migrant labourers in agriculture and food production.

More information on the ALDI SOUTH national organisation's involvement in other initiatives and organisations can be found online.

[🔗 aldi.in/memberships](https://www.aldi.in/memberships)

## Outlook

Our activities to promote sustainable development in our supply chain will continue to be a primary focus area of our work.

Further increasing transparency along the supply chain will be a key factor for the success of our future activities toward establishing sustainability criteria in buying.

With regard to resources, we will be intensifying our efforts in the areas of palm oil, timber and paper as well as cocoa and coffee.

ALDI SOUTH's Social Monitoring Programme will in future be extended to cover additional commodity groups, including food products.

We are continually expanding the ALDI Factory Advancement Project and it will in future be complemented by social initiatives such as the improvement of childcare facilities for employees at the participating production facilities.

With respect to our voluntary commitment to promoting environmental standards in shoe and textile production, together with our suppliers we will be facing a number of considerable challenges in the years to come, which we will tackle step by step.



## Insight ALDI US:

# A closer look at sustainable fish and seafood

The ALDI SOUTH Group has committed itself to the sustainable use of fish and seafood resources. As part of this commitment, ALDI US initiated a partnership with Sustainable Fisheries Partnership (SFP) back in 2011. In 2014, John Lee (Director Corporate Buying, ALDI US) along with other colleagues and Samuel Grimley (SFP) travelled to China and Southeast Asia together in order to gain a first-hand impression of the seafood supply chain and meet with a variety of stakeholders.

### Mr. Grimley, what is SFP's mission?

**Samuel Grimley:** SFP is a globally active non-profit organisation that is focussed on improving the sustainability of wild fisheries as well as aquaculture. We partner with open-minded companies, such as ALDI, in order to help secure sustainable seafood sources.

### What is the main objective of this cooperation?

**John Lee:** Through our partnership with SFP, ALDI US can gain better insight into how to source more sustainable seafood products. SFP provides scientific data, industry expertise, and best practices when it comes to supporting greater ecological responsibility along the entire supply chain.

**Samuel Grimley:** Particularly in cases where there is a lack of certified sources, ALDI US can be the impetus for supply chains to enhance the sustainability of fishery and farmed sources. We help the company to identify current sources in need of sustainability improvements, and work with the entire supply chain, from producer to distributor, to engage these fisheries and farms in best practices.

### What insights did you gain from your trip to Asia together in 2014?

**John Lee:** In order to be able to better understand the sustainability of our products, we have to know where they come from. We wanted to see things first-hand and make this complex supply chain more transparent. It's great to be in a position to tell our customers that ALDI US believes and acts in a way that is ecologically responsible in this area, too.

**Samuel Grimley:** The dedication of ALDI US demonstrates how seriously the company takes the topic of sustainability. This makes our partnership even more meaningful.

Working together with SFP, ALDI US has committed itself to the sustainable sourcing of fish and seafood.





## Insight ALDI Factory Advancement Project:

# Committed to better working conditions

Thanks to direct dialogue between staff and managers the AFA Project helps to openly address problem areas and develop suitable solutions.

**T**he ALDI SOUTH Group is committed to improving working conditions in the garment industry. With the ALDI Factory Advancement (AFA) Project the company has developed and implemented an effective programme in Bangladesh that strengthens the ability of management and workers to identify key challenges in their production facilities in regards to working conditions and to develop joint solutions.

The key to success for this dialogue-oriented initiative has been the active involvement of the workers. Approximately 45,000 employees have benefited from the programme to date and experienced significant changes in their day-to-day work.

Due to its success, the ALDI SOUTH Group is currently upscaling and expanding the AFA Project.

More information on the ALDI Factory Advancement Project can be found on [aldi.in/enafaproject](https://aldi.in/enafaproject).

»» **The financial management training was very important for me. Now I have opened a bank account, and every month I deposit a certain sum of money. I also like the training on communication – now I can discuss any issues with my senior management.** ««

Mousumi Khatun, sewing quality staff

»» **I used to be very hesitant and worried about what things I should or should not say. Thanks to the AFA Project, I have more confidence and feel comfortable enough to discuss even difficult topics. When it comes to safety issues we now take the fire drills much more seriously and are able to evacuate the building in 30 seconds. We also take personal responsibility for ensuring that there are no objects blocking the exits.** ««

Fatema Khanam, quality controller for final inspections



»» **Because of the AFA Project, we have changed our internal training, documentation procedures, and communication channels. We have established a risk analysis system and regular fire drills. These may be little things but they had a huge impact.** ««

Anawre Hossain, Manager HR and Compliance

»» **The AFA Project also addresses inequality and harassment issues which are quite common in factories in Bangladesh. For instance, the salary structure is often gender-biased and men are paid more than women. I used to think that supervisor posts were only for men, but the training changed my view and now I have understood that women are also suited for this post.** ««

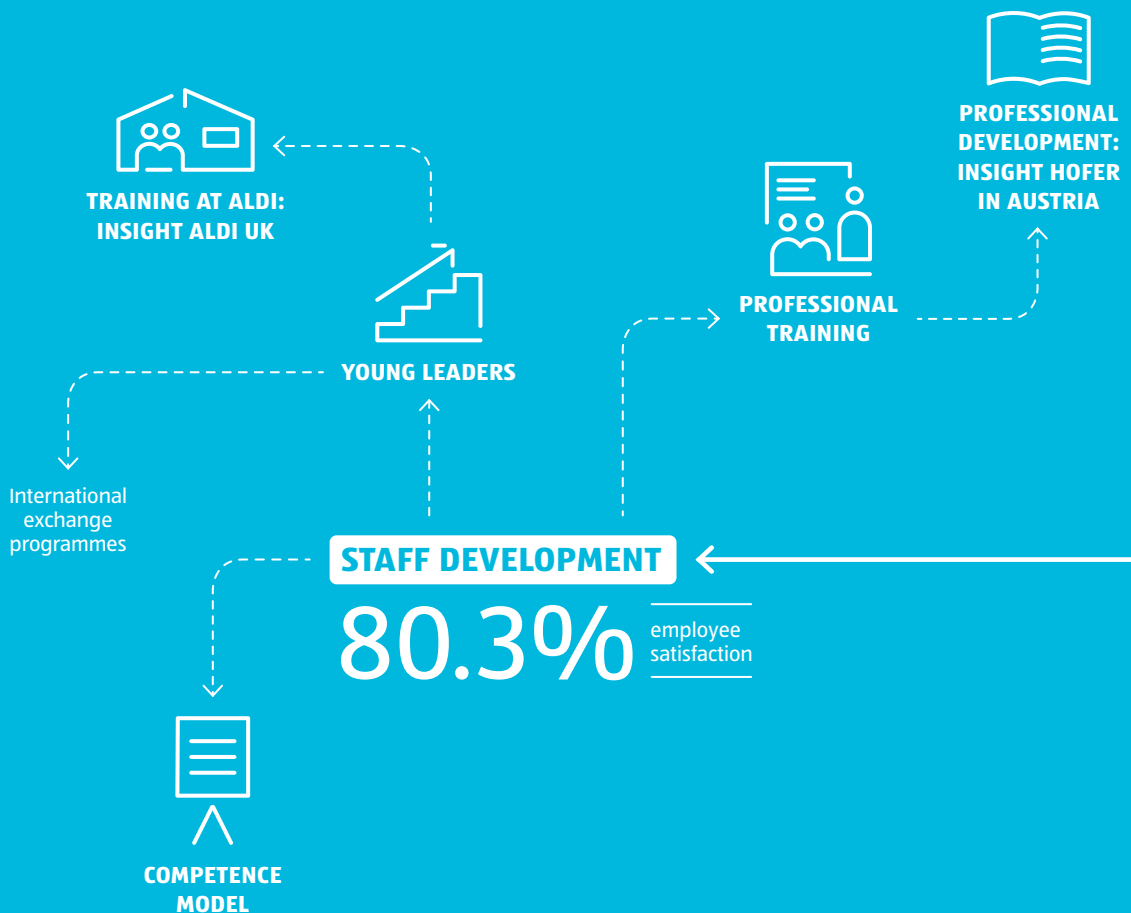
Akhni Akter Urmila, seamstress

ALDI MANAGEMENT SYSTEM (AMS)



85.7% ▲  
awareness  
of AMS

# People





STAFF SURVEY

68.6%

participation rate in staff survey



DIVERSITY

Anti-discrimination

Equal opportunities

CORPORATE CULTURE



PREVENTION



ERGONOMICS

OCCUPATIONAL SAFETY



SAFETY



EMPLOYMENT CONDITIONS



WORK-LIFE BALANCE



FAIRNESS

FAIR EMPLOYMENT



Job security



Attractive remuneration



Possibility for part-time work

97.5%

employment on open-end basis



# Our employees – the key to our success

»» **Our employees are the key to our success. They are the ones that define the ALDI business day after day and distinguish us from our competitors. For ALDI to continue on the path of success, we want to be the employer of choice within the retail sector and to attract talented professionals who work together with us to further develop the global market. We succeed by providing an appealing, efficient, and supportive work environment and by being honest, fair, and responsible in everything we do. ««**

(CR Principles)

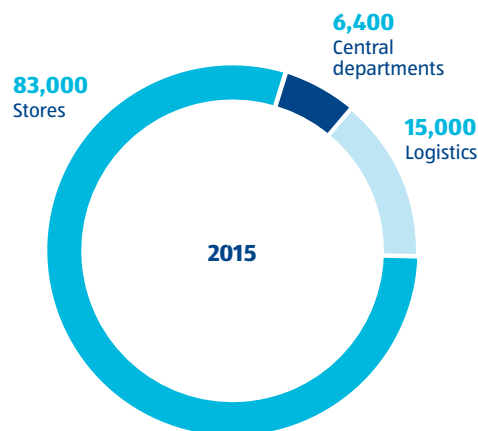
Our work at ALDI SOUTH is shaped by our company culture, our values, respect and fairness, and our determination to perform to our highest ability. We offer our employees a secure job and attractive remuneration.

The majority of our employees – approximately 80% – work in our stores and have direct contact with our customers. Another 14% of our employees work in logistics, supplying the stores with our products. Around 6% of our employees work in the central departments of Buying, Administration, IT as well as Logistics and Services.

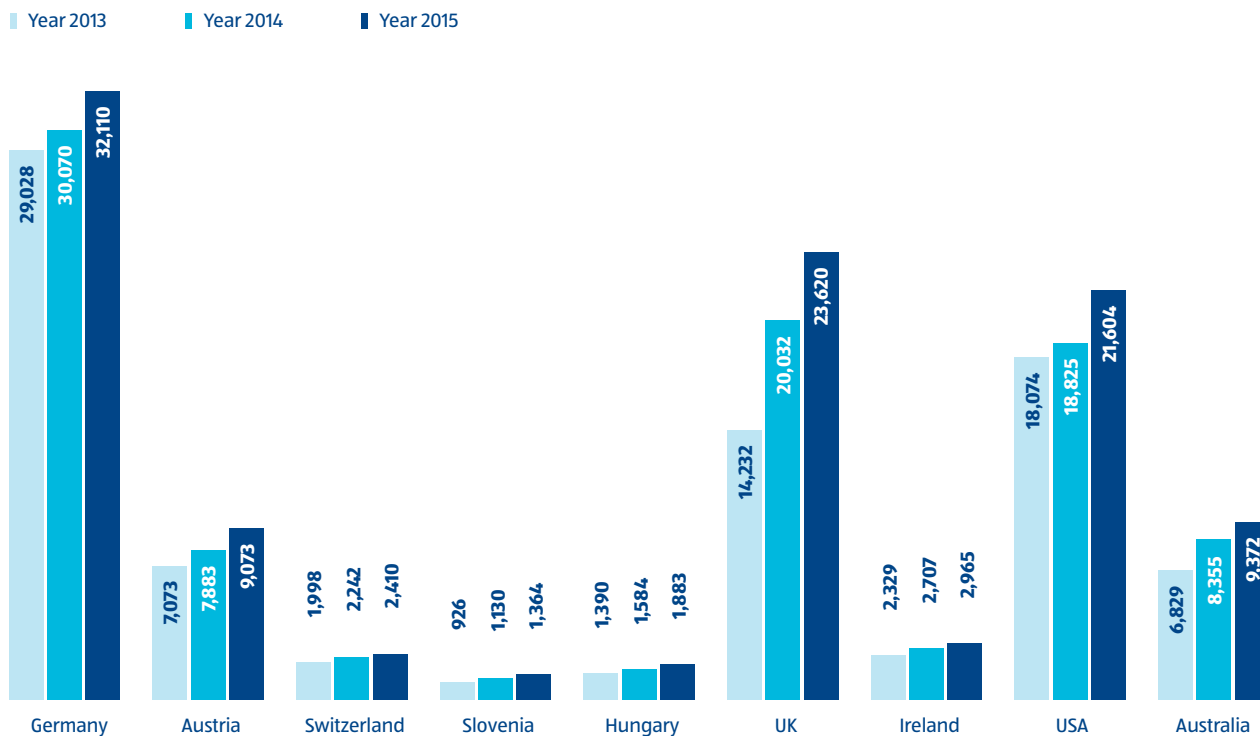
## **New group-wide personnel strategy**

In 2015, the ALDI SOUTH Group began formulating an international personnel strategy. We intend to be an employer of choice. It is our aim to spark the interest of the best applicants and to recruit them. Once our employees are hired, we want to give them the opportunity to develop themselves individually and offer them a long-term career within our company. (→ [Working at ALDI, p. 39](#)) The results of regular surveys of our employees worldwide play a central role in the ongoing development of our strategy. (→ [Honest and fair cooperation, p. 37](#))

As the ALDI SOUTH Group has a decentralised organisational culture, the national organisations themselves are responsible for determining personnel policy. They are able to take into account national and cultural differences through their individual measures.



