



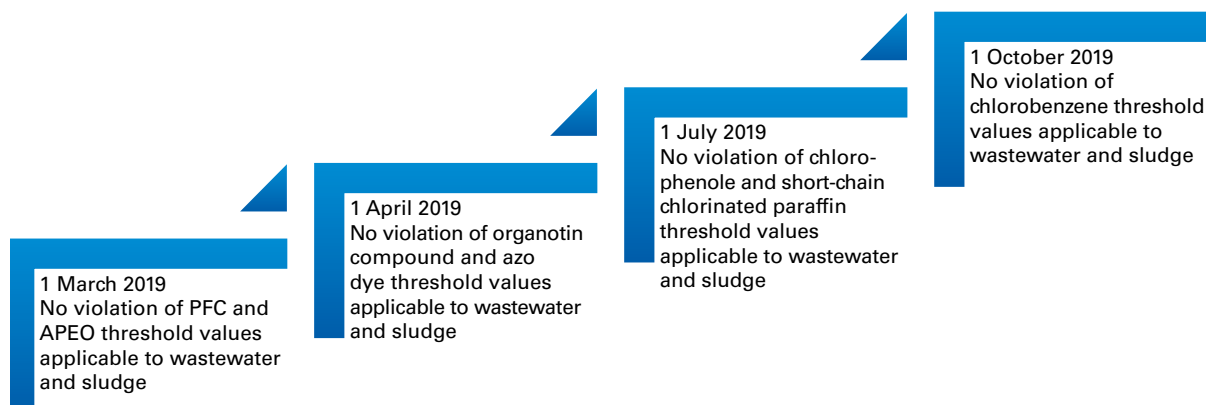
# Requirements for chemical management

## The Detox Commitment and the ALDI M-RSL<sup>1</sup>

International and national legislation and guidelines regulate the use of chemicals. However, especially in developing and emerging countries, the applicable legal requirements are often insufficient or not consistently adhered to. Our goal is to successively eliminate the use of hazardous chemicals during the production of garments, household textiles, and footwear, and to replace these substances with safer alternatives wherever possible. Our ALDI M-RSL/RSL (Manufacturing Restricted Substances List/Restricted Substances List) is a key tool for this purpose and forms part of all relevant contracts concluded with our business partners. Besides our existing quality guidelines, we have published this document on our websites in 2015. The ALDI M-RSL/RSL defines substances which may either not be used at all or only to a limited extent for the production of goods intended for ALDI. The aim of this list, is to regulate the use of chemicals during the production of textile and footwear products, as these substances involve potential risks to people and the environment. While the ALDI M-RSL defines threshold values for chemical residues contained in wastewater and sludge generated by the production facilities, the ALDI RSL defines threshold values for the finished products. Our specialists conduct an annual comparison of the RSL with the most recent requirements and make amendments where necessary.

## The ALDI 'Elimination Strategy' for the 11 hazardous chemical groups

The next steps of the elimination strategy will be focussed on prohibiting the deliberate use of APEOs and PFCs and, subsequently, the use of other selected chemical groups. Consequently, we are gradually requesting our suppliers and the wet production facilities to concentrate on specific fields of action (see figure titled 'Steps of our elimination strategy'). For all remaining chemical groups, we will continue to pursue their elimination by 1 January 2020 as defined within our Detox Commitment.



<sup>1</sup> Please note that this English version serves merely as a translation of the original German version. In the event of inconsistent or ambiguous content, the German original version shall prevail.

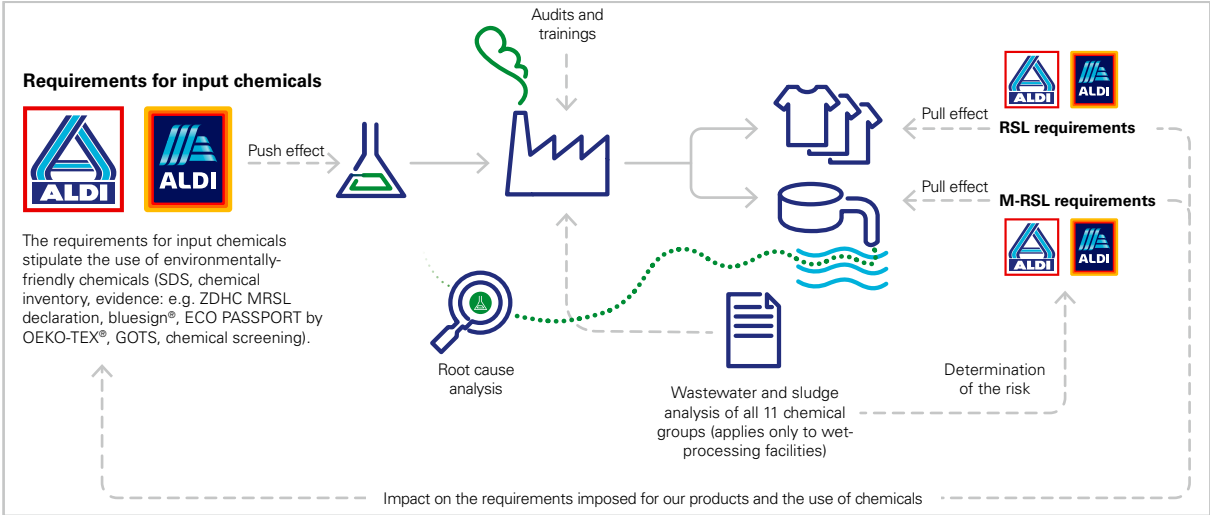
In future, the basis of production facilities used for production intended for ALDI will be limited to those partners who are willing to follow this path jointly with us. In order to promote the implementation of the strategy, we provide training measures and conduct Chemical Management Audits (CMAs).

