

Tea Buying Policy

ALDI SUISSE



1 Introduction

Our Corporate Responsibility Principles define our understanding of acting responsibly towards our customers and business partners, as well as the environment. In this context, sustainable procurement of our resources and compliance with social and environmental criteria throughout the global supply chain play a significant role. With our buying policies, we intend to assume responsibility and communicate our goals and requirements to our suppliers and customers.

Tea is one of the most popular beverages worldwide and cultivated both on plantations and smallholder farms. The majority of the tea traded on the world market is cultivated in China, India, Kenya, and Sri Lanka, while rooibos, for example, is only cultivated in South Africa. Tea leaves are often manually harvested by women under considerable effort and at wages which are partly below subsistence level. Smallholders in particular often lead a hand-to-mouth existence and are faced with numerous challenges. As tea is traded on the world market, prices are subject to fluctuations and differ considerably depending on the region and quality. Moreover, the amount and quality of the tea harvested strongly depends on the climate. Therefore, tea is often sourced from several regions of cultivation.

Therefore, to ensure a sustainable development of the tea sector, improving the farmers' situation is essential. Farmers need to be supported in their work, for example through training concerning energy-efficient and resource-friendly cultivation methods or quality-improving measures. For this purpose, we apply recognised social standards. Furthermore, we expressly dissociate our business from any activities which are harmful to the environment, such as illegal logging or slash-and-burn clearing. In this context, our Tea Buying Policy serves as a guideline for the implementation of responsible procurement processes.

At present, we already source the majority of our tea in accordance with accredited social standards in collaboration with our business partners and strive to further intensify the responsible sourcing of tea throughout our supply chains in future. Due to the challenges to be faced in the area of tea, no reliable forecasts can be made concerning the future availability of certified tea of the required quality. Therefore, we will reevaluate our goals in collaboration with our suppliers on a regular basis.

The certification schemes which we accept are listed below:

- Fairtrade
- UTZ/UEBT
- Rainforest Alliance

For our organic tea products, we additionally strive to achieve certification in accordance with one of the social standards listed above. The following requirements do not apply to our 'NATURE SUISSE BIO' and 'NATURE SUISSE' products or items which carry the 'SUISSE GARANTIE' guarantee label.

2 Scope of application

The scope of this Tea Buying Policy includes all raw materials used in private label tea products, i.e. all green, white, black, rooibos, fruit, and herbal tea products offered. However, this buying policy does not apply to instant tea products.

3 Goals and requirements

Already today, the majority of our tea is certified in accordance with social standards. Depending on the availability of correspondingly certified tea, our tea products contain at least 30% of certified tea.

In order to increase the share of certified tea, we have defined the following goals:

- Since 2018, all of our products containing rooibos tea as the main ingredient have been required to be UTZ, Fairtrade, or Rainforest Alliance-certified.
- Since 2019, all of our green, white, and black tea products must be certified according to the UTZ, Fairtrade, or Rainforest Alliance standard, provided that sufficient amounts of tea in the required quality are available on the markets of the relevant countries.
- With regard to our products which contain fruit or herbal tea as the main ingredient, we strive to continuously increase the share of certified tea. By the end of 2019, at least 50% of the tea used in our tea products is to be of certified origin (UTZ/UEBT, Fairtrade, or Rainforest Alliance).

By using certified tea, the traceability and transparency of the tea supply chain is improved significantly. Both transparency and traceability are essential to sourcing and marketing sustainable tea. We aim to offer our customers tea products with increased transparency and, wherever possible, traceability to the products' origins.

Within the scope of our buying process, we refer to our 'ALDI Social Standards in Production' which have been defined as part of our CR Principles. These standards reflect our minimum requirements which we strive to exceed wherever possible. We expect all our business partners and suppliers to meet these standards throughout the entire supply chain and to ensure that all of their sub-suppliers and production processes also comply with these requirements. Our Social Standards in Production are based on:

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

Furthermore, the ALDI SOUTH Group and, thus, ALDI SUISSE AG as well, joined the amfori Business Social Compliance Initiative (BSCI) in 2008. amfori BSCI participants are committed to improving the working conditions throughout their supply chains, to compliance with environmental guidelines, and to the creation of structures for ensuring social standards in production.

4 Active Implementation

We implement our sustainability requirements in close cooperation with our suppliers.

Our suppliers are required to source tea which is certified according to one of the certification schemes specified above in coordination with the relevant Buying Director. The supplier is responsible for ensuring the validity of the relevant certificate. Thus, compliance with the respective scheme forms part of our contracts.

In the event that our binding objectives are not fulfilled, we rigorously monitor their future implementation and develop specific measures for improving production processes in cooperation with our business partners. In certain cases of non-compliance, we also reserve the right to terminate business relations. Our common aim: To make more sustainable products the common standard for retailers and consumers alike.

This Tea Buying Policy is regularly reviewed based on the latest sustainability-related developments in the tea sector.