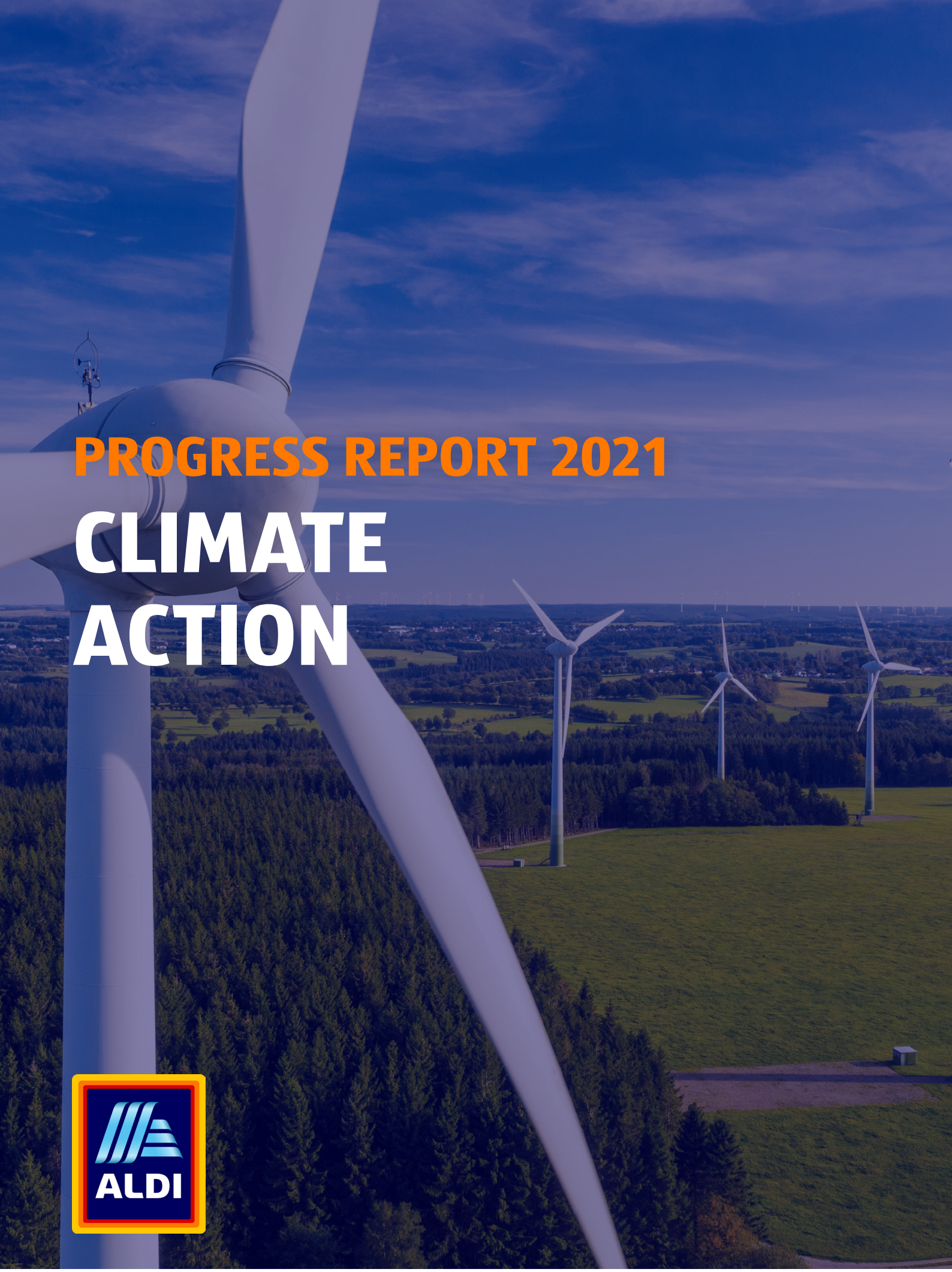


PROGRESS REPORT 2021

CLIMATE ACTION

ALDI SÜD Group

2022

INTRODUCTION

Zero Carbon is one of the four focus areas of our International Corporate Responsibility (CR) Strategy (alongside Human Rights, Resource Efficiency and Employer of Choice) and it is key in delivering the 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

Working hard towards ZERO CARBON

OUR ACTIONS

OVERVIEW

54 PERCENT
group-wide reduction of absolute operational emissions (since 2016)

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

2,318 STORES & RDCs
with solar panels worldwide

11 COUNTRIES
purchase 100% green electricity:

91 PERCENT
of stores are using refrigerants with a Global Warming Potential (GWP) <2,200

7 COUNTRIES
Climate-neutral in 2021:

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. We are focusing 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