**Employees by area of employment in 2015**



Number of employees by country (annual average)

## Honest and fair cooperation

The 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 in a goal-oriented manner. The main aim of the AMS is the delegation of tasks and responsibilities. Every employee has the right to decide independently within their area of responsibility.

The AMS has proven to be a valuable instrument in all countries, also during phases of great expansion. It is our aim that all employees are familiar with the AMS and its core elements. In the last employee survey in 2014, 85.7% of employees worldwide said they agreed with the statement “I am familiar with the ALDI Management System (AMS)”. All of our employees regularly receive AMS training as part of their onboarding as well as during their professional development.

### Better ideas for future success

We want to make full use of our employees’ potential and thereby increase their loyalty to our company. An idea management system was introduced in the Hofer S/E national organisations in 2014 and at ALDI SOUTH in Germany in 2015.

### Supporting diversity, fighting discrimination

We are an international group with a diverse workforce. At ALDI SOUTH, all employees have the prospect of professional development, regardless of origin, religion, ideology, age, gender, physical ability, or sexual orientation. We do not tolerate any form of discrimination. This would be in conflict with the honest and respectful manner of interaction that is a central element of our corporate culture. In all ALDI SOUTH countries, we have set up independent complaints handling systems which employees may contact if they feel they have been discriminated against or if there have been any other breaches of regulations. (→ [Compliance and risk management, p.66](#))



**39.2%**

of management positions held by women ✓

### Equal opportunities

In every national organisation within the ALDI SOUTH Group, men and women working in the same position receive the same remuneration. The share of women employed by the company varies depending on the national organisation. In total, 65.9% of our staff are women. 39.2% of management positions are currently held by women. ✓

### Communicating on all channels

Continuous dialogue and a culture of honest communication create an atmosphere that is shaped by mutual understanding and respect. To communicate with its employees, the ALDI SOUTH Group uses a variety of channels, such as newsletters and employee magazines. An intranet is also being developed in Germany and the USA, respectively.



Leadership



Responsibility



Communication



Teamwork

## The ALDI Management System (AMS)

In the AMS, we commit ourselves to providing all employees with feedback on the success of their activities. Through performance reviews, the future path of professional development as well as individual goals are discussed regularly with our employees. Our aim is to intensify these performance reviews for employees who have been with the company for longer than one year. According to the results of the 2014 employee survey, two-thirds of our employees were already participating in regular performance reviews.

Employee surveys are carried out on a regular basis. In order to receive honest answers, the data is anonymised and compiled by external service providers. This allows us to learn more about our employees' opinions regarding our company and find out how satisfied they are. Satisfaction levels in particular are already high. In 2014, for example, over 80% of our employees agreed with the statement "In general, ALDI/Hofer is an excellent employer". ✓

### Honest communication

A culture of honest communication between employees and managers enables fair interactions and the resolution of workplace conflicts.

## Training and professional development for our employees

We do not just want to recruit our employees early on; we also want to support them in their individual development and work with them for a long time. A stable or expanding workforce is a deciding factor for the success of the ALDI SOUTH Group. In all countries, we continuously review how we can further strengthen our position as a retail employer of choice.

### Training future leaders

New employees and managers are mainly trained by the ALDI SOUTH Group itself. We also recruit experienced professionals for tasks that require specialised knowledge. As a rule, all employees receive in-depth practical training for each new area of responsibility that they take on. This applies to apprentices and new employees in the same way as to long-term staff members who have transitioned into a new role. (→ [Training at ALDI: Insight ALDI UK, p. 42](#))

Apprentices in the sales, logistics, and administration departments assume responsibility early on and have the opportunity to prove their abilities in real life. An example of this is the "Apprentices manage a store" project organised by ALDI SOUTH in Germany. In this project, a group of apprentices are responsible for managing a store for several weeks – from ordering goods to cashing up. The project is managed by experienced training supervisors.

In 2015, we employed a total number of 6,301 apprentices in Germany, Austria, Switzerland, Slovenia, Hungary, and the UK. 70.5% of our apprentices who completed their training in 2015 were offered a permanent job. At the same time, the ALDI SOUTH Group also employed 277 students in dual-study bachelor's and master's degree programmes as well as 691 interns and working students.

### **Training institutions in all national organisations**

The possibility for life-long learning and the opportunity for personal development are important criteria for many applicants when choosing an employer. Training and professional development facilities with a national focus were set up in all the ALDI SOUTH Group's national organisations, such as the ALDI SOUTH Academy in Germany, the ALDI Academy in the UK and Australia, and the Academies in the Hofer S/E national organisations. These academies continually develop and create development programmes for the various professional groups. The aim is to regularly provide tailored training and professional development offers for all employees in future. (→ Professional development: Insight Hofer in Austria, p. 43)

### **Competence models create career opportunities**

To ensure targeted personnel development, we base our work on competence models or skills profiles for the respective groups of employees specifically designed for our needs. These profiles define in detail which skills, characteristics, knowledge, and behaviours are necessary for finding success within each position at the various phases of career development. Depending on a person's performance, appropriate training measures can be selected. Thus, clear job and development profiles are developed that are also used for promotion and recruitment purposes. Competence models or skills profiles are already being used in all countries and are to be expanded to additional professional groups in the future.

### **New tasks for leaders**

Our managers in particular carry special responsibility for helping our employees reach their potential. Thus, we want to give our managers the right tools to react quickly to new developments in the workplace. In addition to professional and organisational skills, managers need the ability to motivate employees, guide them, and help them reach their potential. In Australia, for example, managers are trained as coaches so that they are better able to guide employees in their individual development.

### **International experiences for leaders**

An important component of career development is the ALDI SOUTH Group's international network. An international exchange programme for leaders has already been implemented in several countries. In most cases, employees on this programme spend two or more years in another ALDI SOUTH Group country to complete the second stage of their career plan.

## **Working at ALDI**

At ALDI, we understand the importance of job security for our employees. Because of this, we take pride in offering our staff opportunities for long-term employment. We consider the stability and long-term nature of employment in the ALDI SOUTH Group to be an important factor in favour of applicants choosing us as their employer.

### **Voluntary employee benefits**

In addition to high remuneration, the voluntary employee benefits that we offer also contribute to our attractiveness as an employer. Our employee benefits are adapted for the conditions of the job markets in the individual countries and often exceed industry averages. For example, in the USA one of these additional benefits is comprehensive health insurance for ALDI employees and their families. In Australia, we allow our employees to extend partially paid parental leave well beyond the legally prescribed amount of time.

# 97.5%

employment on open-end basis



### Flexible working hours

Many of our employees work part-time. This allows us flexibility in staffing, in particular with regard to peak times, and gives our employees a wide range of possibilities for organising their working and private lives. In addition, this flexibility allows us to cater for the needs of our full-time staff. At the moment, the ALDI SOUTH Group mainly offers part-time employment in sales, logistics, and certain administrative areas. We are aware that flexible working hours are an important topic for many employees – including those with managerial responsibilities – and we are working on developments in this area.



Job security



Attractive remuneration



Possibility for part-time work

### Fair employment conditions for our staff

We are increasingly using electronic time recording systems in our stores. The use of these systems not only increases transparency among staff but also ensures that working hours and breaks are observed across the board.

### Growing strategic importance of work-life balance

Work-life balance is an important strategic field of action for us. In addition to part-time offers and reliable working times, particularly in sales, we have begun various national-level initiatives that speak to this topic. Since 2015, Hofer S/E has offered the possibility of taking a sabbatical. A daycare facility is being built on the site of the German ALDI SOUTH national administration in Mülheim an der Ruhr. The facility will meet the specific requirements of our employees by being open year-round and offering flexible daily hours. The facility is due to open in the summer of 2017.

The ALDI SOUTH Group intends to expand its efforts to improve work-life balance through additional measures in order to continually strengthen our position as an employer of choice.

## Health and safety in the workplace

The ALDI SOUTH Group is committed to creating a healthy and safe working environment for its employees. We regularly carry out numerous individual measures that are aimed directly at the specific conditions of each area of work. In addition to the usual or legally required measures – from safety equipment for employees in the stores to protective gear for those in freezer logistics – we take safety in the workplace very seriously and are continually working on improvements.

### Accident prevention training

We want to increase our employees' awareness of occupational safety. That is why we organise precise safety induction seminars at all workplaces and train our employees in safety matters.

When it comes to the prevention of accidents, we especially concentrate our activities on the areas with a higher potential for accidents. This particularly applies to work in logistics and in sales, for example, when filling the shelves and fridges with products.

### Ergonomically designed workplaces

ALDI SOUTH cares about the health of its employees as this is the foundation for both their well-being and their performance. We are also optimising our work processes with regard to health risks and are creating healthier and more pleasant working conditions wherever possible. To do so, we use modern technical equipment and design ergonomic workplaces.

One example of this is the optimised placement of the barcodes on our products' packaging. Since the introduction of scanner checkouts, we have continually improved our packaging together with our suppliers so that they can be scanned quickly and easily at the register. This means the products only have to be lifted in exceptional cases. This speeds up the checkout process and puts less strain on our employees.



### **National health protection initiatives launched**

The ALDI SOUTH Group's national organisations partly follow different approaches with respect to designing a health-friendly working environment. With "FAST and SAFE" and "Front End Efficiency", ALDI US has initiated programmes that combine improved work efficiency with increased well-being for the employees. "FAST and SAFE" is a two-fold programme that identifies unfavourable ergonomic habits and inefficiencies common in the reload process. Training programmes have been put in place to educate employees on proper reload technique. The "Front End Efficiency" programme focusses on ergonomics, efficiency, and customer service at the checkout.

In 2014, ALDI in Australia established a health and safety committee, thereby creating its own structure for tasks relating to occupational safety.

## **Outlook**

Our goal is long-term cooperation with our employees. We are developing a number of measures in the national organisations in order to remain an attractive employer for our employees. Today, many employees' expectations go beyond financial incentives and the prospect of promotion. That is why we are committed to identifying alternative approaches for increasing motivation and engagement with the company even further, in particular via individualised staff development at various levels. Some national organisations are testing new and more reliable working hour models in the stores in order to give employees a better work-life balance. For example, in some countries, staff assignments are planned further in advance and set days off for the employees are included in the planning process.

In the coming years, we intend to gradually develop a strategic health management system. Such a management system is already in planning for Germany.

### **Demographic change is topic of the future**

The consequences of demographic change are presenting the individual national organisations with a variety of national and regional challenges. Currently, we are largely able to compensate for changes in the labour market with the promise of interesting work, high job security, and attractive remuneration. Nevertheless, we will increasingly be faced with this challenge in the future, which is why some national organisations are already working on the development of specific strategies to prepare us for demographic change.

### **Sustainability enhances attractiveness as an employer**

We view the task of upholding our commitment to society and the environment as one of our core responsibilities. ALDI SOUTH thus aims to involve its employees more strongly in topics related to corporate responsibility.

As a result of our wide range of activities, we see ourselves as well on our way to achieving our most important goal with respect to personnel policy: to be perceived as an employer of choice for the best applicants worldwide.



## Insight ALDI UK:

# Training at ALDI – more than just a job

We invest in training talented and motivated young people. At ALDI UK we combine teaching the fundamentals for the field with training in practical skills. ALDI apprenticeships are popular in the UK, especially because they hold the promise of a successful career within the company. Over 700 talented candidates have been recruited to complete their apprenticeships since 2013. Adam Radley is one of them.

