



Objectives, Actions & Performance

# Factsheet

# Cocoa





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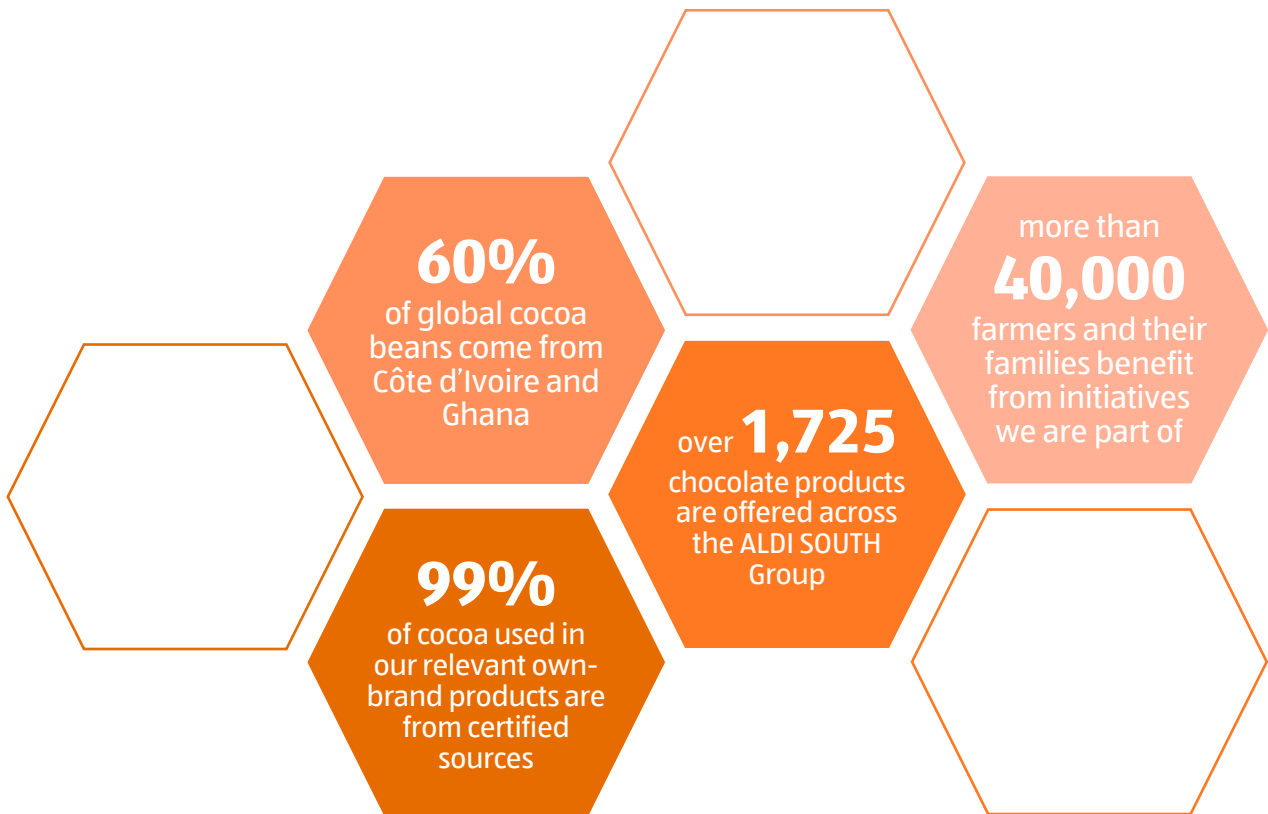


# 1 INTRODUCTION

The cocoa used in our products is sourced from smallholder farmers who may face challenging working and living conditions. The majority of our cocoa comes from Côte d'Ivoire and Ghana, where significant challenges exist in sourcing cocoa, including human rights violations such as child labour and environmental risks like deforestation.

The ALDI SOUTH Group is committed to promoting fair working conditions and environmentally friendly production in cocoa cultivation. To tackle these challenges, the ALDI SOUTH Group is increasing the amount of certified, sustainably sourced cocoa in its product range. Furthermore, we are collaborating with other stakeholders on projects on the ground and working with our business partners to improve the traceability of our cocoa.

# 2 FACTS & FIGURES







## 3 TRANSPARENCY & TRACEABILITY

Ensuring transparency in our supply chain comprises 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.

### Traceable Beans: Tony's BeanTracker

ALDI has joined Tony's Open Chain and developed a chocolate bar that is considered a best practice in the sector. The cocoa beans are responsibly sourced through the Open Chain using the 5 Sourcing Principles, one of them being traceability. We source directly from farmer cooperatives; this means we know where our beans are grown. All plantations we source from are GPS mapped, which increases our insight into first mile traceability, from the farm gate to the cooperative. Tony's [BeanTracker](#) allows us to track cocoa beans at any point in our supply chain. We can identify the farmers who produce the beans and the social circumstances under which they are produced.

