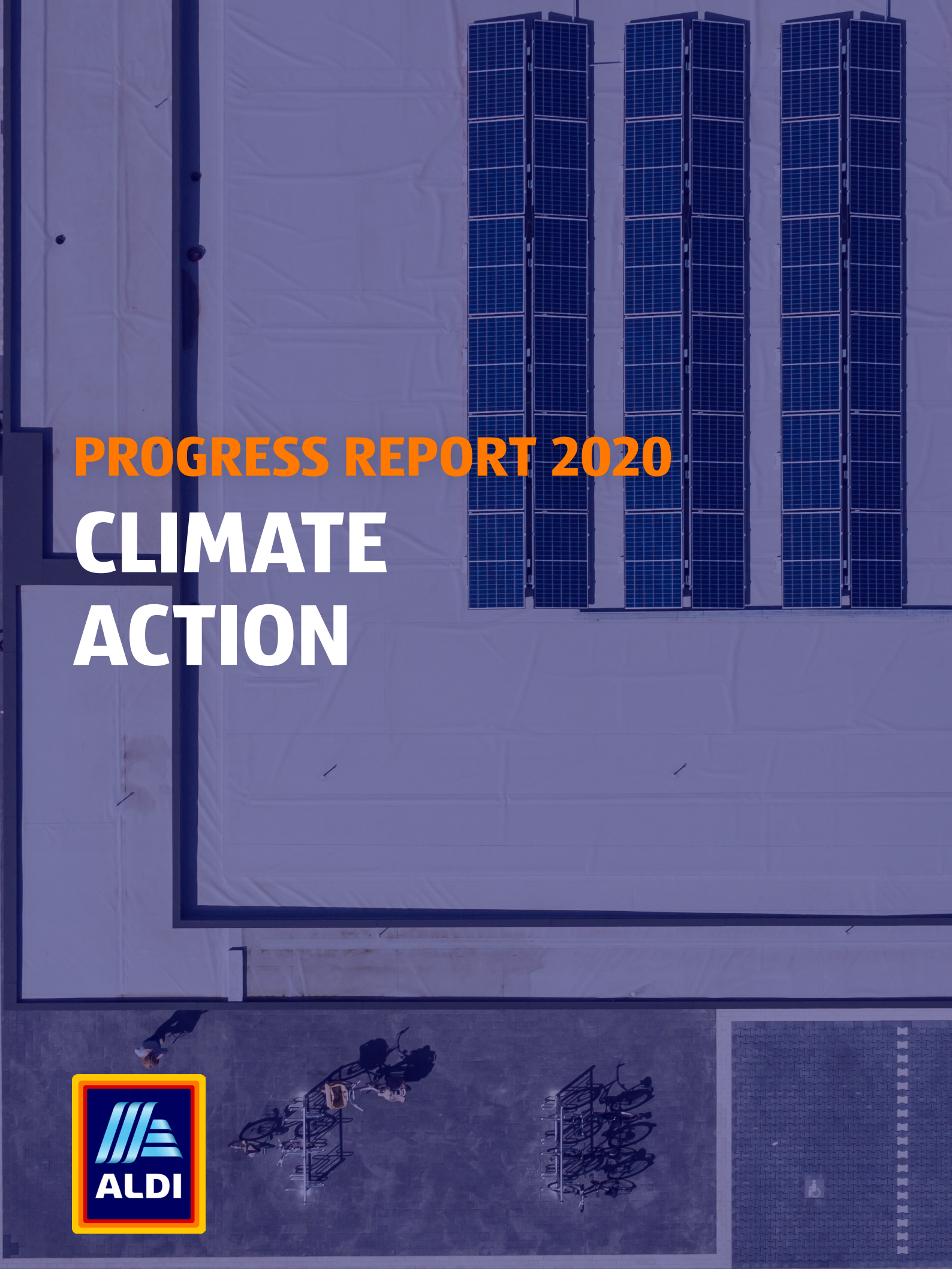


PROGRESS REPORT 2020

CLIMATE ACTION

ALDI SÜD Group

2021

INTRODUCTION

Zero Carbon is one of the four international focus areas of our global Corporate Responsibility (CR) Strategy (alongside Human Rights, Resource Efficiency and Employer of Choice) with its overarching vision of "making sustainability affordable to our customers". Our goal is to minimise the ecological footprint of our business activities by lowering our greenhouse gas emissions (GHG) and ensuring that the products we offer do not have a detrimental impact on the environment. We are also working with our business partners to reduce their GHG emissions and promote climate protection projects in our supply chains.