**Adam, what was the main reason why you applied to the apprenticeship programme at ALDI?** Easy: I wanted a career rather than just a job. ALDI offered me the opportunity of taking on real responsibility and reaching a management position within just three years.

**What career opportunities does ALDI offer for participants in the programme?** There are lots of opportunities. The apprenticeship programme is the foundation for further training and advancement – in my case, to Assistant Store Manager.

**Can you briefly describe how the programme works?** In the first year, the apprentices are trained as Store Assistants. This covers all of the different areas of responsibility. In the second and third years, the apprentices are given more responsibility. For example, apprentices take on tasks as Deputy Store Managers and are responsible for employee scheduling and the store key.

**What were your first impressions when you started?** What is true is that we had to work very hard and that there were high expectations of us in order to be successful. We receive maximum support from ALDI.

**Is there a moment that stands out for you?** Once, the Deputy Store Manager had to leave the store unexpectedly – and I was asked to take over his duties. At first it was a bit daunting, but I quickly got a feel for what had to be done. I was proud that I was able to fulfil this role. It gave me a lot more confidence in myself.



Adam Radley is thoroughly inspired by his training at ALDI UK.

## Insight Hofer in Austria:

# Close to the business – the Hofer Academy

**W**hen it comes to providing the best possible support for our employees in the dynamic field of retail, the ALDI SOUTH Group sets great store by professional training and development. The Hofer example shows that comprehensive, tailored professional development and training programmes help employees to expand their expertise and develop as individuals.

Several times a year, new store managers from across Austria gather together for an intensive one-week course at the Hofer Academy training and professional development centre in Sattledt to prepare for the tasks they will soon be facing. “These training weeks form the heart of our management programme ‘Fit for the future’. In this programme, our store managers learn all about the order process, sales standards, and personnel management. Later, they also receive training on leadership communication and stress management,” explains Karin Viechtbaur, Head of Human Resources.

The Hofer Academy offers tailored programmes for all groups of employees based on its competence model and continually adjusts the content of seminars to current needs. The courses are evaluated regularly to guarantee a high level of quality. “We want to provide our employees with the best possible support and varied developmental opportunities. Our focus is always on the individual – his or her skills as well as personal development,” adds Dieter Kaiserseder, Managing Director of the central administration.

» **We want to provide our employees with the best possible support and varied developmental opportunities. Our focus is always on the individual – his or her skills as well as personal development.** «

**Dieter Kaiserseder**, Managing Director of the central administration

Analogous to the concept of the Hofer Academy in Austria, numerous training and professional development opportunities exist in the other countries of Hofer S/E as well. Based on the results of the most recent employee survey, it has been very well received with almost 90% of employees in Austria, Switzerland, Slovenia, and Hungary rating the professional development courses as both useful and beneficial.



The Hofer Academy offers diverse development opportunities – especially in the field of personnel management and employee motivation for store managers.

**12.1**  
million  
euros in  
donations

**TYPES OF SUPPORT**

Money

Donations  
in kind

Knowledge

**PROJECT  
SUPPORTED**

**AURIDIS:  
INSIGHT ALDI SOUTH  
GERMANY**

# Community

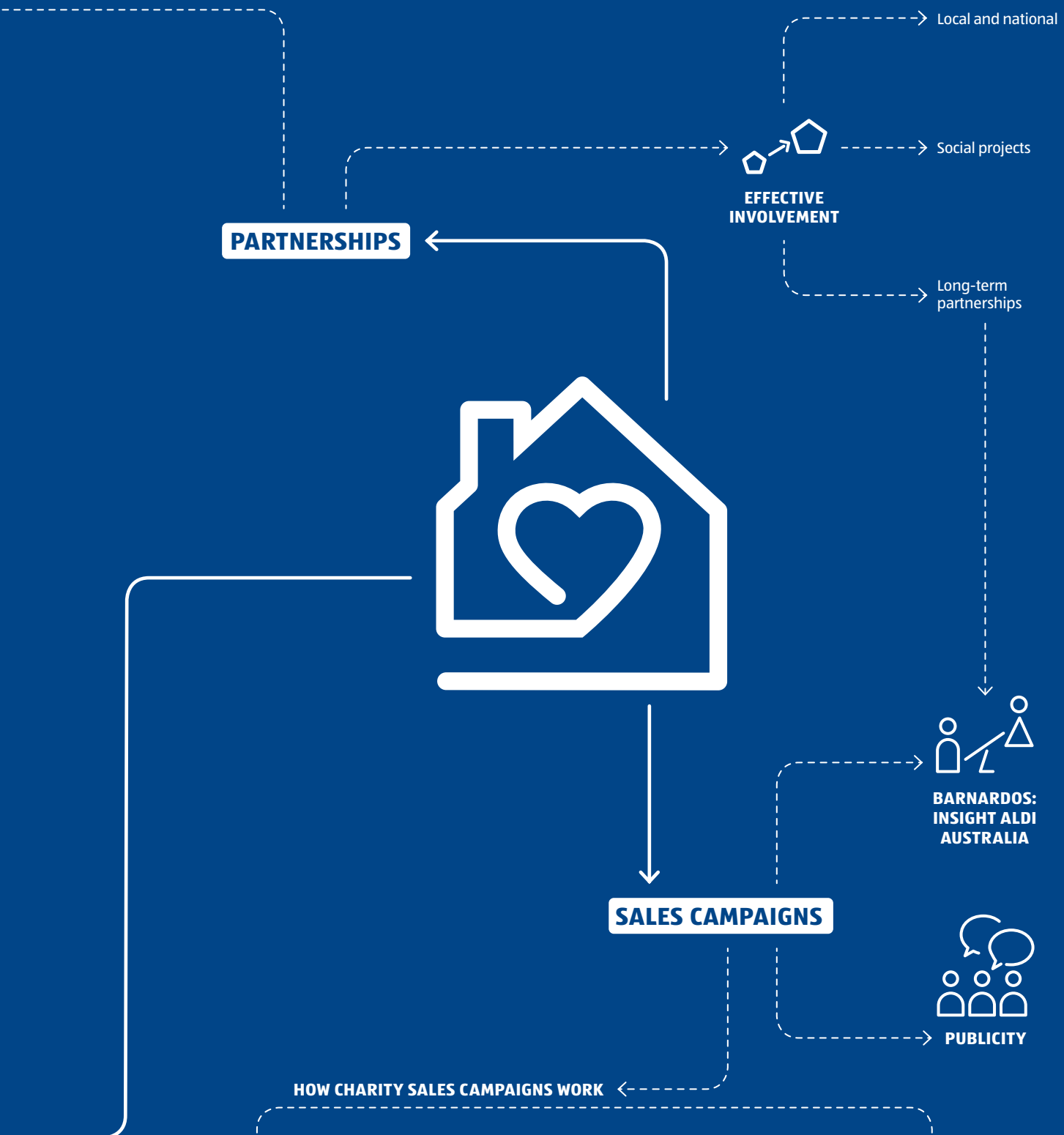


**PRODUCT  
SAMPLES**

**PRODUCT DONATIONS**



**FOOD AND  
PRODUCTS**





# Commitment that makes a difference

**»» ALDI is part of the community. To us, responsibility means making a positive contribution to the community by applying our skills and resources beyond our core business operations. The objective of our community activities is to deliver a sustainable societal impact. This will be achieved by engaging in long-term partnerships with charitable organisations and focussing on key issues and target groups. This strategic investment in the public good is supplemented by funding local and regional initiatives within our local communities. ««**

(CR Principles)

When we talk about responsible business, we first and foremost focus on our business operations within the areas of customers, supply chain, employees, and the environment. However, with our community activities, we want to make a positive contribution to society that goes beyond our core business. Key factors for choosing non-profit organisations for partnerships are the content and impact of the projects as well as the needs and interests of the target groups. It is particularly important to us that the partnerships we pursue are based on long-term trust and shared goals.

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## Focus on impact

All national organisations of the ALDI SOUTH Group are contributing towards sustainable positive societal changes. Our aim is to establish long-term partnerships with non-profit organisations. We assess the successes that the organisations achieve together with their respective target groups as well as the impact they have on their communities and society at large. The focus on impact has already been adopted as a guiding principle of our community work. However, when it comes to developing systems to measure performance and evaluate effectiveness, we are still in the starting blocks.

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## Local responsibility based on a common strategy

As with other topics, the responsibility for community activities lies with the national organisations. The countries determine budgets and plan measures that meet the demands of their respective communities. The national organisations have laid out the essential principles for their community activities in a common international strategy. On this basis, each country then developed and adopted new national strategies for community activities in 2015. The strategies combine regional activities with centrally coordinated national partnerships.

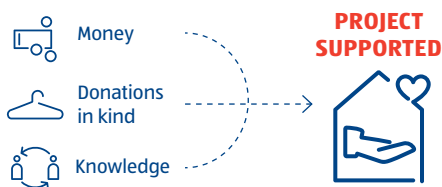
## Tools for community activities

Financial support is important for non-profit organisations, but we strive to go even further: with over 5,300 stores and more than 100,000 employees, the ALDI SOUTH Group national organisations have considerable reach. We communicate with our customers via advertising leaflets, customer magazines, television, websites, and through social networks. In the future, we want to use these contact points even more to feature the non-profit organisations with whom we work. In addition, we inform our employees about important social issues via our internal communications.

With respect to the practical implementation, we have a variety of tools at our disposal. In addition to monetary donations, the majority of national organisations also organise charity sales campaigns. The proceeds raised through these campaigns are then donated to social projects. We also provide donations in kind from our product range, which are contributed in emergency situations and to charity campaigns. Items that remain unsold from the special-buy campaigns, product samples, and groceries that are still consumable but no longer sellable are donated to welfare organisations where possible.

## Long-term support for social projects

We work primarily with selected partners and organisations and provide them with long-term support. This gives them the necessary planning security and guarantees that both their work and our help have a sustainable impact on the community.



### Support for community initiatives

#### ALDI SOUTH in Germany: support of programmes for families

The charitable organisation Auridis gGmbH was founded in 2006 in Germany. Auridis supports organisations that provide programmes for disadvantaged families with young children. Auridis's support combines grants, consulting, and networking. The aim is to strengthen and expand facilitating structures that assist families both at a communal level as well as at the level of the German federal states. Since its foundation, Auridis has provided grants totalling approximately 43.7 million euros, of which 7.4 million euros were paid out in 2015 alone. (→ [Auridis: Insight ALDI SOUTH Germany, p. 51](#))

In addition, the regional companies of the ALDI SOUTH Group in Germany provided donations in cash and in kind amounting to 385,000 euros to local aid projects in 2015.

#### Hofer S/E: donations to social projects

In 2015, a variety of projects and organisations in the Hofer S/E countries were supported with donations amounting to several hundred thousand euros (Austria: 140,000 euros, Switzerland: CHF 347,000 (325,300 euros), Slovenia: 227,000 euros, Hungary: HUF 34,100,000 (110,500 euros)). One of the causes

supported in Austria was research aimed at reducing pathological obesity in children, with 75,000 euros being donated to the EDDY study.

In cooperation with the Brändi Foundation, which promotes integration of people with disabilities in the workplace, society, and culture, ALDI SUISSE again offered Christmas baskets for purchase in 2015. In addition to paying the industry-standard remuneration for the work carried out, ALDI SUISSE donated an additional CHF 3 per basket sold to the workshop for the disabled. Overall, total monies of more than CHF 10,000 (9,400 euros) were raised. Through an additional Facebook campaign, donations of CHF 15,000 (14,100 euros) were collected for the Nepal aid fund of Caritas.

#### ALDI UK and Ireland: commitment to families and education

Together with their employees, the ALDI national organisations in the UK and Ireland each select "Charities of the Year" that they support financially. In 2015, GBP 25,000 (34,100 euros) were donated to the children's charity Barnardo's to support the work they do with over 200,000 children, young people, and their families. The Prince's Trust, which was founded by the Prince of Wales in 1976 and manages programmes that give young people the practical and financial support they need to stabilise their lives, was given GBP 25,000 (34,100 euros). In Ireland, ALDI is proud to support the St. Vincent de Paul charity with a donation of 50,000 euros. A three-year partnership was agreed with the Irish youth aid organisation Foróige, which works together with over 54,000 young people and 5,500 volunteers.

ALDI UK supports TeachFirst annually with an amount of GBP 90,000 (122,700 euros). TeachFirst promotes innovative learning models for schools in socially disadvantaged areas and fosters equal educational opportunities for all young people. In total, ALDI UK donated GBP 788,000 (1,087,900 euros) within the UK, including GBP 338,000 (461,200 euros) from the sale of carrier bags which were donated to the Royal Society for the Protection of Birds (RSPB) to provide environmental education for children. In Ireland, the total amount of community donations was 250,000 euros.