We believe that understanding the origin and harvesting conditions of our beans can help address the issues at hand. Tony's BeanTracker digitally logs the location of the beans at any given time in the supply chain, enabling us to track the cocoa supply from each cooperative and farmer. We can ensure that the farmers receive the living income premium. We have information on which farmers supplied what percentages of each shipping container of beans, as well as the volume of beans being shipped and processed in Belgium.

Tony's Open Chain ensures 100% traceability of cocoa beans. The components of ALDI's Choceur CHOCO CHANGER's bar are completely separated from any other cocoa, certified or conventional, during the production process. This measure guarantees that the beans can be traced back to the cooperatives with which we work.

## 4 CERTIFICATION & STANDARDS

We want to provide our customers the highest quality at the best possible price. Certification schemes are a means of verifying that sustainability standards are being met in the cultivation of the cocoa used in our products. When buying cocoa-containing products, we require adherence to sustainability standards such as Rainforest Alliance, Fairtrade, Fair Trade USA, or organic certification. We have already converted over 99% of the cocoa used in our own-brand products. Additionally, the ALDI SOUTH Group collaborates with certification organisations to strengthen requirements and improve sustainability standards at farm level.

### 4.1 Fairtrade International

The ALDI SOUTH Group is a renowned partner of the Fairtrade Cocoa Programme. In 2022, we paid over €4.8 million in Fairtrade Premiums to cocoa farmer producer organisations by selling Fairtrade-certified products to our customers. Approximately 20 to 30% of our chocolate products contain Fairtrade-certified cocoa.

The Fairtrade Premium is an extra amount paid on top of the selling price to farmers or workers who independently invest in sustainable projects to meet the standard. They collectively decide how to allocate the Fairtrade Premium to achieve their goals, such as improving their farms or businesses, or enhancing the health and education of their community.



### **Small Producer Organisations**

**Small producer organisations invest most of their Fairtrade Premium in direct services for farmers and measures to strengthen or maintain their cooperative.**

Spending is targeted at projects that improve crop quality or productivity, as well as facilities and infrastructure at the cooperative level, such as improvements to crop processing and storage facilities, quality testing, and crop collection and transport. Premiums are used to purchase fertiliser, seeds, plants, tools and equipment. Small producer organisations also use the Fairtrade Premium for direct payments to members and community projects that promote access to education and healthcare.

For information on how the Fairtrade Premium is allocated, please refer to the most recent edition of [Monitoring the Scope and Benefits of Fairtrade](#).

## **4.2 Rainforest Alliance**

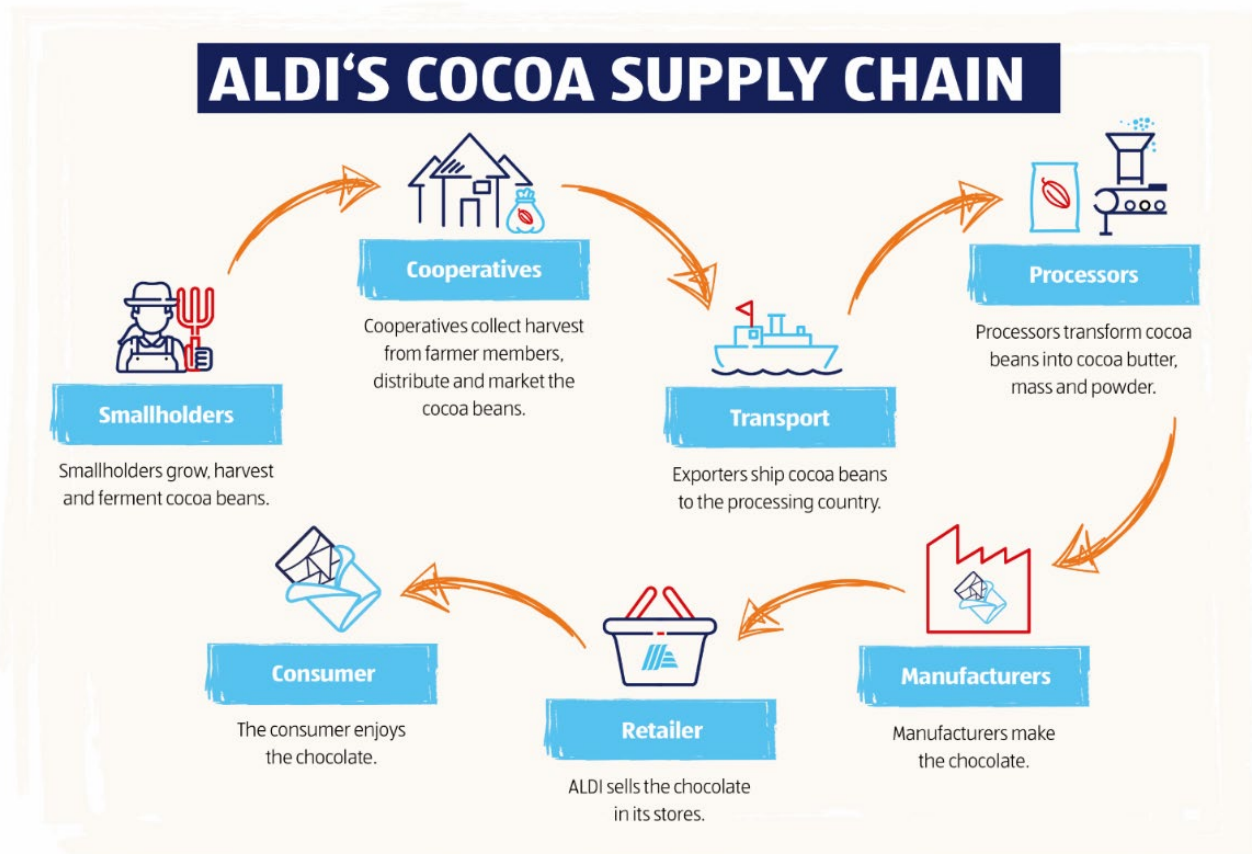
The Rainforest Alliance is a global non-profit organisation that brings together farmers, businesses, consumers and others to work towards a world where people and nature live in harmony. The alliance operates in more than 70 countries. Approximately 65% of our chocolate products contain cocoa certified by the Rainforest Alliance.



