



ALDI Stores
(A Limited Partnership)

Modern Slavery Statement

2020



A word from our CEO

ALDI's rapid growth in Australia over the last two decades has meant we're now embedded in the fabric of communities across the country. As an established corporate citizen, we understand our impact and the responsibility that comes with it.

We are committed to ensuring we conduct business practices of the highest ethical standard with integrity. In collaboration with our business partners, we focus on ensuring fair and safe working conditions, sustainable sourcing practices and positive contributions to the communities in which we operate.

In 2020, the health and economic impact of COVID-19 had a far-reaching effect on the grocery sector. We saw travel restrictions disrupt supply chains and communities grappling with changing lockdowns, causing intermittent panic buying and placing pressure on demand. The pandemic also increased the risk of human rights violations against workers who are in vulnerable situations around the world.

To lessen this risk, we worked collaboratively with our business partners to;

- Maintain existing contracts unless it was mutually agreed to delay
- Pay contracts in full and on time
- Continue to undertake social monitoring practices

In 2020, in addition to our ongoing monitoring programs, we provided support to our supply chain partners via a regular COVID-19 newsletter, raising awareness of and helping them to address the increased modern slavery risks associated with the pandemic. We are proud that we have been able to source 100 per cent of our cocoa and tea and 80 per cent of our coffee from certified providers preventing modern slavery and environmental risks within our supply chains. We also participated in and supported numerous studies and research reports into preventing modern slavery and we became the first Australian member of Slave-Free Alliance, a global social enterprise that supports businesses to protect their supply chains and operations from modern slavery.

Looking ahead, our priorities in 2021 include partnering with Slave-Free Alliance to conduct a Human Rights Risk Assessment and deliver a robust training program to all employees with sourcing responsibilities, as well as our merchandise suppliers. The training will help participants recognise the signs and indicators of modern slavery and respond appropriately. We will also develop a framework for robust regular internal reporting on human rights activities.



Tom Daunt

CEO
ALDI Australia

A handwritten signature of Tom Daunt in blue ink, consisting of the name 'Tom' followed by a horizontal line.

We will continue to identify and address modern slavery risks and remain compliant with our policies, ensuring ethical practices that uphold our responsibility to the communities in which we operate.

This statement was approved by the board of ALDI Foods Pty Ltd on 28 June 2021.

Tom Daunt
CEO
28 June 2021

Who is ALDI Australia?

ALDI Australia

Is part of the ALDI SOUTH Group and celebrates **20 years** in 2021

ALDI SOUTH Group operates:

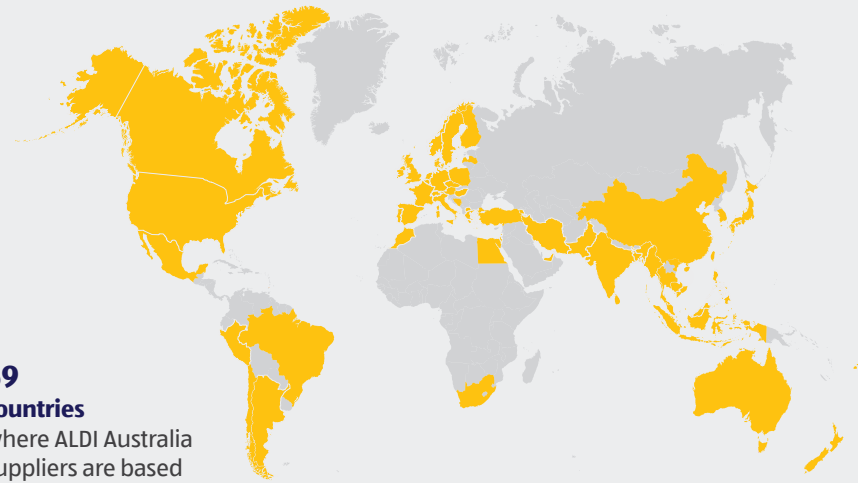


More than **6,500** stores across



11 countries

59 countries where ALDI Australia suppliers are based



Operates **570 stores** with **13,500 employees**



Offers **1,800 everyday products**, of which more than **500 are award-winning**



Has contributed **\$30.2 billion** to Australia's economy since opening



Supports more than **11,700 jobs** among our local business partner network of more than **1,000 Australian businesses**