**12.1 million euros**  
were donated by the ALDI SOUTH Group to social organisations in 2015 ✓



### ALDI US: commitment to health, well-being, and education

ALDI US supports non-profit organisations that are committed to improving the health and well-being of youth. ALDI supports, for instance, the programme Action for Healthy Kids at its headquarters in Batavia, Illinois. Action for Healthy Kids focusses on developing lifelong habits that promote exercise and health, while combating childhood obesity. Based on the success of the programme, ALDI US is expanding the programme's outreach to California and other ALDI locations throughout the country. Several ALDI divisions also support Readers Are Leaders, which partners at-risk elementary students with high school athletes to develop the students' reading skills and provide the athletes with leadership opportunities.

As part of its commitment to education and diversity, ALDI US annually provides funding to support scholarships through the United Negro College Fund. Moreover, ALDI has been funding an internship programme at INROADS. The mission of INROADS is to develop and place talented underserved youth in business and industry to prepare them for corporate and community leadership. In addition to funding, ALDI US provides opportunities for internships and future employment for INROADS students.

### ALDI Australia: support of the children's charity Barnardos

ALDI in Australia has been a partner and supporter of the children's charity Barnardos, sister charity of Barnardo's in the UK, since 2003. ALDI regularly supports Barnardos with donations – most recently with a donation of AUD 50,000 (34,000 euros) and another AUD 172,000 (116,800 euros) from the sale of Christmas cards and CDs for the benefit of the organisation. (→ [Barnardos: Insight ALDI Australia, p. 50](#))

## Helping through sales campaigns

Many of the ALDI SOUTH Group's national organisations regularly organise sales campaigns for the benefit of non-profit organisations. This includes selling Christmas cards, special chocolate articles, and CDs. The proceeds from these campaigns are donated entirely or partially to the selected charitable organisations. The campaigns also give the organisations an opportunity to introduce themselves to a wide audience in our stores or through our advertisements.

### National sales campaigns enable donations

In 2015 alone, we were able to raise monies of GBP 79,000 (107,700 euros) in the UK and 56,000 euros in Ireland by selling greeting cards, which were then used to support social organisations. In addition, ALDI UK has begun to donate the proceeds from the sale of carrier bags. In the future, we will donate all net proceeds from selling our single-use carrier bags in the UK to charities, including the Royal Society for the Protection of Birds (RSPB).

Hofer in Austria was able to raise 25,000 euros with the sale of chocolate for SOS Kinderdorf in 2015 alone. In Switzerland, several sales campaigns succeeded in raising CHF 114,000 (107,100 euros) for the children's aid organisation of Caritas. In Slovenia, in 2015 our national organisation supported FairFood Truck, which offers meals made with food from Hofer stores in various cities and communities. The people purchasing the meals set their own price. The monies raised from this and other sales activities – in total more than 150,000 euros – were donated to the organisation BOTRSTVO (meaning "godparents"). The organisation provides support for disadvan-



### How charity sales campaigns work



tagged youth. In Australia, we raised AUD 246,000 (166,900 euros) for charity with three campaigns. The charities included the organisation OneVoice, which in particular assists homeless youth.

## Product and food donations

The ALDI SOUTH Group companies work to donate goods and food whenever possible. For instance, ALDI UK supported the organisation Doctors of the World in 2015 by donating GBP 22,000 (29,500 euros) worth of children's winter clothes and sleeping bags for refugees in Greece.

### Product samples passed on rather than thrown away

The ALDI SOUTH Group companies' buying departments receive a large amount of product samples from suppliers. These fully usable samples – from textiles to gardening and electric goods – are regularly donated to good causes after they are reviewed as part of the buying process. For example, in the UK we have been able to support the charity Wish upon a Star by contributing product samples as raffle prizes. The proceeds raised were used to fund a trip to Lapland for 80 sick children and their families. In Germany we support a foundation for people with disabilities and in Austria the organisation pro mente, which supports individuals with psychological impairments. In Switzerland, the Caritas stores receive product samples from us to be sold cheaply to low-income households.

### Minimise food waste

The ALDI SOUTH Group national organisations aim to give food that we have been unable to sell but which is still consumable primarily to charities. To organise this, we work together with both national charities and local food banks. Currently, 81% of our stores have established partnerships for this purpose.

## Outlook

The ALDI SOUTH Group is continually developing its strategic approach to community activities at an international level further. We focus on effective measures and best-practice knowledge transfer between our national organisations.

In the future, we will be pursuing the expansion of corporate volunteering programmes. In Austria, in 2015 some 700 Hofer employees in 70 teams took part in the initiative "REIN in den Frühling" (A clean start into spring) as part of Project 2020. In cooperation with national organisations, they cleaned waste and garbage from the natural environment surrounding the stores. Hofer also aims to continue to promote its employees engaging in community projects in Austria on a voluntary basis in future. The majority of the other national organisations' strategies include motivating their staff to volunteer in their respective countries as well.

ALDI UK will also be continuing to broaden its national-level activities in future. As part of their community engagement strategy, ALDI UK is trialling a Community Grants donation programme where employees can nominate local charities and community groups for a monetary donation.

As an expansion of our ALDI Factory Advancement Project, we are currently planning to help improve childcare for employees at our suppliers' production facilities in Bangladesh. ([→ Insight: ALDI Factory Advancement Project, p. 33](#)) We will also look into additional projects for the future in countries where we source goods.



**Insight ALDI Australia:**

# Working together with Barnardos to aid children and youths



ALDI Australia has been supporting Barnardos since 2003.

Barnardos Australia supports children who have experienced violence, abuse, and poverty, or who suffer from psychological problems. The children and their families not only receive financial aid in emergency situations, but can also count on donations in kind such as clothing and household goods. ALDI Australia has been one of Barnardos's most important supporters since 2003. Daniel Baker, Head of Quality Assurance and Corporate Responsibility, highlights the special aspects of this partnership:

**Why does ALDI Australia support social organisations like Barnardos?** We want to recognise and act on our social obligations and tackle issues in the community together with our partners. For the last 130 years, Barnardos has proven that it can provide effective aid for social causes. Helping children who have suffered psychologically is very important. And Barnardos does a great job.

**How do you support Barnardos specifically?** We have already donated more than AUD1 million (679,600 euros) in cash plus donations in kind worth approximately AUD 1.7 million (1,155,400 euros). We also donate a portion of the proceeds from the sale of products, such as Christmas cards, which also raises awareness for Barnardos among our customers. In 2015 nearly 8,600 children and youths received direct help thanks to our donations.

**What are some recent highlights of this cooperation?** Our donation of school materials and books to the Yurungai Indigenous Learning Centre in Waterloo brought smiles to lots of little faces. The centre supports disadvantaged children and gives them the opportunity to see how much fun learning can be. We also consider funding projects that will give children a safe home where they can feel secure a top priority.

When it comes to its commitment to the community, the ALDI SOUTH Group focusses on three criteria in particular: projects should have a regional focus, make the greatest possible impact, and provide opportunities for long-term cooperation. The close partnership between the Australian charity Barnardos and ALDI Australia shows what this looks like in practice.

## Insight ALDI SOUTH Germany:

# Auridis supports family projects

**E**ven beyond its core business, ALDI SOUTH contributes to finding solutions to societal problems. In Germany, the non-profit funding organisation Auridis gGmbH was established in 2006. Auridis aims to ensure that more children in Germany have the opportunity to grow up in an environment that allows them to reach their full individual potential. The organisation focusses – among other things – on scaling up model projects that have already proven successful. The majority of funding goes to programmes for families with small children that find themselves in difficult circumstances.

This is precisely the target group of ELTERN-AG. This education programme for parents helps families and single parents – not just in the children's first years, but even before birth.

**» ELTERN-AG champions equal educational, health, and life opportunities for all children. We use the empowerment approach and work with the skills the parents already have. «**

**Franziska Müller**, ELTERN-AG employee and mentor from Magdeburg

Yvonne and her family successfully participated in a course at ELTERN-AG.

**» Being able to speak with other parents about my experiences helped me a lot. It gave me the confidence to try out new approaches, and I don't feel so alone anymore. «**

**Yvonne**, mother from Magdeburg and participant

Guided by experienced mentors – social workers, psychologists, and educators – parents have the opportunity to exchange experiences among themselves in the ELTERN-AG courses. At the same time, parents are encouraged to discover their own skills and receive useful tips on dealing with stress.

To date, more than 189 mentors have been trained in all parts of Germany. Almost 3,400 parents together with a total of over 6,000 children have participated in the courses –

with a proven positive impact on the children's situations.

With funds amounting to approximately 3 million euros, Auridis has been helping ELTERN-AG spread and develop its concept since as early as 2008. The aim of the funding is to allow ELTERN-AG to continue its work independently over the long term. ALDI SOUTH will continue to secure the funding of Auridis for the long term.

**» What particularly impresses us about ELTERN-AG is their drive to reach especially those parents who only rarely make use of other forms of support. And they successfully combine practical assistance with joy in parenthood itself. «**

**Marc von Krosigk**, Managing Director of Auridis gGmbH



99.9% recycling rate for plastic wrap



RECYCLING

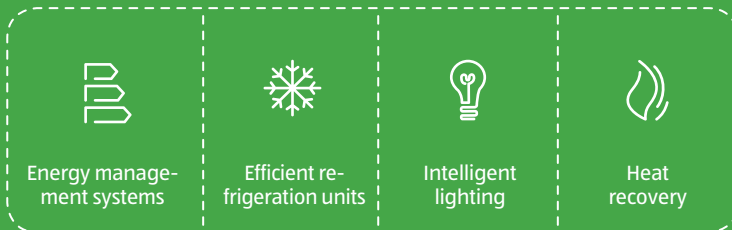
Agriculture

# Environment



REFRIGERANTS

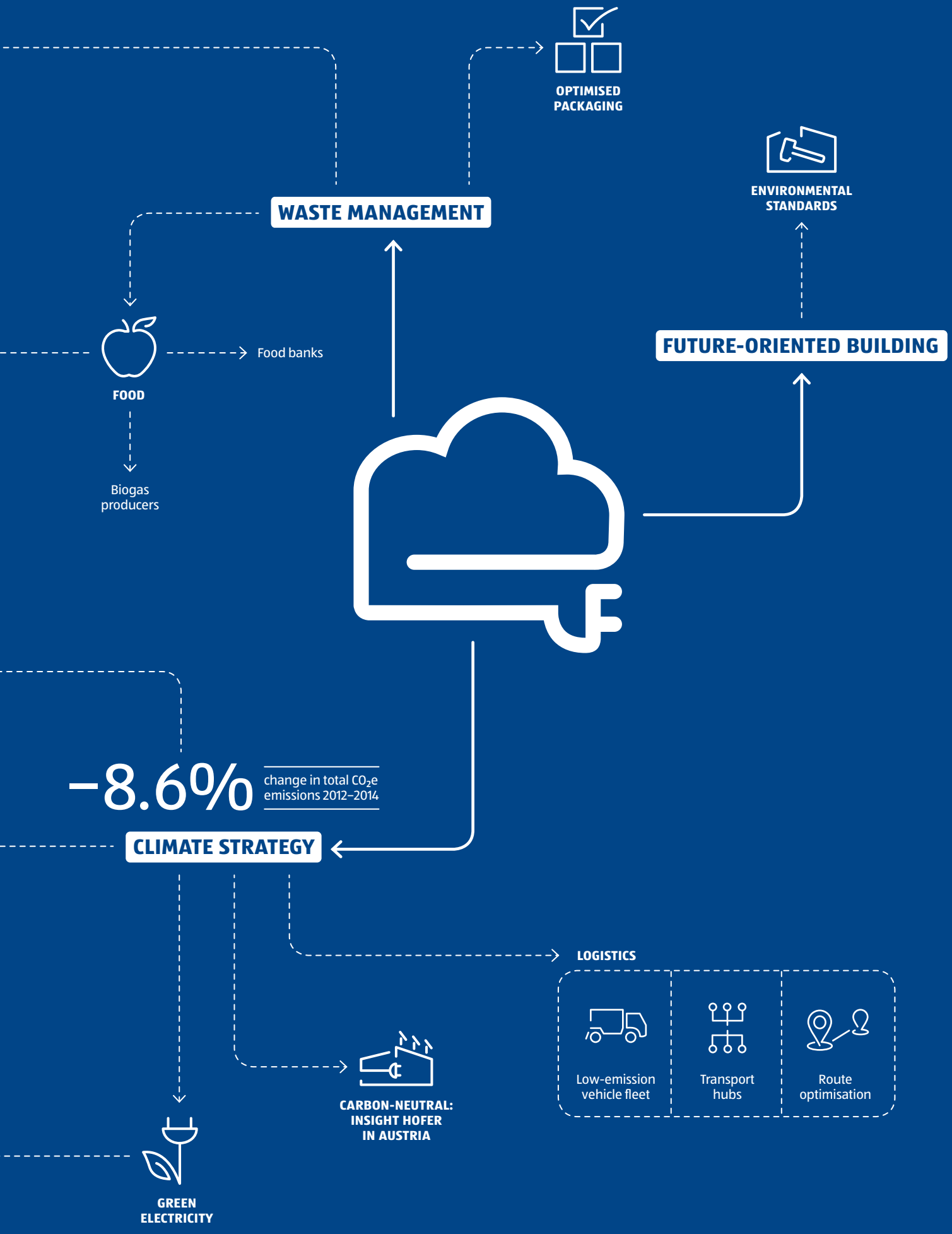
## ENERGY EFFICIENCY



52.8% of stores equipped with LED technology in chiller cabinets



E-MOBILITY:  
INSIGHT ALDI SOUTH  
GERMANY





# Protecting the climate and the environment

»» **Our business activities have a significant impact on climate and the environment. This is a result not only of the products we sell but of our entire operations, from the construction and operational running of buildings to the transport of goods. We aim to minimise the ecological footprint of our entire business. We strive to become a climate-neutral company and are therefore committed to the continuous reduction of our greenhouse gas emissions.** ««