## 5 SUPPLY CHAIN

We prioritize sustainable production conditions in the manufacturing of both food and non-food products. Transparency in our supply chain is fundamental to our sustainability efforts. Without knowing the origin of our products, we cannot ensure compliance with our standards, analyse risks, monitor activities, or implement projects effectively. Therefore, we work closely with our business partners to enhance supply chain transparency, allowing us to better understand the origins of each product we sell, and the raw materials used.

The ALDI SOUTH Group sources most of its cocoa from Ghana and Côte d'Ivoire. Please see below our cocoa supply chain:



### 5.1 Human Rights

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

#### 5.1.1 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 determined cocoa as a raw material with a high risk of adverse impacts on the enjoyment of human rights and consider it most important to the ALDI SOUTH Group.



### 5.1.2 CHILD LABOUR

Illegal child labour remains a significant problem in the cocoa supply chain. 95% of children working on cocoa farms are exposed to hazardous work, such as handling dangerous tools or harmful pesticides. The ALDI SOUTH Group does not tolerate illegal child labour in any area of its operations, including its supply chains. Almost all of ALDI SOUTH Group's cocoa-containing products use cocoa that is certified by the Rainforest Alliance and Fairtrade International. These standards require the prevention of child labour in supply chains.

### 5.1.3 LIVING INCOME

The concept of a living income aims to address how self-employed individuals, such as smallholder farmers, can achieve a decent standard of living. Smallholders often earn incomes below national poverty lines, which leaves them unable to cover basic needs and cocoa production costs. Inequality in the cocoa value chain and the resulting extreme poverty highlight the importance of working towards a living income for a sustainable supply chain. The ALDI SOUTH Group supports integrating living income mechanisms into certification standards.

#### Boost Incomes with Premiums

A sweet deal for consumers and farmers! ALDI is proud to be a sustainability frontrunner by enabling cocoa farmers to earn a living income. As a Mission Ally of [Tony's Open Chain](#), ALDI pays farmers a Fairtrade Premium for the Choceur CHOCO CHANGER chocolate bar based on the calculations of a living income by Fairtrade and Tony's Chocolonely. The higher price takes into consideration the costs of living and the costs of farming.



Fairtrade and Tony's Chocolonely share the same vision and use the same model to calculate the cocoa price, enabling farmers to earn a living income. They have improved existing models, integrated widely accepted benchmarks and research, and shared their insights with the chocolate industry through the [Living Income Reference Price](#) for cocoa. The Premium is associated with responsible purchasing practices, such as long-term contracts and risk sharing. These practices enhance the resilience of smallholders, for instance, through insurance.

For further details on 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, as well as running our own projects on the ground.

### 6.1 Multi-Stakeholder Initiatives

#### 6.1.1 MISSION ALLY OF TONY'S OPEN CHAIN

ALDI joined Tony's Open Chain in 2020, becoming the first discount retailer to do so. This initiative, created by Tony's Chocolonely, invites other chocolate brands to work together to change the norm in chocolate. By adopting the 5 Sourcing Principles for our new Choceur CHOCO CHANGER chocolate bar, ALDI has joined the mission to make chocolate 100% slave free.

