



Objectives, Actions & Performance

# Factsheet

# Bananas



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# 1 INTRODUCTION

We acknowledge that all stakeholders in the supply chain, including retailers, have a vital role to play in creating a socially, economically and environmentally sustainable banana sector.

The ALDI SOUTH Group and its partners are committed to supporting human rights and environmental sustainability now and in the future. We are further integrating corporate responsibility (CR) into our buying to help us achieve our long-term goals. However, we cannot do it alone; it is a joint effort. Everyone involved contributes to a sustainable and fair banana supply chain.

# 2 FACTS & FIGURES





### 3 TRANSPARENCY & TRACEABILITY

Ensuring transparency in our supply chain is the foundation of our sustainability measures. We cannot ensure compliance with our requirements, analyse risks, monitor, or implement projects without knowledge of the origin of our products. We collaborate with our business partners to increase the transparency of our supply chains so that we can better understand the origin of each product we sell, and the raw materials used.

#### **Banana Suppliers**

In 2021, we began publishing the names and addresses of our direct business partners ([Tier 1 suppliers](#)) for bananas. This information will be updated regularly.

The latest list includes food suppliers used to produce ALDI products as of **November 2023** (excluding Australia-only suppliers). All disclosed suppliers have given consent for their information to be published.

Download the list as an Excel file [here](#).

### 4 CERTIFICATION & STANDARDS

We require our banana suppliers to meet social and environmental standards at the grower level. When buying bananas, the ALDI SOUTH Group uses independent certification. These schemes help us to promote environmentally and socially responsible practices in our sourcing.

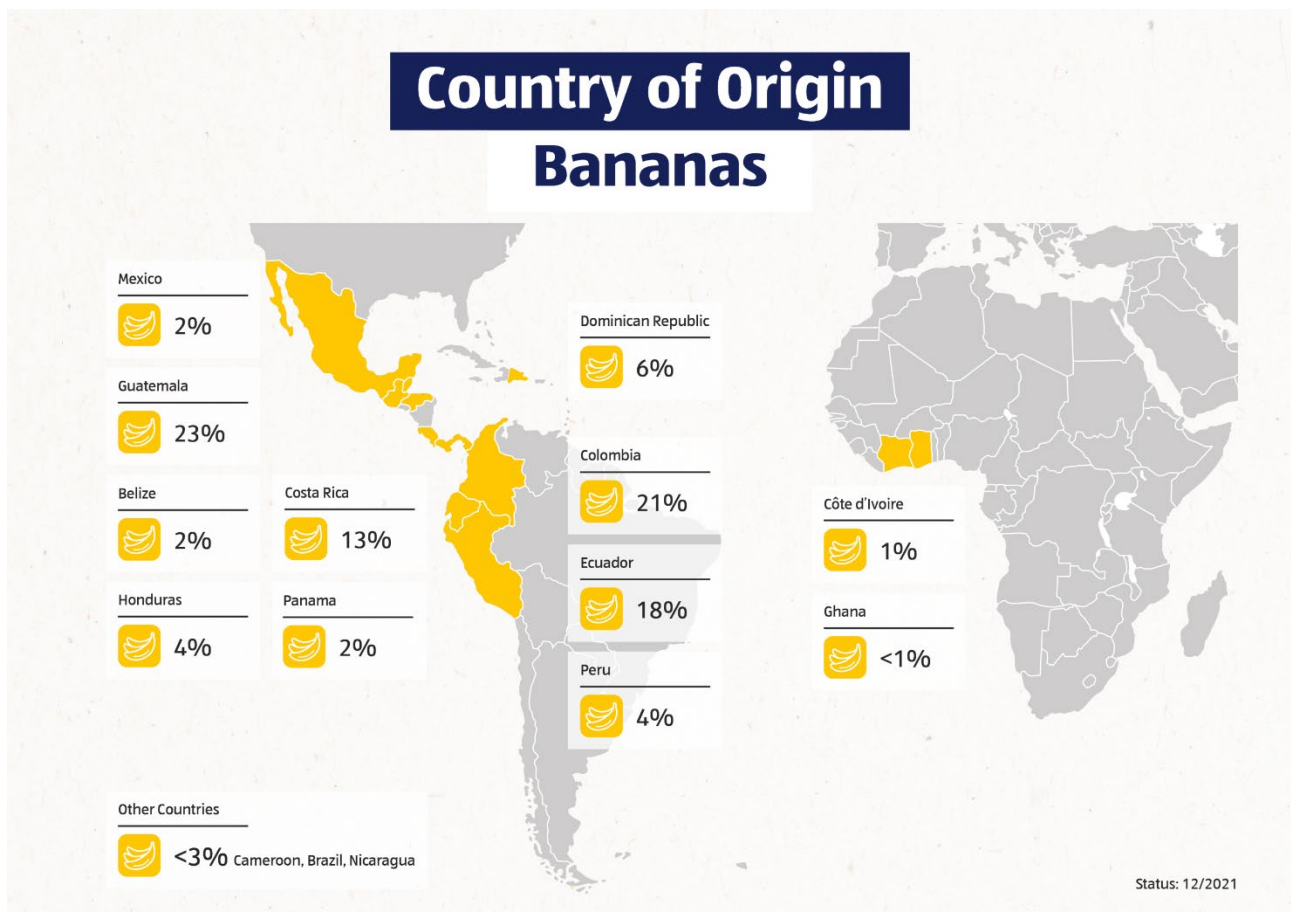
Since 2019, all ALDI stores in Europe and the US exclusively offer bananas that are certified according to the [Rainforest Alliance](#) standard or organic bananas in combination with either [Fairtrade International](#) or [GLOBALG.A.P. Risk Assessment on Social Practice](#) (GRASP) certification.