(CR Principles)

The ALDI SOUTH Group aims to minimise the negative impacts of its corporate activities on the climate and the environment. We want to contribute to climate protection by lowering our greenhouse gas emissions. Our international climate strategy focusses on a systematic reduction of our energy consumption, employing more environmentally friendly refrigerants, the use of renewable energy, and modern logistics.

## **Efficient use of resources and green construction**

Moreover, we want to conserve natural resources by minimising waste as much as possible. Our guiding principle is “avoid, reuse, recycle”. This principle is also the foundation of the strategy adopted by the ALDI SOUTH Group in 2015 governing efficient waste management. We will be using this strategy to determine suitable measures that can be implemented in the individual countries. (→ [Avoiding waste and recycling reusables, p. 60](#)) In addition, we will be making our buildings fit for the future by taking ecological standards into account. (→ [Investing in green buildings, p. 61](#))

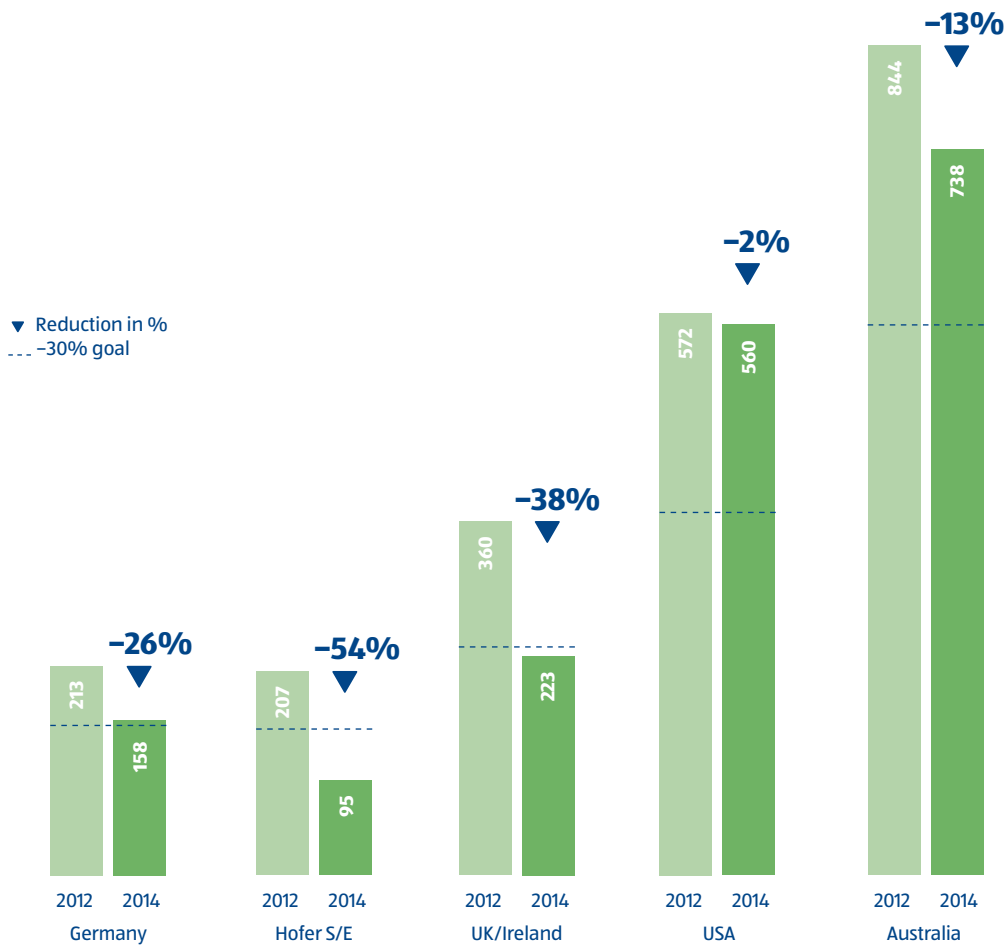
## **Goal 2020: ALDI SOUTH’s climate strategy**

The ALDI SOUTH Group adopted an international climate strategy in 2014. In it, we have defined the goal of reducing greenhouse gas emissions per square metre of sales area by the year 2020 in every national organisation by 30% against the year 2012. For this calculation, Australia, the USA, and Germany are considered separately whereas the UK and Ireland on the one hand and the Hofer S/E countries, i.e. Austria, Switzerland, Slovenia, and Hungary, on the other hand are consolidated into two respective groups. In all countries, or country groups, respectively, we succeeded in reducing emissions per square metre between 2012 and 2014, in part considerably. Although we increased the number of stores from 4,672 in 2012 to 5,063 in 2014, we have even been able to reduce absolute greenhouse gas emissions – as measured in CO<sub>2</sub> equivalents – by 8.6% across the group in the same period. ✓

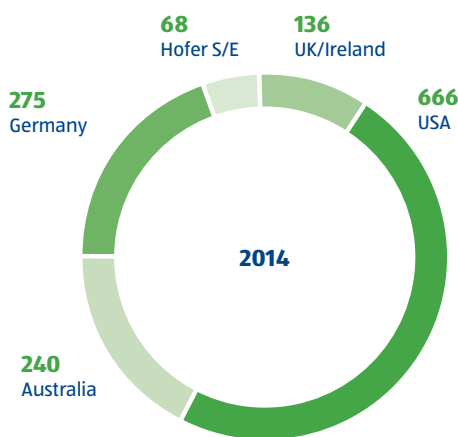
## **Regular evaluation of Company Carbon Footprint**

We are monitoring our progress by calculating the Company Carbon Footprint (CCF) for all of our corporate processes and sites every two years in accordance with the Greenhouse Gas Protocol (GHG Protocol). The Company Carbon Footprint was last calculated for the year 2014. The CCF analysis shows us the main emission sources and thus enables us to focus on the most important fields of action for climate protection.

From these analyses, we know that the majority of the greenhouse gas emissions (GHG emissions) we generate are from our stores, followed by the transport of our products and the operation of our distribution centres. With respect to stores and distribution centres, this is primarily due to the electricity required to cool products and ventilate the build-



**Company Carbon Footprint 2014 of the ALDI SOUTH Group in kg CO<sub>2</sub>e per m<sup>2</sup> sales area**



**Absolute GHG emissions in 2014 in thousands of tonnes CO<sub>2</sub>e by country/country group ✓**

ings as well as for air conditioning and lighting. In some countries, baking units are a considerable factor. Emissions are also caused by unavoidable refrigerant leakage and energy consumption for heating. With respect to transport, GHG emissions result primarily from the consumption of fuel.

**Fields of action in climate protection**

The main elements of the ALDI SOUTH Group climate strategy, which focusses on our stores, transport, and distribution centres, are:

- decreasing energy consumption via more efficient technology,
- reducing harmful emissions caused by refrigerants via the use of climate friendly alternatives,
- using energy from renewable sources, and
- building up a more environmentally friendly vehicle fleet and optimising all logistics processes.



The opportunities for reducing greenhouse gas emissions vary from country to country within the ALDI SOUTH Group. In some countries, for example, electricity from renewable sources is more readily available than in others. Moreover, the climatic conditions and building standards vary considerably depending on the country. In line with our decentralised organisational structure, the national organisations may choose different approaches in order to reach or exceed the internationally agreed goals.

If we are not able to fully meet the reduction goal we have defined in every country group by 2020 with these measures, we plan to also invest in climate protection and reforestation projects to compensate for our CO<sub>2</sub> emissions.

Since the beginning of 2016, the operations of Hofer in Austria have been carbon-neutral. This was achieved primarily through reductions, modernisations, and the usage of electricity from renewable sources. Emissions which cannot be avoided are compensated by supporting a range of climate protection projects. (→ [Carbon-neutral: Insight Hofer in Austria, p. 62](#))



### Increasing energy efficiency in our stores and distribution centres

**52.8%**

of stores are equipped with LED lighting in chiller cabinets

#### Efficiency: optimise energy consumption

In order to reduce our energy consumption, we are introducing technical systems in all stores that will allow us to more precisely measure actual energy consumption. By the end of 2016, all stores are to be incorporated in this energy optimisation process. The energy management systems in the UK, Austria, Hungary, and Germany have already been certified according to ISO 50001. In addition, our distribution centres in these countries also have a certified energy management system.

#### Use of modern cooling facilities

Cooling and freezing units are responsible for at least a quarter, sometimes even more than half, of a store's total energy consumption. In order to reduce consumption, the ALDI SOUTH Group has turned to more energy-efficient technology. All national organisations are constantly refining the cooling technology they use. From 2011, all new individual freezer and cooler units used across the group are electronically controlled. Their energy-saving and long-life ventilation motors translate to a 30% increase in energy efficiency. Energy-saving blinds are used on open-fronted refrigeration cabinets when the stores are closed – the newest models can reduce energy consumption by up to 50% over standard blinds.

#### Intelligent lighting

We have saved up to 50%, depending on the country, on energy for lighting in our stores through optimised light management, increasing the use of daylight, or by using efficient LED technology. LED lighting not only requires less energy, it also produces less heat. This is one reason why LED lighting has been used for all new refrigeration units worldwide since 2013. In some countries, such as the UK and the USA, new retail spaces are already being fully fitted with LEDs. From 2017, all new stores worldwide will use exclusively LED interior lighting. Conversion to LED technology has also begun in our distribution centres.

#### Heat recovery to reduce energy consumption for heating

By recovering heat from the exhaust air of ventilation equipment and heat emitted by cooling systems, a store's heating energy requirements can be reduced by around 20 to 30%. In over 1,730 of the ALDI SOUTH Group stores, heat recovery systems are already being used to direct heat from exhaust air back into the ventilation system.

Heat recovery from cooling units is already being used worldwide by more than 2,200 stores. Since 2013, all new stores have been employing this technology, with the exception of Australia where this approach is not viable due to the climate.



## Refrigerants: using climate friendly alternatives

The refrigerants that we use also have a considerable impact on the climate. Even with the most modern equipment, the loss of some amount of refrigerant cannot be completely avoided. In order to minimise this effect, in all national organisations we continually check the equipment for leakage. In addition, we are replacing standard refrigerants with climate friendly alternatives.

