



International Position Statement on Living Wages and Living Incomes



May 2021

INTRODUCTION

As international groups of companies, ALDI¹ is committed to fulfilling its responsibility to respect human rights and to addressing any adverse impact on human rights within its global supply chains. We will do our part to ensure a decent standard of living for people along our food and non-food supply chains, especially for vulnerable groups. Paying living wages and living incomes at production sites² is an essential part of this commitment, as we consider this essential for addressing inequality and combating poverty.

We will work towards ensuring that Article 23 of the UN's Universal Declaration of Human Rights ("Everyone who works has the right to just and favourable remuneration ensuring for [one] self and [one's] family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection") is respected. In addition, our actions towards living wages and living incomes are based on:

- [The United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#)
- [The OECD Guidelines for Multinational Enterprises](#)
- [The International Covenant on Economic, Social and Cultural Rights](#)
- [The International Labour Organisation \(ILO\) Convention No 131 \(Minimum Wage Fixing\)](#)
- [The International Labour Organisation \(ILO\) Declaration on Fundamental Principles and Rights at Work](#)



¹ALDI refers to the ALDI SOUTH Group (hereinafter also referred to as "ALDI SOUTH") and ALDI Nord Group of Companies (hereinafter also referred to as "ALDI Nord"). Both are legally independent groups of companies trading under the ALDI brand. The "International Position Statement on Living Wages and Living Incomes" is published on the websites of the ALDI companies.

² Production sites are defined as any site that is used for the production or growth of products sold by ALDI. This includes, but is not limited to, food and non-food production facilities, farms, plantations and fishing vessels.

TERMS AND DEFINITIONS

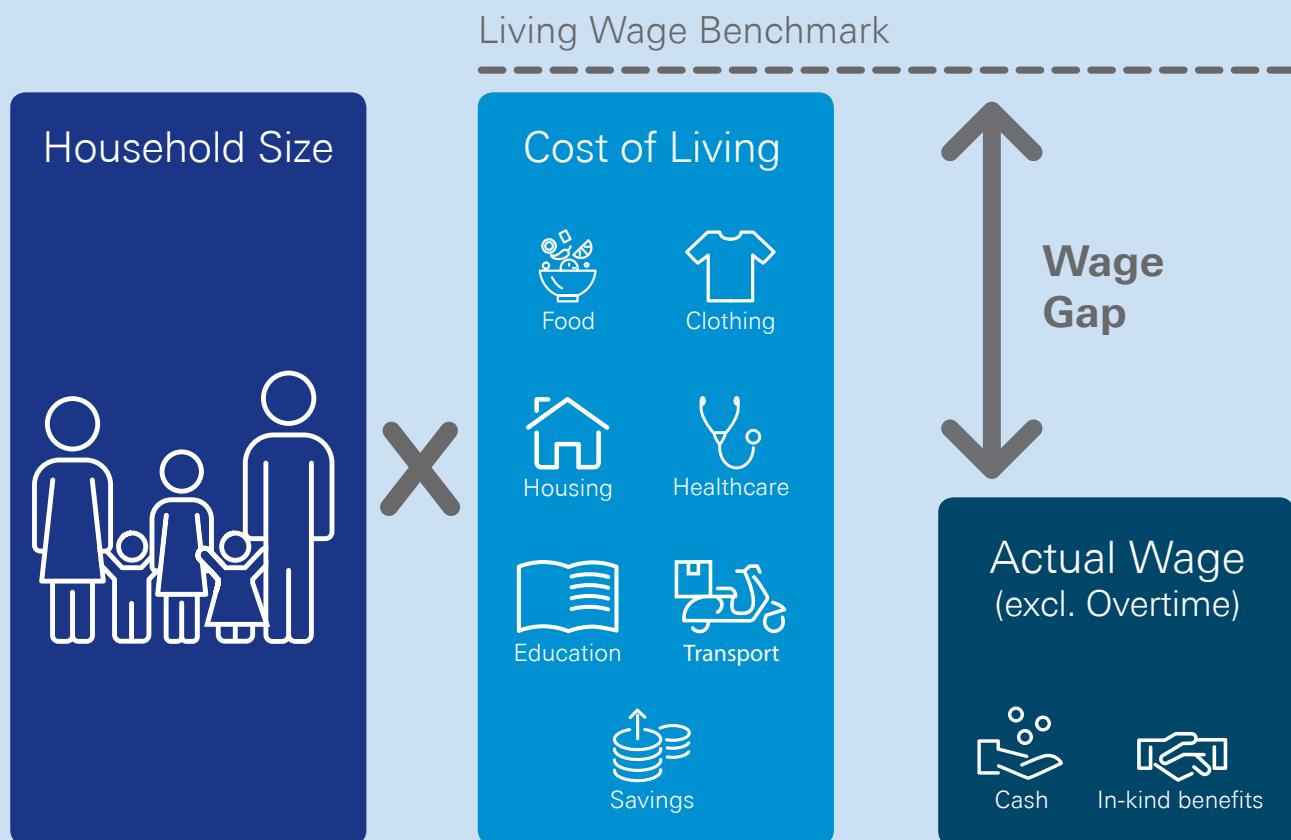
Living wage

According to the [Global Living Wage Coalition](#), a living wage is the “remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and [their] family”.

