



## **Policy statement pursuant to Section 6 (2) of the German Supply Chain Act (LkSG)**

Version 1.1 | March 2025

### **1 Foreword**

As international retailers with global supply chains, we, the companies of the ALDI Nord Group, are aware of our responsibility to respect and improve human rights and protect the environment. This responsibility is an important benchmark for our business activities, both in our own business and at every stage of our supply chains.

We firmly believe that long-term business success is only possible if human rights and environmental concerns are respected and protected both in our own business and at every stage of our supply chains. For more than a decade, we have been committed to improving global supply chains through both internal and cross-industry measures as a food retailer. In doing so, we are guided in particular by the following international human rights and environmental standards:

- United Nations 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
- ILO Core Labour Standards
- United Nations Guiding Principles on Business and Human Rights (UNGP)
- OECD Guidelines for Multinational Enterprises
- UN Women's Empowerment Principles
- United Nations Paris Agreement 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

Accordingly, ALDI Nord has developed processes and procedures to minimise the negative impact of its business activities on people and the environment. These processes are described in this policy statement.

# ALDI Nord



We expect all our employees and business partners to recognise and comply with the applicable laws and minimum standards, as well as our expectations with regard to human rights and the environment (see Section 2.2 for more details).

The following policy statement, which we review regularly and update as necessary, fulfils our obligation under Section 6 (2) of the German Supply Chain Act (LkSG).



This policy statement is issued by the management of ALDI Nord Holding Stiftung & Co. KG and the management of the companies within the ALDI Nord Group that are subject to the LkSG (hereinafter collectively referred to as "ALDI Nord").

**The respective management of:**

**ALDI Nord Holding Stiftung & Co. KG,**

**ALDI Einkauf SE & Co. oHG,**

**and the regional companies**

- ALDI SE & Co. KG, Bargteheide,
- ALDI GmbH & Co. KG, Brandis (Beucha),
- ALDI SE & Co. KG, Datteln,
- ALDI SE & Co. KG, Großbeeren,
- ALDI GmbH & Co. KG, Herten,
- ALDI GmbH & Co. KG, Hesel,
- ALDI GmbH & Co. KG, Jarmen,
- ALDI SE & Co. KG, Lingen,
- ALDI GmbH & Co. KG, Barleben (Meitzendorf),
- ALDI SE & Co. KG, Münden,
- ALDI SE & Co. KG, Nortorf,
- ALDI SE & Co. KG, Radevormwald,
- ALDI SE & Co. KG, Paderborn (Schloß-Holte),
- ALDI SE & Co. KG, Werneuchen (Seefeld),
- ALDI SE & Co. KG, Stelle (Seevetal),
- ALDI SE & Co. KG, Lehrte (Sievershausen),
- ALDI GmbH & Co. KG, Grammetal (Weimar),
- ALDI SE & Co. KG, Werl,
- ALDI SE & Co. KG, Weyhe,
- ALDI SE & Co. KG, Wilsdruff.



## 2 Policy statement

### 2.1 Description of the procedure for complying with due diligence obligations

#### 2.1.1 Procedure for fulfilling the obligation to establish a risk management system and enshrine it in relevant business processes (Section 4, LkSG)

ALDI Nord has established clear responsibilities for the specific implementation of the obligations under the LkSG in accordance with the "three-line model" described below.

The departments responsible for day-to-day operations form the first line of defence. In the course of their regular activities, they encounter risks that are relevant under the LkSG. This includes in particular the Human Resources and Occupational Safety departments for our own business, and the Purchasing, Supply Chain Management and Corporate Responsibility and Quality Assurance (CRQA) departments for the supply chains. The departments are supported by CR units in Bangladesh and Hong Kong.

The second line consists of the departments that provide advisory support to the aforementioned operational areas on LkSG-specific issues. These are the Group Compliance department for matters relating to our own business, and the Corporate Responsibility & Quality Assurance International department for matters relating to the supply chains. In particular, these departments are responsible for ensuring that processes are designed in compliance with the relevant regulations, and for advising and supporting the operational areas in their risk management efforts.

The third line involves the CRQA department and the Audit department, which perform a monitoring function. They check compliance with the requirements of the LkSG and produce reports, focusing in particular on the effectiveness of the measures established.