ALDI Operating Ethically

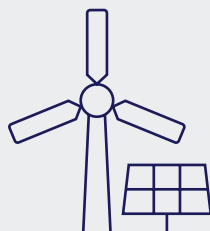
Australia-first buying approach

Employer of Choice at the 2019 and 2020 Australian Business Awards

Reducing 25% of all plastic and packaging by 2025

Zero waste to landfill by 2025

Operations powered by **100% renewable electricity from 2021**

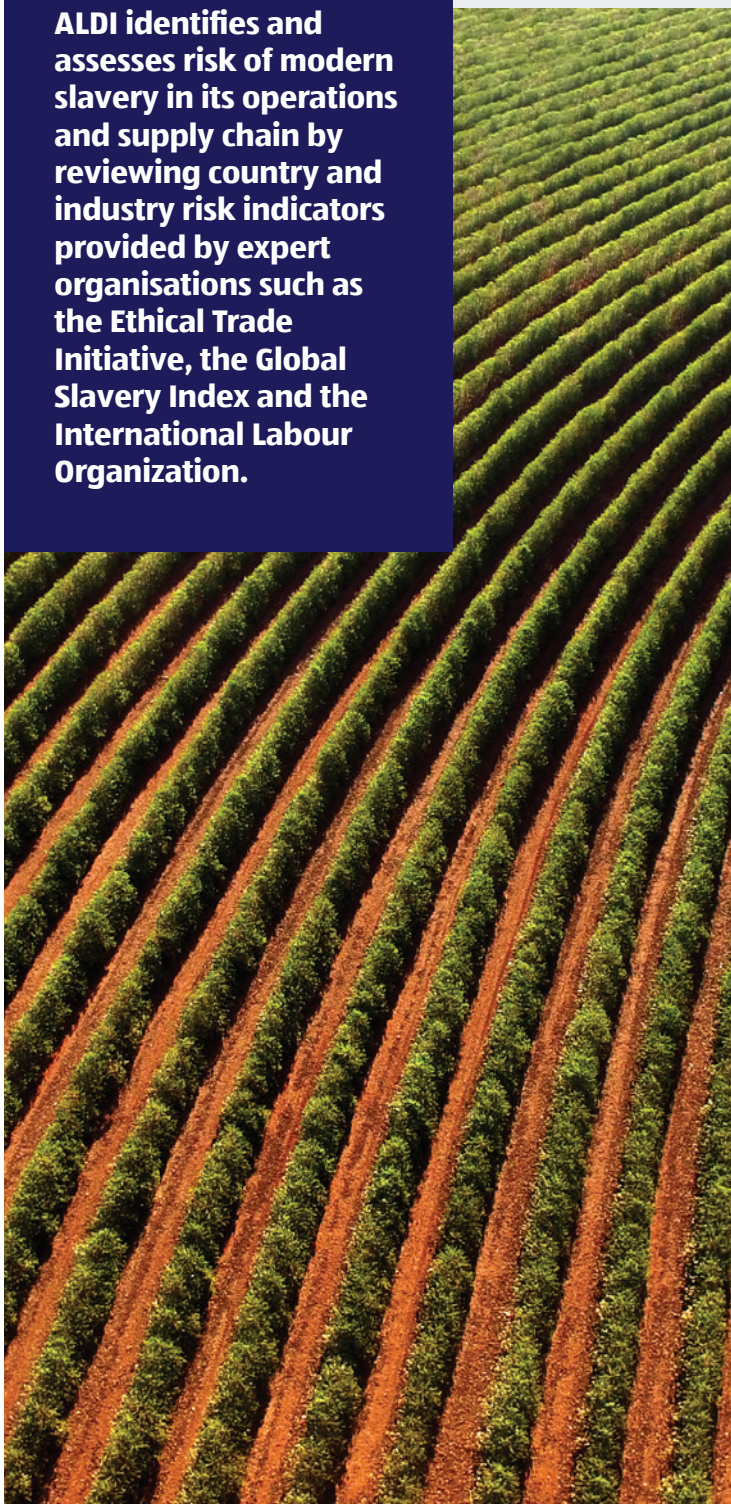


Partnerships with...



Risks of Modern Slavery in Operations and Supply Chains

ALDI identifies and assesses risk of modern slavery in its operations and supply chain by reviewing country and industry risk indicators provided by expert organisations such as the Ethical Trade Initiative, the Global Slavery Index and the International Labour Organization.



