



International Timber Purchasing Policy

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

1. Scope of application

This International Timber Purchasing Policy regulates the sourcing of timber and wood-based products and packaging¹ for the ALDI North group. It applies to own brands² and items for internal company use³, ALDI photo products as well as press and advertising materials⁴ containing or made of the following materials:

- Timber (solid wood, derived timber products)
- Cellulose (paper, cardboard)
- Viscose and nonwoven fabric based on cellulose (hygiene products, detergents and household items)
- Bamboo⁵

The International Timber Purchasing Policy provides a binding framework for us and our business partners. It is subject to ongoing updates and rigorous examination. Furthermore, the requirements and provisions of the Quality Management division shall apply according to each individual case. Its validity ends with the publication of an updated version on aldi-nord.de.

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

¹ Sales packaging, outer packaging and transport packaging defined by Directive 94/62/EC on Packaging and Packaging Waste of the European Parliament and Council of 20 December 1994. Adhesive labels and cellulose pads for foodstuffs (such as for fresh meat products) are not covered by the scope of application of the International Timber Purchasing Policy.

² Central, regional, seasonal, special-buy and test items in the product range

³ Items for internal company use refer to products for internal consumption within the company, such as copy paper, business paper, business cards, stationery (such as pencils, spiral note pads) and other wood-based products for internal company use (such as toilet paper, kitchen roll paper, paper towels).

⁴ Sales promotion (customer magazine 'ALDI aktuell', inserts), shop promotion (posters, price labels etc.), information brochures, flyers etc.

⁵ Exclusive apparel and home textiles as well as products made of bamboo fibres

2. Background

Forests are a resource, but also an eco-system worthy of protection. They form an essential living environment for people, animals and plants. They represent an important reservoir of drinking water and play a crucial role as a carbon sink in the context of modern climate change. Conserving and maintaining the resource of forests in the long run not only requires sustainable management, it also calls for sustainable processing and recycling of timber and wood-based products as well as packaging. Moreover, it is pivotal to prevent illegal deforestation and to protect endangered forests. In this respect, the protection of tropical forests is of particular importance to the ALDI North group. Responsibility must therefore be assumed in the value chain in order to protect and conserve one of the most valuable resources of the earth on a long-term basis.

Together with other stakeholders, ALDI North implements ecological and economic sustainability standards in order to address the following challenges, among others:

Social⁶

- Complying with human rights and the ILO⁷ core labour standards
- Protecting and safeguarding indigenous tribes
- Preventing conflicts based on land rights and resources

Environmental

- Promoting sustainable forest management
- Conserving and safeguarding forests as a resource and their biodiversity
- Counteracting the advance of deforestation
- Fighting climate change and the associated consequences such as increasing droughts and pest infestations

Economic

- Increasing timber yields by means of sustainable forest management
- Rejecting corruption and organised crime
- Reducing competition for land use with other resources

⁶ The BSCI Code of Conduct is a binding component of all our business relationships, committing our suppliers and their producers to assume social responsibility. Further information is available on the website: bsci-intl.org

⁷ International Labour Organization

3. Responsibility

The sustainable and sparing treatment of natural resources forms an integral part of ALDI North's corporate responsibility. As an internationally operating retail company, ALDI North uses its leverage to set standards in the supply chain with tools such as product-specific purchasing policies. Through our International Timber Purchasing Policy, we strive to promote measures to both protect and conserve forests as well as to achieve sustainable value creation.

A summary of our goals:

- I. Promotion of sustainable forest management*
- II. International changeover from timber and wood-based products and packaging to recycled and/or certified materials*
- III. Increase in recyclable and environmentally friendly products*
- IV. Transparency and traceability*
- V. Transparent communication and awareness-raising measures for stakeholders relating to the importance of sustainable forest management*

4. Goals and measures

ALDI North develops targets and measures for the sustainable sourcing of timber and wood-based products and packaging with close coordination between the business divisions of Corporate Responsibility, Purchasing and Quality Control as well as with its business partners and relevant stakeholders.