The LkSG working group has been established within ALDI Nord Holding Stiftung & Co. KG as the responsible body pursuant to Section 4 (3), Clause 1 of the LkSG for monitoring ALDI Nord's risk management as required by the LkSG. The management regularly obtains information on the work of the LkSG working group. This ensures that the management fulfils its statutory duties of care. The LkSG working group thus completes the risk management system implemented in accordance with the LkSG.



## **2.1.2 Procedure for fulfilling the risk analysis obligation within our own business and among our suppliers (Section 5, LkSG) and results of the risk analysis**

With the help of the structures that have been established, existing risks in our own business area and among our direct suppliers are recorded together with risks throughout global supply chains. The findings obtained in this process are weighted and prioritised.

### **Our own business**

In order to identify human rights and environmental risks within our own business, we carry out risk analyses both annually and on an ad hoc basis, for example when the risk situation changes. The risk analysis is carried out in two stages: after an abstract consideration and identification of risks, the concrete risks within our own business are then assessed and prioritised. This involves a survey of the departments responsible for the respective human rights and environmental risks, such as Human Resources and Occupational Health and Safety.

As part of the risk identification process, relevant information is collected from the respective departments using a questionnaire and, based on the feedback, significant risks to the protected assets are evaluated in accordance with the LkSG. As part of the risk analysis, LkSG-relevant results from previous internal audits by the Audit department are also taken into account.

The risk assessment, weighting and prioritisation of risks are based on the probability of occurrence of the breach and the expected severity of the breach, while also taking into account existing preventive measures.

As a result, the following risks have been identified as particularly relevant to our own business activities and prioritised accordingly:

- Failure to comply with occupational health and safety obligations applicable under the law of the place of employment
- Unequal treatment in employment

### **Supply chain**

We regularly assess the actual and potential impact of our actions on human rights and environmental issues among our direct suppliers and along our supply chains. Where necessary, we also carry out ad hoc risk analyses (see 2.1.6).

The analysis of the actual and potential impacts of our business activities is carried out once a year. First, we consider the abstract risk. Industry and country-specific risks play a decisive role here, with reference to publicly available indices. In addition



to this, we take into account complaints received and incidents from the past. Other criteria include the probability of occurrence, the severity of the violation, the type and scope of business activities, and the existence of influence over our suppliers.

For our direct suppliers, a questionnaire-based assessment of the specific risk is carried out to validate the abstract risk assessment.

The risk of non-compliance with occupational health and safety obligations under the law of the place of employment has been identified among our **direct suppliers**.

For our **indirect suppliers**, the risk assessment focuses on the production and cultivation of the products sold by ALDI Nord and their raw materials. In addition to the legal positions mentioned above, the following risks have been identified as particularly relevant for the deeper supply chains:

- Child labour
- Deforestation and violation of land rights
- Harmful water pollution and negative impacts on water availability
- Air pollution from greenhouse gas emissions
- Harmful soil contamination

The results of our risk analyses are incorporated into our corporate decision-making processes with regard to our supplier management. We focus our preventive measures (see 2.1.3) on products, raw materials and countries of origin that present an increased risk in the aforementioned legal areas.

In addition to the comprehensive risk analyses, ALDI Nord conducts specific investigations known as human rights impact assessments in selected supply chains and countries of origin. The insights gained from these assessments form the basis for action plans that we define and implement to reduce risk.

Where possible and necessary, ALDI Nord involves and consults with the relevant stakeholders.

### **2.1.3 Procedure for fulfilling the obligation to establish and re-view preventive measures (Section 6, LkSG)**

We apply risk-based preventive measures both within our own business and along our supply chains.

#### **Our own business**



We firmly believe that effective protection of human rights and environmental concerns can only be achieved if we ourselves establish structures that prevent violations of these rights and concerns.

To ensure adequate protection of human rights and environmental concerns, the responsible departments within our own business have therefore implemented the following preventive measures based on the results of the risk analysis.

These include:

- Internal regulations addressing risk, such as guidelines for conduct and directives
  - Mandatory training courses for all employees, and in particular for those working in Purchasing, to convey relevant content and raise awareness of human rights and environmental issues at every stage of the supply chain
  - Continuous improvement of our purchasing practices, e.g. by further developing existing guidelines to take into account our expectations regarding human rights and the environment when selecting contractual partners
  - The appointment of persons responsible for specific risk areas, such as the Occupational Health and Safety Officer
  - Conducting internal risk-based audits to verify compliance with human rights and environmental requirements
  - Developing targets and key performance indicators (KPIs) together with our Purchasing department to monitor progress and, based on this, draw up further preventive measures where necessary
  - Participating in multi-stakeholder initiatives where joint efforts have greater leverage, with the aim of contributing to industry-wide change

## **Supply chain**

Based on the results of our risk analysis, we implement measures to minimise risks and prevent negative impacts on our direct suppliers and indirect suppliers.

