International Cocoa Purchasing Policy

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# Table of contents

1. Scope of application

2. Background

3. Responsibility

4. Goals and measures

5. Responsibilities and controls

6. Partners and standards

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

This Cocoa Purchasing Policy applies to all private label products containing cocoa in the product segments: confectionery (pastries, pralines, chocolate and seasonal products), cereal and ice cream as well as private label products with a significant percentage of cocoa (e.g. spreads and chocolate coating). Special offers containing cocoa are also converted entirely to sustainably certified qualities.

The International Cocoa Purchasing Policy is a binding framework for us and our business partners. It is the subject of ongoing updates and rigorous examination. Its validity will end 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 Cocoa Purchasing Policy.
2. Background

Approximately 40 to 50 million people worldwide make a living from cocoa cultivation and trading. In West and Central Africa, two thirds of the world’s cocoa bean cultivation and processing is carried out in precarious economic and social conditions. Family-run farms and smallholder farmers generally do not have the necessary funds for investment, nor do they have the knowledge and expertise required to make cocoa cultivation socially and economically expedient and environmentally sustainable.

ALDI North is aware of these difficulties and, together with all stakeholders involved in the cocoa market, is aiming to confront the following challenges in the development and implementation of social, environmental and economic sustainability standards:

- Economic and political instability in the main producing countries of West Africa (Ivory Coast and Ghana)
- Child and forced labour in West Africa due to poor economic conditions in cocoa farming
- Lack of compliance and lack of controls on international workers’ rights and occupational safety measures
- The predominance of smallholder structures, low profits and low prices for raw materials on the world market that make it difficult for smallholder farmers / producers to make a living
- Increasing rural exodus due to insufficient prospects in cocoa farming for future generations
- Limited financial resources for much-needed investment, and lack of access to technical equipment and materials
- The negative impact on the ecological system from deforestation and the increase of monocultures
- And lastly: fluctuating climatic conditions, increase in droughts, floods and pest infestations, lack of agricultural practices/systems for smallholder farmers, and high demands on soil for the cultivation of the cocoa plant. Annually, an estimated
- 30 to 50 percent of cocoa beans worldwide cannot be further processed due to these aspects. This contributes, in the long term, to a decline in the availability of the raw good.

Backgrounds (selection):
- Fact-Sheet: The value chain of chocolate, Südwind-Institut, June 2012
- Ghana: From bitter cocoa to sweet chocolate. The long way from hand to mouth, Südwind-Institut March 2011
- Human Rights in the cultivation of cocoa. An inventory of the initiatives of the cocoa and chocolate industry, NEF- Research Series August 2010
- The dark side of chocolate. Large price fluctuations - poor working conditions of smallholder farmers, Südwind-Institut September 2009
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 Cocoa Purchasing Policy, we strive to promote measures that support sustainable cocoa cultivation to improve working and living conditions for farmers, their families and all workers involved.

A summary of our goals:

I. The promotion of sustainable cocoa farming and the improvement of working conditions and living conditions of smallholder farmers involved in cocoa farming and their families

II. International changeover to only certified cocoa for our own-brand items

III. Transparent communication and awareness-raising measures for stakeholders relating to the importance of sustainably produced cocoa
4. Goals and measures

ALDI North develops targets and measures relating to the topic of cocoa with close coordination between the business divisions of Corporate Responsibility, Purchasing and Quality Control as well as with its business partners. ALDI North 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 Cocoa Purchasing Policy, ALDI North has set out the following objectives:

I. The promotion of sustainable cocoa farming and the improvement of working conditions and living conditions of smallholder farmers involved in cocoa farming and their families

Together with our business partners, we are committed, within the scope of internationally recognised sustainability standards (Fairtrade, UTZ and Rainforest Alliance), to promoting and implementing social, economic and environmental standards in order to attain sustainable improvements in the cocoa industry. Fairtrade, UTZ and Rainforest Alliance, for instance, are members of the International Social and Environmental Accreditation and Labelling Alliance (ISEAL) and help ensure that sustainability goals and standards in the cocoa sector are globally promoted, reliably represented and monitored on a regular basis.

II. International changeover to only certified cocoa for our own-brand items

ALDI North is represented in nine European countries. Internationally, we have already switched over 60 percent of our cocoa-containing private label products from the assortment defined above to contain only sustainable certified cocoa in accordance with the internationally recognised certification programme UTZ. Our goal is to complete the full transition to sustainable certified cocoa in the product segments defined by us by the end of 2017. In doing so, we accept the Fairtrade, UTZ or Rainforest Alliance standards.

For ALDI North own-brand products containing cocoa, the supply chain model of mass balance applies. ALDI North reserves the right to carry out regular random checks on the traceability of certified raw products from its business partners.

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III. Transparent communication and awareness-raising measures for stakeholder groups on the importance of sustainably produced cocoa

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

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

**ALDI North achieves this, for instance, through:**

- Internal newsletter, information flyers and the integration of this Cocoa Purchasing Policy into our internal training program
- The weekly customer magazine ‘ALDI aktuell’ and information brochures
- Its websites, on which consumers can find more information on the topics of sustainability and quality, as well as on the internationally recognised certification standards in the cocoa sector
- The active promotion of products containing cocoa from sustainable production
5. Responsibilities and controls

ALDI North undertakes regular reviews of its targets in the area of the sustainable cocoa procurement and may, where required, formulate additional targets and measures. 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 Cocoa 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 Cocoa Purchasing Policy. The suppliers of goods containing cocoa 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 cocoa products 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 and the suppliers’ premises.

To achieve its 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 cocoa farming and to provide information on the approaches taken as well as on the current developments.

The managements and other responsible staff at ALDI North are regularly informed on the current status of implementation of this Cocoa Purchasing Policy.
6. Partners and Standards

**Fairtrade**
Products labelled with the “Fairtrade” seal originate from fair trade and meet strict social, economic and environmental requirements. The aim is to empower smallholder farmers and workers in developing countries in Africa, Asia and Latin America and to improve their position in the world market in the long term. The farmers will receive a fixed minimum price for their resources. The additional Fairtrade premium allows for the realisation of community projects such as schools, wells or hospitals being built.

[fairtrade.net](http://fairtrade.net)

**Rainforest Alliance Certified™**
The Rainforest Alliance Certified™ seal represents products from environmentally friendly and socially responsible farming. The seal, featuring a green frog, is used to label cocoa, coffee and tea products and bananas, among other products. This means that these products are sourced from farms that are required to comply with the comprehensive standards of the Sustainable Agriculture Network. These were defined to conserve stocks of wildlife, preserve soils and waterways and help ensure the welfare of workers, their families and local communities – for a better life.

[rainforest-alliance.org](http://rainforest-alliance.org)

**UTZ**
UTZ is a programme for the sustainable cultivation of cocoa, coffee, tea, herbs and hazelnuts, contributing to improved prospects for farmers, workers, their families and our planet. Farmers will be trained in efficient and environmentally sound methods of cultivation, good farm management and safe and healthy working conditions. This training will allow them to increase their productivity, the quality of their products and their efficiency, while respecting human rights and the environment, and to improve the standard of living for farmers.

[utz.org](http://utz.org)
Further information regarding our CR activities can be found on our website cr-aldinord.com

ALDI Einkauf SE & Co. oHG
Corporate Responsibility / Quality Assurance International
Eckenbergstraße 16 A
45307 Essen