#### 6.1.2 GERMAN INITIATIVE ON SUSTAINABLE COCOA (GISCO)

ALDI has been an active member of the [German Initiative on Sustainable Cocoa \(GISCO\)](#) since 2015. Together with other members, we work towards achieving the initiative's objectives. This multi-stakeholder initiative aims to improve the livelihoods of cocoa farmers and their families, promote a secure living, conserve and protect natural resources and biodiversity in cocoa-producing countries, and increase the cultivation and commercialisation of sustainably produced cocoa.

#### Working together

The ALDI SOUTH Group is actively engaged in the sustainability and PRO-PLANTEURS working groups, which focus on the implementation of GISCO's goals and monitoring the PRO-PLANTEURS project.

#### 6.1.3 RETAILER COCOA COLLABORATION (RCC)

In September 2019, the ALDI SOUTH Group joined the newly formed [Retailer Cocoa Collaboration \(RCC\)](#) to support the Cocoa and Forests Initiative. This initiative aims to protect and restore forests in Côte d'Ivoire, Ghana, and Colombia. The RCC will also map collective cocoa supply chains to gain a better understanding of the social and environmental risks present in production countries. The trader assessment conducted by RCC will also provide us with more transparency and insight into lower tiers of the supply chain.

#### 6.1.4 SWISS PLATFORM FOR SUSTAINABLE COCOA (ALDI SUISSE)

By establishing the [Swiss Platform for Sustainable Cocoa](#) in 2018, ALDI SUISSE became a member of the association for the promotion of sustainable cocoa (Verein zur Förderung von nachhaltigem Kakao). The multi-stakeholder initiative comprises actors from the Swiss cocoa and chocolate industry, the public sector, civil society, and research institutions. Their collaboration aims to improve the living conditions of cocoa farmers, preserve natural resources, and promote biodiversity in cocoa-producing countries. They are committed to coordinating a dialogue with authorities and organisations in cocoa-producing countries and promoting the demand and procurement of cocoa-based products with sustainable origins.





## 6.2 Projects on the Ground

### 6.2.1 OUR SUSTAINABLY SOURCED CHOCOLATE: CHOCEUR CHOCO CHANGER

The **Choceur CHOCO CHANGER** is a responsibly sourced chocolate that not only has a sweet taste and a delicious smell but also brings a little bit(e) of happiness by empowering cocoa farmers in West Africa. Together, we can amplify our positive impact on cocoa farmers and bring change to the cocoa industry by working to end poverty, illegal child labour, and deforestation.



As the first international discount retailer to join Tony's Open Chain in December 2020, ALDI is committed to supporting Tony's Open Chain's ambitious mission to change the norm in the cocoa industry by improving the working conditions along supply chains and by collaborating in the transparent sourcing of cocoa beans. The cocoa beans for the Choceur CHOCO CHANGER are sourced via Tony's Open Chain and its 5 Sourcing Principles.

### 6.2.2 PRO-PLANTEURS PROJECT

Since 2015, we have been a member of the German Initiative on Sustainable Cocoa (GISCO) and have partnered with the German and Côte d'Ivoire governments in a joint project. **PRO-PLANTEURS** established collaboration with 30,000 of cocoa farmers, including female farmers, their families, and their cooperatives.

The successes of project's first phase included:

- Professionalising cooperatives
- Increasing farmers' cocoa yields
- Providing farmer training in Good Agricultural Practices and professional business management
- Diversifying of agricultural production and nutrition



The PRO-PLANTEURS project provides women with specific training in good nutrition and cultivating food crops for their own use. This allows women to become financially independent by selling and consuming the crops they grow. In June 2020, the PRO-PLANTEURS project entered its second phase, which aims to improve the living and working conditions of approximately 30,000 cocoa farmers.

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### 6.2.3 FAIRTRADE IMPACT REPORT

In 2020, the ALDI SOUTH Group, Fairtrade, and the Fairtrade cocoa cooperative ECAMOM started an annual monitoring process to record how the Fairtrade Premium is improving the working conditions and livelihoods of local cocoa farmers in Côte d'Ivoire.

The **first impact report** served as a baseline to provide insights into the work of the cooperative and farmers, and to identify the challenges they face. Our objective was to present a current overview of cocoa farming and highlight potential areas of opportunity that could enable a long-term partnership between stakeholders in the supply chain. The **second impact report** shows that all plots have been GPS mapped, Fairtrade sales have increased and more farmers are now certified organic.



## Contact Info

ALDI SÜD KG  
International Sustainability  
Alte Bundesstraße 10  
A-5071 Wals  
VAT Reg. No.: ATU24963706  
Commercial register: FN 26451z, Regional Court of Salzburg

Contact: International Sustainability (ISUST)

Please visit [sustainability.aldisouthgroup.com](https://sustainability.aldisouthgroup.com) for more information on our international corporate responsibility activities.