A living wage ensures that a worker and their family can afford “food, water, housing, education, health care, transportation, clothing and other essential needs including provision for unexpected events”. In many production countries, living wages are higher than the statutory

minimum wages, as governments set these at a relatively low level in an effort to maintain or increase international trade. The workers’ right to organise and bargain collectively is often restricted, preventing workers from forming independent trade unions and improving their wages through negotiation. Due to the political, economic and social context, current minimum wage levels in global supply chains do not always ensure a sufficient remuneration that provides workers and their families with a decent standard of living.

Living Wage



Living income

While both the concept of a living wage and the concept of a living income seek to address the question of how to reach a decent standard of living, the former focuses on workers while the latter focuses on self-employed people or independent businesses such as smallholder farmers or family farms.

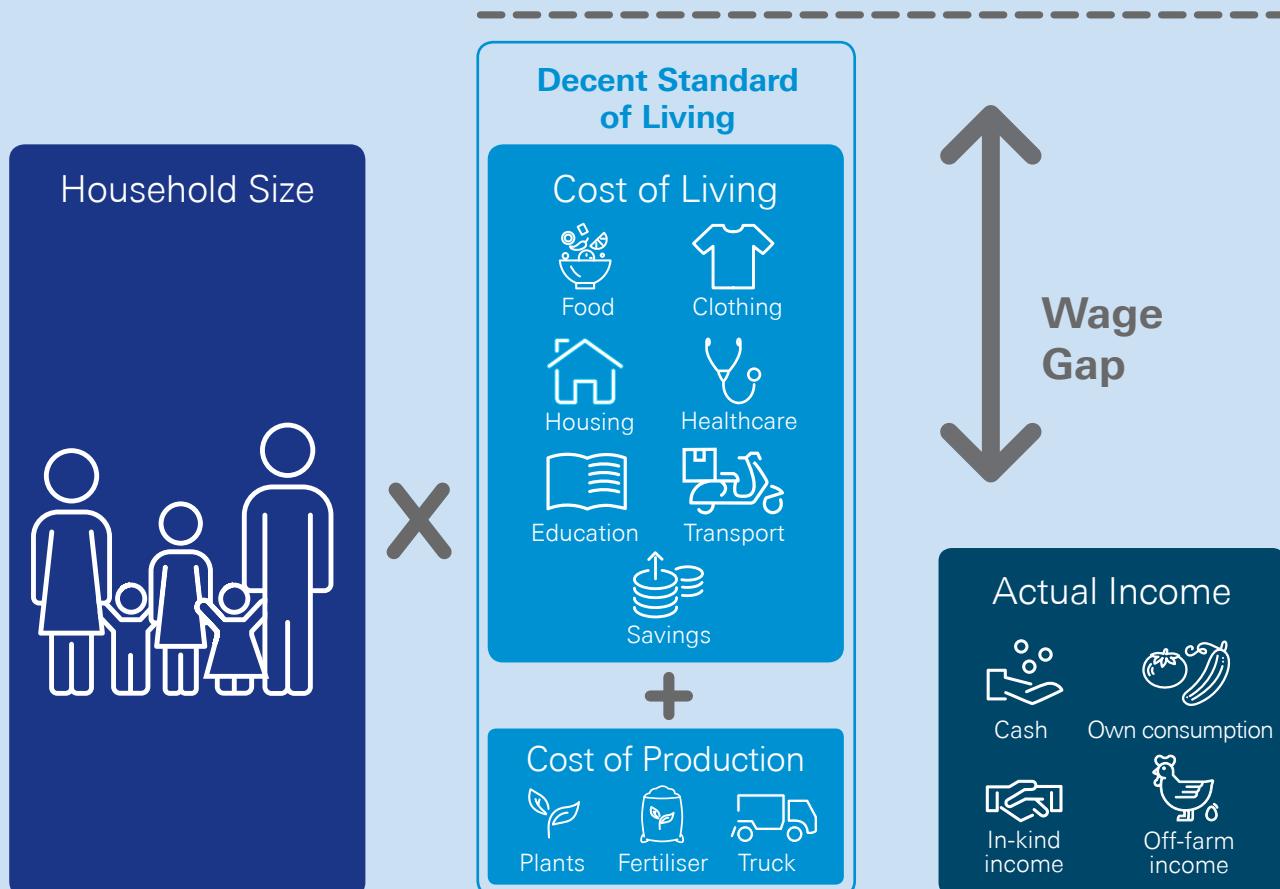
Statutory minimum wages do not apply to self-employed smallholders who run their own businesses. However, the income of smallholders is often below the national poverty line and does not provide them with enough money to cover their basic needs and the cost of production. For this reason, the [Living Income Community of Practice](#) defines living income as “the net annual income required for a household in a particular place to afford

a decent standard of living for all members of that household”.

The **net income of a household** is defined as the total income earned by all family members over the course of a year – including cash income and non-cash income – minus the costs incurred for earning that income.

