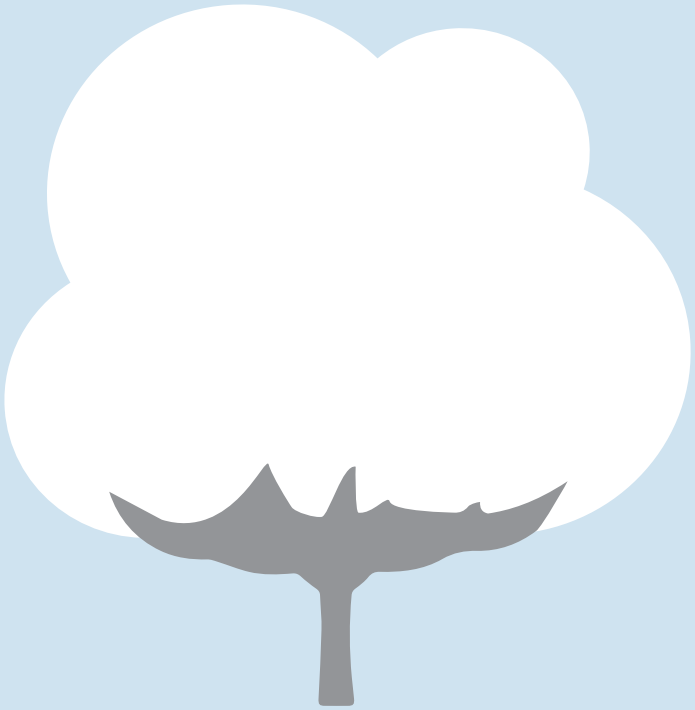
International Buying Policy for Cotton



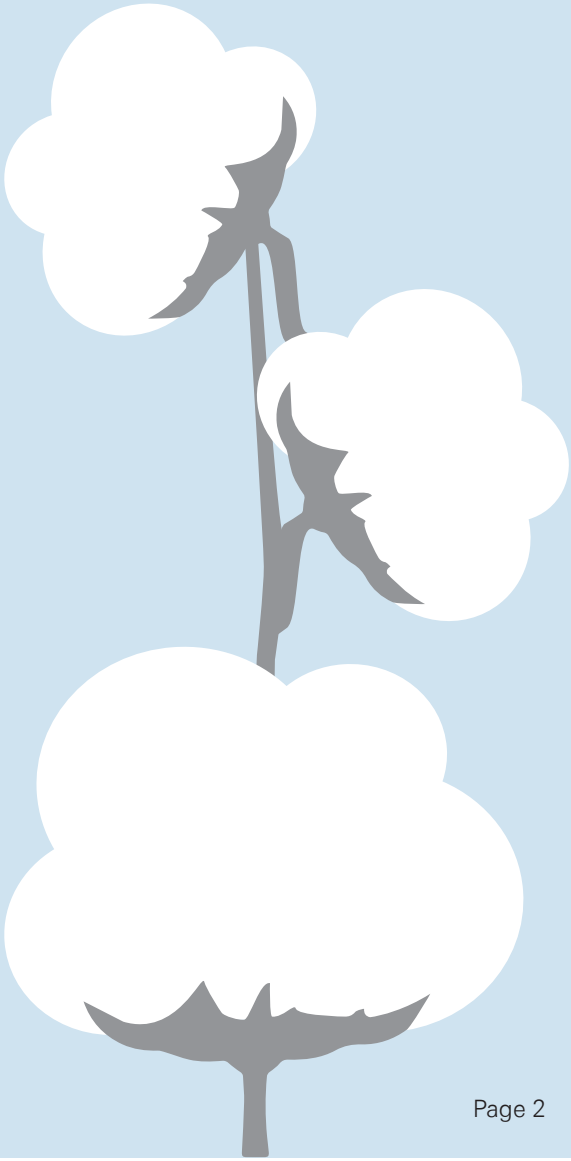
January 2020

Our commitment

Simplicity, consistency and responsibility: for over 100 years, these traditional business values have formed the foundation of ALDI's[1] success. It is this success, which forms the basis of our efforts to further develop our operations and assume more responsibility for our supply chains. Our aim is to contribute towards positive and sustainable development wherever possible.

Cotton accounts for the majority of all fibres used in the garments and household textiles offered by ALDI. According to the Food and Agriculture Organisation of the United Nations (FAO)[2] , the key countries of cotton cultivation (with regard to raw fibre volumes) are China, India and the USA. There are around 250 million people in over 80 countries worldwide involved in the production of cotton, primarily in developing and emerging countries. Whilst cotton is a renewable natural resource that is fully biodegradable, it is also linked to social, economic, and ecological risks in the countries where it is grown.

To promote the environmentally and socially responsible production of the goods we offer, we will increase the use of sustainable cotton and ensure that only sustainable cotton is used for our own-brand products and household textiles from 2025 onwards.



[1] "ALDI" refers to the ALDI SOUTH Group (hereinafter also referred to as "ALDI SOUTH") and the ALDI North Group (hereinafter also referred to as "ALDI North"). Both business groups are legally independent groups of retail companies trading under the ALDI brand.
[2] www.fao.org/faostat

Our approach

Our everyday decisions as responsible retailers have an impact on our entire supply chain. ALDI has always focussed on establishing close and reliable working relationships with its business partners. We assume a shared responsibility for the preservation of natural resources and we will work together in order to achieve the goal defined within this 'International Buying Policy for Cotton'.