I. Promotion of sustainable forest management

Together with our business partners, we are committed to promote the protection and responsible handling of the resource of forests as well as sustainable value creation. The sourcing of endangered types of wood, such as from forests deserving particular protection (integral natural reserves, national parks, nature reserves, tropical forests and primary forests) is banned, except for resources from certified sustainable forestry. We request our business partners to fully implement any applicable legal provisions and due diligence stipulations of the EU Timber Trade Regulation.

The Forest Stewardship Council® (FSC® N001589), the Programme for the Endorsement of Forest Certification Schemes (PEFC) or the EU Ecolabel are recognised standards⁸ we apply in order to ensure responsible forest management or the environmentally compatible processing of goods.

The FSC is a member of the **International Social and Environmental Accreditation and Labelling Alliance (ISEAL)** that contributes to the promotion, reliable representation and regular monitoring of social and environmental sustainability goals and standards in forestry.

⁸The use of standards may vary from country to country within the ALDI North group

II. International changeover from timber and wood-based products and packaging to recycled and/or certified materials

The ALDI North group is represented in nine European countries. ALDI North supplies a great variety of certified sustainable timber and wood-based products as well as packaging already at this stage. Our goal is to increase the range of more sustainable products and packaging made of, or based on wood. Moreover, we strive to promote the use of recycled materials wherever possible.

Timber and wood-based products

Our international goal is to convert **100 percent** of the timber and wood-based products within our defined scope of application to certified sustainable qualities **by the end of 2020**. In this respect, we accept the standards of the **FSC**⁹ and **PEFC**¹⁰ as well as the **EU Ecolabel** or equivalent standards to promote sustainable forestry and the environmentally compatible processing of goods.

With the tendering for 1 January 2018, we will accept any products made of, or containing tropical woods and products from BSCI risk countries¹¹ only if they bear a valid certification according to the FSC¹² standards.

Packaging

On an international level, we are converting **100 percent** of all newly sourced sales packaging, outer packaging and transport packaging for our products to certified sustainable qualities or recycled materials, depending on availability, **from now on and by the end of 2020 at the latest**. Existing stocks of packaging shall be used up in line with our goal of conserving natural resources.

We only accept certified sustainable fresh fibres and recycled materials according to the **FSC**¹³ and **PEFC**¹⁴ or equivalent standards for our sales packaging in order to promote sustainable forest management.

We accept certified sustainable fresh fibres and recycled materials according to the **FSC**¹⁵ and **PEFC**¹⁶ or equivalent standards for outer and transport package in order to promote sustainable forest management. Alternatively, we also accept outer and transport package that contains a minimum proportion of 70 percent recycled material without any certification.

^{9, 13, 15} FSC 100%, FSC MIX and FSC RECYCLED

^{10, 14, 16} PEFC, PEFC recycled

¹¹ Further information is available at: bsci-intl.org

¹² FSC 100% and FSC MIX

III. Increase in recyclable and environmentally friendly products

Besides the sustainable quality of our products and packaging, we also strive for more sustainable procedures in their processing and recycling. We therefore assume responsibility beyond the utilisation phase of our timber and wood-based products and packaging.

Print colours containing mineral oil

To improve the quality of used paper in the countries of the ALDI North group, we are campaigning against the use of print colours containing mineral oil as an ingredient. In close cooperation with our suppliers, we are therefore striving to enhance the use of print colours that do not contain mineral oil for the printing on our wood-based products and packaging materials. We are thus able to reduce the admission of mineral oils into the recycling process and improve the quality of wood-based recycling materials.

Paper bleaching¹⁷

To achieve a more ecological process of paper bleaching, we recommend our business partners to utilise materials that have been treated with less aggressive methods of bleaching. In order to reduce the environmental impacts of cellulose bleaching on the receiving water, we are campaigning for the application of TCF (totally chlorine-free) as bleaching method for products and packaging.

