

POLICY

HUMAN RIGHTS & ENVIRONMENTAL DUE DILIGENCE





Commitment

As an international business with global supply chains, the ALDI SOUTH Group (“ALDI”) is committed to respecting human rights and the environment in its own activities and throughout its supply chains, in line with the international standards laid out in the annex of this policy. ALDI believes that long-term business success can only be ensured if responsibilities towards human rights and the environment are acknowledged and respected.

Accordingly, ALDI has developed a due diligence approach governing all policies, requirements, and processes affecting human rights and the environment in its supply chains.

Our Systematic Due Diligence Approach

Scope

ALDI’s due diligence approach is implemented to ensure that its commitments towards human rights and the environment are met. ALDI’s commitment covers all adverse impacts caused by and contributed to, as well as directly linked to our own business operations, and those of our business partners. This includes all enterprises that have a business relationship with ALDI by supplying services or goods, including both merchandise and goods not for resale. We expect ALDI staff and our direct and indirect business partners throughout our supply chains to respect human rights, and environmental standards, in line with this policy and with any applicable laws, and to ensure that all business activities comply with our commitment. While our goal is to prevent and mitigate any risks, we commit to taking remedial measures where ALDI’s actions have caused rights to be violated, and to ensure remedial measures are provided in the case of violations caused by and/or contributed to by ALDI business partners.

Sustainability Requirements

ALDI commits and requires its business partners to comply with all applicable laws in the countries and regions in which they operate.

Beyond legal compliance, the [ALDI Business Partner Sustainability Standards](#) lay out the key sustainability expectations towards all business partners. ALDI also integrates supply chain specific requirements around sustainability and responsible sourcing into contractual agreements with its business partners.

Where applicable laws and/or ALDI requirements set a different standard of protection to international standards, such as applicable [United Nations \(UN\) treaties](#) and [International Labour Organization \(ILO\) Conventions](#), ALDI and its business partners are to abide by the principles that provide the highest protection to potentially affected rightsholders such as workers and communities, and to the environment, to the extent permitted by applicable law.

We strongly believe in collaboration as key to succeeding and expect that our business partners pass our requirements on to their business partners throughout ALDI’s supply chains.



Risk Analyses and Impact Assessments

We continually assess the actual and potential impact of our actions with regard to human rights and environmental aspects along our diverse supply chains. This process includes both regular sustainability risk analyses for ALDI supply chains as a whole, ad hoc risk analyses where needed, as well as impact assessments relevant to specific products and components coming from selected origins. These assessments provide a deeper understanding of the specific impacts and risks related to the various stages of production in individual supply chains.

ALDI's overall sustainability risk analysis, conducted and updated on a regular basis, takes into account all products and components. Risk is calculated based on factors such as the country of origin, industrial and agricultural processes involved in manufacturing, raw materials used, and ALDI's buying volumes. The country and product specific risk scores for human rights and environmental aspects are based on publicly available indices, audit data and grievances received as well as internal company data.

Our risk analyses have identified the following human rights and environmental risks as especially salient to our diverse supply chains, and we have accordingly integrated them into our wider policies and management systems:

- Discrimination
- Freedom of Association
- Forced Labour
- Child Labour
- Occupational Health and Safety
- Wages and Income
- Deforestation and Land Rights
- Water Availability and Pollution
- Biodiversity Loss and Soil Depletion

These human rights and environmental risk topics in our supply chains are in addition to our commitments and actions in the area of **Zero Carbon**, wherein ALDI has set the goal of minimising the ecological footprint of its business activities by lowering greenhouse gas (GHG) emissions both for own operations and business partners.

We involve and consult with affected stakeholders if possible and necessary. In the context of our impact assessments, we acknowledge that specific groups, such as minorities, children and youth, women, migrant workers, and indigenous peoples, are potentially more vulnerable to having their fundamental human rights violated, and to suffering negative consequences from environmental impact. Where possible, we seek engagement with these vulnerable groups and their civil society representatives when planning and reviewing measures to mitigate and remediate our impacts.

Prevention and Mitigation — Risk Management

Based on the results of our risk analyses, we implement measures to address risks and prevent and mitigate potential adverse impacts that have been identified, prioritising the most salient ones.

These measures will be reviewed on an annual and ad hoc basis and continuously updated to meet the new priorities emerging from the results of our analyses.