INFO BOX

In September 2020, the ALDI SÜD Group signed a letter to support an increase in the 2030 carbon reduction target for the European Union to at least 55%.

» More

Let's go for Zero Carbon!

OUR ACTIONS

OVERVIEW

45 PERCENT
group-wide reduction of absolute operational emission (since 2016)

21 PERCENT
of product-related emissions are from suppliers whose targets meet the SBTi criteria

2,162 STORES & RDCs
with solar-panels worldwide

10 COUNTRIES
Purchasing green electricity:

87 PERCENT
of stores are using refrigerants with a GWP <2,200

7 COUNTRIES
Climate-neutral in 2020:

THE SCIENCE BASED TARGETS INITIATIVE (SBTi)

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

In July 2020, the ALDI SÜD Group became one of the first international food retailers with a company-wide approved "Science Based Target" (SBT) for climate protection. By 2025, we aim to reduce our overall operational emissions (Scope 1 and Scope 2) by 26% (compared to 2016). At the same time, we are partnering with our suppliers and supporting them to work towards setting science-based emissions targets by 2024 (focus on strategic suppliers who are responsible for 75% of product related emissions). With these measures, we are working towards our vision of "Zero Carbon".

INFO BOX: COMPANY CARBON FOOTPRINT

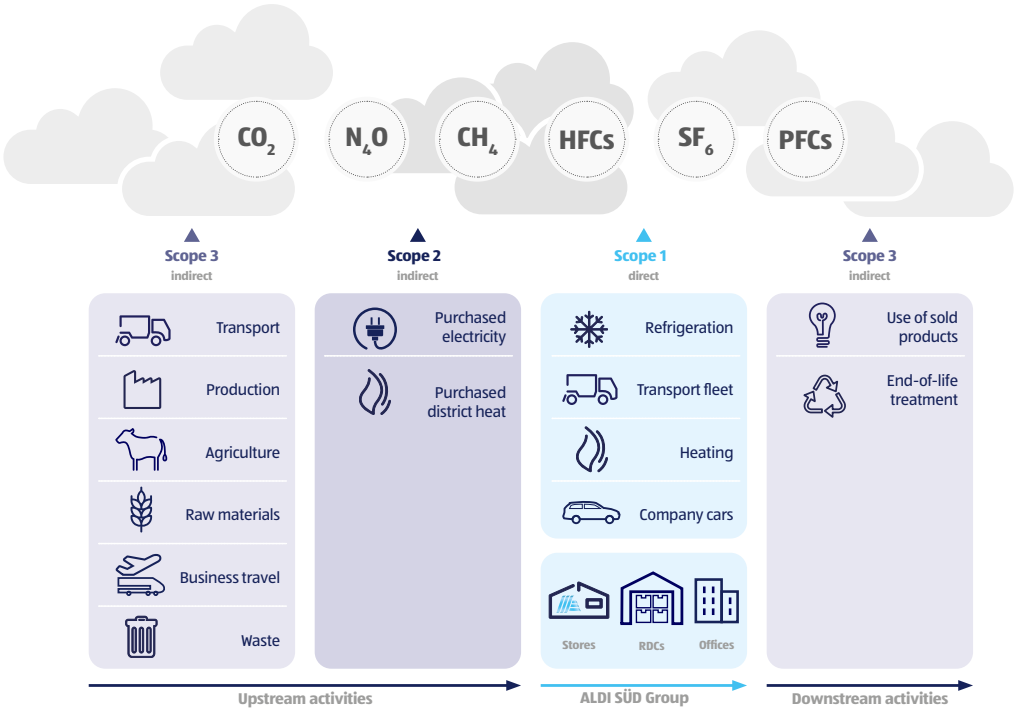
In accordance with the Greenhouse Gas Protocol, we have been monitoring our progress by calculating our Company Carbon Footprint for all of our business processes and locations since 2012.