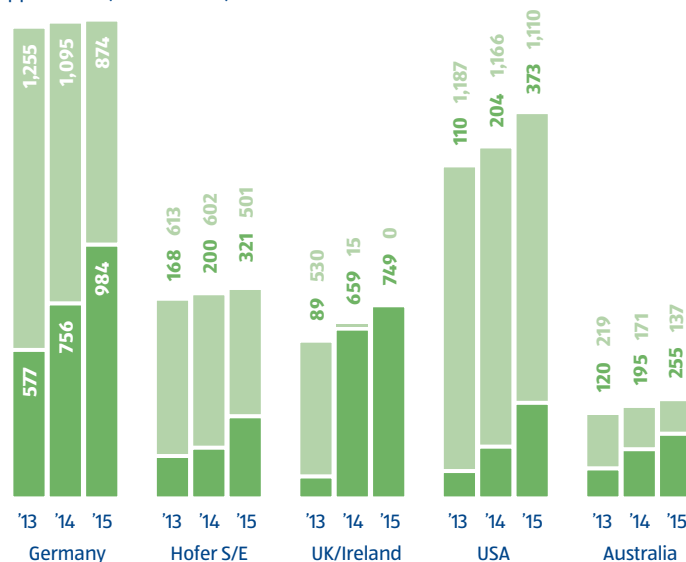
The potential harm of refrigerants in comparison to carbon dioxide is reported as Global Warming Potential (GWP). We are gradually moving away from refrigerants with a high GWP to more climate friendly refrigerants. We are now using refrigerants with a GWP value of below 2,200 in over 2,680 of our stores. ✓ This figure rose from 14.8% in 2012 to 50.6% in 2015. ✓ In the UK, for example, all cooling units were fitted with the refrigerant R407F over the course of 2015. Its GWP is half as high as that of its predecessor, R404A.

The national organisations are also testing new refrigerants whose impact on the climate is lower. ALDI SOUTH in Germany, for example, has since 2010 been equipping all new stores exclusively with CO<sub>2</sub> refrigeration units, which use natural refrigerants. As of the end of 2015, we had equipped 588 stores in Germany with these environmentally friendly systems. We also have 167 stores with CO<sub>2</sub> cascade units. In Australia, 145 of 392 stores now use CO<sub>2</sub> cascade units.

### Global Warming Potential

A refrigerant's potential to harm the environment is indicated using the unit Global Warming Potential (GWP). The GWP value indicates a refrigerant's potential greenhouse effect in comparison to the same amount of carbon dioxide (CO<sub>2</sub>). The refrigerant R404A was until recently the standard refrigerant for refrigeration units around the world. Its GWP value is 3,943. That means one kilogramme of R404A is as harmful to the climate as 3,943 kg of carbon dioxide.

■ Number of stores using a refrigerant with a GWP < 2,200 for medium-temperature applications (cooler/chiller) ■ Number of stores using conventional refrigerants



Usage of refrigerants in stores by GWP

In addition, in over 3,300 stores across the group the individual freezer units not connected to the central cooling use propane, which has a GWP of 3. In 71 distribution centres we exclusively use ammonia, a refrigerant with zero climate harming potential which is suitable only for use in large cooling units (as per end of 2014).

Refrigerants also play a key role in cooling during transport. In order to keep track of lost refrigerant covered by the Company Carbon Footprint and to minimise these losses, the national organisations have implemented monitoring systems for refrigerants used in the cooling facilities of fleet vehicles.

Despite an expansion of our business operations, between 2012 and 2014 the absolute amount of CO<sub>2</sub> emissions from refrigerant leaks across the group dropped by 20.6% as a result of our efforts. In 2013 and 2014 the Environmental Investigation Agency (EIA) named the ALDI SOUTH Group a "Green Cooling Leader" within Europe for our progress in the respective previous year. ALDI US also showed its commitment by joining the Environmental Protection Agency's (EPA) GreenChill Partnership in 2015.

41.8%

of stores are equipped with heat recovery systems from refrigeration units

-20.6%

change in CO<sub>2</sub>e emissions from refrigerant leaks 2012-2014



## Green electricity: opting for renewables

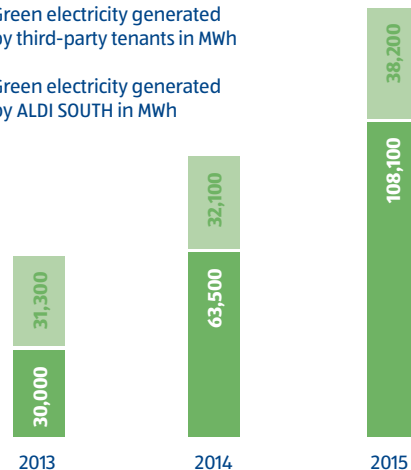
Along with increased energy efficiency and the use of climate friendly refrigerants, the ALDI SOUTH Group's third key lever for effecting change is the use of energy from renewable sources. Hofer in Austria and ALDI UK both switched to green electricity in 2013. Switzerland and Slovenia followed suit in 2014 and Ireland in 2015. Such a move is not yet economically viable in some countries. In part, electricity from renewable sources is not currently available at reasonable prices, for instance in Australia. In these countries we will strive to reach our climate goals, for the time being, using other technical means.

In Germany, we are focussing on generating our own electricity through the use of photovoltaic units, which have now been installed on the roofs of more than 1,000 stores and distribution centres. Photovoltaic units are also being installed in the USA, the UK, Austria, and Slovenia as well as in a pilot project in Australia. Some of these installations are operated by third-party tenants. Overall, we produced over 108 million kWh of electricity with our own systems in 2015, of which we used 85 million kWh ourselves. This corresponds to the average annual electricity consumption of 240 stores in Germany. Solar energy that we did not consume ourselves was fed into the public electricity grid.

### Electric mobility

At currently 50 stores in Germany, we offer our customers the possibility of charging their electric cars and bikes for free at our quick charging stations. While the sun is shining, the electricity supplied by these stations comes from our own photovoltaic units. (→ [E-mobility: Insight ALDI SOUTH Germany, p. 63](#)) Hofer in Austria also already offers three such charging stations and intends to offer ten over the medium term. The company itself is also using electric vehicles, for example, at the international service units locations in Mülheim an der Ruhr and in the Austrian chocolate factory.

- Green electricity generated by third-party tenants in MWh
- Green electricity generated by ALDI SOUTH in MWh



### Green electricity generated in MWh

## Logistics: optimising processes to reduce environmental impact

High-performance logistics ensure that our customers have access to our full product range and fresh wares every day. We differentiate between transport logistics, i.e. distributing goods to the stores, and supply logistics, i.e. transporting goods from the place of manufacture to our distribution centre.

### Transport logistics offer potential for improvement

Following store operations, transport logistics are the second largest producer of CO<sub>2</sub> emissions, at a share of 23% of the emissions covered by the Company Carbon Footprint. In addition to using our own vehicles, we cooperate with a number of transport companies. Overall, our own fleet vehicles and the vehicles used by the transport companies for transport logistics – altogether almost 3,000 vehicles – cover about 300 million kilometres per year. From 2012 to 2014, the absolute amount of emissions, measured in CO<sub>2</sub> equivalents, caused by these vehicles increased by 24.2%. This was mainly due to the ongoing expansion of our operations.

### **Optimum planning and modern technology reduce emissions**

In order to reduce the impact our logistics have on the environment, we are focussing on designing the most efficient processes and using the most modern technology. Highly economical route planning, which not only saves fuel, but also time and money, is our starting point here. Another important element of our logistics is energy-efficient multi-compartment vehicles. They enable us to transport products in different temperature zones in one vehicle. This means frozen, fresh (such as dairy products), and unrefrigerated products can be transported at the same time, thus using all available capacity efficiently.

The ALDI SOUTH Group is continually modernising its fleet. When making new acquisitions, we only consider low-emission vehicles that meet the latest exhaust standards in the countries in question, and we strive to implement legal requirements before deadlines. These criteria also apply as mandatory minimum requirements for the transport companies with whom we work long-term.

Many of our drivers regularly receive training on the most economic and environmentally friendly way to drive. This training is also mandatory for the drivers from transport companies with whom we work regularly. We also optimise the use of vehicles further via telematics applications, which will in future be implemented in all countries.

### **Gradual optimisation of supply logistics**

In the area of supply logistics, we work together with our suppliers to continually improve processes which both reduce logistics costs and are better for the environment. In a number of cases, we organise the transport of goods ourselves, or help to improve logistics processes together with our transport companies.

In all countries, we are increasingly making use of hub concepts for pooling the flow of goods, particularly for goods from overseas. By using hubs, we can group together the transport of goods that must travel the same route despite coming from different suppliers. This avoids unnecessary journeys and also reduces emissions.

### **Technological innovations**

If there are no technological alternatives on the market, we develop and test our own solutions. An example of this is our testing of lightweight fleet vehicles. These vehicles feature carbon structures that make them three tonnes lighter, use 20% less fuel, and have a greater load capacity than traditional models. However, the test showed that due to the high costs of manufacture, this technology is not yet economically viable. After the end of the project the three test vehicles were kept working in our fleet.

### **Commitment to sustainable logistics at national level**

The countries have also implemented their own individual measures. Hofer is a member of the Council on Sustainable Logistics (CNL) – an association of 15 large retail, logistics, and production companies in Austria. Its primary focus is a cooperation between manufacturers to develop commercial vehicles powered by electricity.

ALDI SOUTH in Germany is participating in the “Lean and Green” initiative, which recognises companies for their efforts towards minimising CO<sub>2</sub> emissions in logistics operations. All participating companies commit to achieve a 20% reduction in relative CO<sub>2</sub> emissions within five years. ALDI SOUTH’s starting year was 2012.



## Avoiding waste and recycling reusables

The large increase in the amount of waste produced worldwide places a considerable burden on the environment. One of ALDI SOUTH's aims is to avoid waste and to reuse or recycle materials where possible.

Over our products' life cycles – whether food or non-food – the largest amount of waste is generated during production or after the products have been used by the customers. As the intermediary station, retail usually has the least amount of waste in the chain, and this waste mainly consists of transport packaging. Perishable food products that have not been sold in time are also a source of waste.

### International strategy for waste management in force since 2015

In 2015 the ALDI SOUTH Group adopted an international waste strategy based on the principle "avoid, reuse, recycle". Wherever possible, we try to avoid burning waste or sending it to a landfill. Suitable waste management measures are determined and implemented at a national level. The national organisations are currently working on systems that can comprehensively monitor the various types of waste.

# 99.9%

of cardboard, paper, and cardboard boxes from transport packaging were recycled

We almost completely reuse or recycle transport packaging. Within the group, transport packaging consisted of 513,500 tonnes of cardboard and paper and 13,700 tonnes of plastic wrap in 2015. The recycling ratio for these materials is nearly 100%. We have also introduced reusable plastic transport boxes in some countries for fruit, vegetables, and, in some cases, even bread.

# 81%

of stores collaborate with charitable organisations

### Avoiding food waste

With regard to perishable food products, our goal is to avoid any waste. Despite the continual optimisation of our planning and ordering processes, we do not always manage to sell all food products before the end of their shelf life. In order to donate food that is still consumable to those in need, 81% of our stores work with charitable organisations such as food

banks. The remainder of unsold food products is partly also used for agricultural purposes or for the production of biogas. (→ [Product and food donations](#), p. 49)

### National innovations launched

The national organisations also develop own initiatives for reducing waste, tailored to the conditions of their respective country. ALDI UK, for example, excludes sending waste to landfills in their waste contracts as much as possible although this is still legal according to national law. In Germany, a project group is reviewing the viability of recycling systems for PET bottles. Among other things, the group is reviewing whether an own bottle recycling scheme will bring ecological benefits over the current national PET recycling scheme and what economic impact the introduction of such a cycle would have.

While accepting battery returns is mandatory in stores in the EU and Switzerland, ALDI in Australia voluntarily accepts returns. To date 102 tonnes of batteries have been returned.

### More focus on the environment when it comes to product packaging

Product packaging is responsible for a large proportion of total waste. We are making the most of our potential influence when working with our suppliers to push for the most environmentally friendly packaging option. In Austria and Germany we have already been able to switch the majority of composite board for beverage packaging to comply with the PEFC or FSC standard. ALDI UK has produced guidelines for suppliers that specify avoiding, reusing, and recycling packaging whenever possible.

Many areas will continue to need improvement in the future, such as our use of transparent plastic blister packaging. On the one hand, this type of packaging allows customers to inspect products before purchasing without having to unpack them or damage the packaging. On the other hand, however, a large amount of waste is produced that could be avoided. This example shows how we have to weigh ecological aspects against qualitative and economical aspects.

Our national organisations in the UK, Austria, and Australia are all already involved in national initiatives for environmentally friendly packaging. Hofer in Austria, for example, is a member of the "ARGE Nachhaltigkeitsagenda" ("Working Group Sustainability Agenda") for beverage packaging. The aim of this working group is to reduce the amount of greenhouse gas emissions resulting from beverage packaging. ALDI Australia is a signatory of the Australian Packaging Covenant, an initiative targeting sustainable packaging design.

## Investing in green buildings

The ALDI SOUTH Group expends considerable effort to ensure that the impact it has on the climate and the environment is reduced, particularly when it comes to constructing new buildings. We are guided in our efforts by both national and international standards for sustainable building. In 2010 Hofer was the first Austrian company to become a corporate partner in the European Commission's GreenBuilding Programme. As of 2015, 143 of Hofer's stores already met its standards, and all new stores in Austria are built according to these standards.