Measures include among others:

- Implementation of the ALDI Business Partner Sustainability Standards, and other contractual requirements around sustainability and corporate responsibility for ALDI business partners
- Continuous improvement of our purchasing practices to address adverse impacts on human rights and the environment during the tender process
- Audit and certification requirements for supply chains, based on identified risk
- Development of goals and key performance indicators (KPIs) together with our buying department in order to monitor progress and to identify further actions
- Provision of trainings and e-learnings for our employees and business partners to strengthen the general understanding for key salient risks
- Evaluation of human rights and environmental compliance of our suppliers of high-priority commodity groups (as identified in our risk assessments) through the [Corporate Responsibility Supplier Evaluation \(CRSE\)](#)
- Conducting own on-site audits for high-priority commodity groups through our [ALDI Sustainability Assessments \(ASAs\)](#)
- Supply chain transparency for specific products from high-priority commodity groups ¹
- Implementation of policies to define human rights standards for internal processes, including fair recruitment processes and safeguards against forced labour and child labour, and procedures for employees to raise concerns
- Annually evaluating the effectiveness of our actions
- Participation in [multi-stakeholder initiatives](#), in cases where joint efforts have greater leverage in contributing to industry-wide change
- Implementation of projects in origin countries

We believe that transparency is a significant component of human rights and environmental due diligence. We have initiated efforts to provide greater insight into our supply chains and communicate openly about corresponding risks and the measures we take. We will continue to increase our transparency as part of our human rights and environmental efforts.

Please see the ALDI SOUTH Group International Sustainability website for a [detailed overview of ALDI's activities](#) in preventing and mitigating sustainability related risks.

Grievance Mechanisms

Grievance mechanisms provide a suitable means of identifying adverse impacts and risks and ensure that affected people, groups and representatives can raise their concerns and have access to remedy. ALDI therefore recognises the importance of establishing grievance channels that are consistent with the UN Guiding Principles and that are made available for anyone possibly negatively affected by our operations along our supply chains.

We partner with civil society and industry stakeholders to support the creation and implementation of multi-stakeholder grievance mechanisms in production countries, and are therefore engaging in projects such as the [amfori SPEAK FOR CHANGE Programme](#), the [Impartial Worker Occupational Safety and Health Complaints Mechanism](#) of the RMG Sustainability Council (RSC) or the [Complaints System](#) of the Roundtable on Sustainable Palm Oil (RSPO), and the [Issara Worker Voice Programme](#).

Via these channels, affected rightsholders have the opportunity to submit complaints, including grievances related to human rights and environment, which were caused by, contributed to, or directly linked to any action of ALDI or ALDI's direct and indirect business partners.

1) Please refer to the ISUST website for more information on supply chain transparency relating to [food, textiles and shoes](#)



In addition, every ALDI country has an AlertLine or Counsel of Trust to whom complaints and grievances from internal and external parties concerning human rights and environmental topics can be addressed.

ALDI supports and actively addresses the remediation of known grievances related to environmental and human rights abuses. In addition to being addressed through the appropriate remedial measures, any known grievances received related to human rights and environmental impacts are to be considered in our risk analysis and in the development of measures, trainings, and business processes.

ALDI will review the efficacy of our grievance mechanism on an annual basis. In the event of significant changes due to risk situations or indications of restrictions, ad hoc reviews will be conducted.

Please see below for direct access to the respective grievance channels:

[ALDI SÜD Holding](#) | [ALDI SÜD Germany](#) | [HOFER Austria](#) | [ALDI Suisse](#) | [ALDI Italy](#) | [ALDI US](#)
[ALDI UK](#) | [ALDI Australia](#) | [ALDI Ireland](#) | [ALDI Hungary](#) | [HOFER Slovenia](#) | [ALDI Hong Kong SAR, China](#)

Remedial Measures

We take all instances and allegations of actual adverse impacts seriously, whether reported by ALDI employees, workers at production sites, auditing partners, third-party auditors, business partners, civil society, media, or other stakeholders. If we identify that our business activities cause or contribute to human rights and environmental risks, we will take appropriate remedial action. Where ALDI is indirectly linked to risks and adverse impacts, ALDI will seek to engage with its business partners to address identified actual adverse impacts.

We work closely with our business partners to remedy actual adverse impacts linked to our operations and products. We have defined a variety of measures for these incidents considering the severity of the risk, including the following:

- Development of Corrective Action Plans (CAP) with concrete timelines to address findings and remediate actual adverse impacts
- Adaptation of internal processes, such as changes to purchasing practices, additional trainings and audits, and other measures proportionate to the identified risk or impact
- A rapid response system in collaboration with The Centre for Child Rights and Business in order to be able to react immediately and appropriately if child labour is found in our supply chains
- Temporary suspension of direct and indirect business partners from business with ALDI
- As a last resort, the exclusion of direct and indirect business partners from business with ALDI

ALDI will review the efficacy of its remedial measures on an annual and ad hoc basis. This will be conducted via measures such as audits and desk-based follow-ups to ensure that remedial measures are being implemented properly. ALDI may involve external partners for additional guidance in special cases, e.g. those involving child labour.

