

Making Sustainability Affordable

Sustainability Progress Report



MAKING SUSTAINABILITY AFFORDABLE



At ALDI

we have made it our mission to offer our customers quality products that make sustainability affordable.

That has always meant caring for our Planet, People and our Communities, ensuring that everything we do makes a positive contribution to people's lives, their livelihoods and the world in which they live.

Our inaugural Sustainability Progress Report¹ highlights how we do that and some of the progress we have made so far.

We know we still have some way to go. We also know that we have

taken some significant steps forward, to the point where others are now following our way.

Which is fine by us.

Because we believe that no one organisation can make the scale of change that's necessary to support the health of the Planet and the wellbeing of our People and Communities. It requires the contribution of everyone, every day.

¹ Unless otherwise stated, this report covers our Australian operations for the 2021 calendar year – 1 January 2021 to 31 December 2021.

Australian Firsts

We have never offered single use plastic carrier bags in our Australian stores.

We were the first Australian supermarket to achieve our 100% renewable electricity target.

We were the first large Australian supermarket to remove single use plastic tableware from our shelves, the first to replace plastic cotton buds with a paper-stemmed version and the first to start removing plastic straws from drinks cartons.

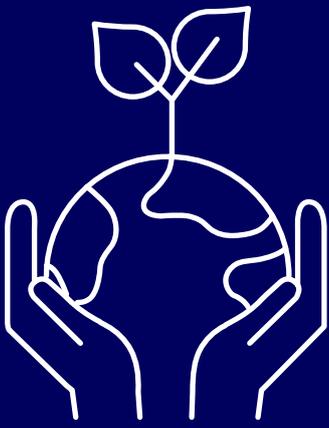
We were the first Australian supermarket to implement a battery recycling program for customers.

We were the first Australian supermarket to introduce reusable crates.

We were the first Australian supermarket to remove artificial colouring and added MSG from our food products.

We were the first Australian retailer to introduce front-of-pack Percentage Daily Intake (%DI) labelling, helping customers identify nutritional contents for more informed purchasing decisions.

We have never sold tobacco in our Australian stores.



HEALTHY PLANET

PROGRESS IN 2021

By switching to 100% renewable electricity, reducing plastics from our supply chain and committing to zero waste, we are making a positive contribution to the health of our planet.

100%

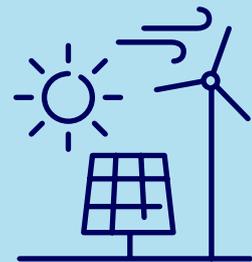
of our cocoa and tea products are now certified sustainable.



We have achieved

80%

of our zero waste to landfill by 2025 target.



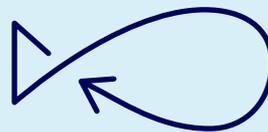
We became the first Australian supermarket to achieve its

100%

renewable electricity target.

100%

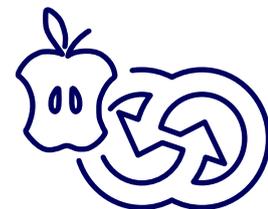
of our fish and seafood products are now responsibly sourced.



All of our paper and pulp-based products are now certified sustainable or use

100%

recycled materials.



We have achieved

26%

of our zero food waste to landfill by 2023 target.



THRIVING PEOPLE AND COMMUNITIES

PROGRESS IN 2021

By sourcing responsibly, supporting Australian industry and contributing to those in need, we are helping to build resilient, thriving people and communities.



We sourced

100%

of our fresh meat, eggs, bread, milk, salmon and poultry from Australian farmers.

We made an overall contribution of

\$4.1 billion

to the Australian economy.



We saved our customers

\$2.7 billion

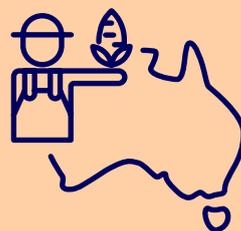
through our pricing policies.



We partner with over

1000

Australian business partners.



We sourced **97%**

of our fresh produce from Australian farmers.

Donated

\$1.86 million

to Australian community organisations including Camp Quality and Foodbank, providing help where it is needed most.



RENEWABLE ENERGY

In June 2021 we became the first Australian supermarket to achieve its 100% renewable electricity target, six months ahead of schedule. That means that every one of our stores, offices and warehouses across Australia is now powered by renewable energy.

Through the installation of rooftop solar panels; Power Purchase Agreements (PPA) with two wind farms; and the purchase of renewable energy certificates; we will reduce our carbon footprint by 244,000 tonnes. That's the equivalent of powering more than 53,000 Aussie homes or removing 71,000 cars from Australian roads every year.