SCOPES ACCORDING TO THE GREENHOUSE GAS PROTOCOL

SCOPE 1 Direct emissions caused through the operation of our stores, regional distribution centres (RDCs) and offices, including energy and fuel consumption, and refrigerant refills

SCOPE 2 Indirect emissions from purchased energy for operating our stores, regional distribution centres (RDCs) and offices

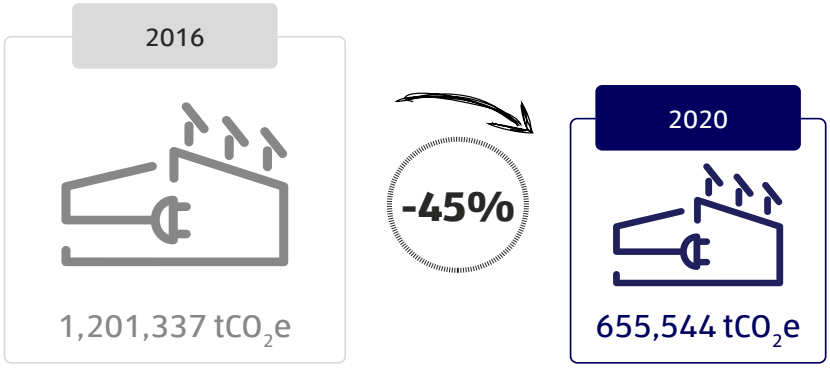
SCOPE 3 Indirect emissions due to our company's activities, covering the corporate value chain, including supplier and customer emissions



CARBON EMISSIONS REDUCTION IN OUR OPERATIONS

Climate Strategy 2025: 26% absolute reduction by 2025 (base year 2016)

In 2020, the ALDI SÜD Group has already overachieved its absolute target, by reducing its operational emissions by 45%. When including external logistics providers, who run a significant share of the transport between our regional distribution centres (RDCs) and stores, the reduction is still 31%.



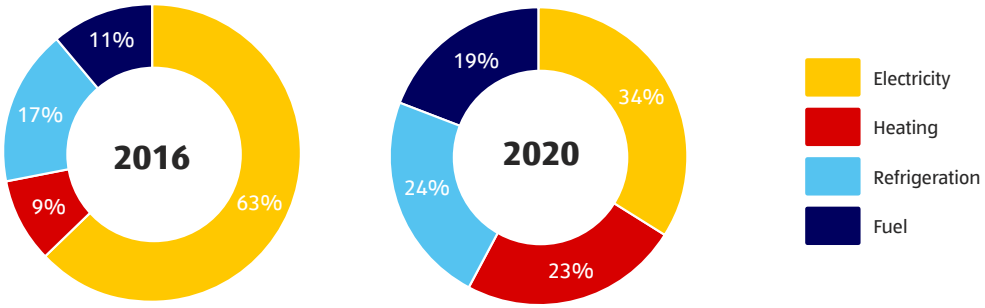
Carbon emissions [in tCO_2e]	Scope 1	Scope 2[1]	TOTAL A (Scope 1 & Scope 2)	Scope 3 (only external logistics[2])	TOTAL B (Scope 1, Scope 2 & Scope 3)
2016	439,486	761,851	**1,201,337**	229,615	**1,430,952**
2020	431,190	224,354	**655,544**	331,773	**987,317**
Development [%]			**-45%** SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION		**-31%**


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1 Scope 2 emissions are calculated on a market-based method according to the GHG Protocol standard.
2 External logistics service providers operating between regional distribution centers and stores (outbound transport).