The current version of the 'International Buying Policy for Cotton' forms a binding framework and requirement for ALDI and its business partners. ALDI will only collaborate with those who conduct their business in accordance with our commitment to sustainable cotton sourcing.

ALDI is collaborating together with other companies, certification schemes and other stakeholders to enhance sustainable cotton cultivation and to improve existing systems. We welcome individual sustainability projects and initiatives undertaken and promoted by our business partners concerning the cultivation of cotton, as well as any information that they proactively publish on the measures taken and developments achieved.

ALDI's sustainable sourcing of cotton goals have been developed by the Corporate Responsibility, Buying, and Quality Assurance Departments and will then be implemented in collaboration with our business partners and other relevant stakeholder groups, such as scheme owners.

This 'International Buying Policy for Cotton' governs the purchase of own-brand products made from or containing cotton in the area of garments and household textiles. This policy and its goals constitute a binding requirement for the tendering and buying processes. ALDI has appropriately informed its business partners involved in the production of own-brand products regarding the content and goals of the policy. This policy will be reviewed and updated on an ongoing and regular basis.

The most recent and applicable version of the 'International Buying Policy for Cotton' is published on the websites of ALDI SOUTH and ALDI North.

Our implementation

We have made a commitment to the following goal:

Use of 100 % sustainable cotton by 2025

Together with our business partners, we are committed to social, ecological and economic standards with regard to achieving long-term sustainable improvements in the cultivation of cotton.

By 2025, we will therefore require the cotton used for our own-brand products to be of either recycled origin or certified according to one of the following internationally recognised sustainability standards:

- **FAIRTRADE**
- **Global Organic Textile Standard (GOTS)**
- **Organic Content Standard (OCS) 100/blended**
- **Cotton made in Africa (CmiA)**
- **Better Cotton Initiative (BCI)**

By using these standards, we are focussing on the sustainable cultivation of raw materials. However, we are also committed to compliance with social and environmental standards during the processing of cotton.

We prohibit our business partners from using cotton sourced from countries where cultivation and harvesting are systematically associated with human rights violations. For example, ALDI has contractually prohibited the use of cotton grown in Uzbekistan and Turkmenistan for the production of its merchandise.

As part of our 100 % goal, we actively promote the topic of sustainable cotton by providing a wide variety of information on our product packaging, as well as via a number of other communication channels. More information on actions through which we promote sustainable cotton cultivation is available on the ALDI SOUTH and ALDI North websites.

Fairtrade

Fairtrade gives the cotton growers the security to sell their cotton at a fixed minimum price, which covers the costs associated with sustainable production. In addition, smallholder cooperatives receive a Fairtrade premium, which is then invested in community projects. The Fairtrade standards not only cover social and economic criteria: in terms of ecologically sustainable agriculture, Fairtrade also promotes environmentally friendly cultivation practices, while prohibiting genetic engineering and regulating the use of pesticides. Further information is available here: fairtrade.net/

Global Organic Textile Standard (GOTS)

The Global Organic Textile Standard (GOTS) defines globally consistent and rigorous criteria for the processing of textiles made from certified organic natural fibres throughout the entire supply chain. These criteria include the controlled organic harvesting of fibres, environmentally friendly and socially responsible production and consistent labelling of products. Compliance with the guidelines is verified throughout the supply chain with regard to the use of chemical additives and the core labour standards of the International Labour Organisation (ILO). Only textile products, which contain at least 70% organically produced natural fibres may receive GOTS certification. This certification needs to be issued by an independent testing institute. Further information is available at: global-standard.org/

Organic Content Standard (OCS)

The Organic Content Standard (OCS) enables the exact share of ecologically sound materials contained in a product to be recorded. The OCS tracks the use of certified, organically produced natural fibres, from the creation of the individual fibres to the finished product.

Depending on the share of organically produced fibres contained, the certified product displays either the "OCS blended" logo (contains at least 5%) or the "OCS 100" logo (contains 95-100%). ALDI requires cotton in OCS blended labelled products to be of 100% organic origin and only allows blending with non-cotton materials. Further information is available here: textileexchange.org/integrity

Cotton made in Africa (CmiA)

Following the principle of 'helping others to help themselves', Cotton made in Africa provides smallholders with training in modern, efficient, and environmentally friendly cultivation methods. In addition to this, it also imparts basic knowledge of business and economics. Prefinancing measures, the protection of natural conservation areas, and the ban of genetically modified cotton-seed are just as much a part of the CmiA standard as compliance with the ILO core labour standards and the promotion of women's equal rights. Further information is available at: cottonmadeinafrica.org/en

Better Cotton Initiative (BCI)

The Better Cotton Initiative seeks to reduce the negative impacts of cotton production on people and planet. The basic principles of the BCI include the elimination of harmful pesticides and the efficient use of water, the preservation of soil fertility, as well as the compliance with minimum social criteria and the prohibition of child and forced/bonded labour. Further information is available here: bettercotton.org



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Further information on our activities in the area of corporate responsibility can be found at cr-aldinord.com

This International Buying Policy for Cotton is available in English and German.
In case of deviations between both versions, the English document will prevail.