Our achievement of 100% certification is a great start. However, we acknowledge that standards and certification schemes do not fully address all environmental and human rights issues. Our strategy for creating a more sustainable banana supply chain involves moving beyond audits to focus on identifying and managing risks with our business partners.



## 5 SUPPLY CHAIN

Our European and US stores sell bananas that are sourced internationally, while our Australian stores sell locally sourced bananas. We conduct a thorough assessment of our business partners' social and environmental risk and compliance management systems, as well as their farms or production facilities' sustainability performance.



### 5.1 Sustainable Sourcing of ALDI SOUTH Group's Bananas

We are strengthening the sustainability of ALDI SOUTH Group's banana supply chain through an approach developed with our strategic suppliers. We are implementing more responsible purchasing practices and increasing the transparency of production costs. This improvement to our buying process enables us to better address critical cost changes and fluctuations that impact all supply chain stakeholders.

#### 5.1.1 PRODUCTION AND SUPPLY CHAIN COST TRANSPARENCY

In 2022, we collaborated with selected key business partners to identify relevant cost factors (including farm labour or other production costs) that could be reflected in a joint open-book costing approach. This approach ensures that the prices we pay our banana suppliers are fair and accurately reflect sustainable production costs. As a result, we are directly benefiting producers and workers, instead of the money being absorbed along the supply chain.



### 5.1.2 ALDI SOUTH GROUP'S SOURCING BASED ON FAIRTRADE METHODOLOGY

Our approach goes beyond ring-fencing cost items in negotiations. Instead, we take a partnership approach by jointly setting appropriate cost factors or identifying suitable benchmarks. This allows us to consider critical price developments for all relevant costs, such as packaging, fuel or logistics.

Fairtrade International conducts regular surveys of the production costs of Fairtrade-certified banana producers. We will use the cost factors published annually by Fairtrade International to set our prices. This policy applies exclusively to Fairtrade-certified bananas and not to all bananas. However, we will consider any changes in the cost factors that support the Fairtrade minimum price when sourcing our products. It is crucial to identify and mitigate price fluctuations that may have a negative impact on workers and stakeholders at the production level.

### 5.1.3 STRENGTHENING THE INTEGRATION OF SUSTAINABILITY INTO OUR BUYING PROCESSES

Our Global Sustainability Strategy includes the CR Supplier Evaluation (CRSE), which assesses and supports our suppliers in improving their sustainability practices. Our goal is to source at least 80% of our bananas from suppliers with good sustainability performance. This enables us to select the right business partners to work with, improve their sustainability standards and management, and create a more sustainable banana supply chain.

By directing our purchasing power towards suppliers who demonstrate good sustainability performance and have effective sustainability management systems and structures in place, we encourage our business partners to invest in ongoing improvement.