We continue to review modern slavery risks within our supply chain and expand our activities to mitigate them. Our identified risk areas include the below categories when production takes place in a high-risk country according to the [amfori Countries Risk Classification](#)

Risk Areas

(when production takes place in a high risk country)

All non-food categories

Food categories include:



Beer



Soft drink and juice



Frozen food



Pet food



Chips, snacks and nuts



Dressing, oil and sauce



Fish and seafood



Herbs and spices



Rice

The 2018 Global Slavery Index reports approximately 15,000 people in modern slavery in Australia. Locally, the risk of human rights violations is more prevalent in informal, seasonal or temporary labour-intensive work because these roles are more likely to be outsourced to a third party and filled by foreign nationals on temporary visas. To reduce this risk, we require additional layers of transparency from our third party service providers to ensure they adhere to relevant legislation. Examples of these roles include fruit pickers, trolley collectors, cleaners and warehouse operators.

Our Ongoing Programs to Address Modern Slavery



We have a number of stringent policies, procedures, and partnerships in place to help mitigate modern slavery risks and remediate issues when found.

All business partners producing a product that falls into one of the risk areas identified on the previous page become part of our monitoring programs and are subject to a series of audits, reviews and questionnaires. We encourage proactivity and transparency and in turn support these partners with training and feedback to help them minimise risks and continually improve.

Social Monitoring Program

Our Social Monitoring Program promotes continuous improvement of working conditions in our suppliers' facilities and ensures our [ALDI Stores Supplier Standards](#) are upheld. Production facilities are required to have a third party social audit conducted by accredited specialists; these include Business Social Compliance Initiative (BSCI), Sedex Members Ethical Trade Audit (SMETA), amongst others. We review these audits and remediation is conducted when necessary. In 2020 we reviewed third party audit reports for 1,387 facilities producing our products.

Corporate Responsibility Supplier Evaluation

Our apparel and shoe suppliers participate in our Corporate Responsibility Supplier Evaluation program which monitors their own risk mitigation activities. The program runs over 12 months and includes:

- Suppliers completing a self-assessment questionnaire.
- Conducting our own ALDI Social Assessments at the production facility to verify information received in the self-assessment questionnaire completed by suppliers. These assessments can be conducted announced, semi announced or unannounced.



The results are used to inform tendering and contracting decisions. Each supplier is provided with detailed feedback and recommendations on ways to improve as well as tailored training and support.

Based on observed improvements of our suppliers currently in the program, the Corporate Responsibility Supplier Evaluation is planned to be extended to other categories that are considered high risk for human rights violations, including modern slavery.

2020 Initiatives

Slave-Free Alliance Partnership and Modern Slavery Training

We are proud to be the first Australian member of Slave-Free Alliance, a social enterprise which supports businesses in working towards a slave-free supply chain. In 2020, we worked together with Slave-Free Alliance to develop training to be delivered to 415 employees with sourcing responsibilities in addition to all merchandise suppliers in 2021. Our modern slavery training includes relevant case studies and an assessment. It is designed to help employees and suppliers understand risks, identify the signs of modern slavery, and take action to address them.

COVID-19 Newsletter for Suppliers

To support, inform and educate our supply chain partners on increased modern slavery risks during the COVID-19 crisis, we developed and shared a fortnightly newsletter. The newsletter provided information, resources, webinars, guidance papers and training courses on matters such as protection of worker health, safety, and livelihoods.

Sustainable Sourcing of Cocoa, Coffee and Tea

To prevent modern slavery and environmental risks within our cocoa, coffee and tea supply chains we require third party certification from either Fairtrade or Rainforest Alliance. 100 per cent of our cocoa and tea, and 80 per cent of our coffee is now sourced from certified providers.

Australian Fresh Produce Social Monitoring Program

There is an increased risk of modern slavery in the fresh produce sector due to outsourcing work through labour service providers. We continue to work with our suppliers to monitor the supply chain's social standards and, since starting in 2018, we have reviewed 142 third party social audit reports. In 2020 we worked closely with suppliers to undertake remediation regarding issues including fire safety, underpayment of wages and non-transparency.

Research Paper "Getting Through a Pandemic" - The Centre for Child Rights and Business

To better understand the increased child labour risks for the children of migrant parent workers in the supply chain in China, we supported The Centre for Child Rights and Business in the publication of their study - [*"Getting Through a Pandemic: Migrant Parents and Covid-19 In China's Export Manufacturing Industry"*](#). We will use the findings to inform future child labour prevention initiatives.



