

Modern Slavery Statement

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015. It sets out the steps taken by Aldi UK during the year ending 31 December 2017 to prevent modern slavery and human trafficking in its business operations and supply chains.

Aldi UK operates with honesty and integrity wherever it does business around the world. We respect human rights and treat the people in our supply chain who make, grow and supply our products fairly.

This statement has been published in accordance with the Modern Slavery Act 2015. It explains the steps taken by Aldi UK, and other relevant group companies, during the year ending 31st December 2017 to prevent modern slavery and human trafficking in its business and supply chain.

Introduction:

Modern slavery is a global problem affecting every economy, industry and sector. In 2017, the UN's International Labour Organisation estimated that more than 40 million people were victims of modern slavery, including almost 25 million workers trapped in forced labour.

Human trafficking, forced labour and the exploitation of vulnerable workers are abuses of basic human rights and have no place in our business or supply chain.

Our approach to tackling these problems is based upon understanding the complexities of the issue and continually improving the processes we have in place to prevent these abuses from occurring.

This involves working in partnership with our suppliers and their business partners to ensure all our operations and supply chain remain free from modern slavery.

Aldi UK published its first Modern Slavery Statement in May 2017, and during the past year we have continued to improve our processes and developed new partnerships with third parties to tackle this important issue.

Key progress in 2017:

- Extending our Ethical Trade Programme to cover more product areas. This programme focuses on improving working conditions at sites where our products are sourced from.
- Strengthening our existing supplier policies on the responsible use of labour providers, in line with industry best practice guidance from the Stronger Together initiative and the Association of Labour Providers.
- Encouraging our suppliers to attend Stronger Together workshops to help them spot signs of modern slavery and take appropriate action.
- Introducing ethical requirements for our Goods Not for Resale suppliers.
- Establishing new partnerships with NGOs and third parties, including the Food Network for Ethical Trade.
- Increasing the number of Fairtrade, UTZ and Rainforest Alliance products stocked.

Our business:

Aldi UK is part of the Aldi South Group, an international supermarket chain that operates more than 5,900 stores across nine countries.

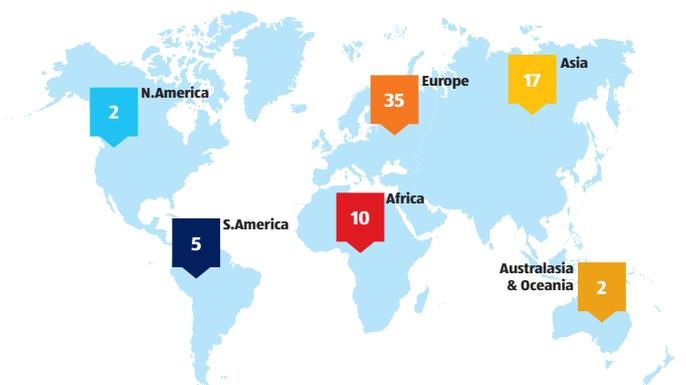
We opened our first UK store in Birmingham in 1990 and have rapidly grown to become Britain's fifth largest grocer by market share, with more than 750 stores.



Our ethos today is exactly the same as it was when our first UK store opened more than a quarter of a century ago; we treat all customers, suppliers and employees fairly and with respect.

This approach extends to our relationships with more than 2,100 suppliers across 71 countries.

2,100 suppliers across 71 countries



Although we do not own the companies or sites that we source from, we recognise that Aldi UK and our suppliers have a shared responsibility to ensure working conditions in the supply chains from which we source meet our standards.

Modern slavery strategy and policies:



Aldi UK has an integrated modern slavery strategy based on comprehensive policies and processes, effective risk-assessment, training and ongoing reviews and dialogue with suppliers.

Our Corporate Responsibility (CR) department is responsible for the design and implementation of this strategy in the UK and Ireland. They are supported by the Corporate Buying department, the Aldi South Group's International CR department and our specialist ethical audit teams based in Bangladesh and Hong Kong.

Like many international businesses, we source products from a range of countries and recognise there is a risk of modern slavery in our product supply chains.