### 5.1.4 LONG-TERM PARTNERSHIPS FOR SHARED RESPONSIBILITY

We have engaged with our long-term strategic suppliers, who account for the majority of our buying volume, to strengthen the sustainability of the ALDI SOUTH Group banana supply chain. We introduced this responsible purchasing model in 2022 and plan to extend it to other business partners in the future.

As our strategic suppliers support us in implementing new ways of buying, we commit to a long-term partnership and, at a minimum, to keep the volume of bananas they supply to the ALDI SOUTH Group stable. This provides financial security and allows them to commit to longer-term sourcing and investment in sustainability with their producers.



"Being a solid institution, with a track record, scope and positioning, I believe that ALDI has the capacity to allocate the necessary resources to achieve real changes in the consumer's perception of the quality of Ecuadorian bananas and the effort involved in making our product sustainable. ALDI's new approach is to have first-hand information from the exporter and producer about the complexities and needs of the business. This allows us to ensure a stable and progressive volume over the years and establish a fair price to cover the investments we need to make in order to meet everyone's expectations. I believe that there are greater opportunities to reach a fair price by working under the principles of shared responsibility and transparency."

Danilo Palacios M. (CEO of Corporación Palmar)



## 5.2 Business Partner Collaboration

Our business partners play a crucial role in implementing our commitments and ensuring compliance with our requirements throughout the supply chain. We foster open and constructive dialogues with our suppliers to enhance the sustainability of the banana sector.

### 5.2.1 SUPPLIER EVALUATIONS

We have established annual Corporate Responsibility Supplier Evaluations (CRSE) that go beyond audits and integrate sustainability metrics into our buying decisions.

The CRSE is a transparent and comparable evaluation based on quantitative and qualitative indicators. These indicators focus on the social and environmental risk management systems of our business partners, as well as their compliance management systems and the sustainability performance of their farms or production sites. The indicators are derived from our International CR Requirements and expectations, which are included in every contract.

In 2019, we successfully piloted this approach with our banana suppliers and have since standardised the process. Now, every banana supplier must participate as a precondition for supplying ALDI SOUTH Group stores. The CRSE result of our banana suppliers also influences our buying decisions. We are committed to sourcing 80% of our buying volume in our high-risk supply chains from A- and B-rated suppliers as part of a stepwise approach over the coming years.



**2023:** 9 potential and current business partners evaluated  
**2022:** 14 potential and current business partners evaluated  
**2021:** 17 potential and current business partners evaluated  
**2020:** 17 potential and current business partners evaluated

### 5.2.2 SUSTAINABILITY ASSESSMENTS

We conduct our own sustainability assessments on farms and packhouses in relevant countries of origin to verify how the producers work in our supply chain and implement our [ALDI Social Standards in Production](#). This allows us to carry out spot checks and ensure compliance.



**2023:** 9 Producer Assessments conducted (2023)  
**2022:** 13 Producer Assessments conducted (2022)  
**2021:** 38 Producer Assessments conducted (2021)



## 5.3 Human Rights

We are committed to respecting human rights and improving living and working conditions throughout our supply chains.

### 5.3.1 HUMAN RIGHTS RISK ASSESSMENT

We regularly conduct human rights risk assessments to examine the risks within our food and agriculture supply chains. The purpose of these assessments is to identify any adverse impacts our company may have on human rights, gain insights into our actual impacts, and understand how we may be involved through our own activities or as a result of our business relationships.

We have identified bananas as a commodity with a high risk of negatively impacting the enjoyment of human rights, and therefore consider it to be of the highest importance to the ALDI SOUTH Group.

### 5.3.2 LIVING WAGES AND LIVING INCOMES

We aim to work towards supporting farmers and workers in our banana supply chain to achieve a decent standard of living. In May 2021, the ALDI SOUTH Group and the ALDI Nord Group jointly published their [International Position Statement on Living Wages and Living Incomes](#), which highlights our commitment to ensuring a decent standard of living in global supply chains.

We participate in the German Retailer Working Group on Living Income and Living Wages established by the [GIZ](#) (Deutsche Gesellschaft für Internationale Zusammenarbeit). The working group's objective is the coordination and execution of joint activities to achieve living wages and living incomes in global agricultural supply chains. Our aim is to ensure achieving at least a 50% share of Living Wage Bananas for the German market by 2025.