The 'clean factory' approach aims to replace hazardous chemicals used with harmless alternatives throughout the entire production process. In a nutshell, 'clean factory' means that a certain production facility completely – not only for the production of goods for ALDI – refrains from using hazardous chemicals. In order to provide the wet-processing facilities with suitable tools for complying with this obligation, we defined the requirement that all chemicals used must be compliant with the ZDHC MRSL already in 2016. The ZDHC MRSL specifies relevant threshold values for chemicals used during production ('input chemicals') and, consequently, supplements the ALDI M-RSL/RSL.

### **Achieving improvements through consistent chemical management processes**

In order to achieve compliance with all Detox goals in the long term, we develop input and output-oriented requirements and, thus, focus on two different starting points within the production process.

Since the end of 2015, we have made it a requirement for wastewater and sludge analyses to be conducted at wet-processing facilities. The output requirement is assessed at least once per year at the production facilities.



The samples are taken on site by an accredited testing institute specifically nominated by us for this purpose, and tested for compliance with our M-RSL threshold values. The results of the analyses are then communicated to us, the suppliers, and to the production facilities.

**Root-cause analysis**

The results of the wastewater and sludge analyses serve as an indicator for monitoring the elimination of hazardous chemicals, such as PFCs or APEOs. By conducting additional product testing, we are able to evaluate the extent to which sustainable production processes are implemented in a production facility, and whether our Detox requirements are being met. In the event of any findings in one or several chemical groups, our suppliers and the production facilities are encouraged to conduct a root-cause analysis to identify potential reasons or sources of contamination.

**Requirements for input chemicals**

The input chemicals policy was implemented in 2016 and comprises two essential components: Firstly, production facilities are required to maintain a chemical inventory and valid safety data sheet (SDS) for all chemicals used, which need to fulfil the ZDHC MRSL requirements. Compliance is proven based on documents provided by approved certificate issuers or accredited testing institutes, and evidence concerning the use of ‘bluesign® approved’

chemicals. We reserve the right to review the safety data sheets, the chemical inventory, and/or the documentation and certificates concerning input chemicals at any time. Secondly, the criteria for sourcing the chemicals required in the production facilities need to be realigned. We currently monitor chemical requirements by checking the chemical inventory.

### **RSL requirements**

In 2017, we further intensified our threshold values for finished products (RSL) to ensure that our strict requirements for production standards are also incorporated within our products. Our commitment to this goal is reflected, for example, in ALDI's support for the development of the OEKO-TEX Appendix 6, which includes these new, more stringent requirements. Our products are analysed within the scope of extensive product testing conducted by selected and accredited testing institutes. For example, all of the textile products offered have been certified according to the STANDARD 100 by OEKO-TEX for many years now.

### **Training and auditing**

Building capacity and knowledge is essential for achieving a shift in awareness. As we mainly focus on the qualification of our suppliers, we have developed a suitable training concept.

Through training, our suppliers gain a better understanding of the Detox-related challenges and become empowered to apply ALDI-specific measures and processes. Regular training sessions are held, for example, as webinars. In collaboration with NimkarTek, we developed a suitable training programme for the area of chemical management in 2017 which is aligned with the learning requirements of our suppliers. Based on each participant's individual level of knowledge, we offered additional training modules e.g. on general chemical or wastewater and sludge management, which complemented our range of compulsory training modules (e.g. on APEOs).

For ALDI and the business partners, the amfori BEPI forms the central platform for collaboration throughout the supply chains and also provides access to relevant training measures. As a result of the cooperation between the amfori BEPI and the ZDHC, users are also provided access to training offered by the ZDHC using the common Academy Platform. This facilitates the provision of information which is compliant with this well-established standard and forms the basis for the Detox-related activities undertaken by various customers, not just ALDI.

We discuss the insights gained from our pilot Chemical Management Audits (CMAs) conducted in 2016 during the meetings held by a dedicated working group to enable a wider scope of application which also involves other amfori BEPI participants via a platform. CMAs are used to verify compliance with the minimum standards defined for the storage and use of chemicals. The risk-based approach to conducting CMAs followed by ALDI ensures the necessary focus throughout our supply chains. Initially, CMAs will be conducted in those production facilities where findings have been identified in wastewater and/or sludge. The concrete action plans prepared during the CMAs are intended to empower the production facilities to also understand our overarching goals regarding chemical management and to keep pace with the ever increasing requirements.