These measures are reviewed regularly and updated as necessary.

For direct suppliers, the measures include:

- Contractual assurance from our direct suppliers that they will meet our human rights and environmental expectations, address them appropriately at every stage of the supply chain, and pass them on to indirect suppliers
- When initiating a business relationship, the obligation to conduct a business partner screening and ongoing monitoring of our direct suppliers during existing contractual relationships
- The provision of training and e-learning for direct suppliers in order to improve general understanding of the prioritised risks



- For high-risk supply chains, enforcing audit and certification requirements from our direct suppliers with regard to our indirect suppliers
- Assessing compliance with human rights and environmental regulations among our direct suppliers of products from high-priority supply chains by means of the Corporate Responsibility Supplier Evaluation (CRSE).

For our indirect suppliers:

- Conducting our own ALDI on-site investigations at indirect supplier sites for certain high-risk product groups using ALDI Sustainability Assessments.
- Implementing selected projects in the countries of origin

We firmly believe that transparency is an important part of due diligence when it comes to human rights and the environment. We have made efforts to provide greater insight into our supply chains and to communicate openly about the associated risks and the measures we have taken.

A detailed overview of ALDI Nord's activities for preventing and mitigating human rights and environmental risks can be found on the [ALDI Nord website](#).

## **2.1.4 Procedure for fulfilling the obligation to take remedial measures, (Section 7, LkSG)**

We take remedial action if the actions of ALDI Nord or its suppliers violate rights or interests within the meaning of the LkSG, or cause or contribute to such violations.

### **Our own business**

If a violation is detected within our own business, we immediately take appropriate measures to end the violation. To this end, we have internal processes in place for dealing with violations. These processes are continuously adapted to ensure the effectiveness of this system of measures.

The measures include, in particular:

- Joint development of an action plan to remedy the violation with a specific time frame
- Reviewing the effectiveness of the measures by checking whether the violation has been eliminated or minimised and, if necessary, adjusting the further course of action
- Adjustment of internal processes, such as adjustment of purchasing practices, additional training and audits, and other measures appropriate to the identified risk or impact



- Ensuring timely compliance with regulations, e.g. via spot checks
- Raising awareness among the positions involved in order to increase risk awareness and the probability of prevention
- Drawing up suitable regulatory requirements in the event of gaps in existing regulations or the need for adjustments
- Possibility of personnel consequences

## **Supply chain**

We take all cases and allegations seriously. If we determine that risks to human rights and environmental concerns have been created or increased in the course of our direct suppliers' business activities, we take appropriate remedial measures (usually together with our suppliers) with the aim of ending or minimising the violations.

For direct suppliers, these measures include:

- Developing corrective action plans with specific timelines for remedying deficiencies and violations at the direct supplier's site
- Temporary suspension of a contractual relationship during risk minimisation efforts

Measures for indirect suppliers include:

- Development, together with the direct supplier, of corrective action plans with specific deadlines for the rectification of defects and violations, for implementation by the indirect supplier
- Requirement for direct suppliers to stop purchasing products from an indirect supplier for ALDI if the corrective action plan is not implemented by the indirect supplier
- A rapid response system in cooperation with The Centre for Child Rights and Business to enable an immediate and appropriate response if child labour is detected in ALDI Nord's supply chains

If the violation is remedied successfully, there is a chance that the business relationship can continue. If the measures taken have not remedied the situation, or if no other less severe measures are available due to a lack of influence, the business relationship may be terminated as a last resort.

We review the effectiveness of our remedial measures annually and on an ad hoc basis. This is done via measures such as audits and follow-up checks to ensure that the remedial measures are being implemented properly. In special cases, we may call in external partners for additional advice.



## 2.1.5 Complaints procedure (Section 8, LkSG)

Complaint mechanisms are an appropriate means of identifying violations and risks and ensuring that affected individuals, groups and stakeholders can raise their concerns. We therefore recognise the importance of establishing complaint channels that are in line with the UN Guiding Principles and are available to all persons who may be negatively affected by our activities at any stage of our supply chains.

