

These questions relate to the period since the COVID-19 outbreak. Please answer all questions and provide YES, NO or numerical answers where requested. We also welcome additional information and context.

Factory closures

BHRRRC is collecting and publishing an aggregated list of closed factories in the supply chains of 50 global apparel brands.

1.a. Are you keeping a list of factories that have closed in your supply chain since March 2020, (including those that you stopped sourcing from during the pandemic)? **Y/N**

Yes. We are closely monitoring the situation of the factories used for the manufacture of ALDI products together with our local offices in Bangladesh and Hong Kong. In addition, we maintain regular dialogue with our importers on the impact the Covid-19 pandemic is having on our supply chain. Therefore, we also keep a list of the factories that have permanently closed due to Covid-19.

b. Is your company willing to share a list of closed factories, including names and addresses? (Please share list here or as an attachment)

No. Due to the sensitive nature of the data, we do not intend to share the list of permanently closed factories.

c. Are you willing to provide BHRRRC with updated lists in the future? **Y/N**

No.

Worker wage and severance payments

2.a Have you received reports of non-payment of full salaries for workers in your supply chain? **Y/N**

Yes. Our local offices in Bangladesh and Hong Kong regularly conduct audits in the factories used for the manufacture of ALDI products. These audits revealed that salaries had not been paid in full in some factories.

b. Is your company actively involved in resolving each of these payment disputes? **Y/N**

Yes. We closely work with our importers on a corrective action plan (CAP) and continuously monitor the remediation of payment issues.

3.a. When garment workers lose their jobs, are you monitoring if workers are receiving any outstanding wages, legally mandated severance, and unemployment benefits? **Y/N**

Yes. As part of our audits, we ensure that workers who left the factory receive any outstanding final payments and benefits. In addition, we follow up on issues reported via other channels (e.g. NGO/stakeholder reporting, Accord/RSC complaint mechanism, Partnership for Sustainable Textiles grievance mechanism).

b. Is your company actively involved in ensuring workers are paid outstanding wages, severance, and benefits? **Y/N**

Yes. If workers do not receive outstanding wages, severance and benefits, a CAP is developed together with our importers and the factory management team. After implementing the CAP, we also follow up on the findings until the matter has been successfully remediated.

Discriminatory dismissals and human rights violations

4.a Have you implemented a pandemic-related policy with your suppliers to ensure vulnerable demographics of workers are not being disproportionately targeted for layoffs (e.g. union members & leaders, pregnant women, migrant workers)? **Y/N**

No.

b. Are you tracking lay-offs and suspensions by demographic? **Y/N**

We actively monitor layoffs and suspensions, but not the demographic aspects.

c. If Y can you provide a list of the categories being monitored?

d. If N, what steps are you taking to ensure discriminatory dismissals are not being carried out?

We follow up on any allegations we receive through external channels, e.g. the Accord/RSC complaint mechanism or the grievance mechanism of the German Partnership for Sustainable Textiles. If we suspect that a disproportionately high number of vulnerable workers are affected by a layoff, we closely work with our importers and the factories to question the selection of dismissed staff and if necessary, work on the remediation.

5.a Are there one or more factories supplying your company where advocates have alleged workers have been criminally charged or imprisoned in violation of their human rights (freedom of expression, freedom of assembly & association, collective bargaining etc.)? **Y/N**

Yes.

b. In all such cases, have all workers been released from custody with all charges dropped? **Y/N**

We are still in process of resolving the case. We have discussed this case with other brands involved as well as country experts and are now waiting for a joint and final discussion with the complainants.

Purchasing practices

6.a. Have you implemented a policy specifying that your sourcing team must not ask for price reductions/discounts relative to comparable items from last season? **Y/N**

Yes. We have developed a document on ethical purchasing practices in times of Covid-19 for our Buying department. The document summarises the recommendations of major international organisations. As a member of the German Partnership for Sustainable Textiles, we also participated in the development of a guideline that contains recommendations for handling orders as well as health risks in production facilities.

b. If yes, can you share this policy with BHRRC?

<https://www.textilbuendnis.com/en/download/leitsaetze-einkaufspraktiken-covid19/>

Please understand that we do not share our internal guideline with external parties.

c. If no, have you implemented any pandemic-related policy designed to ensure your sourcing staff do not pressure suppliers on price or production times and can you share this policy? **Y/N**

7.a. What were your payment times prior to the pandemic (in days)?
Because of our indirect buying model, ALDI has no direct business relationship with factories. Therefore, there is no direct payment to factories and our payment terms always consider the business relationship with our importers. We pay our importers within 30 days from the invoice date. The payment terms between the importers and the factories are regulated by individual contracts concluded between them.

b. Have you extended these payment times for the current pandemic period? Y/N
No.

c. What are the maximum number of days from invoice date within which you pay your suppliers currently (e.g. 30, 60, 90, 180 days)?
As mentioned above, our payment terms do not relate to the factories, but to our importers. We pay our importers within 30 days from the invoice date.

8. Have you committed to pay in full for all in-production and completed orders? Y/N
Yes. In May 2020, the ALDI SOUTH Group joined the ILO “Call to Action in the garment industry”. One of the top priorities is to protect the workers’ income and employment. Therefore, the ALDI SOUTH Group has committed to paying importers in full for finished goods and goods in production.

9. Have you requested a discount for any orders? Y/N
No.

10. Are you supporting suppliers with access to local finance with a letter of credit or through other means? Y/N
No.