Our commitment to purchase 100% renewable electricity means our Scope 2 emissions will be zero in the 21-22 reporting period, a total emissions reduction of approximately 85%

PLASTICS

ALDI pioneered the removal of single use plastic carrier bags in Australian supermarkets. In fact, we have never offered free-of-charge plastic carrier bags. Today, our reusable bag, Le Bag Recycle, is 80% recycled plastic, 60% of which is made up of recycled pallet wrap from ALDI warehouses.

In 2021, we began removing problematic and non-recyclable EPS (styrofoam) packaging from our non-food range, including coffee machines and toasters. That's allowed us to remove almost half a tonne of EPS from the waste stream, whilst ensuring those same products are fully protected with recyclable fibre-based packaging.

Elsewhere, we were the first supermarket in Australia to remove the sale of plastic bowls, plates, cutlery and cups from our stores, replacing them with a new range of products made from compostable sugar cane, and birchwood. It's an initiative that has taken 322 tonnes of plastic from landfill every year.

And as the first Australian supermarket to switch the stem of our cotton earbuds from plastic to paper, we have removed 357 million plastic stems from the waste stream each year.

CASE STUDY

A FAREWELL TO PLASTIC STRAWS

In October 2021, we were the first Australian supermarket to start removing plastic straws from drinks cartons. By mid- 2022, we will have introduced plastic-free paper straws on drinks cartons and juice boxes, **removing more than 40 million plastic straws** from the waste stream each year.

By never providing single use carrier bags in our Australian stores, we have saved an estimated 8.6 billion plastic bags entering the environment.

SUSTAINABLE PACKAGING

By the end of 2025, all of our own-label packaging will be 100% recyclable, reusable or compostable. We will also reduce our plastic packaging by 25% as compared to 2019, in the same period. In 2021, we replaced 339 tonnes of virgin plastic with recycled plastics packaging in our detergents, cleaners and personal care range.

We were the first supermarket to introduce reusable crates for our fresh produce when we opened our first store in 2001, and now take an estimated 18 million cardboard cartons out of the supply chain every year. Today we are trialling recyclable cardboard tags on our bread products and have replaced plastic punnets with cardboard packaging across a selection of fresh produce.

CASE STUDY

A CATALYST FOR INDUSTRY CHANGE

Our endorsement of the Australian Dairy Sustainable Packaging Roadmap – an ambitious, cross-regional program developed through the work of the Australian Packaging Covenant Organisation and lead members of the ANZPAC Plastics Pact – is a key part of our contribution to the development of a sustainable, circular economy for the dairy industry. Through that initiative, we are supporting a target of 100% of dairy packaging designed to be recyclable, reusable or compostable by 2025.

By the end of 2025, we will use an average of

50% recycled material
across all our packaging.

ZERO WASTE

Australia currently wastes more than 7.6 million tonnes of food every year, costing our economy over \$36.6 billion per year².

Our response to that fact is simple. We have committed to send zero food waste to landfill by 2023, and zero waste to landfill by 2025.

These commitments will see ALDI increase and prioritise rescue of surplus edible food to people in need, then to organisations who feed animals, e.g. wildlife refuges and farmers. ALDI will also increase recycling at stores and distribution centres and evaluate the expansion of recycling offerings for customers in store, building on our successful battery recycling service, offered since 2013. We will also identify waste minimisation and recycling opportunities within our organisation and supply chain.

² Source | [Department of Agriculture, Water and the Environment](#)



How we're performing to date

80%
of total
waste
diverted
from landfill

26%
of organic
waste
diverted
from landfill

92%
of non-
organic waste
diverted from
landfill

RECYCLING

Our commitment to reduce, reuse and recycle the products and packaging we depend on in our operations and stores is supported by the way we help our customers understand how they can contribute.

Our battery recycling program is designed to make recycling easy, accessible and rewarding to our customers. The introduction of recycled content into all areas of our business, from packaging to carrier bags, means customers can be confident their weekly grocery shop is contributing to the circular economy.

We play an essential role in helping our customers understand how they can best recycle their packaging. That is why we have committed to display the Australasian Recycling Label (ARL) on the pack of all ALDI branded products by the end of 2022. We already use the ARL on all own-label fresh produce and are working to roll it out across our entire range.

CASE STUDY

RECHARGING A NATIONAL BATTERY RECYCLING PROGRAM

In Australia, over 300 million household batteries end up in landfill every year. That not only causes pollution, it also means the valuable minerals and metals within batteries are not recycled. It also causes a health and safety hazard, with the potential of elements leaching into the soil and waterways once discarded.

We were the first Australian supermarket to introduce a national battery recycling program for customers in 2013.