Structure and Responsibilities

The ALDI SOUTH Group's International Chief Commercial Officer (ICCO) oversees the implementation of our Sustainability Strategy. ISUST is the international ALDI SOUTH Group sustainability department and employs a team with expertise on human rights and environmental protection in supply chains. In addition to other tasks, this department reviews the work conducted by the ALDI Corporate Responsibility (CR) units located in Bangladesh and Hong Kong SAR, China, which perform on-site checks of the conditions throughout the supply chains of the ALDI SOUTH Group.

The Managing Director of ISUST reports directly to the ICCO on a weekly basis. This process ensures the ICCO is closely involved in our approach to human rights and environmental due diligence. The ICCO can thereby closely monitor new developments, and regularly review and approve measures on key issues.



Details of discussed key issues include but are not limited to the following:

- Our human rights and environmental due diligence strategy for global supply chains
- Our support for due diligence legislation
- Results of our human rights and environmental risk and impact assessments
- Projects for addressing our salient risks, such as child labour and forced labour, as well as living wage and living income projects

Within the ALDI SOUTH Group, the International Sustainability Committee, which is chaired by the ICCO and consists of International Commercial Officers (ICOs) and National Chief Commercial Officers (NCCOs) from across the business, makes the final decision on standards that all ALDI countries must comply with, approves national ambitions and actions within the scope of our strategy, and monitors progress.

At a national level, the National Sustainability Committee defines national ambitions and actions, coordinates the implementation of national actions, and tracks progress and KPIs.

NCCOs and ICOs of the ALDI SOUTH Group are responsible for supervising the implementation of the Sustainability Strategy and compliance within their scope of competence. The ALDI SOUTH Group has Sustainability teams in all markets that support the National Buying departments with coordinating measures regarding human rights and environmental due diligence. Where necessitated by legislation, individual ALDI countries may have their own structures that differ from and/or go beyond what has been described above.

Further Development

ALDI is aware that human rights and environmental due diligence is an ongoing process and is committed to the principle of continuous improvement. We regularly evaluate how to improve and strengthen our approach to addressing human rights and environmental issues, which includes conducting periodical reviews of our standards and policies. This policy statement will be updated annually or as necessary on an ad hoc basis. Our processes and results are to be documented and accordingly stored for 7 years.

On behalf of The ALDI SOUTH Group:

Christoph Schwaiger

International Chief Commercial Officer, ALDI SÜD Holding



Annex: International Standards

ALDI's company policies and standards have been developed in alignment with the following human rights and environmental standards.

For further reference, see also ALDI's [Policy Library](#).

Fundamental Human Rights Conventions

- [Universal Declaration of Human Rights](#)
- [International Covenant on Civil and Political Rights](#)
- [International Covenant on Economic, Social and Cultural Rights](#)
- [UN Convention on the Rights of the Child](#)
- [UN Convention on the Elimination of All Forms of Discrimination against Women](#)

International Environmental Conventions

- [Paris Agreement under the United Nations Framework Convention on Climate Change](#)
- [Minamata Convention on Mercury](#)
- [Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal](#)
- [Stockholm Convention on Persistent Organic Pollutants](#)

International Labour Organization (ILO) Standards

- [ILO Declaration on Fundamental Principles and Rights at Work, 1998](#)
- [ILO Convention No. 29: Forced and Compulsory Labour](#)
- [Protocol of 11 June 2014 to ILO Convention No. 29](#)
- [ILO Convention No. 87: Freedom of Association](#)
- [ILO Convention No. 98: Right to Organise and to Bargain Collectively](#)
- [ILO Convention No. 100: Equal Remuneration for Men and Women Workers for Work of Equal Value](#)
- [ILO Convention No. 105: Abolition of Forced Labour](#)
- [ILO Convention No. 111: Discrimination in Respect of Employment and Occupation](#)
- [ILO Convention No. 131: Minimum Wage Fixing](#)
- [ILO Convention No. 138: Minimum Age for Admission to Employment](#)
- [ILO Convention No. 155: Occupational Safety and Health](#)
- [ILO Convention No. 156: Workers with Family Responsibilities](#)
- [ILO Convention No. 182: Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour](#)
- [ILO Convention No. 183: Maternity Protection](#)
- [ILO Convention No. 187: Promotional Framework for Occupational Safety and Health](#)
- [ILO Convention No. 190: Elimination of Violence and Harassment in the World of Work](#)

International Human Rights and Environmental Principles and Standards

- [The United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#)
- [The UN Guiding Principles Reporting Framework](#)
- [The OECD Guidelines for Multinational Enterprises](#)
- [ETI Base Code](#)
- [Dhaka Principles for Migration with Dignity](#)
- [Children's Rights and Business Principles](#)
- [Accountability Framework for Deforestation and Conversion-free Supply Chains](#)



ALDI SÜD KG

International Sustainability

Alte Bundesstraße 10

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Contact:

International Sustainability

responsibility@aldisouthgroup.com

Please see sustainability.aldisouthgroup.com for more information on our international sustainability activities.