

Objectives, Actions
and Performance

NUTS

FACTSHEET

2024



ALDI SOUTH Group

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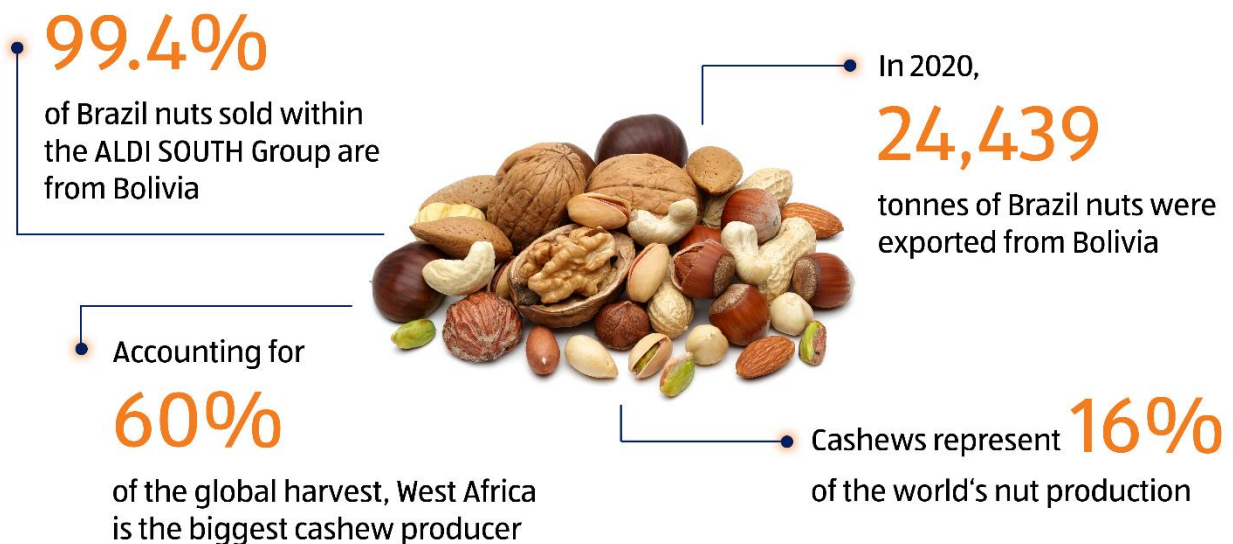
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1 | INTRODUCTION

Each type of nut and its value chain presents unique social and environmental challenges. The origins and production systems of nuts vary greatly. Brazil nuts, for example, are often collected from the pristine rainforests of the Amazon, while hazelnuts are typically grown by smallholder farmers in Turkey and cashews in West Africa. Almonds, on the other hand, are usually produced on industrial plantations in California.

The ALDI SOUTH Group has identified nut supply chains as a high-priority focus area. There are eleven types of nuts sold in the ALDI SOUTH Group's countries, with Brazil nuts, cashews, and hazelnuts being of particular importance. We are committed to fostering fair working conditions and environmentally friendly production in the cultivation and processing of nuts. We will continue to enhance our efforts in ensuring transparency and traceability in our nut supply chains and support our business partners in improving their corporate responsibility performance.

2 | FACTS & FIGURES



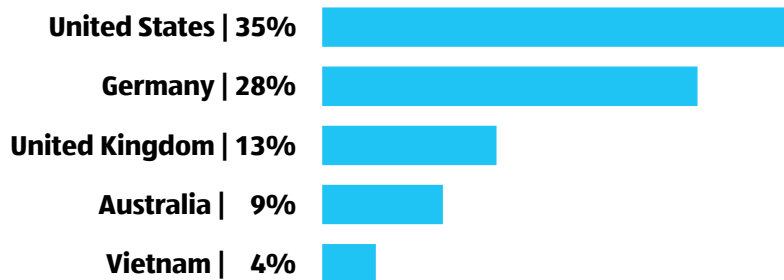
3 | TRANSPARENCY & TRACEABILITY

Supply chain transparency is essential for all our sustainability measures. However, nut supply chains are highly complex, and the production process for each nut type can be very different. In the case of cashews, this may include cultivation in West and East Africa and processing in Vietnam. This not only makes it challenging to achieve traceability and transparency in general but can also hinder our efforts to increase stakeholder engagement and capacity building in our supply chains.

