

International Coffee Purchasing Policy



Version: July 2016

Our Claim

Simplicity, responsibility, reliability: these traditional trading values have been the basis for the sustained success of ALDI for over 100 years. Our success is the prerequisite for our continued development and assumption of greater responsibility. Through our actions, we want to help contribute to sustained positive development wherever we can.

As an internationally operating retail company, our daily decisions affect the entire supply chain. This is why we assume responsibility for safe and fair working conditions, the protection of our environment and the conservation of its natural resources.

For this reason, ALDI Nord has developed this International Coffee Purchasing Policy. It is the subject of constant monitoring and consistent examination. The latest version is a binding framework for us and our business partners.

The current International Coffee Purchasing Policy is published on our website.

This International Cocoa Purchasing Policy is available in German and English. In cases of doubt the German version shall prevail.

1. Background

Coffee is one of the most important commodities worldwide. The cultivation of coffee provides the livelihood for approximately 25 million smallholder farmers in Africa, Asia and Latin America. Around the globe, more than 100 million people are involved in the trading and processing of coffee. Numerous stages are required to turn the raw commodity into the final product. In this respect, it is essential to secure the quality of the raw materials and to assume responsibility within the coffee value chain.

Together with other stakeholders involved in the coffee market, ALDI Nord develops and implements social, environmental and economic sustainability standards, in order to address the following challenges, amongst others:

social

- economic and political instability in the main producing countries;
- increasing rural exodus due to insufficient prospects in coffee farming for future generations;

environmental

- climate change and the associated increasing periods of drought, flooding and pest infestation;
- inferior soil quality, particularly due to monocultures;
- cultivation measures and agricultural systems insufficiently adapted to resource conservation and climate change;

economic

- the predominance of smallholder structures implicating the high dependency of the farmers on coffee cultivation as their main source of income;
- limited financial resources for much-needed investment, and lack of access to technical equipment and materials.

2. Scope of application

This International Coffee Purchasing Policy applies to all national and international private label products containing roasted coffee (whole beans, ground coffee, coffee pads, capsules and instant coffee), soluble coffee products (such as e.g. cappuccino and iced coffee) and chilled coffee drinks. Special offers containing coffee products shall also be covered by the defined scope of application.

Cooperation is carried out exclusively with business partners who work in harmony with our International Coffee Purchasing Policy.

3. Our goals

ALDI Nord develops targets and measures relating to the topic of coffee with close coordination between the business divisions of corporate responsibility, purchasing and quality control as well as with its business partners. ALDI Nord takes into account recommendations from external experts and the expectations of relevant stakeholders. Targets and measures are developed on a continuous basis.

Within the framework of the International Coffee Purchasing Policy, ALDI Nord has set out the following objectives:

I. **Promotion of sustainable coffee farming and the improvement of working conditions and living conditions of smallholder farmers involved in coffee farming and their families**

Together with our business partners, we are committed, within the scope of internationally recognized sustainability standards (UTZ, Fairtrade and Rainforest Alliance), to promoting and implementing social, economic and environmental standards in order to attain sustainability improvements in the coffee industry. UTZ, Fairtrade and Rainforest Alliance, for instance, are members of the **International Social and Environmental Accreditation and Labelling Alliance (ISEAL)** and contribute towards the sustainability targets and standards in the coffee industry being globally promoted, reliably represented and monitored on a regular basis.

II. **Integral coffee project**

We will continue to promote the sustainable cultivation of coffee by taking part in an integral project, which runs over a period of several years supporting smallholder farmers in sustainable coffee production. The target is to enhance productivity and quality as well as the capabilities in dealing with the consequences of climate change.

III. **International changeover to only certified coffee for private label products**

ALDI Nord is represented in nine European countries. Within our defined scope of application, we aim to switch at least **30 percent** of our sourced green coffee to sustainably certified primary product by the **end of 2016**. In doing so, we accept the **UTZ, Fairtrade, Rainforest Alliance** and **EU organic** standards.

Moreover, within our defined scope of application, we strive to constantly increase the certified share of our green coffee by the **end of 2020**. In doing so, we likewise accept the **UTZ, Fairtrade, Rainforest Alliance** and **EU organic** standards.

IV. Transparent communication and sensitisation of stakeholder groups on the importance of sustainably produced coffee

A change in coffee farming can only be achieved through the joint action of all stakeholders.

ALDI Nord therefore commits to comprehensively informing employees, customers and business partners on the background and reasons for sustainable coffee farming and to raise awareness of the importance of the issue.

ALDI Nord achieves this, for instance, through:

- internal circulars, information flyers and the integration of our International Coffee Purchasing Policy into our internal training programme;
- our weekly magazine and information brochures;
- our website, where consumers can find more information on the topics of sustainability and quality, as well as on the internationally recognised certification standards in the coffee sector;
- and the active promotion of products containing coffee from sustainable production.

4. Transparency and traceability

In creating its assortment offer in the area of 'products with coffee content', ALDI Nord is oriented towards the recognised sustainability standards of UTZ, Fairtrade, Rainforest Alliance and EU organic, and contributes to a considerable improvement in traceability and transparency in the coffee supply chain. Traceability and transparency both form two essential components of the sustainable procurement and marketing of coffee for ALDI Nord.

In order to provide consumers with traceability of the sustainable coffee products available at ALDI Nord, we will continue to expand our own traceability system, enhance cooperation with recognised sustainability standards and, in this respect, particularly make use of QR or tracking codes.

5. Responsibilities, implementation and control

ALDI Nord undertakes regular reviews of its targets in the area of sustainable coffee purchasing and shall define further goals and measures where necessary.

For the **purchasers** of ALDI Nord, the International Coffee Purchasing Policy and the objectives expressed therein are binding in the implementation of tendering and procurement processes.

ALDI Nord has informed its **suppliers** of goods containing coffee on the scope of application and the objectives of the International Coffee Purchasing Policy. The suppliers of goods containing coffee are contractually obligated to comply with these requirements upon receipt of orders.

Cooperation is carried out exclusively with business partners who work in harmony with our International Coffee Purchasing Policy. In cases of non-compliance with our requirements, sanctions may be imposed accordingly.

ALDI Nord has always focused on close and reliable cooperation with its suppliers in order to achieve the corporate objectives. With our business partners, we share the responsibility for the conservation of natural resources and therefore work together on the implementation of the targets stipulated in this Purchasing Policy. ALDI Nord welcomes its suppliers to support individual sustainability projects and initiatives in coffee farming.

The implementation of the current International Coffee Purchasing Policy is comprehensively reviewed within the framework of the regularly performed monitoring process and recorded within the framework of an internal reporting procedure.

The management and other responsible personnel at ALDI Nord are regularly informed on the current status of implementation.

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