

# DECLARATION OF PRINCIPLES

## ON HUMAN RIGHTS AND THE ENVIRONMENT



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## PREFACE

As an international business whose supply chain interact with millions of people every day, it is our responsibility to respect and protect human rights throughout its entire supply chains. We are conscious that the way we operate, purchase goods, and the business partners we select have significant impacts on both people and the environment. That is why we see the protection and promotion of human rights and environmental sustainability as fundamental to our business practices. Our guiding principles “Gutes für Alle (Good for everyone)” is rooted on the belief that the long-term success of our business can only be achieved when we and our business partners acknowledge our responsibility towards people and the environment and act accordingly.

The senior management of ALDI SÜD explicitly commits to respecting human rights and fulfilling its environmental obligations as part of its international human rights strategy.

The Declaration of Principles applies to the following German business entities within the ALDI SÜD Group: ALDI SÜD Dienstleistungs-SE & Co. oHG, ALDI International Services SE & Co. oHG and the 24 regional business entities (ALDI SE & Co. KG)<sup>1</sup>. The Declaration of Principles comprises the essential due diligence obligations of the aforementioned business entities, ensuring that human rights and environmental obligations are met.

<sup>1</sup> Adelsdorf, Aichtal, Bingen, Bous, Butzbach, Donaueschingen, Dormagen, Ebersberg, Eschweiler, Geisenfeld, Helmstadt, Kerpen, Kirchheim, Kleinaitingen, Langenfeld, Langenselbold, Mahlberg, Mönchengladbach, Mörfelden, Murr, Rastatt, Regenstauf, Rheinberg, Sankt Augustin



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# 1 RESPONSIBILITY AND GOVERNANCE

To fulfil our commitment to respect human rights and environmental standards, we have entrusted the national responsibility to our German senior management of the aforementioned business entities. This commitment from our senior management, along with a similar voluntary commitment from our international senior management, fundamentally shapes both our German and international corporate culture. Here at ALDI SÜD, we strive to establish a culture of universal understanding regarding human rights and environmental concerns, and we consistently aim to act in accordance with this both nationally and internationally. Our global sustainability strategy is evidence to the commitment.

The due diligence processes we have implemented in accordance with the German Supply Chain Due Dilligence Act (*Lieferkettensorgfaltspflichtengesetz, LkSG*) expand our existing system for respecting human rights and environmental protection.

To achieve our goal of conducting our business activities in accordance with the respect for human rights and the environment, we have implemented defined processes in our risk management system, which must be observed in all business areas.

The responsible business entities have appointed a human rights officer as a control and governance body. Sufficient resources and personnel have been provided to the human rights officer for this purpose. The human rights officer reports to the senior management and executives of the German business entities.

The responsibility and accountability for adhering to human rights and environmental due diligence obligations is collectively upheld by every individual acting within our binding processes, both nationally and internationally.

Further information regarding our human rights and environmental strategy can be found in the [human-rights-and-environmental-due-diligence-policy](#).



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## 2 HUMAN RIGHTS AND ENVIRONMENT STRATEGY, STATEMENT OF VALUES

For over a decade, we have continuously increased our sustainability efforts.

Since 2016, we have been implementing the requirements of the German federal government's National Action Plan for Business and Human Rights. As the first food retailer in Germany, we published a "Human Rights Policy Statement" back in 2018, which already reflected our commitment to human rights and defined our values.

As we look towards 2025, we remain committed to our strategic goal of fully and effectively implementing the obligations of the LkSG or similar European and international regulations. We can commit to this strategic goal because we integrated the due diligence obligations of the LkSG into our international human rights strategy early on. This strategy focuses on the people affected in order to improve the situation on the ground.

The national requirements of the law have therefore been aligned with the Group's international due diligence approach. By implementing this approach, we ensure that we fulfil our obligations regarding human rights and environmental protection. We require our employees and business partners throughout the supply chain to respect human rights and environmental standards in accordance with the [Human Rights and Environmental Due Diligence Policy](#) as well as the relevant laws, and to ensure that all business activities are aligned with our requirements. These requirements must be adhered to by all direct and indirect business partners along the entire supply chain as part of our [Business Partner Sustainability Standards](#). We aim to actively monitor, identify risks, provide remedies, avoid risks and counteract them. Therefore, we are committed to taking remedial measures if our actions have a negative effect on human rights or the environment. Regarding our business partners, we ensure that they implement appropriate remedial measures if they have caused or contribute to any legal violations.