In collaboration with our business partners and other industry stakeholders, we aim to improve transparency through targeted supplier interviews, participation in relevant multi-stakeholder initiatives, projects on the ground, and crop-specific human rights impact assessments. This helps us to ensure compliance with our standards for cultivating and processing the nuts used in our products.

In 2022, we successfully completed our second nut traceability review. The review allowed us to understand where our nut products come from, and the techniques used to grow and process them. With our suppliers' help, we obtained data on almost 85% of our nut snacking products buying volume, providing key insights into the individual supply chain for each type of nut. We understand that without this knowledge, we would not be able to ensure compliance with our requirements, analyse risks or implement projects on the ground.

Countries of final production facilities for our nuts products



Countries of final production facilities where our nuts products are manufactured, based on the 2023/2024 Buying Volume.

Our main sourcing countries for nuts:



4 | SUPPLY CHAIN

4.1 | VISITS & ASSESSMENTS

We aim to expand our Corporate Responsibility Supplier Evaluation (CRSE) to include our nut supply chains by 2027. We will also provide capacity building measures for our lowest ranking suppliers.

4.2 | AFRICAN CASHEW SUPPLY CHAIN



The cashew supply chain comprises a complex global network that is not widely understood. The long journey of cashews presents several challenges, such as additional transport and shipping, which contribute to increased environmental emissions.

Cashews are unique among nut supply chains because they are not always grown and processed in the same country. Significant volumes of raw cashew nuts are grown in West or East Africa and then transported to Vietnam or India for cracking and shelling to obtain the cashew kernel. The kernels are exported to manufacturers worldwide for final processing, which includes roasting, salting, and flavouring. They are then packed and sent to retail stores.

Through our African Cashew Project, we directly ship cashews from West Africa to ALDI SOUTH Group markets where they are packed and sold. This shortens the supply chain while maintaining excellent quality and taste. By sourcing directly from the country of origin, we not only reduce supply chain emissions and complexity but also support existing processors and help to improve the livelihoods of farmers, factory workers, and their families. The reinvestment of value in the community supports the financial independence of the predominantly female workforce in farms and factories.

[Read more about the Cashew Supply Chain](#)

4.3 | HUMAN RIGHTS

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

4.3.1 | 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 identified nuts 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.

4.3.2 | Child Labour

Illegal child labour remains a key challenge in several nut supply chains. Studies have shown that in some areas of the hazelnut sector in Turkey, nearly 50% of the workforce is under the age of 18.

We do not tolerate child labour in any part of our business, including our supply chains. Therefore, we require all our business partners to prevent child labour from occurring at any production sites used for our products. For hazelnuts, we collaborate with the [Rainforest Alliance Hazelnut Programme](#), which aims to identify areas where there is a risk of child labour and provide training and development programmes to raise awareness of these issues.

Through our efforts, we are committed to contributing to the prevention, identification, and remediation of child labour in all our supply chains.

4.3.3 | Modern Slavery

Modern slavery and forced labour are commonly known sectoral issues in the nuts industry. As a result, we are working together with our business partners, multi-stakeholder initiatives and other stakeholders to identify and address forced labour in our supply chains. The ALDI SOUTH Group and the ALDI Nord Group also jointly published their [International Policy on Forced Labour](#) in order to expand their zero-tolerance approach to any forms of modern slavery and forced labour.

4.3.4 | Human Rights Impact Assessment - Brazil Nuts from Bolivia

We are developing specific measures to prevent or mitigate adverse human rights impacts that were identified during our 2018 risk assessment. The ALDI SOUTH Group is committed to conducting detailed human rights impact assessments (HRIAs) that follow a stringent methodological approach, including extensive background research and engagement with rightsholders. Through these studies, we aim to identify, understand, and assess the potential and actual adverse impacts of our business activities on workers and other affected rightsholders, such as community members, smallholder farmers, and women.

Brazil nuts are a valuable non-timber product in the North Amazonian region of Bolivia. The product has significant socio-economic importance to the region, but it has both positive and negative impacts on local communities. The HRIA identified that most negative impacts occur during harvest operations and processing at the factory level. These impacts are driven by multiple root causes, including sectoral, regulatory, and contextual drivers.