Now available in every one of our 580 stores, we have recycled more than 351 tonnes of batteries since we launched.

ALDI has also become an accredited member of the Battery Stewardship Council and actively endorses the B-cycle Battery recycling Program, Australia's official, Government-backed product stewardship scheme to increase battery recycling across the country.



B-cycle
Battery
Recycling

RESPONSIBLE SOURCING

By helping our supply chain partners understand and commit to our own values in responsible sourcing, we can help mitigate many of the risks faced by the Planet and Communities.

Our cocoa, coffee and tea supply chains require third party certification from either Fairtrade, Rainforest Alliance or an Organic scheme, an initiative that has helped us ensure that 100% of our own label cocoa and tea, and more than 80% of our own-label coffee, are sourced from certified supply chains.

Our work with those in the cotton industry is helping us meet our targets as we commit to using 100% sustainable cotton for our ALDI exclusive garments and household textiles, by 2025.

AUSTRALIAN MADE

Our Australia-First approach to sourcing means that 100% of our fresh meat, eggs, bread, milk, salmon and poultry is locally produced and 97% of our fruit and vegetables are sourced from Australian farms.

We believe that the development of a sustainable and enduring partnerships with Aussie farmers, built on trust and fair practice, will ensure the longevity of the supply of local, quality produce and enhance the livelihoods of those we rely on most.

In 2021, ALDI supported a local business partner network of more than 1000 Australian businesses.



CASE STUDY

OUR SUPPLIERS' FIRST CHOICE

In 2020, Advantage, an independent research company, examined the relationship between Australian grocery retailers and their business partners.

When compared with our competitors, we were considered to be the most desirable partner to work with, with respondents highlighting the fact that we were a good, straightforward company to do business with; had an efficient payment and stream-lined decision-making process; and were committed to the implementation of agreed business plans.

THE COST OF LIVING

Through our own research, we know that price is now the single most important factor in the weekly grocery shop (45%), with half of Australians taking greater consideration of price in the past 12 months (49%). That focus is set to increase as inflation reaches historic highs, interest rates begin to put new pressures on household incomes and geopolitics cause challenges within the international food supply.

In 2021, we saved our customers \$2.7 billion, and the downward pressure we put on grocery prices in Australia has saved non-ALDI shoppers over \$7 billion since we opened our first store in 2001.

OUR ECONOMIC CONTRIBUTION

Whilst proud of our global heritage, our business in Australia is an independent operation. That has allowed us to reinvest all our profits in the growth and expansion of our stores and facilities, and to consistently pay tax in line with the Australian Corporate Tax Rate of 30%.

Through our local business partnerships, supply chain operations, sales, investments, and tax contribution, we made an overall contribution of \$4.1 billion to the Australian economy in 2021.

Since opening our first store, we have made a total economic contribution of \$34.2 billion to the market.³

COMMUNITY HEALTH

Our operating philosophy is based on three clear values: **simplicity, responsibility, and consistency**. Those three words inspire us every day, be it with our customers, our business partners, our people or the communities in which we live and work.

In 2021, those values became all the more important to us. COVID-19 brought significant health and supply chain challenges to our business, but our people were determined to help our customers get the products they needed, when they needed them and safely.

Through their dedication, we were able to play our part in supporting customers and communities during an incredibly challenging time, and we could not be more proud of what they achieved.



FOOD INSECURITY

More than 1 in 6 Australians are food insecure⁴.

As a major Australian retailer, we're committed to supporting the work of our food rescue partners, including Foodbank, OzHarvest and SecondBite, by providing food and essential products to Australians facing food insecurity.

ALDI donates funds and essential food and non-food products to charity partners. We also ensure surplus food from our stores and distribution centres is rescued. We contributed 8.3 million meals via food rescue to our partners in 2021, and provided them with 42 tonnes of non-food items to support their services.



Since 2016, we have provided over 49 million meals to support those in need.

³ Source | [ALDI Australia's Price Report 2022](#)

⁴ Source | [Foodbank Hunger Report 2021](#)

MODERN SLAVERY

We take responsibility to ensure that everyone who works across our extended supply chain must be protected from the threat of modern slavery. This commitment relates to any adverse impact on human rights we may unknowingly contribute to or be directly associated with.

To minimise and remove the likelihood of that happening, we continuously review and assess all areas of our supply chain, including our own operations, reviewing country and industry risk indicators provided by expert organisations including the Ethical Trade Initiative, International Labour Organization and Global Slavery Index.

All business partners producing a product that falls into a pre-defined risk area are subject to third party and/or internal audits and reviews. We expect pro-activity and transparency from our business partners. In turn we support them with training and development that helps them minimise risk and continually improve their own operations.