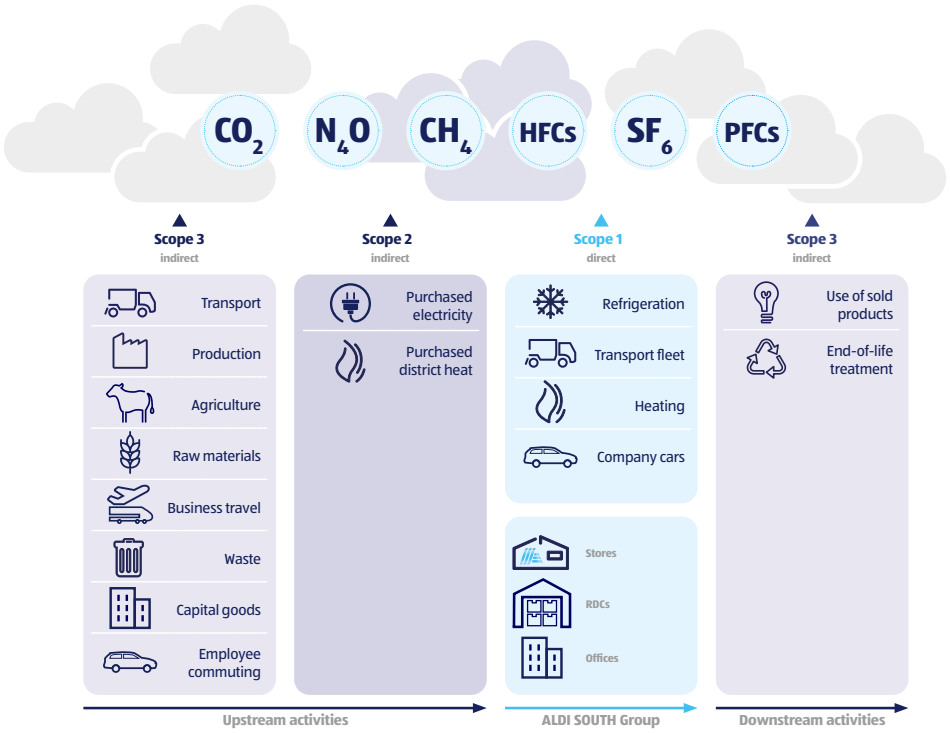
In accordance with the Greenhouse Gas Protocol, we have been monitoring our progress by calculating our Company Carbon Footprint for all our business processes and locations since 2012.

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.

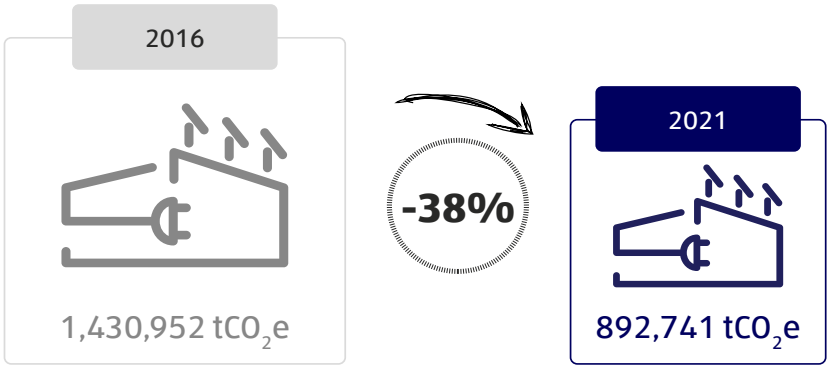
SCOPE 3 Indirect emissions due to our company's activities, covering the corporate value chain, including supplier and customer emissions.



CARBON EMISSIONS REDUCTION IN OUR OPERATIONS

Climate Strategy 2025: 26% absolute reduction by 2025

In 2021, the ALDI SÜD Group overachieved its absolute target, by reducing its operational emissions by 54% (base year: 2016). When including external logistics providers, who share a significant portion of the transport between our regional distribution centres (RDCs) and stores, the reduction is still 38%.