An example of the challenges faced during Brazil nut collection is the difficulty in enforcing labour laws and providing effective oversight due to the remote rainforest locations. This can have negative impacts on human rights. However, the livelihoods generated by the Brazil nut harvest incentivise communities to protect forests from more destructive usage, such as logging, which helps preserve the land of indigenous communities and their way of life.

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

5 | 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.

5.1 | MULTI-STAKEHOLDER INITIATIVES

5.1.1 | Sustainable Nut Initiative (SNI)

Since 2020, the ALDI SOUTH Group has been an active member of the [Sustainable Nut Initiative \(SNI\)](#). SNI is a pre-competitive collaboration platform that brings together key players in global nut supply chains, from processors to roasters to retailers. Through its active involvement, the ALDI SOUTH Group has developed a risk-based approach to tackle current and future sustainability issues at a sector level, as well as to develop scalable approaches for improving traceability and sustainable farming practices.

Sustainable Nut Initiative Activities

As a first step, the SNI aims to improve global cashew supply chains, based on a [sector-wide risk analysis](#) conducted in November 2020. Producing, processing, and sourcing cashew nuts still poses inherent sustainability challenges associated with the farming communities that produce them, the workers that process them, and the environmental impacts from the production steps and transportation involved. The ALDI SOUTH Group, along with other industry actors, has developed an [ambitious plan](#) with the SNI to jointly address the sustainability issues identified in the risk assessment report and to define a sustainable path forward.

By collaborating within the SNI, we believe we can have a positive impact on the challenges facing the cashew and other nut supply chains. Our shared goal is a sector-wide drive towards better agricultural practices, improved social standards and, ultimately, more sustainable products.

5.1.2 | Rainforest Alliance Hazelnut Programme

In 2017, the ALDI SOUTH Group joined the [Rainforest Alliance Hazelnut Programme](#) (formerly known as UTZ), which brings together more than 100 global market players to tackle sustainability challenges such as child labour and poor conditions for migrant workers in the predominantly Turkish hazelnut supply chain. The Rainforest Alliance Programme is the first independent third-party certification programme in the hazelnut sector, and over 7,600 hazelnut farmers in Turkey now apply Rainforest Alliance standards for sustainable farming.

5.2 | PROJECTS ON THE GROUND

5.2.1 | Social Dialogue In Cashew Nut Supply Chains

In 2019, ALDI joined forces with [Ethical Trade Norway](#) to drive sustainable change in labour standards and environmental stewardship in the Vietnamese cashew nut supply chain. The project is now in its fifth year, following a previous [due diligence study](#) on labour practices in the Vietnamese cashew nut industry. It aims to enhance operations related to worker-management dialogue, grievance handling, and trade union rights through capacity building activities and social dialogue training for processors in Vietnam. The trainings have a particular focus on women workers and vulnerable groups. Additionally, farmers are trained on labour standards, good agricultural practices, and environmental practices.

Achievements of the Cashew Nut Project in Vietnam

As of September 2022, the following has been accomplished:

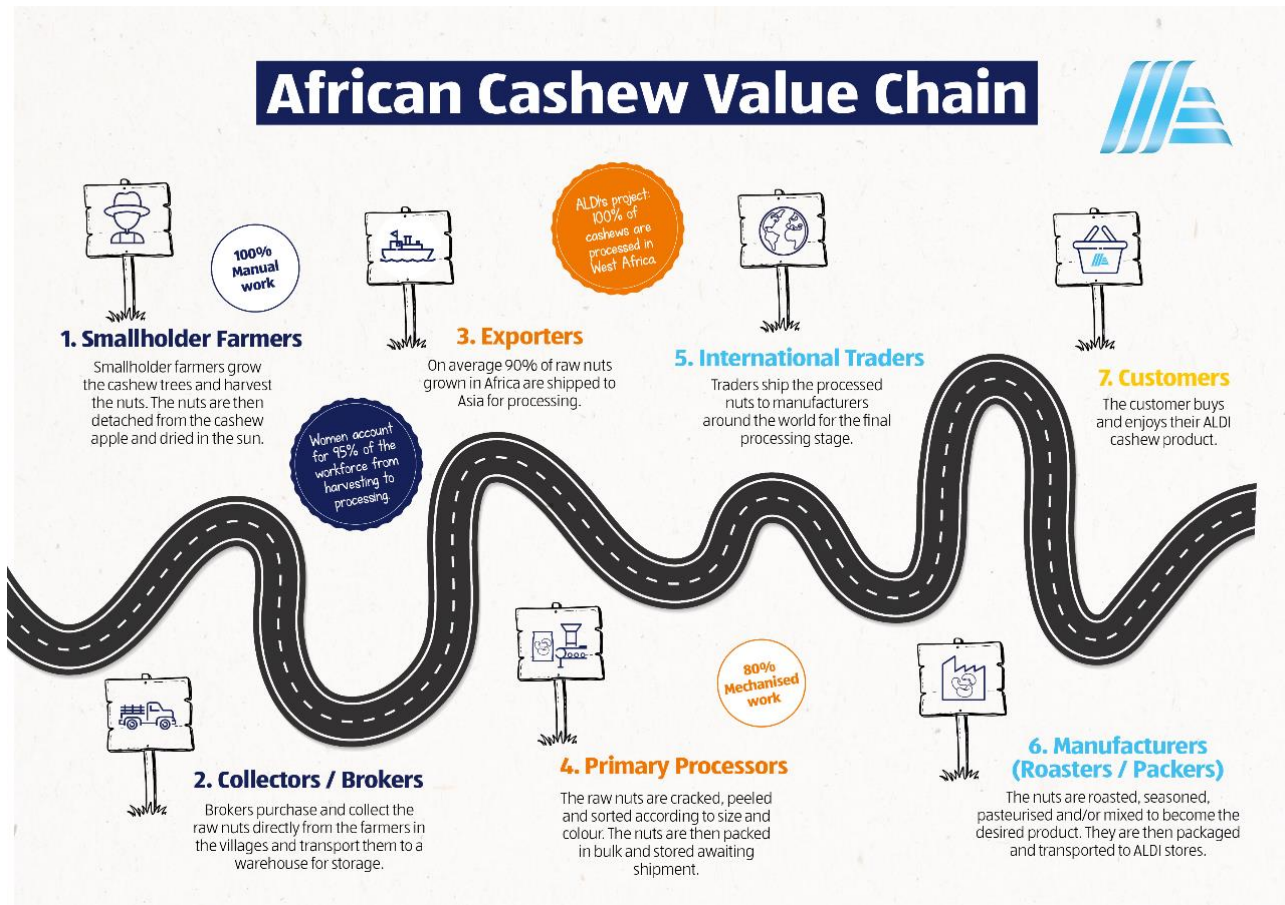
- 28 rounds of farmer training were conducted to educate 418 participating cashew farmers (25% of whom were female) on good agricultural practices and environmental protection.
- 29 instructors completed the train-the-trainer programme, resulting in a core group of 12 trainers, including 2 female trainers.
- Four rounds of training on effective social dialogue were conducted for 49 exporting processors, including 18 in the ALDI SOUTH Group's supply chain. Of those trained, 61% were female.
- Four rounds of training on labour standards were conducted for 32 small processors, with 49% female participation. Additionally, monitoring was enhanced.
- A [best practice guide on social dialogue](#) for exporting processors was completed and distributed.
- A [sustainability due diligence guide](#) for purchasers of cashew nuts was completed and distributed.
- A training manual was developed for the trainers of cashew farmers on good agricultural practices, labour standards, and environmental stewardship.

The project has been extended for an additional two years, providing an opportunity to continue supporting farmers, cashew exporters and small-scale processors to improve their working practices and respond to their requests for further training.

5.2.2 | Increasing The Sustainability Of Cashew Nuts

To increase the sustainability of cashew nuts, it is crucial to know where they come from. Our visit to Côte d'Ivoire provided an insight into the nuts' journey from falling from the tree to being packaged, and the different stakeholders involved in the process.

Although cashews have great potential, there can be many challenges throughout the value chain. Increasing transparency and traceability is an essential step toward improving our business practices and promoting sustainability within the cashew supply chain. Knowing where our cashews are grown helps us support our business partners and ensure the ultimate quality and sustainability of our cashew products.



We have partnered with stakeholders in West Africa to future-proof our cashew supply chain. This collaboration has led to the introduction of three innovative cashew products in eight different ALDI SOUTH Group markets.



ALDI Australia



ALDI SÜD Germany, ALDI SUISSE, ALDI Italia, ALDI Hungary and HOFER Austria and HOFER Slovenia



ALDI UK

[Read more about the project and products.](#)



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