We have set up a whistleblower portal for reporting compliance violations, which can be used in particular to report human rights and environmental risks, as well as violations of human rights or environmental obligations. The portal is available to whistleblowers around the clock and can be accessed via the following publicly accessible link: <https://bkms-system.com/aldi-nord>.

We use various communication channels to raise awareness of the whistleblower portal so that it is accessible and available to all employees and third parties. Our employees are informed about the whistleblower portal via internal communication channels, notices and training courses. Third parties are made aware of the whistleblower portal via the ALDI Nord website.

The whistleblower portal is available in the respective languages of the countries in which ALDI Nord operates, as well as in other languages of the countries in our supply chains.

The rules of procedure for the whistleblower portal set out, among other things, regulations on the scope of application and the submission of reports, the procedure itself, and the principles of the procedure. The topics of anonymity, whistleblower protection, confidentiality and secrecy are also explained therein. The reliable and responsible handling of reports ensures that complainants do not suffer any disadvantages as a result of reporting misconduct. The persons processing the report and handling the matter are therefore subject to a particular duty of confidentiality.

### **Additional complaint procedures in the supply chain**

ALDI Nord cooperates with civil society and industry stakeholders to support the creation and implementation of multi-stakeholder complaint mechanisms in our countries of production. As such, ALDI Nord participates in projects such as amfori SPEAK FOR CHANGE, the RMG Sustainability Council (RSC)'s Independent Occupational Health and Safety Complaints Mechanism, the complaints system of the Roundtable on Sustainable Palm Oil (RSPO) and the appellando grievance management system, which was established together with the EHI Retail Institute.



Through these channels, affected rights holders can submit complaints regarding human rights and environmental abuses that have been caused or contributed to by the actions of ALDI Nord or its direct or indirect business partners, or that are directly related to them.

## **2.1.6 Procedure for fulfilling the obligation to establish and take measures with indirect suppliers (Section 9, LkSG)**

If a report of potential abuses in the deeper ALDI Nord supply chain becomes known, an event-related review (risk analysis) is carried out immediately in accordance with our ad-hoc risk process as described below.

First, all the information necessary to understand the facts of the case is gathered in order to assess whether there is cause for concern. We work closely with our direct suppliers and obtain supplier statements and, if necessary, comments from certifiers.

Our ad-hoc risk process for indirect suppliers comprises the following measures:

- Conducting a risk analysis at the indirect supplier's site
- Jointly developing and implementing a concept to remedy, prevent, terminate or minimise any violation
- Establishing appropriate preventive action as part of control measures, support in the future prevention and avoidance of the risk, the implementation of initiatives against the perpetrator
- Updating our policy statement where necessary

We monitor the implementation of the measures. If the violation of human rights or environmental concerns cannot be remedied, we will consider blocking the indirect supplier from the supply chain.

## **2.1.7 Procedure for fulfilling documentation and reporting obligations (Section 10, LkSG)**

All significant results and activities relating to the fulfilment of our human rights and environmental due diligence obligations are continuously documented internally and retained for seven years in accordance with the statutory documentation period.

Annual reporting on the fulfilment of due diligence obligations is carried out in accordance with legal requirements, and is made available to the public on the ALDI Nord website.



## **2.1.8 Effectiveness monitoring**

We review the effectiveness of our risk analysis, the preventive and remedial measures taken, and the complaints procedure on both an annual basis and an ad hoc basis, e.g. in the event of changes in the risk situation. If a need for updating is identified in this context, adjustments are made to our risk management system.

## **2.2 Expectations of our own employees and direct and indirect suppliers in the supply chain**

ALDI Nord complies with applicable laws and requires its employees and suppliers to do the same. In addition to compliance with these laws, this policy statement and the contractual agreements with suppliers set out the essential human rights and environmental expectations for our own employees and for direct and indirect suppliers in the supply chains.

We expect our direct suppliers to pass our requirements on to their business partners along the ALDI Nord supply chains. Together with our supply chain partners, we want to contribute to the successful compliance with due diligence obligations throughout our supply chains.

ALDI Nord has always worked according to principles characterised by respect and responsibility. Many years ago, our company established values and rules for fair and respectful cooperation, and we firmly believe that lasting business success can only be achieved by treating employees with respect.