To mitigate this risk, we have developed comprehensive policies and processes that all suppliers must sign up to before we work with them.

These include Aldi's Social Standards in Production, which form part of our standard terms and conditions and are based on the following international policies:

- The UN Universal Declaration of Human Rights
- The UN Convention on the Rights of the Child
- The UN Convention on the Elimination of All Forms of Discrimination against Women
- The International Labour (ILO) Conventions
- The OECD Guidelines for Multinational Enterprises

They define our commitment to human rights and fair labour and set out the minimum standards that we expect from our suppliers. These include:



All suppliers are required to apply these standards across their own supply chain and to any approved sub-contractors that work for them.

As forced or bonded labour issues are often hidden from view, we also support the development of new responsible recruitment initiatives, such as Clearview, a certification scheme specifically designed for labour recruiters and providers.

Identifying modern slavery risk within our supply chain:

Modern slavery is a complex and hidden problem. To detect this issue, we undertake regular risk-based due diligence across the full scope of our business and supply chains.

Ethical Trade Programme

Our **Ethical Trade Programme** aims to improve working conditions at sites that make Aldi products, particularly those in high-risk countries or product categories.

All suppliers in the programme must be a member of a supply chain management platform, either the Supplier Ethical Data Exchange (Sedex) or the amfori Business Social Compliance Initiative (BSCI).

To show that they can meet our ethical standards and requirements, suppliers must also arrange for one of the following independent third-party ethical audits or certification of their production sites, which have been approved by Aldi:

- Amfori BSCI (Business Social Compliance Initiative) ethical audit
- SMETA (Sedex Members Ethical Trade Audit)
- ICTI Ethical Toy Program
- SA8000 (Social Accountability International standard)
- Responsible Business Alliance (RBA) audit, formerly Electronic Industry Citizenship Coalition (EICC)

We expect our suppliers to take responsibility for monitoring and improving working conditions at all sites in their supply chain which are used to produce our products. We also expect them to adopt an approach to ethical trade that goes beyond compliance.

However, we know from experience that third-party audits may not always provide a true picture of working conditions at a supplier site. In addition to third-party audits, we also carry out our own ethical audits and site visits through our Aldi Social Assessment programme.

Aldi Social Assessments

These assessments are carried out by a team of qualified ethical auditors based in our CR offices in Bangladesh and Hong Kong. This local expertise means we can directly monitor and address issues on the ground in high-risk sourcing countries.

Our teams regularly carry out announced, semi-announced and unannounced site visits and assessments of supplier facilities to check they meet our ethical standards and requirements.

They also focus on building co-operation and gaining increased transparency from suppliers so that we can work with them to improve conditions for workers in all sites that produce our products.

Managing risk in our business:

We source our products from 71 different countries around the world and recognise there is a risk of modern slavery in all parts of the supply chain, from where the product is made or grown through to its journey to our stores.

To mitigate this risk, we have a comprehensive system of checks and controls in place to identify high-risk areas in our supply chain and wider business.

These include third party ethical audits, Aldi Social Assessments and insight gained through collaborative initiatives with stakeholders such as Stronger Together, Sedex and the British Retail Consortium.

This risk assessment is complemented by in-house ethical trade experts at our CR departments in the UK and the wider Aldi South Group, including our specialist ethical audit teams on the ground in Bangladesh and Hong Kong.

We also have an **Aldi Alert Line** that can be used by suppliers and employees in confidence to raise concerns or report any policy violations. The Alert Line is promoted to employees and suppliers. This independent service is staffed by multi-lingual call handlers and is available 24 hours a day, seven days a week. All reports are fully investigated and callers always remain confidential.

The risk of modern slavery is higher in supply chains for certain product types and geographical territories than others, such as tea from India and seafood from Thailand.

During the last 12 months, we have deepened our understanding of the specific risks that workers face in these supply chains by participating in several initiatives:

- Opening a dedicated CR office in Bangladesh to forge closer relationships with suppliers and further strengthen our monitoring on the ground.
- Establishing a Working Group for an Ethical Sourcing Strategy for Food, comprising of experts from our CR International teams and national country CR teams including Aldi UK, to increase collaboration and momentum on ethical risks in the supply chain, including modern slavery.