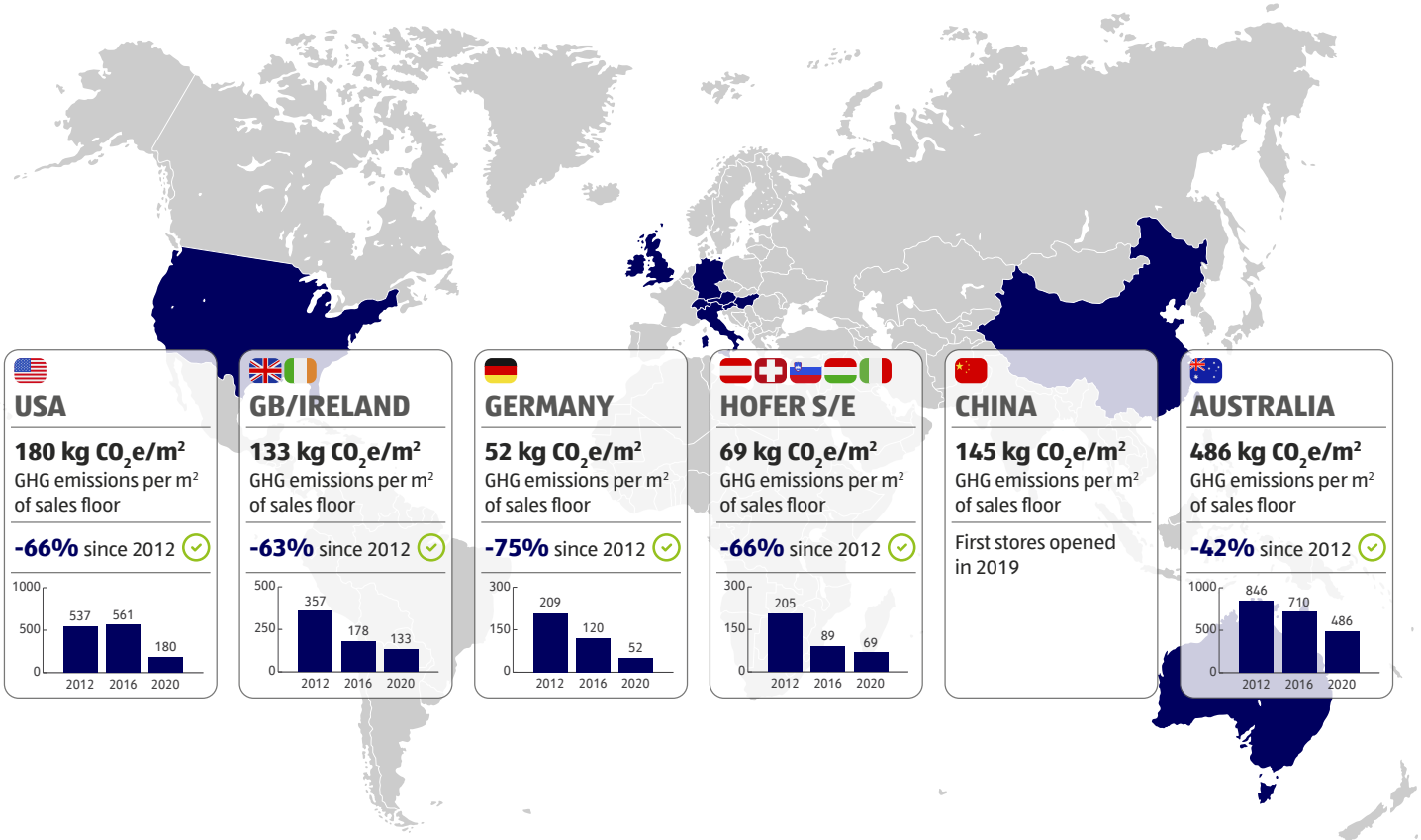
A move to green electricity has been a significant contributor to this success. In 2020, 10 out of 11 ALDI countries (AU: 2021 onwards) used green electricity for the majority of their electricity consumption. From 2021 all ALDI SÜD Group countries will almost exclusively rely on green electricity. In total, 2,162 buildings are equipped with solar panels worldwide with numbers growing continously. In total, the group-wide share of green electricity in 2020 was 90%.