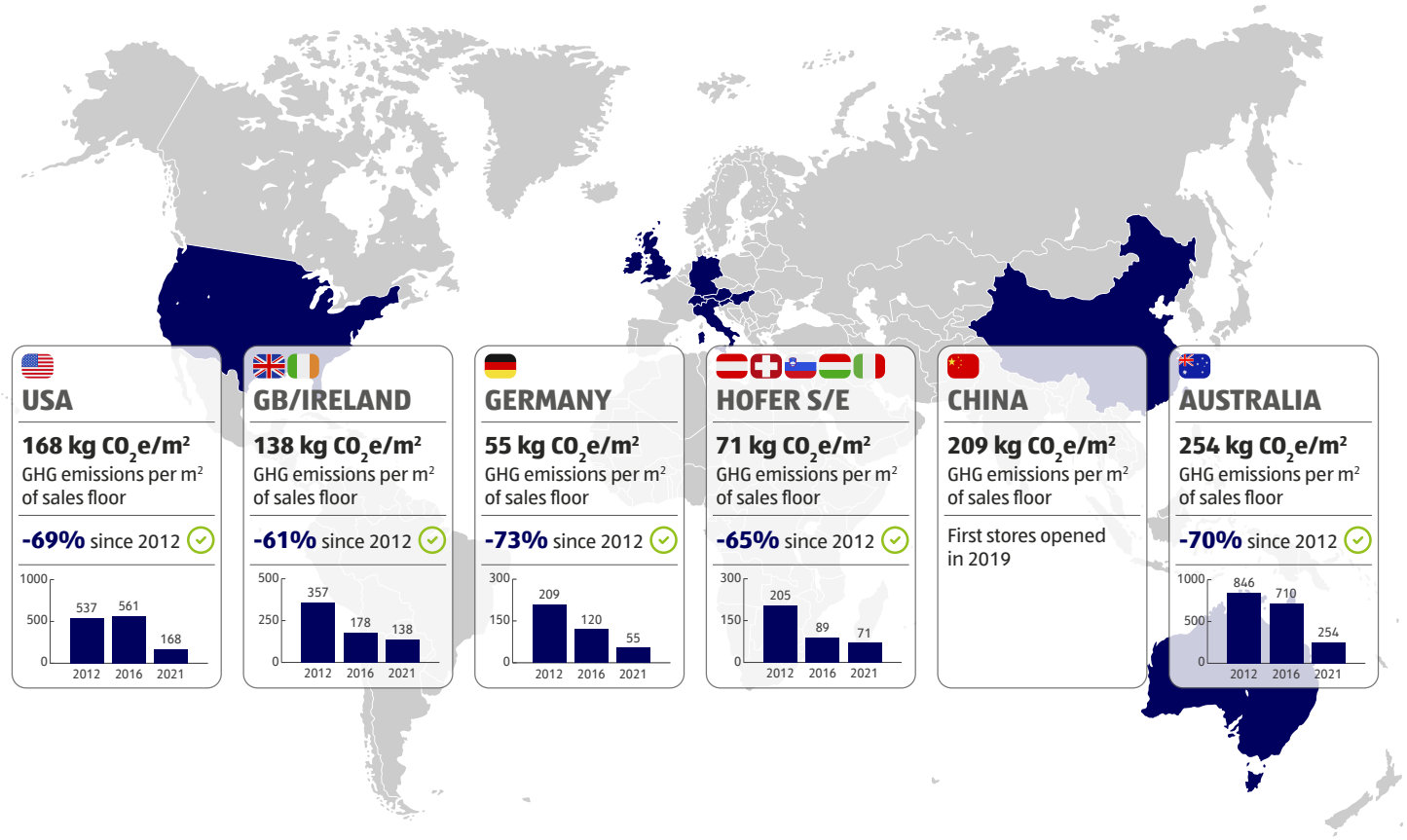
Carbon emissions [in tCO_2e]	Scope 1	Scope 2[1]	TOTAL A (Scope 1 & Scope 2)	Scope 3[2] (only external logistics)	TOTAL B (Scope 1, Scope 2 & Scope 3)
2016	439,486	761,851	**1,201,337**	229,615	**1,430,952**
2021	456,118	96,936	**553,054**	339,687	**892,741**
Development [%]			**-54%** SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION		**-38%**



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 centres and stores (outbound transport) and leased assets. For full Scope 3 amount, please see page 8.

Reducing the relative greenhouse gas emissions in every country

Climate protection has been a major focus of the ALDI SÜD Group for many years. In addition to our absolute reduction target, we also aim to reduce our relative emissions. The difference between absolute and relative targets is that an absolute target always refers to the total amount of emissions emitted, while a relative emissions target is a normalised metric that relates to a company's emission target to economic output. In our case we refer the emissions to square metre of sales area. Since 2012 overall, group-wide relative emissions have been reduced by 64% to 124 kg CO_2e/m^2 in 2021 compared to 2012: 344 kg CO_2e/m^2. In comparison to the previous year, we reduced our relative emissions by 15%. (2020: 146 kg CO_2e/m^2).



3 step approach for climate neutrality (Scope 1 and Scope 2)

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

In 2021, seven country organisations were operating as climate neutral. This includes Scope 1 and Scope 2 emissions as well as 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.