- Joining the Food Network for Ethical Trade (FNET).
- Introducing ethical requirements for our Goods Not for Resale suppliers and engaging with Stronger Together on their construction programme.
- Participating in the British Retail Consortium Ethical Labour Working Group to help shape industry decisions and share best practice with other retailers.
- Supporting our suppliers to improve their capacity to identify and remediate critical issues themselves.

Whenever possible, we also try to source products that are produced under standards that create better social and environmental conditions for workers.

These include Fairtrade, Rainforest Alliance and UTZ.



Partnerships:

We recognise that a single organisation acting on its own cannot eradicate modern slavery, and the most effective way to tackle an issue of this complexity and scale is through collaboration.

As a result, we continue to establish partnerships and collaborate with others to raise awareness of modern slavery and find solutions for workers. A full list of our collaborations and partnerships relating to ethical trade and modern slavery are as follows.



Stronger Together

Since 2013, we have been project sponsors of Stronger Together, a multi-stakeholder initiative aiming to reduce modern slavery within supply chains. Stronger Together use labour rights experts to run workshops across the UK. These help suppliers understand what modern slavery is and how to spot warning signs. Aldi UK have strongly encouraged all UK suppliers to attend a workshop and download the tools and guidance from the Stronger Together website.

We are also supporting Stronger Together as it expands globally and moves into other areas of the supply chain, such as the construction sector in the UK and the fruit and wine sector in South Africa.



Accord on Fire and Building Safety in Bangladesh

We were one of the first signatories of both the original Bangladesh Accord in 2013 and the follow-on agreement in 2018. Through this agreement, we support measures to improve health and safety within garment factories in Bangladesh.



Supplier Ethical Data Exchange (Sedex)

We require all of our suppliers to become members of either Sedex or amfori BSCI. Sedex provides a collaborative platform for buyers, suppliers and auditors to quickly identify and share indicators of forced labour and modern slavery.



Business Social Compliance Initiative (BSCI)

Aldi has been a member of amfori BSCI for more than ten years. Through this membership, we can monitor non-compliances in our supply chains and production facilities, which in turn helps to identify modern slavery risks.



British Retail Consortium (BRC)

Aldi UK are active members of the BRC and several sub-groups including The Ethical Labour Working Group. This group brings the retail industry together to collaboratively tackle unethical practices in supply chains. In 2017 the Group called on Government to strengthen the Modern Slavery Act, by publishing a list of all companies required to report and including public procurement bodies, and it also called on Government to strengthen enforcement of labour practices to safeguard workers in high risk sectors. It allows us to engage with other businesses in our sector to share best practice and discuss specific issues relating to modern slavery. Through the BRC, retailers also work towards aligning our approach to modern slavery in the supply chain.



Sustainable Fisheries PARTNERSHIP

Sustainable Fisheries Partnership (SFP)

This partnership enables us to improve the responsible sourcing of fish and seafood and to avoid illegal, unregulated and undocumented fishing, contributing to a more transparent seafood supply chain.

SEAFISH

Seafood Ethics Common Language Group

Participating in this group allows us to collaborate with other retailers, food service organisations and suppliers to improve our understanding of the ethical issues impacting the seafood supply chain and contribute to collaborative efforts to improve ethical standards in the sector.

Food Network for Ethical Trade (FNET)

FNET is a collaboration between large food suppliers and retailers that share a goal of establishing a common approach to managing ethical trade in food supply chains. At the heart of this initiative is the sharing of resources and developing best practice ways of working.



Gangmasters & Labour Abuse Authority

Gangmasters & Labour Abuse Authority (GLAA)

The GLAA operate a licensing scheme which regulates businesses that provide workers to the fresh produce supply chain and horticulture industry, to make sure they meet the employment standards required by law. Employment agencies, labour providers and gangmasters who provide workers to the following sectors will need a GLAA licence:

- Agriculture
- Horticulture
- Shellfish gathering
- Any associated processing and packaging

Aldi UK have worked with the GLAA for many years to help identify and protect workers at risk of exploitation in our supply chain.