Emissions by Source[3]



Climate Strategy 2020: 30% relative reduction by 2020 (base year 2012)

Climate protection has been a major focus of the ALDI SÜD Group for many years. The original ambitious goal of our first international climate strategy was to reduce greenhouse gas emissions in every country organisation by 30% per square metre of sales area by 2020 (compared to 2012). By the end of 2020, the ALDI SÜD Group successfully achieved the original greenhouse gas reduction target with a continuous improvement in every country organisation. Overall, group-wide relative emissions have been reduced by 58% (2012: 344 kg CO_2e/m²; 2020: 146 kg CO_2e/m²).



3 This includes Scope 1 and Scope 2 emissions.

Climate Neutrality

In 2020, seven country organisations were operating climate-neutral. This includes Scope 1 and Scope 2 emissions and also emissions from external logistics providers for outbound transport (classified as Scope 3). Additionally, several countries include further Scope 3 emission categories such as emissions from business air travel, which are not part of the calculations in the present report. For the funding of certified carbon offsetting projects, we work together with ClimatePartner.

» More

We follow a 3-step approach (avoid, reduce, offset) to reduce greenhouse gas emissions and reach climate neutrality for our own business operations and focus on the following measures:

Investments in efficiency and up-to-date technology

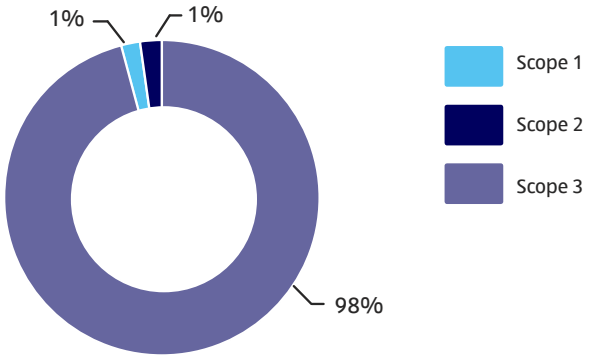
Purchase of green electricity

Compensation of non-avoidable greenhouse gas emissions

CARBON EMISSIONS REDUCTION IN OUR SUPPLY CHAIN

Carbon emissions resulting from our corporate value chain are also referred to as Scope 3 emissions. Overall, about 98% of our total GHG emissions are attributable to our corporate value chain emissions.

Carbon Emissions Distribution of the ALDI SÜD Group[4]



It was identified that most of our Scope 3 emissions (more than 92%) fall into the area of products we buy from our suppliers. For this reason, the focus of our emission reduction activities for corporate value chain emissions lies on product supply chain emissions. For product emissions, the entire upstream supply chain, from land use change and farming to processing and finishing of the product has to be considered.

We have set a supplier engagement target (SBTi approved) and we are committed to encouraging our strategic suppliers (responsible for 75% of product-related emissions) to work towards setting science-based emissions targets by 2024. In 2020, we started to support our business partners with online training opportunities and we ran our first annual survey on climate commitment (strategic business partner focus). Results show that strategic suppliers who are responsible for 21% of our product-related emissions either have a target in line with the SBTi criteria or are committed to set themselves science-based targets within the next two years. With this first interim result, we are making good progress towards our supplier engagement target.