IV. Transparency and traceability

Transparency and traceability are essential criteria for ALDI North when it comes to our sourcing and marketing practices for sustainable timber and wood-based products and packaging. Our suppliers are therefore committed to provide seamless traceability of all products and packaging covered by the scope of application of this International Timber Purchasing Policy. Any relevant information on the botanical and geographical origin as well as further evidence on the certification shall be provided by our suppliers upon request. Moreover, we commission independent testing institutes to analyse the type of wood as well as the origin of the products on a random-sample basis.

¹⁷ Based on the Implementing Decision 2014/687/EU of the Commission dated 26 September 2014

V. Transparent communication and awareness-raising measures for stakeholders relating to the importance of sustainable forest management

The promotion of sustainable forestry can be achieved only through the joint actions of all the stakeholders involved.

ALDI North therefore undertakes to inform its employees, customers and business partners comprehensively on the background and targets with regard to sustainable forestry and to raise awareness on the importance of this issue.

ALDI North achieves this, for instance, through:

- Internal newsletters, information flyers and the integration of this International Timber Purchasing Policy in the internal training programme
- The weekly customer magazine 'ALDI aktuell' and information brochures
- Its website on which consumers can find further information on the topics of sustainability and quality, as well as the internationally recognised certification standards for sustainable forestry
- The active promotion of certified timber and wood-based products from sustainable forestry

5. Responsibilities and controls

ALDI North undertakes regular reviews of its targets in the area of the sustainable procurement of timber and wood-based products and packaging and may formulate additional targets and measures, where required. In doing so, we are in a constant dialogue with external partners such as suppliers, NGOs, members of the academic professions and other relevant stakeholders.

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

ALDI North has informed its suppliers of the content and objectives of the International Timber Purchasing Policy. The suppliers of timber and wood-based products and packaging are contractually obliged to comply with these requirements upon receipt of orders. ALDI North expects its suppliers to develop appropriate guidelines for the sustainable sourcing of timber and wood-based products and packaging and to have a management system in place allowing for the continuous verification of standards. ALDI North reserves the right to commission independent institutions to carry out spot checks of its product specifications at the suppliers' premises.

To achieve its corporate goals, ALDI North has always relied on a close and trustful cooperation with its suppliers. With our business partners, we share the responsibility for the conservation of natural resources and have therefore joined forces to achieve the targets defined in this Purchasing Policy. ALDI North welcomes its suppliers to promote individual sustainability projects and initiatives in the conservation of forests and to provide information on the approaches taken as well as on the current developments.

The managements and other responsible staff of ALDI North are regularly informed on the current status of implementation of this Timber Purchasing Policy.

6. Partners and standards



The mark of
responsible forestry

Forest Stewardship Council® (FSC®)

The FSC logo is a label for wood and timber products originating from responsible forestry according to globally unified environmental and social standards. The certification comprises ten principals of sustainability which the wood or paper product must comply with: comprehensive evidence must be provided for the chain of production of the wood, the wood must not originate from forests deserving protection or preservation areas, the rights of indigenous tribes have to be protected and the ecological balance of the forest area must be safeguarded on a long-term basis. The certificate is issued by an independent third party and is reviewed annually.

fsc.org



Promoting
Sustainable Forest
Management
www.pefc.org

Programme for the Endorsement of Forest Certification Schemes (PEFC)

The PEFC logo is a label for wood and paper products originating from responsible forestry. PEFC is the abbreviation of 'Programme for the Endorsement of Forest Certification Schemes', a transparent and independent scheme to ensure sustainable forestry. The guidelines of the PEFC comprise environmental, economic and social aspects that must be complied with as a precondition for the PEFC logo to be granted. For example, the area of deforestation must not exceed the forest growing back and the forest must remain a safe living space for animals and plants. Moreover, the rights of people living from the forest and/or dependent on it have to be safeguarded. Compliance is monitored by independent organisations on a regular basis.

pefc.org



EU Ecolabel

The EU Ecolabel was launched by the European Commission in 1992. It is a label for products and services that have lower environmental impacts than comparable products.

ecolabel.eu



**Further information on our CR activities can be found on
our website: cr-aldinord.com**

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