2020 Initiatives



Baptist World Aid's - *The COVID Fashion Report*

Each year, Baptist World Aid publish the *Ethical Fashion Report* which includes a ranking of brands based on their human rights and ethical sourcing practices. In 2020 the report focussed on the impact of COVID-19 and set out six organisational commitments to protect and support vulnerable workers during COVID-19. Due to our collaboration with suppliers and upholding our policies and practices during the crisis, ALDI was found to have met all commitments.

Commitments set by Baptist World Aid to protect vulnerable workers include:

1. Support workers wages by honouring supplier commitment
2. Identify and support the workers at greatest risk
3. Listen to the voices and experience of workers
4. Ensure workers' rights and safety are respected
5. Collaborate with others to protect vulnerable workers
6. Build back better for workers and the world

International Labour Organization's 'COVID-19: Action in the Global Garment Industry'

The ALDI SOUTH Group joined the International Labour Organization's *COVID-19: Action in the Global Garment Industry*, which aims to catalyse action from the global garment industry to protect workers income, employment and health. The action focuses on the most vulnerable countries with the weakest health and social protection systems.

By signing up, the ALDI SOUTH Group has committed to:

- Paying suppliers for finished goods and goods in production despite the impacts of COVID-19
- Seeking dialogue with business partners
- Promoting the International Labour Organization's Labour Standards
- Supporting sustainable systems of social protection for a more just and resilient garment industry

CARE COVID-19 Fund

The ALDI SOUTH Group donated \$155,000 (AUD) to CARE COVID-19 fund which provides emergency relief for workers in the global garment textile supply chain. CARE is a leading international aid organisation that works around the globe to save lives and defeat poverty. The fund provided monetary support, hygiene kits, and psychological support for those in need.

ALDI SOUTH Group:

- Collaborated with Fairtrade to improve working conditions and livelihoods for cocoa farmers in Côte d'Ivoire.
- Signed a joint letter calling on the Indian Government to reject planned restrictions on current labour laws.
- Signed the commitment by The German Retailers Working Group on Living Income and Living Wages. The initiative aims to ensure farmers and workers in global supply chains receive a decent standard of living.
- Published our international position statement on mandatory human rights due diligence.
- Signed a joint letter to the European Commission urging the EU to require labour reform in Thailand.
- Confirmed the support of a three year extension for our coffee smallholder Fairtrade project in Honduras.

Further information can be found on our [International Corporate Responsibility website](#).

Assessment of Effectiveness

Effectiveness measurement is imperative to ensure we continue to reduce risk as well as prevent and mitigate instances of modern slavery. We do this in a number of ways including:



Through governance



Human Rights Risk Assessments by external experts



Training that includes post knowledge assessment to understand impact and participation



External organisation assessments such as Be Slavery Free's Easter Chocolate Shopping Guide and Baptist World Aid Ethical Fashion Report



Case Study

During an ALDI Social Assessment at a production facility, it was identified that workers had signed blank resignation forms. This suggests that affected workers were not aware of what they were agreeing to which can result in documents being altered without worker consent, potentially leading to bonded labour. Once ALDI highlighted the issue, the practice was immediately ceased. Remediation involved employee training, and development of an action plan to ensure compliance.

The production facility also implemented a 'Final Settlement and Service Benefit Policy & Procedure' and hired a new human resources manager who is conducting wages and benefits training. We will continue to monitor remediation to ensure it is maintained.

Activity Planned in 2021



National

On top of our ongoing monitoring programs we have a number of modern slavery initiatives planned for 2021.

- In partnership with Slave-Free Alliance we will;
 - Deliver Modern Slavery Training to our employees and business partners.
 - Conduct a Human Rights Risk Assessment, initially planned for 2020 but postponed due to COVID-19. The assessment will include internal and external stakeholder interviews with a focus on the following categories and operations;
 - Fresh produce
 - Fresh meat
 - Plants & flowers
 - Australian based production of detergents, cleaners and health & beauty
 - Labour service providers
 - Goods not for re-sale

Based on the assessment Slave-Free Alliance will provide us with prioritisation of risks relevant to us, identification of common risks within the priority areas and recommendations to mitigate risks.

- We will develop a framework for regular internal reporting on human rights activities including modern slavery.



International

- We will conduct two Human Rights Impact Assessments, initially planned for 2020 but postponed due to COVID-19, that will look into Brazil nut and coffee sectors.
- We will provide Child Labour Training for suppliers.
- We will publish our [International Policy on Forced Labour](#) in February 2021.
- We will publish our [International Vision 2030](#) in March 2021.
- We will publish our International Position Statement on Living Wages and Living Incomes to ensure a decent standard of living for those in our supply chain.