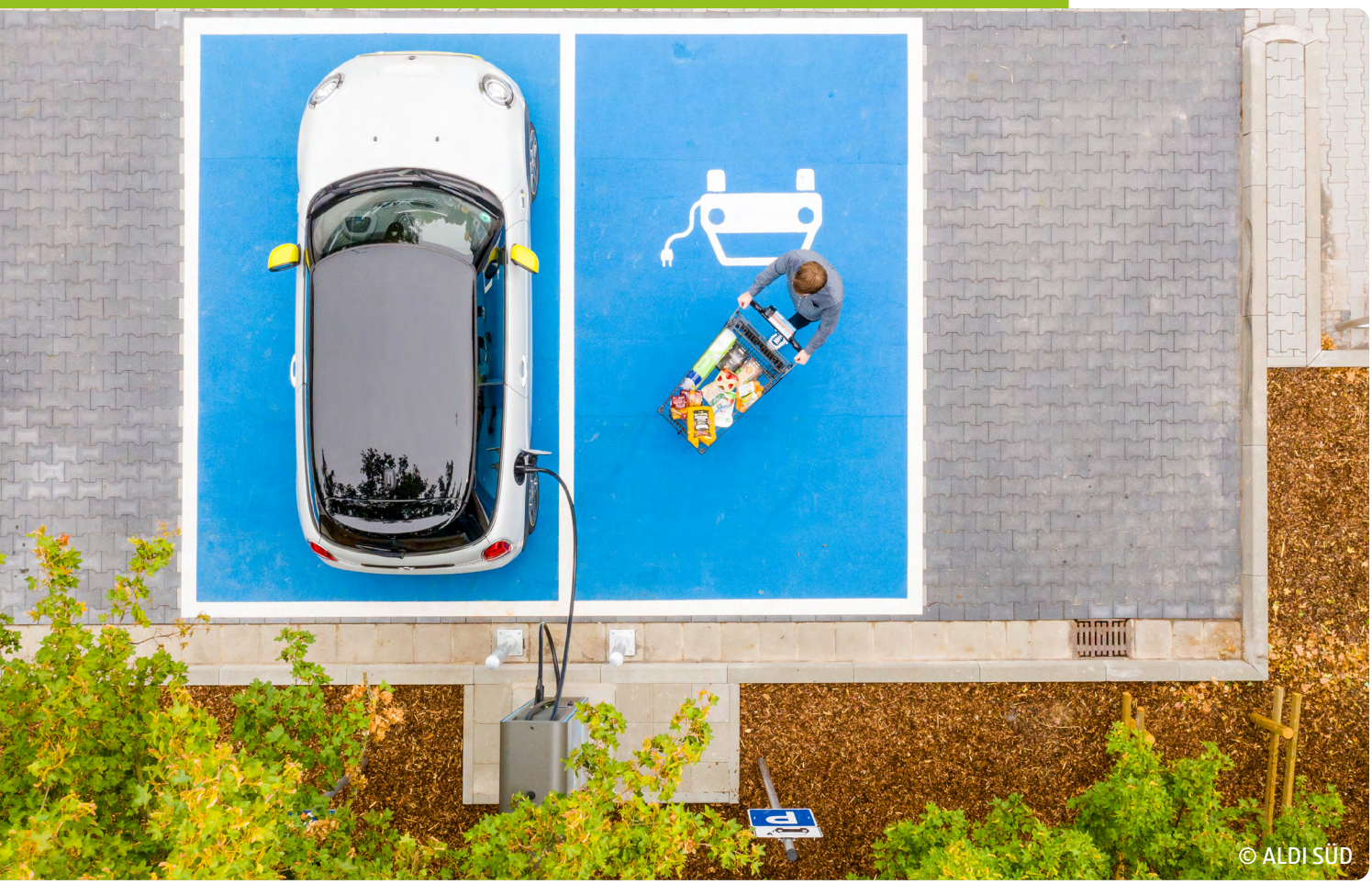
4 Scope 1 and Scope 2 data is based on actual calculation. Scope 3 data (except for external logistic services) is based on estimations.

OUTLOOK

We are aware that with a growing business, greenhouse gas emissions could increase in the future. We are working on projects that continue to reduce our greenhouse gas emissions. We will work with partners along our supply chain and benefit from their know-how, promote innovation at product level and implement projects to further reduce GHG emissions in our product supply chains.

EXTERNAL VALIDATION

The values of our Company Carbon Footprint (Scope 1, Scope 2 and selected Scope 3 categories) and the methodology used to calculate it were externally reviewed by an independent third party.



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