In 2021, in partnership with Slave-Free Alliance, we conducted a Human Rights Risk Assessment of our local operations and supply chains. Outcomes from this Assessment will support continuous improvement of our risk identification and actions to mitigate human rights violations within high-risk operations and supply chains.



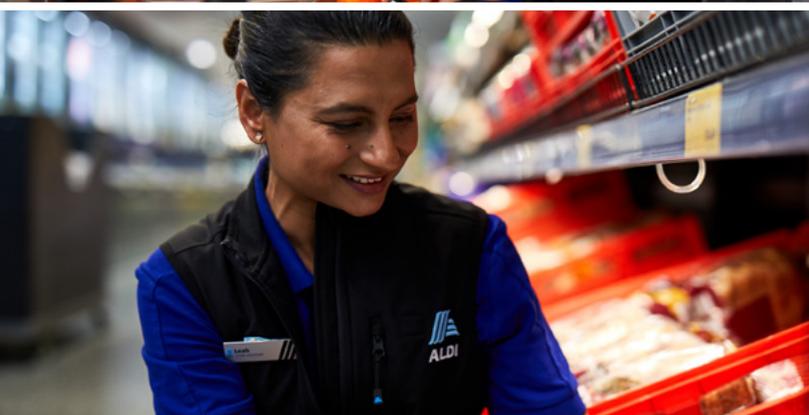
OUR PEOPLE

We strive to create and sustain a positive workforce environment for our employees, supporting their growth, development, and health and well-being. By doing so, we give them and our business the opportunity to thrive.

We pay above award rates and offer all of our people access to the MyALDI Wellbeing program. MyALDI Wellbeing provides access to support and benefits in wellness, including discounted gym memberships and healthcare plans, free flu vaccinations, a fully comprehensive Employee Assistance Program (EAP) as well as an Injury Support Program (where employees can access free physiotherapy to treat work and non-work-related aches, pains, or niggles).

Our people receive up to five weeks annual leave, and primary carers receive 12 weeks of paid parental leave. We also support our people who experience pregnancy loss or still birth, providing five additional days of compassionate leave, or the equivalent of primary carers leave, respectively. We also provide up to 52 weeks of superannuation contributions for primary carer employees.

Through our Inclusion and Diversity policies, we respect and value the uniqueness of our people. We worked closely with representatives from all areas of our business in the development of an Inclusion and Diversity Charter (IDC), an initiative designed to promote diversity of thought and promote company-wide ownership of our policies.



GIVING BACK

ALDI is committed to ensuring that our contribution to Australian communities is far more than financial.

We have been a proud partner of Camp Quality since 2020, actively encouraging our employees, suppliers and customers to participate in initiatives that raise awareness of the impact of cancer on kids and their families, and supporting programs that give them the chance to be kids again.



Since launching our partnership, ALDI has donated

\$1 million

and raised a further

\$2.1 million

enabling more than

2,700 kids

facing cancer attend a Camp Quality Kids' camp.



HEALTHY LIVING



We believe that Healthy Living is a cornerstone of thriving communities. Our advertising and marketing practices reflect our responsible approach to business, promoting the benefits of our products, creating affordable access to healthy choices and encouraging a balanced diet through increased consumption of fruit and vegetables.



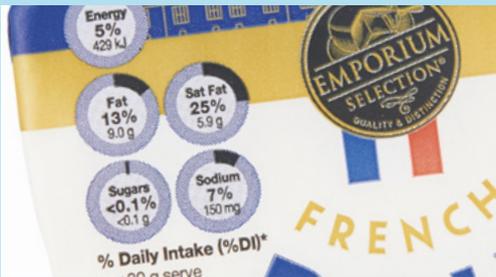
We actively encourage the responsible consumption of alcohol through in-store messaging and product labelling, and comply with the Alcohol Beverages Advertising Code Scheme.



We were the first supermarket in Australia to be completely free of artificial colours across our entire range of food items. It's a policy that extends to MSG, which has been eliminated from all ALDI branded food and beverage products.



We are the only major Australian supermarket that avoids high-low pricing strategies or multi-buy promotions on unhealthy foods⁵ and in our Everyday Range catalogue we always dedicate the front three pages to our fresh food offerings.



We were the first Australian retailer to introduce front-of-pack Percentage Daily Intake (%DI) labelling, helping customers identify nutritional contents for more informed purchasing decisions.



In 2021 we contributed 8.3 million meals to our charity partners via food rescue, and provided them with 42 tonnes of non-food items to support their services.

⁵ Source | www.insideourfoodcompanies.com.au



Good Different