Impact – Stronger Together

Aldi is a project sponsor of the Stronger Together initiative. Stronger Together is a business-led, multi-stakeholder collaborative initiative whose purpose is to support organisations to tackle modern slavery within their businesses and supply chains.

Through www.stronger2gether.org, Stronger Together provides clear guidance and pragmatic resources and training to support employers and labour providers in at risk sectors to deter, detect and deal appropriately with forced labour, labour trafficking and other hidden labour exploitation.

Since its launch in October 2013, the Stronger Together initiative has achieved significant traction in engaging business:

- Over 8,000 industry representatives have registered with www.stronger2gether.org to access the resources for use within their organisations.
- Over 3,700 individuals from over 1,400 businesses have attended and have committed to take the tackling slavery message back to over 800,000 workers. Online UK and international “Tackling Modern Slavery” e-learning training modules have been taken by an estimated 36,000 learners.
- An Independent Impact Assessment measured the impact of the programme from Oct 2013 - Sept 2017 amongst UK consumer goods suppliers.

Key findings were that being involved in Stronger Together: increased their knowledge and understanding of what modern slavery is (96%); helped them prepare and understand how to manage potential situations of forced labour (87%); and resulted in their senior management making a commitment to tackle modern slavery in their business and supply chain (72%).

- Stronger Together has launched the Stronger Together South Africa Programme to support the fruit growing and wine-producing industries to tackle forced labour and hidden labour exploitation through free training workshops and multi-language resources. The awareness raising video ‘Eyes Wide Open’ received a Gold World Medal at the New York Festivals TV & Film Awards 2018 for Instruction & Education.



How we ensure modern slavery is not taking place:

Through our Ethical Trade Programme, more than 1,100 ethical audits were carried out in 2017 by independent third parties and by Aldi's own ethical audit teams.

These audits identified a number of issues, mainly relating to working hours and health and safety issues. However, we have identified a few cases where there was a risk of modern slavery.

In each of these cases, corrective action plans were implemented that set out a clear process and timeline for resolving these issues. Suppliers had to then implement these corrective measures in the specified timeframe through collaboration with the site management.

Our approach is to work collaboratively with our suppliers to resolve any issues or problems. When a problem arises, the type of corrective action implemented will depend on severity of the issue and the willingness of the supplier to work collaboratively with us to find a solution.

Case study – Detecting modern slavery

One of our long-standing fresh produce suppliers identified a case in its own supply chain of vulnerable workers being exploited by a third party.

As the supplier had undergone modern slavery training, it had robust checks in place to quickly identify and handle this situation.

The supplier immediately informed the GLAA and the local police, who subsequently brought a successful prosecution against the third party for human trafficking and forced labour.

In instances like this, we work collaboratively with the supplier and the authorities to resolve the situation as quickly as possible. As soon as the supplier proactively informed Aldi of the situation, we sent members of our CR and Buying teams to visit the supplier site and carry out a thorough check of the working conditions, including worker interviews, document reviews and an interview with the third-party labour provider.

We held several face-to-face meetings with the supplier, including their senior HR representative, to understand how the issue occurred and to offer support to the supplier to prevent it happening again.

Although independent third-party audits are an important tool for identifying problems and initiating improvements, they can only provide a snapshot of a particular situation. Introducing permanent improvement to working conditions at the sites we source from requires a collaborative approach to ethical trade between Aldi and our suppliers.

Aldi Factory Advancement Project

The Aldi Factory Advancement (AFA) Project is an initiative we introduced to improve the working conditions at factories that produce our textile products in Bangladesh.

The project enables managers and workers to identify potential problems within their production facilities and develop joint solutions. It includes training in areas such as health and safety in the workplace, fire safety, working hours, discrimination and harassment as well as productivity and quality management.

Launched in 2013, the project now covers almost half of our garment production facilities in Bangladesh and more than 80,000 employees have experienced positive changes in their day-to-day working environment as a result of their engagement with the project.