The **living income reference price** is the total price of all agricultural goods required to enable smallholders to earn a living income. It refers to full-time farmers with adequately sized land and productivity levels.

Living Income



Living wage and living income benchmarks

Recognised living wage and living income benchmarks, such as those based on the [Anker methodology](#), provide a reference point for comparing the actual household incomes in different countries or regions to the costs required for meeting essential needs at a level of decency. The benchmarks help to identify gaps between the actual remuneration received and living wages and living incomes. For this reason, they are an important resource for setting specific wage and income targets when developing approaches in order to close the gap or calculating reference prices. In addition, living wage and living income benchmarks may serve to promote social dialogue.

ALDI collaborates with renowned international organisations such as the German Society for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit, GIZ), the Sustainable Trade Initiative (IDH) and the World Banana Forum of the Food and Agriculture Organization of the United Nations in order to support the publication of reliable living wage and living income benchmarks and develop strategies for driving real and sustainable change throughout our supply-chains.

OUR POSITION AND COMMITMENTS

ALDI believes that everybody has the right to afford a decent standard of living. In global supply chains, low wages and incomes often coincide with other human rights-related issues such as discrimination, gender inequality, excessive overtime, child labour or forced labour. This especially applies to vulnerable groups such as migrant workers or women. Addressing poverty is a complex and systemic challenge that requires intense collaboration between multiple stakeholders.

We will strive to create lasting change in global supply chains and do our part to ensure a decent standard of living for workers as well as farmers and their families. We are aware of the challenges; this is why we are committed to working towards living wages and living incomes in our supply chains. In order to do so we aim to implement the following actions:

Strengthening responsible purchasing practices

Purchasing practices have a direct impact on the working conditions, wages and incomes along the entire supply chain. Sustainable improvements in purchasing practices enable production sites to continuously increase wages and incomes. We are aware of the fact that, in order for supply chains to become economically and socially sustainable, value

should be distributed fairly and sourcing relationships should involve long-term commitment. We are committed to assessing the impact of our purchasing practices and to continuously implementing measures for improvement by cooperating closely with our Buying teams and suppliers.

Increasing transparency and traceability

Without transparency and traceability, it is impossible to understand and respond to all human rights violations along global supply chains. ALDI is committed to increasing our supply chain transparency as well as traceability and mapping selected high-priority supply chains. We actively support and advocate for greater wage and income transparency at production level in order to support the most effective strategies for achieving living wages and living incomes. By offering our producers transparency, we want to ensure a fair dialogue and sourcing process.

Engaging in industry collaboration

As many of the root causes for low wages and incomes are difficult to address as a single company, collaboration is essential for change. We strongly support open-source data and research and are committed to sharing and exchanging our lessons learned. This includes the publication of estimates regarding living wage gaps for selected products or supporting the publication of living wage gaps in the context of our stakeholder partnerships. We will also actively expand our participation in voluntary business initiatives, multi-stakeholder initiatives and our cooperation with business partners, producers, trade unions, political stakeholders and other brands.

Promoting freedom of association and collective bargaining

In many production countries, the rights to organise and to bargain collectively are not guaranteed. We believe that engaging in a dialogue on social issues enables improvements in all work-related areas, including wages. For this reason, we advocate for an intensified social dialogue between governments, employers and workers. We commit to developing strategies and implementing processes in order to engage with all stakeholders, including trade

unions and other worker representatives within our high-priority supply chains.

Promoting advocacy and raising awareness

Undertaking the journey towards living wages and living incomes requires a clear understanding of the necessity and benefits of achieving higher remuneration for workers and farmers. We will engage in internal and external awareness raising and training campaigns for all relevant stakeholders, including Buying teams, business partners and consumers in order to define a practice-oriented approach and achieve a joint understanding of the issues.

Implementing pilot projects

ALDI supports the integration of mechanisms for achieving living wages and living incomes into certification standards. Where certification reaches its limits, ALDI will pursue the following approach in order to increase incomes:

1. Payment of premiums by ALDI to enable smallholders to earn a living income, coupled with responsible purchasing practices such as long-term contracts and risk sharing (for instance through insurances aimed at increasing the resilience of smallholders).

2. Income diversification: Solely paying higher prices could lead to overproduction and increased pressure on ecosystems, which is why ALDI promotes alternative income sources for smallholders and works with trusted partners who enable access to credits, loans, input and training for smallholders.

The lessons learned from these pilot projects will serve as a blueprint for further action.

CONCLUSION

We recognise the challenges throughout global supply chains when it comes to ensuring a decent standard of living, especially at production level. In order to be successful, sustainable actions are required from all supply chain actors, from those engaged in production to importers, retailers and consumers. ALDI will strive to further promote and expand industry and sector-wide collaboration. We believe that an effective and lasting solution towards living wages and living incomes can be achieved if all relevant stakeholders work together.

ALDI is committed to being transparent, holding itself accountable and enabling the sharing of lessons learned. Therefore, we will regularly report on our progress and measurements of success on the [Human Rights Website](#) of the ALDI Nord Group.

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