In our efforts, we particularly refer to the following international human rights and environmental standards:

- Universal Declaration of Human Rights by the United Nations
- 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
- ILO Core Labour Standards
- United Nations Guiding Principles of All Forms of Discrimination Against Woman (UNGW)
- OECD Guidelines for Multinational Enterprises
- Paris Agreement of the United Nations 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

To achieve our goals regarding human rights and environmental protection, we depend on the support and sense of responsibility of our employees. In the last year, we have informed and educated our employees on the important human rights and environmental issues that are relevant to their respective fields of work. We will continue our information and training concept in 2025 and expand it with specific training sessions.

For more information on ALDI SÜD's activities to protect human rights and the environment, please visit our website [on sustainability](#) topics.

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## WHAT WE EXPECT FROM OUR BUSINESS PARTNERS

We are committed to complying with all the relevant laws in the countries and regions where ALDI SÜD operates. We expect the same from our business partners. In our efforts to protect human rights and the environment, we have developed and implemented a due diligence management system. We also require our business partners to establish an effective governance structure and corresponding management system.

Alongside our [Business Partner Sustainability Standards](#), we impose value chain-specific sustainability requirements and corresponding obligations on our contractors. One of our core elements is the establishment of responsible buying practices in our Buying departments.

Here at ALDI SÜD, we are committed to ensuring that we and our business partners comply with the legal standards that provide the highest possible protection for people and the environment. This commitment applies as far as permissible under the applicable law.

We firmly believe that collaborating with our business partners is the key to success. Therefore, we strive to build and maintain long-term business relationships to achieve improvements in the supply chain together. Beyond our legal obligations, ALDI SÜD has been contributing to the development in the countries of origin for many years.

Wherever possible, we seek to leverage collective influence through industry initiatives to advance the protection of people and the environment. To actively implement or sustainability requirements on the ground, we operate or own offices in Hongkong SAR (Special Administrative Region), China and Bangladesh, allowing us to conduct on-site audits to production facilities and carry out audits. We expect our business partners to provide full transparency and always collaborate cooperatively, as we believe that the visibility of risks and violations of human rights and the environment is fundamental to improving the situation of those affected.

## WHAT WE EXPECT FROM OUR EMPLOYEES

Here at ALDI SÜD, we have always worked according to principles characterised by mutual respect and responsibility. As a company, we have established concrete values and rules for ensuring fair and respectful interactions within a broader ALDI SÜD management strategy for many years. We are convinced that lasting business success can only be achieved through a respectful approach to our employees. We also expect our employees to be mindful of their respective responsibility to protect human rights and the environment. Therefore, we place special importance on sufficiently raising awareness among our employees and empowering them to make responsible decisions.

### 3 RISK ANALYSIS

To identify the risks in our own business operations and in our supply chains, we regularly analyse (at least once a year and as warranted) the actual and potential effects of our activities on human rights and the environment.

Beyond the legally required risk analysis of our direct business partners, we also conduct risk analyses concerning the origins of goods in the deep supply chain.

We conduct ad-hoc risk analyses in response to significant changes in the risk situation and if we receive substantiated information that would give us cause to do so. To ensure the best possible protection of human rights and the environment in our supply chains, we not only respond to external alerts but also proactively conduct assessments in our high-risk product groups.

#### RISK ANALYSIS IN THE SUPPLY CHAIN

As part of the regular risk analysis of our business partners, we analyse around 16,000 business partners annually based on two factors: country and industry. These country- and industry-specific risk analyses for human rights and environmental risks are based on publicly available indices. In addition, we consider complaints received through internal and external channels, as well as external media reports and our high-risk product groups. Based on these comprehensive factors, we have sent results-based questionnaires to our prioritized business partners and evaluated their responses.