In 2023, ALDI UK, along with eight other retailers, committed to providing a living wage for banana workers in their international supply chains. The British coalition of retailers has pledged to close the living wage gap in their banana supply chains by the end of 2027. To fulfil this commitment, ALDI UK has agreed to follow the IDH Roadmap on Living Wages and to use tools such as the IDH Salary Matrix to calculate the living wage gap in their supply chains.

One of the main focuses of these working groups is to assess the gaps between living wages and living incomes. The aim is to pilot approaches to close these gaps and support trade union and collective bargaining structures in banana-producing countries to ensure a decent standard of living for farm workers.

For further details on all our commitments and key standards, please refer to our [Human Rights Factsheet](#).





## 6 STAKEHOLDER DIALOGUE & CAPACITY BUILDING

We believe the most effective way to safeguard both people and the environment is through collaborative initiatives and partnerships. Therefore, we work closely with our suppliers and participate in multi-stakeholder initiatives.

### 6.1 World Banana Forum (WBF)



The [World Banana Forum \(WBF\)](#), coordinated by the Food and Agriculture Organisation of the United Nations, aims to promote the worldwide adoption of best practices for sustainable banana production and trade. It provides a platform for retailers, importers, producers, exporters, consumer associations, governments, research institutions, trade unions, and civil society organisations to discuss the challenges facing the banana sector and find solutions. The ALDI SOUTH Group joined as a member in 2017.

### 6.2 Cost of Sustainable Production (WBF)

As a member of the [World Banana Forum](#), we participate in multi-stakeholder working groups that focus on living wages and the cost of sustainable production. The aim is to create transparency about living incomes and wages in producing countries. This information can then be used to support governments in ensuring that minimum wages meet living wages and that they are effectively enforced.

In this context, we support the FAO World Banana Forum's [Living Wage Advocacy Initiative \(LIWIN\)](#), which is working to establish living wage benchmarks in several banana-exporting countries, and advocate for living wages with government, private sector and civil society organisations in major European importing countries.

### 6.3 German Retailer Working Group on Living Income and Living Wages

As a member of the German Retailer Working Group on Living Income and Living Wages, established by the [German Society for International Cooperation](#) (Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ), our aim is to support and promote the establishment of an income and wage standard that covers the cost of living in global agricultural supply chains.

In 2020, we joined forces and aligned our approach with others to increase leverage and maximise our impact. Our goal is to ensure that farmers and workers in global agricultural supply chains have a decent standard of living. The German Retailer Working Group on Living Income and Living Wages aims to coordinate and implement joint activities. Its focus is on assessing living wage and living income gaps and piloting approaches to close them.

ALDI SÜD has committed to implementing living wages for at least 50% of bananas sold in Germany by 2025 in cooperation with the German Retailer Working Group on Living Income and Living Wages.



## 6.4 IDH UK Retailer Coalition on Living Wage for Bananas Workers

ALDI UK is one of nine major retailers in the UK that have committed to paying a living wage to banana workers in their international supply chains. The retailers will follow the IDH Roadmap on Living Wages and use tools like the IDH Salary Matrix to calculate the living wage gap in their supply chains. In addition to analysing their own company processes and procurement practices, coalition members will partner with other retail initiatives, suppliers, producers, and stakeholders, such as NGOs, certifiers, and trade unions, to achieve their goals. They will also collaborate closely with relevant standard organisations, such as Fairtrade International and Rainforest Alliance, to work towards living wages for workers.

## 6.5 Roadmap on Living Wages (IDH) (Working Group)



In 2019, IDH launched the [Roadmap on Living Wages](#) to develop solutions for measuring and closing living wage gaps in global supply chains. The ALDI SOUTH Group is part of IDH's Living Wage Steering Committee to address strategic issues related to the Roadmap on Living Wages and oversee its development. Furthermore, the companies participating in the committee will monitor the implementation of the IDH Roadmap, including the development of tools to measure the living wage gap and approaches to closing it.

“A living income and wage are an important part of a successful and fair sustainable supply chain; it is a key way in which the ALDI SOUTH Group can protect human rights and reduce poverty. We are proud to engage with the IDH and work alongside our industry partners to improve the livelihoods of farmers and workers in global supply chains. We believe that the best way to create the greatest impact is through fostering alignment and through the continuation of long-term joint initiatives and partnerships.”

Anke Ehlers, Managing Director International Sustainability (ISUST) for the ALDI SOUTH Group