The project was extended in February 2018 with the launch of AFA Project PLUS, which aims to tackle the shortage of adequate childcare for working parents and their children in garment factories.

Working in collaboration with NGOs and other third-party organisations, Aldi supports suppliers in improving their existing childcare facilities and the quality of care provided.

Testimonial – Aldi Factory Advancement Project

“I am so happy to have been part of the AFA Project for the past three years. Through the trainings of the AFA Project, I was able to share ideas and problems directly with the management. We have advanced our factory in many different areas by workers and managers jointly discussing problems, deciding on solutions and implementing them. Now we have reduced discrimination and I was promoted from sewing operator to supervisor as one of the first females in my factory. In the future, I want to become a line chief.”

Ambia, a sewing operator from a factory that participates in the AFA Project

Training and capacity building:

To effectively tackle modern slavery, we must raise awareness of this issue across our business and supply chains. It is vital that colleagues and suppliers are trained to spot issues and have the skills and confidence to deal with them as soon as they arise.

Training for employees

- All Aldi Buying employees are trained on how to ensure suppliers uphold the ethical standards that we set. They work closely with our CR departments to monitor suppliers' performance and intervene if any issues are found.
- Since 2015, our CR team has run a number of modern slavery training sessions for employees in our Buying department. This training includes guidance on modern slavery, including relevant questions to ask and what to look for during site visits.
- All new employees with buying responsibility receive one-to-one training as part of their induction, to ensure they have a thorough understanding of ethical trade issues, including modern slavery.

Training for suppliers

- All suppliers are asked to attend Stronger Together workshops which are part-funded by Aldi. These sessions are led by labour rights experts and help suppliers understand what modern slavery is and how to spot warning signs. Since these workshops began in 2013, more than 500 delegates from suppliers of Aldi have attended.
- We have hosted conferences with suppliers to train and educate them on ethical trade and modern slavery.
- As part of our Aldi Social Assessment programme, suppliers whose sites are scheduled to receive announced visits are fully briefed on the approach and objectives of the programme before the assessments take place.
- The Aldi Factory Advancement Project provides training for suppliers in Bangladesh on a range of subjects including health and safety in the workplace, fire safety, wage issues, working hours and discrimination.

Conclusion:

Modern slavery is a global problem that cannot be solved by any one company or organisation acting in isolation. Aldi has a role to play in raising awareness of this issue and working collaboratively with suppliers, NGOs and industry partners to combat this criminal activity.

Forward-looking plans:

During 2018, we will continue to refine and develop our processes and policies to reduce the risk of modern slavery in our business and supply chain. The proactive steps that will be taken include:

- Broadening existing partnerships with key groups such as the Food Network for Ethical Trade and Stronger Together. For example, we are supporting Stronger Together's expansion in South Africa by strongly encouraging all our produce and wine suppliers in South Africa to attend a workshop.
- Supporting the Spain Ethical Trade Forum, a collaboration between retailers, suppliers and growers to improve working conditions in the Spanish produce sector, which we signed up to in April 2018.
- Developing a strategy to assess the risk of modern slavery in high-risk categories, including produce and horticulture.
- Earlier this year, we signed up to the British Retail Consortium's Better Retail Better World initiative, a collaboration between 25 of the UK's largest retailers, who have agreed to implement a policy that no worker should pay for a job, which is a key issue in tackling modern slavery.
- Developing an ethical trade strategy for food that will identify risks and put safeguards in place. In 2018, we will work with a third party consultancy specialising in ethical trade to carry out a full risk assessment of the Aldi South Group food supply chain, to help us prioritise based on issue criticality and our level of influence. In addition, we will work with the consultancy to develop an overarching Ethical Sourcing Strategy including: prioritised list of risks; 'deep-dives' of ethical risks for high-risk products; development of KPIs to measure progress and a final report with recommendations to manage risks and drive change.

There is no place for modern slavery in our business or our supply chain and we remain committed to combatting this criminal activity.

This statement has been approved by the Board on 20 June 2018 and signed on its behalf by:



Giles Hurley
Chief Executive
20 June 2018