We have weighted and prioritised the results according to certain appropriateness criteria, such as probability of occurrence, severity of

violation, type and scope of business activity, causal contribution and the extent of our influence on our business partners. As part of the weighting and prioritisation process, we developed our own risk assessment methodology to understand the specific measures our business partners are taking to mitigate the risks identified through our risk analysis.

As a result of our risk analyses, we have identified the following human rights and environmental risks as particularly relevant for our direct business partners:

- Unequal Treatment in Employment
- Withholding Adequate Wages
- Forced Labour and Slavery
- Disregard for occupational Health and Safety
- Contamination of Soil/Water/Air, Noise Emissions, Excessive Water Consumption
- Child Labour
- Deforestation and Land Rights
- Disregard for Freedom of Association
- Use of Private/Public Security Forces with Disregard for Human Rights

For the subsequent determination of preventative and remedial measures, we have developed a catalogue of measures based on a risk matrix, allowing us to make well-founded decisions with respect to our business partners.

Furthermore, we conduct risk analyses in our supply chains with a focus on production and agriculture, allowing us to identify the risks associated with the raw materials we use, among other things.

In addition, the following risks have been identified as particularly relevant in the deep supply chain:

- Availability and pollution of water
- Biodiversity loss and soil depletion



In addition to the general risk analyses, international [Human Rights Impact Assessments](#) (HRIAs) provide a more comprehensive understanding of the specific impacts and risks associated with various stages of production in the individual value chains. We are committed to conducting a total of 12 HRIAs by the end of 2025.

These HRIAs start with the acknowledgement that specific groups, such as minorities, children and minors, women, migrant workers and indigenous peoples, are at increased risk of having their fundamental human rights violated and suffering from the negative consequences of environmental impacts.

HRIAs help us to determine, understand and evaluate the potential and actual negative effects of our business activities on employees and other affected people, such as communities, small farmers and women.

As important next step, we aim to increase the transparency of our high-risk supply chains, which specifically means that we will publish all the main production facilities for textiles and shoes, as well as our main suppliers of bananas, pineapples, coffee, cocoa, nuts, fish and seafood.

The main production facilities for all non-food and selected food product groups in high-risk areas already meet an independent social standard.

We see the establishment of responsible buying practices as an ongoing process in which we aim to continually improve. We have created our own classification system to evaluate business partners. By 2030, we are committed to sourcing 80 percent of our buying volume from suppliers in selected priority product groups that have received a classification of at least a “B” rating according to our Corporate Responsibility Supplier Evaluation (CRSE).

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## RISK ANALYSIS IN OUR OWN BUSINESS AREAS

We conduct a regular, annually recurring, and ad-hoc risk analysis of our own business operations in accordance with the LkSG.

As part of our regular risk analysis, abstract risks were initially identified, assessed, weighted, prioritised and transferred into a risk matrix. Based on these abstract risks, which are updated annually, workshops are held with internal experts on respective risk positions. The results are then consolidated and systematically weighted and prioritized according to the likelihood of occurrence and severity of the violation. Additionally, the results of each workshop are recorded in results protocols.

By consulting the individual departments, the experiences of the affected people can be integrated in the analysis. This allows us to respond to the different risk profiles of our different areas of work within our risk analysis.

As a result, the following legal positions have been prioritised in our own business operations:

- Disregard for Health and Safety in the workplace
- Disregard for Freedom of Association
- Unequal Treatment in Employment

As a result of the risk analysis of our own business areas, the existing preventive and remedial measures are continuously adjusted and expanded where necessary.

## 4 PREVENTIVE MEASURES

### PREVENTIVE MEASURES IN THE SUPPLY CHAIN

To prevent the risks identified in the regular and event-driven risk analysis, we implement risk-result-based measures. These preventive measures are reviewed annually and adjusted as necessary as part of our effectiveness monitoring.

If risks related to human rights or the environment are identified within our own business operations and supply chains, we implement risk-appropriate and risk-effective preventive measures. These measures are designed to prevent or minimise the risk of human rights violations and environmental infringements.