In Germany, ALDI SOUTH builds all new stores based on the silver standard of the German Sustainable Building Council. The new administration building in Mülheim an der Ruhr meets the LEED standard of the U.S. Green Building Council. Furthermore, together with the Fraunhofer Institute, we have implemented an innovative new building-energy concept in a research store in Rastatt. The store makes use of thermal insulation, daylight lighting, lighting regulation, efficient cooling equipment, heat recovery, and, most notably, a geothermally supported heating and cooling system.

Other national organisations also build according to recognised standards. Several stores in the UK were constructed in line with the BREEAM standard. In the USA two stores were constructed according to the Green Globe standard and one according to LEED. In Australia, there is no suitable building

standard for our stores available. As a result, we have been working with the Green Building Council since 2012 to develop a catalogue of criteria and evaluation instruments for stores there. The first construction project is planned to begin in 2016.

## Outlook

The ALDI SOUTH Group is continually improving the energy balance of its operating processes. We continually develop our energy management systems further, invest in energy-efficient equipment, and increase the amount of renewable energy we use. We are using climate friendly or natural refrigerants for the refrigeration units in our stores and distribution centres more and more often. The ALDI SOUTH Group is setting up an international recycling and waste monitoring system and will coordinate the measures at a national level. One topic here is to avoid food waste as much as possible.

At the same time, the national organisations will be continuing their own environmental and climate protection projects. ALDI SOUTH in Germany is planning on building another 200 photovoltaic units in 2016. We also want to increase the number of electric charging stations at stores in Germany and Austria. In Germany we will evaluate the results of the analysis of bottle recycling and subsequently put promising improvement suggestions into practice. In Switzerland, ALDI is working to expand recycling opportunities for additional categories of waste.



## Insight Hofer in Austria:

# Protecting the climate – carbon-neutral as of 2016

Protecting our climate is an important challenge for the ALDI SOUTH Group. As part of its sustainability initiative “Project 2020”, Hofer in Austria has been operating entirely carbon-neutral since the beginning of 2016. Markus Freytag and Stephan Geroldinger talk about some of the factors contributing to the project’s success.



Working to protect the climate with Hofer in Austria: Stephan Geroldinger (left), Director responsible for energy management, and Markus Freytag (right), Managing Director of the Loosdorf branch.

### Why has the topic of climate protection played a decisive part in the “Project 2020” sustainability initiative for so many years?

**Freytag:** We have been using “Project 2020” to concentrate on sustainability topics where we can make a real difference, such as climate protection. Hofer is both leading the way by its own actions and encouraging customers and employees to get involved. We give, for example, tips for using energy-saving products and for making climate-friendly decisions at home.

### What has Hofer done so far to reduce its own carbon footprint?

**Geroldinger:** Our focus is to implement energy efficiency measures that are also climate friendly. For instance, we are increasingly turning to natural and climate-friendly cooling agents for our cooler and freezer units. A growing number of stores have been fitted with LED lighting and innovative combined heating and cooling systems, which use the waste heat produced by refrigeration units and baking ovens to heat the building. Since 2013, we have been using exclusively green electricity in all Hofer buildings, and every new store also meets the requirements of the EU Green Building Standard. Our first completely CO<sub>2</sub> emission-free store was opened in November 2015 – it combines all of our climate-friendly store technology innovations.

**Freytag:** We have been able to reduce our carbon footprint by two-thirds over the last two years simply through these measures. And since 2016, we have also been supporting climate protection projects in order to compensate for the few greenhouse gas emissions that we are still responsible for. That means Hofer is now completely carbon neutral.

### How were the compensation projects chosen?

**Freytag:** We were advised by researchers from the Austrian University of Natural Resources and Life Science. We were especially interested in projects that were relevant to our supply chain, as well as projects with a regional focus here in Austria. We now support a variety of climate protection projects, including a project that aids humus farming in Austria and a project at former banana plantations in Costa Rica.

## Insight ALDI SOUTH Germany:

# E-mobility – better for the environment

**E**lectric cars and bicycles can make an important contribution to the energy transition – particularly if they use solar energy. ALDI SOUTH wants to help electric mobility advance faster and has committed to expanding the network of charging stations in Germany.

Since 2015 ALDI SOUTH has been offering customers a special service at around 50 locations all over Germany: quick charging stations where all types of electric vehicles can be charged for free. Plus, each of these branches also has a charging station for electric bicycles.

“We want to make a local contribution to the energy transition and the promotion of electric mobility,” explains Florian Kempf, Director responsible for energy management at ALDI SOUTH. People can now simply charge their electric cars and bicycles for up to one hour on the car parks of certain ALDI SOUTH stores between Düsseldorf and Munich for free during opening hours.

Thanks to the quick charging stations, electric vehicles only need 30 minutes for enough charge to drive another 80 km. Practical and easy to use, the stations are an attractive charging option for anyone on the go, and they fit all standard e-car, e-bike, and pedelec plugs. Even the electricity used is generated in an environmentally friendly manner when the sun is shining – by the photovoltaic units on the roofs of the ALDI SOUTH stores.

Customers are excited about the new offering: “The ALDI charging stations are a real blessing for us,” comments Monika Schumacher, ALDI



»» **Charging your car couldn't be simpler thanks to ALDI. It's really an important contribution toward making e-mobility feasible in day-to-day life.** ««

**Monika Schumacher**, customer ALDI SOUTH

SOUTH customer from Düsseldorf. She has been driving an electric car since 2013. “Before the ALDI stations were installed, I was always worried about being able to charge in time. I am much more mobile now,” she explains. With these quick charging stations, ALDI SOUTH is

a pioneer among German food sector companies. The retail group wants to support the ongoing advancement of electric mobility in Germany. And it's not just the customers and the company that benefit – the environment and the climate benefit too.

The e-charging station at an ALDI SOUTH store in Düsseldorf is one of 50 stations offering free charging for ALDI customers' electric vehicles.

# Facts & figures





# About this report

**This is the ALDI SOUTH Group's first international corporate responsibility report. The report is available in print edition in both German and English. An online version of the report is available at [cr.aldisouthgroup.com](https://cr.aldisouthgroup.com).**

## Target groups

The report addresses both internal and external stakeholders, with a particular focus on employees, customers, and suppliers as well as interested members of the general public.

## Reporting period

The report covers the period from 1 January 2015 to 31 December 2015. Activities that have taken or will take place outside of this period are indicated accordingly. The editorial deadline was 14 April 2016.

## Boundary of the report

This report concerns the activities of the ALDI SOUTH Group. In the reporting year, the group comprised the companies of the ALDI SOUTH Group in Germany as well as Hofer KG in Austria with its direct and indirect subsidiaries under the name Hofer or ALDI in Switzerland, Hungary, Slovenia, the UK, Ireland, the USA, and Australia, including the respective national and international administrative and service organisations. Information that pertains to individual national organisations is indicated accordingly.

## Report content

The report follows the Global Reporting Initiative (GRI) Guidelines, version GRI G4, including the Sector Supplement Food Processing, application level "core". Certain exceptions have been made in the selection of, and in individual cases definition of, the indicators. The GRI Index can be reviewed from page 70.

The report's structure follows the ALDI SOUTH Group's strategic orientation and the five fields of action defined in the ALDI SOUTH Group's CR Principles: Customers, Supply Chain, People, Community, and Environment.

The report focusses on the jointly coordinated activities of the national organisations of the ALDI SOUTH Group. Further information regarding activities and goals at national level can be found on the respective national organisations' websites or in their publications.

The content of the report was selected based on the materiality principle. All chapters contain information regarding strategic approaches as well as key activities and offer an outlook on topics that will be relevant in the future. Internal assessments have been compared with the results of the 2015 stakeholder survey.

The key figures showing sustainability-related activities as well as information on the selection and data collection process can be found starting on page 67. An overview of the ALDI SOUTH Group's memberships in organisations and initiatives related to the topic of corporate responsibility can be found in the online version of the report. Awards for CR-related content received by the ALDI SOUTH Group within or relating to the reporting period can also be found online. ([aldin.memberships](https://aldin.memberships))

## Reporting cycle

The international corporate responsibility report will in the future be published every two years. The next report will cover the year 2017 and is scheduled to be released in 2018.

## Audit of the report

Select key figures from this report have been subjected to an independent audit. This content is highlighted and indicated by the ✓ symbol. The corresponding audit certificate issued by the auditing firm PricewaterhouseCoopers AG can be found on pages 74–75.

## Contact

If you have any questions or comments, please contact our Corporate Responsibility International (CRI) department via [cri@aldi-sued.com](mailto:cri@aldi-sued.com).



## Compliance and risk management

In addition to the requirements under national and international law, the companies of the ALDI SOUTH Group have committed themselves to upholding a catalogue of internally defined ethical values and standards. In summer 2015, the ALDI Code of Conduct was newly approved to set out internal basic mandatory rules of behaviour for the Group in line with these values and standards. Individual codes of conduct in the ALDI SOUTH Group's national organisations, which provide guidance for our employees worldwide, are based on our international Code of Conduct.

### **Comprehensive training on legal issues**

To ensure our employees are in a position to comply with legal requirements and internal regulations in their day-to-day work, they receive regular training to keep them up to date on all relevant legal topics. The frequency and scope of this training is determined by the requirements of the tasks concerned. Training for employees in buying, for example, covers competition law, and employees with HR responsibilities are trained in data privacy regulations. We also organise targeted individual training sessions to instruct staff in the correct handling of customer data.

### **Alert lines and ombudsmen for reporting complaints**

We have established independent points of contact in all ALDI SOUTH national organisations. Our employees, and in most countries also service providers and suppliers, can contact these alert lines and ombudsmen to report possible compliance violations, discrimination, or other misconduct. In order to ensure that grievances are actually reported and that the informant is protected, on request all notices can be treated as confidential and the anonymised information forwarded to the units responsible at ALDI SOUTH.

Alert lines have been established for the national organisations in the USA, Australia, the UK, and Ireland to suit the local conditions. In Germany, Austria, Slovenia, Switzerland, and Hungary independent counsels of trust and ombudsmen are available. The independent counsel of trust serves as a neutral point of contact. The process allows both the informant as well as the person against whom a complaint has been made the opportunity to state their view.

### **Internal structures back zero-tolerance policy**

The ALDI SOUTH Group internal monitoring system is supported by the International Internal Auditing department. This department performs regular audits across the group according to specific standards. We investigate all irregularities and adhere to a zero-

tolerance policy with respect to violations of the Code of Conduct. If suppliers or service providers are found to have committed serious violations, we may terminate our business relationship. Serious misconduct on the part of staff may result in termination of employment and claims for damages.

We monitor working conditions and social standards at the production facilities throughout our supply chain as part of our social compliance activities and the Social Monitoring Programme. Moreover, we supplement external audits with internal reviews and work together with our partners to continually improve social and environmental standards in production. (→ [Safeguarding social and environmental standards, p. 28](#))

### **Data privacy**

From time to time, ALDI SOUTH collects customer data in the national organisations, mostly in order to tailor offers even better to customer needs, but also in order to deal with customer complaints. We always strive to collect only the data needed for proper handling of the respective case and treat all data with sensitivity and in accordance with applicable laws in the country in question. When introducing systems and processes, or even for individual measures, these are first discussed with the respective data privacy officer wherever needed. In Germany, the independent counsel of trust can be contacted if there are any questions regarding the collection and processing of data.

### **Company-wide risk management**

In order to secure the company's success and continued existence, we have established an effective risk management system at both national and international level. We analyse existing risks, monitor future developments, and play out scenarios to their conclusion. In this way we can regularly identify uncertainties and then monitor and evaluate them. It is our aim to rule out risks wherever possible, or at least to mitigate them as effectively as possible.

ALDI SOUTH's risk management system undergoes continual improvement. To this end, an international Compliance and Risk Management department was established in 2014. At the same time, a risk management system based on the COSO Enterprise Risk Management framework, a globally recognised model for risk management, was also introduced.