When risks are identified concerning indirect and direct business partners, we deploy a broad spectrum of preventive measures. These measures include:

#### **Contractual preventive measures:**

- Contractual implementation of our Business Partner Sustainability Standards, which define our minimum expectations regarding human rights and environmental practices for our partners
- Implementation of general and area-specific contractual requirements for our business partners to ensure compliance with our requirements (e.g. we have developed and introduced a clause for our business partners in logistics to implement the objectives of our preventive and remedial measures through contractual obligations)

#### **Responsible buying practices:**

- Continuous improvement of buying practices to consider potential negative impacts on human rights and the environment during the tendering process

- Sensitisation and qualification of the Buying Services department to determine whether the respective supplier is effectively addressing human rights and environmental risks through their management system.
- Focus impact analysis of specific high-risk production and supply chains as part of [Human Rights Impact Assessments](#) (HRIAs) to understand where and how ALDI SÜD can bring about positive change for the affected rights holders
- Comprehensive audit and certification requirements for high-risk supply chains considered during the tendering process
- Questioning existing buying practices and experimenting with innovative sourcing methods (e.g. open-cost models)
- Creation of transparency regarding to our high-risk supply chains by publishing our suppliers for bananas, pineapples, coffee, cocoa, nuts, fish and seafood, as well as publishing our production facilities for textiles and shoes

#### **Capacity-building measures:**

- Implementation of risk-results-based training and e-learning courses for business partners
- Implementation of industry interviews for a deeper understanding of industries and supply chains to effectively address systematic risks within the sector
- Raising awareness and encouraging our business partners to consciously identify risks and address them with us in order to develop cooperative solutions

#### **Supplier management measures:**

- Evaluation of compliance with social and ecological standards by our business partners for products from high-priority supply chains using the Corporate Responsibility Supplier Evaluation (CRSE), which extends beyond a pure audit (evaluation of our suppliers' human rights and environmental management systems)

- Performance of on-site audits for certain risky product groups using our ALDI Sustainability Assessment (ASA)

#### **Stakeholder measures:**

- Participation in industry and multi-stakeholder initiatives to collectively develop risk strategies in constellations where our potential influence on preventing and mitigating risks is limited
- Conducting stakeholder dialogues (business partners, producers, industry associations, civil organisations, NGOs) to understand the perspective of those affected and respond appropriately
- Implementing projects in the countries of origin
- A detailed overview of our activities to avoid and prevent sustainability risks can be found on the [ALDI SÜD website](#)

## **PREVENTIVE MEASURES IN OUR BUSINESS AREAS**

For us, protecting against the effects of the risks in our own business areas is one of the most important responsibilities of our group. As a company and employer, we are committed to implementing effective preventive measures to minimise the risks identified in our own business operations to the greatest extent possible. Among other objectives, these measures aim to ensure the safety and wellbeing of our employees.

In cooperation with the risk experts of the respective departments, risk-results-based measures are designed and implemented to manage and reduce risk in the form of training and workshops, checks and written regulations (policies, instructions, safety bulletins, intranet contributions, onboarding plans).

We also introduce individual risk-results-based measures annually. These include risk assessments, the introduction of individual safety measures and our digital health platform.

Our ALDI Management System provides a compulsory framework for action, which is supplemented by our [ALDI SÜD Code of Conduct](#) and our ALDI SÜD Diversity Policy.

These internal rules are already referred to during the application and hiring process and are practised in our daily activities and collaborative work. Employees receive regular (mandatory) training in the form of in-person sessions, webinars and e-learning courses to continuously raise awareness and communicate our core values as relevant content for their respective roles and daily activities. This training on human rights and environmental aspects is also a growing component of our preventive measures to prevent human rights abuses and environmental violations. The training is mandatory for a significant percentage of our employees. We monitor their participation in these training sessions.

Additionally, we conduct an employee survey every three years, in which every individual can provide anonymous feedback on their work situation through open and closed questions. These analyses are part of a formalised feedback culture. To identify grievances early on, employees not only have obligatory feedback discussions with their direct managers, but also regular self-reporting meetings with the HR supervisors, where they can discuss questions about their work, work culture, management issues or team constellations, etc. in a protected environment.

## 5 REMEDIAL MEASURES

### REMEDIAL MEASURES IN THE SUPPLY CHAIN

We take all incidences and allegations of negative effects on human rights and the environment seriously, whether they are reported by employees, workers at the production sites, auditing partners, third-party auditors, business partners, civil society, the media or other stakeholders. If we discover that our business activities pose a risk to human rights and the environment, we take appropriate remedial measures. If our company is indirectly associated with such risks or negative effects, we first address this with our business partners and work closely with them to provide appropriate remedies to those affected. For such cases, we have determined a range of measures depending to the severity of the risk, including the following:

- Conceptualisation and implementation of remedial measures to solve grievances (Corrective Action Plans, CAP) with a concrete timeframe for addressing results and correcting violations
- Adaptation of internal processes, such as buying practices, additional training, audits and other measures that are proportionate to the identified risks or impacts
- A quick-response system in cooperation with the Centre for Child Rights and Business, allowing us to respond immediately and appropriately if we identify a case for example of child labour within the supply chains
- Temporary suspension of direct and indirect business partners of ALDI SÜD
- As a last resort: exclusion of direct and indirect business partners as part of a “Responsible Exit”

Before we end a business relationship, we engage with the concept of a “Responsible Exit” in accordance with UN Guiding Principles and the OECD Sectoral Guidance. Our focus is on giving our business partners the

opportunity to proactively respond to challenges and achieve positive changes for their employees. We act responsibly and take early measures to collaboratively develop solutions. A business relationship is only terminated in clearly defined cases that are supported by a transparent escalation procedure. We inform our business partners about the necessary steps and give them the opportunity to implement improvements within a certain timeframe. If it is nevertheless necessary to end the business relationship, we view this as the last resort.

### REMEDIAL MEASURES IN OUR OWN BUSINESS AREAS

Indication of violations of legal positions arising from the LkSG are also addressed within our own business area though remedial measure. Complaints are investigated without delay and any ongoing violations ended.

## 6 GRIEVANCE PROCEDURE

Grievance mechanisms provide a suitable means of identifying violations and risks and ensuring that the affected individuals, groups and stakeholders can address their concerns and have access to remedies. We therefore recognize the importance of providing grievance channels in accordance with the UN Guiding Principles and make them available to everyone who may be negatively affected by the activities exercised in our own business or its supply chains of ALDI SÜD.

We offer all employers and external third parties with **protected reporting channels** to report violations of internal and external rules, including human rights and environmental risks, as well as any violations of human rights or

environmental obligations that have raised in connection with the business activities of ALDI SÜD.

The Counsel of Trust of the ALDI SÜD Group in Germany is available as an external point of contact for whistleblowers. In the event of a (potential) breach or violation, whistleblowers can also contact our internal Compliance department directly.

The Rules of Procedure, which describe the exact process of the grievance procedure, are published on the ALDI SÜD [website](#) in various languages ([German](#), [English](#), [Spanish](#) and [Chinese](#)). The contact details for the available whistleblower channels can also be found there.

## ADDITIONAL GRIEVANCE PROCEDURES IN THE SUPPLY CHAIN

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

Via these channels, affected rights holders can submit complaints caused either in part or in full by our own activities, by our direct or indirect business partners, or in direct association with them.

We support and actively take responsibility for the remediation of known grievances concerning human rights abuses and environmental violations. Furthermore, we not only address known grievances concerning human rights and environmental impacts with appropriate remedial measures, but

also take them into account in our risk analysis and development of measures, training and business processes.

## 7 EFFECTIVENESS MONITORING

We conduct comprehensive assessments to systematically analyse the effectiveness of our preventative and remedial measures. Our focus is on minimising potential risks and reducing or eliminating any existing harm. Additionally, we also check the effectiveness of our grievance mechanism according to the effectiveness criteria outline in the United Nations Guiding Principles on Business and Human Rights to ensure that we adequately meet the needs of those affected continuously optimise our measures.

## 8 DOCUMENTATION AND REPORTING OBLIGATION

The fulfilment of due diligence obligations is continuously documented internally, and these documents are retained for a minimum of seven years.

Our annual reporting is carried out in accordance with the requirements of the German Federal Office for Economic Affairs and Export Control (BAFA). The reports are then published on our website.

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