## Key figures



### STORES

As of 31 December

Year	2013	2014	2015
<b>Total ALDI SOUTH</b>	<b>4,868</b>	<b>5,063</b>	<b>5,304</b>
Germany	1,832	1,851	1,858
Austria	448	452	457
Switzerland	166	175	180
Slovenia	74	75	78
Hungary	93	100	107
UK	514	561	627
Ireland	105	113	122
USA	1,297	1,370	1,483
Australia	339	366	392

### DISTRIBUTION CENTRES

As of 31 December

Year	2013	2014	2015
<b>Total ALDI SOUTH</b>	<b>78</b>	<b>79</b>	<b>81</b>
Germany	31	31	31
Austria	7	7	7
Switzerland	3	3	3
Slovenia	1	1	1
Hungary	1	1	1
UK	7	8	8
Ireland	2	2	2
USA	21	21	22
Australia	5	5	6

### SALES

Year	2015
<b>Total net sales ALDI SOUTH in million euros</b>	<b>45,504</b>
Share of sales by country in %	
Germany	31.15
Austria	8.00
Switzerland	3.11

Slovenia	0.87
Hungary	0.76
UK	20.15
Ireland	3.19
USA	23.22
Australia	9.57

### Supply chain

#### PALM OIL

Year	2015
Conversion of all own-brand food products to RSPO-certified palm oil in Germany, Austria, Switzerland, the UK, Ireland, and Australia (cf. p. 26)	✓

#### WOOD AND PAPER

Included are all products with wood as their primary component and/or with wood applications, all pulp- and cellulose-based products, and products containing paper components. Figure corresponds to the share of articles for which the wood and cellulose components are certified according to FSC or PEFC or made from recycled materials.

Year	2015
Share of certified/recycled products in %	70.23 ✓

#### COCOA

Included are all products in the commodity groups chocolates, biscuits, and seasonal confectionary as well as articles in other commodity groups which contain at least 40% cocoa, such as chocolate spreads and drinking chocolate.

Year	2013	2014	2015
Total number of relevant products	1,452	1,530	1,541
Number of products with certified cocoa (Rainforest Alliance, UTZ, Fairtrade)	346	907	1,178
Share of products with certified cocoa in %	23.83	59.28	76.44 ✓

#### COFFEE

Year	2015
Share of sustainable coffee (Fairtrade, UTZ, Rainforest Alliance, 4C Association) in the total amount (t) of coffee in %	29.96

#### FISH AND SEAFOOD

Sales share of certified aquaculture or wild-caught products in the total sales of aquaculture or wild-caught fish and seafood products (based on: retail price, only own-brand products, commodity groups frozen food, chilled food, and fresh fish)



Year	2013	2014	2015
Share of sales of certified wild-caught products (MSC) in %	41.82	41.84	44.02 ✓
Share of sales of certified aquaculture products (ASC, Bio (organic), GLOBALG.A.P., BAP minimum 2 stars) in %	49.51	53.10	67.19 ✓

#### AUDITS, ALDI SOCIAL ASSESSMENTS (ASA), AND ALDI FACTORY ADVANCEMENT (AFA) PROJECT

- 1) Share of audited production facilities (as contractually agreed in the reporting period) in relation to the total number of production facilities in Business Social Compliance Initiative (BSCI) risk countries for the commodity groups textiles, shoes, and toys
- 2) Share of production facilities (as contractually agreed) visited within the scope of an ALDI Social Assessment (ASA) in relation to the total number of textile production facilities (as contractually agreed) in Bangladesh
- 3) Share of buying volume (based on the purchase price) of textiles in Bangladesh produced by the 20 production facilities that were part of the ALDI Factory Advancement (AFA) Project in 2015

Year	2015
Share of audited production facilities in %	96.4 ✓
Share of production facilities visited within the scope of an ASA in Bangladesh in %	98.6 ✓
Share of production facilities participating in the AFA Project in the buying volume of textiles in Bangladesh in %	41.7 ✓

### People

All figures are based on the average number of employees during the year, unless stated otherwise. (Deviations in totals may occur as a result of rounding.)

#### EMPLOYEES BY COUNTRY

Number of employees (not including coffee roasteries, chocolate factory, and International Services)

Year	2013	2014	2015
<b>Total ALDI SOUTH</b>	<b>81,878</b>	<b>92,828</b>	<b>104,400</b>
Germany	29,028	30,070	32,110
Austria	7,073	7,883	9,073
Switzerland	1,998	2,242	2,410
Slovenia	926	1,130	1,364
Hungary	1,390	1,584	1,883
UK	14,232	20,032	23,620
Ireland	2,329	2,707	2,965
USA	18,074	18,825	21,604
Australia	6,829	8,355	9,372

#### EMPLOYEES BY AREA OF EMPLOYMENT

Employees by area of employment and share of the total number of employees

Year	2015
Stores (share in %)	83,034 (80%)
Logistics (share in %)	14,978 (14%)
Central departments (share in %)	6,388 (6%)

#### WOMEN IN MANAGEMENT POSITIONS

In full-time equivalents as of 31 December

Year	2015
Share of female employees in the total number of employees in %	65.91
Share of female employees in the total number of employees in management positions (store management and above) in %	39.21 ✓

#### EMPLOYEE SATISFACTION

Year	2014
Share of employees who answered "I agree" or "I fully agree" to the following question from the 2014 Employee Satisfaction Survey, in %: "In general, ALDI/Hofer is an excellent employer."	80.25 ✓

#### APPRENTICES, STUDENTS IN DUAL-STUDY PROGRAMMES, INTERNS, AND WORKING STUDENTS

As of 31 December

Year	2015
<b>Total number of apprentices at ALDI SOUTH</b>	<b>6,301</b>
Germany	5,058
Austria	357
Switzerland	173
Slovenia	4
Hungary	15
UK	694
Share of apprentices who received offer of permanent position following completion of their training in %	70.51
Total number of students in dual-study programmes at ALDI SOUTH	277
Total number of interns and working students at ALDI SOUTH	691

#### OPEN-END EMPLOYMENT

Year	2015
Share of employees employed on open-end basis in total number of employees in %	97.5

## Community

### MONETARY DONATIONS

Monetary donations to charities or other social organisations without the expectation of any form of consideration in return

Year	2015
Amount of money donated in million euros	12.1 ✓

## Environment

### COMPANY CARBON FOOTPRINT

Company Carbon Footprint in kg CO<sub>2</sub>e per m<sup>2</sup> of sales area and change between the 2012 and 2014 measurements by country/country group

Year	2012	2014	%
Germany	213	158	-26
Hofer S/E	207	95	-54
UK/Ireland	360	223	-38
USA	572	560	-2
Australia	844	738	-13

### ABSOLUTE GHG EMISSIONS

Absolute GHG emissions in 2014 in thousand tonnes CO<sub>2</sub>e by country/country group

Year	2012	2014
<b>Total ALDI SOUTH</b>	<b>1,521</b> ✓	<b>1,385</b> ✓
Germany	358 ✓	275 ✓
Hofer S/E	142 ✓	68 ✓
UK/Ireland	189 ✓	136 ✓
USA	617 ✓	666 ✓
Australia	215 ✓	240 ✓

### LIGHTING

Year	2015
Share of stores equipped with LED lighting in chiller cabinets in the total number of stores in %	52.83

### REFRIGERANTS

Number of stores with a medium-temperature application (cooler/chiller) using a refrigerant with a GWP < 2,200

Year	2013	2014	2015
<b>Share in the total number of stores in %</b>	<b>21.86</b>	<b>39.78</b>	<b>50.57</b> ✓
<b>Total ALDI SOUTH</b>	<b>1,064</b>	<b>2,014</b>	<b>2,682</b> ✓

Germany	577	756	984
Hofer S/E	168	200	321
UK/Ireland	89	659	749
USA	110	204	373
Australia	120	195	255

Number of stores with a medium-temperature application (cooler/chiller) using a refrigerant with a GWP > 2,200

<b>Share in the total number of stores in %</b>	<b>78.14</b>	<b>60.22</b>	<b>49.43</b>
<b>Total ALDI SOUTH</b>	<b>3,804</b>	<b>3,049</b>	<b>2,622</b>
Germany	1,255	1,095	874
Hofer S/E	613	602	501
UK/Ireland	530	15	0
USA	1,187	1,166	1,110
Australia	219	171	137

### PHOTOVOLTAICS

Year	2013	2014	2015
Total electricity generated by ALDI SOUTH photovoltaic units in kWh	30,010,490	63,453,275	108,128,344
Electricity generated by third-party tenants on leased ALDI SOUTH property in kWh	31,246,643	32,080,810	38,224,219
Total electricity generated by photovoltaic units in kWh	61,257,133	95,534,085	146,352,563
Total electricity generated and consumed by the ALDI SOUTH Group in kWh	24,445,132	50,280,271	84,849,669

### RECYCLING OF TRANSPORT PACKAGING

Year	2015
Share of recycled cardboard, paper, and cardboard boxes from transport packaging in %	99.95
Share of recycled plastic wrap from transport packaging in %	99.93

### AVOIDING FOOD WASTE

Year	2015
Share of stores cooperating with charitable organisations to donate unsold, but qualitatively unobjectionable food in %	81



## GRI Index

Indicator	Reference
<b>GENERAL STANDARD DISCLOSURES</b>	
<b>STRATEGY AND ANALYSIS</b>	
G4-1	Statement from the Managing Director p. 2 The preface has been signed by the Managing Director Corporate Responsibility International on behalf of the companies of the ALDI SOUTH Group.
G4-2	Key impacts, risks, and opportunities p. 2 pp. 7–11
<b>ORGANISATIONAL PROFILE</b>	
G4-3	Name of the organisation p. 4 p. 76
G4-4	Significant brands, products, services p. 3
G4-5	Location of the organisation's headquarters World map (front inside cover) p. 4
G4-6	Countries where the organisation operates World map (front inside cover) p. 4
G4-7	Nature of ownership and legal form p. 4 p. 5
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## Auditors' report

### Independent Practitioner's Limited Assurance Report

#### To ALDI Einkauf GmbH & Co. oHG, Mülheim an der Ruhr

We have been engaged to perform a limited assurance engagement on the sustainability information marked with "✓" in the International Report on Corporate Responsibility 2015 of ALDI Einkauf GmbH & Co. oHG, Mülheim an der Ruhr (hereafter the "Company") for the period 01 January 2015 to 31 December 2015 (hereafter the "CR-Report").

#### Management's Responsibility

Company's Management is responsible for the preparation and presentation of the CR-Report in accordance with the criteria as set out in the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) (hereafter the "GRI-Criteria", exceptions are documented in the sections "About this report" and "GRI Index" of the CR-Report) and for the selection of the information to be assessed.

This responsibility includes the selection and application of appropriate methods to prepare the CR-Report as well as the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the CR-Report, which is free of material misstatements due to intentional or unintentional errors.

#### Audit Firm's Independence and Quality Control

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

The audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the joint opinion of the Wirtschaftsprüferkammer (Chamber of German Public Auditors; WPK) and the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms ("Gemeinsamen Stellungnahme der WPK und des IDW: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis": "VO 1/2006") – and accordingly maintains a comprehensive system of quality control including documented policies



# pwc

and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### Practitioner's Responsibility

Our responsibility is to express an opinion on the sustainability information marked with "✓" in the CR-Report based on our work performed.

Within the scope of our engagement we did not perform an audit on external sources of information or expert opinions and on the reliability of the certificate systems used by the Company, referred to in the CR-Report.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information" published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that the sustainability information marked with "✓" in the CR-Report has not been prepared, in all material respects, in accordance with the GRI-Criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore significantly less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement. This includes the assessment of the risks of material misstatements of the sustainability information marked with "✓" in the CR-Report with regard to the GRI-Criteria.

Within the scope of our work we performed amongst others the following procedures:

- Obtaining an understanding of the structure of the sustainability organization
- Site visits of central departments
- Inquiries of personnel involved in the preparation of the CR-Report regarding the preparation process, the underlying internal control system and selected sustainability information

- Analytical procedures on selected sustainability information of the CR-Report
- Review of working documents and processes
- Assessment of the presentation of selected sustainability information in the CR-Report regarding the sustainability performance

**Conclusion**

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the sustainability information marked with “✓” in the CR-Report of the Company for the period 1 January 2015 to 31 December 2015 has not been prepared, in all material respects, in accordance with the GRI-Criteria.

**Emphasis of Matter – Recommendations**

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company’s sustainability management and sustainability reporting:

- Further standardization and formalization of reporting processes and the internal control system for sustainability information.

**Restriction on Use and Distribution**

We issue this report on the basis of the engagement agreed with the Company. The review has been performed for purposes of the Company and is solely intended to inform the Company about the results of the review. The report is not intended for any third parties to base any (financial) decision thereon. We do not assume any responsibility towards third parties.

Munich, 10 May 2016

**PricewaterhouseCoopers**  
**Aktiengesellschaft**  
**Wirtschaftsprüfungsgesellschaft**

Hendrik Fink  
Wirtschaftsprüfer  
(German Public Auditor)

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of the ALDI SOUTH Group.

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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.