EFFICIENCY AND TECHNOLOGY

In 2021, 91% of our stores used environmentally friendlier refrigerants with a Global Warming Potential (GWP) of less than 2,200 for medium-temperature cooling and therefore significantly reduced the damage potential of refrigeration units. Our goal is to replace all high GWP value refrigerants with alternative lower GWP value refrigerants by 2025.

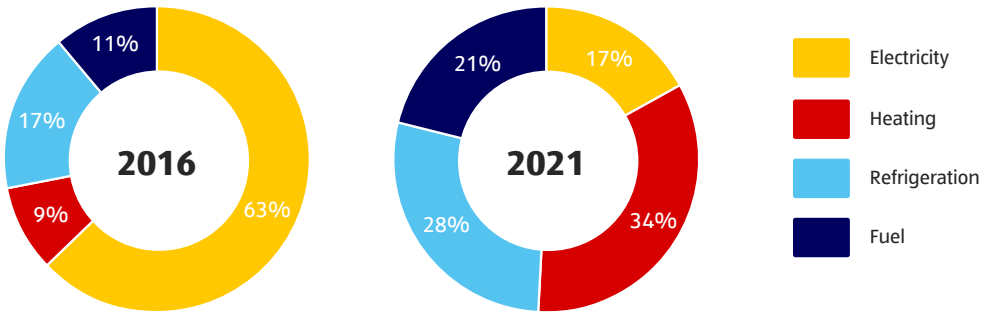
Transportation is a key factor to reduce our company carbon footprint. Our drivers are provided with training to promote efficient driving behaviour and, since the beginning of 2022, we also were the first grocery retailer to join the "Global Logistics Emissions Council (GLEC)", which will support the move towards a zero emissions global freight and logistics sector.

Furthermore, ALDI countries are taking other measures to increase energy efficiency, such as installing LED lighting, introducing an energy management system, using heat pumps and many more.

GREEN ELECTRICITY

A move to green electricity has been a significant contributor to our success in reducing GHG emissions. In 2021, all ALDI countries used green electricity for the majority of their electricity consumption. Since June 2021, the remaining country ALDI Australia also started to purchase green electricity. By 2022, all ALDI SÜD Group countries will almost exclusively rely on green electricity. In total, 2,318 buildings are equipped with solar panels worldwide with numbers growing continuously. In total, the group-wide share of green electricity in 2021 was 95%.

Emissions by Source[3]



CARBON OFFSETTING PROJECTS

Non-avoidable GHG emissions are compensated via the funding of certified carbon offsetting projects. For that purpose, we work together with ClimatePartner and support the following projects:

- Forest protection in Brazil
- Clean cook stoves in Ghana
- Clean drinking water in Uganda
- Fight against plastic in the Philippines, Indonesia, Brazil and Haiti
- Solar energy in India

» More

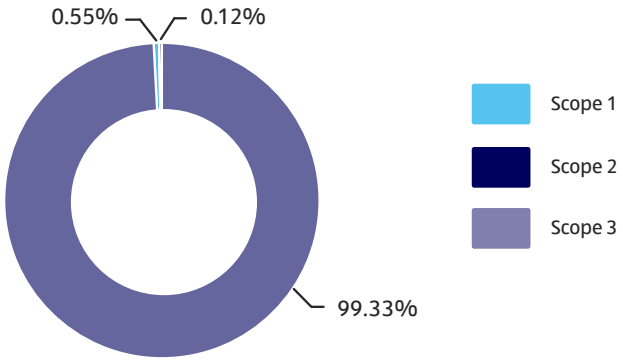
3) This includes Scope 1 and Scope 2 emissions.

CARBON EMISSIONS REDUCTION IN OUR SUPPLY CHAINS

Carbon emissions resulting from our corporate value chain are also referred to as Scope 3 emissions. Overall, about 99% of our total GHG emissions are attributable to our corporate value chain emissions.

Most of our emissions come from the purchasing of products (82%). For product emissions, the entire upstream supply chain, from land use change and farming to processing and finishing of the product must be considered. As these emissions are technically out of our control, it is particularly hard to influence their reduction. Nevertheless, we have set a supplier engagement target and have continued to work with our suppliers to encourage emission reduction within their own supply chains.

Carbon Emissions Distribution of the ALDI SÜD Group[4]





4) Scope 1 and Scope 2 calculation is based on primary data. Scope 3 calculation is based off both primary data as well as assumptions and extrapolations.

Update for Scope 3 baseline

The updated Scope 3 emissions baseline will be the basis for developing our Zero Carbon roadmap in the future. For this updated baseline, ten Scope 3 categories have been identified as relevant for the ALDI SÜD Group and been considered for the whole company. As we continue to tackle reducing our Scope 3 emissions, we can now look to all areas of emissions to ensure effective reduction measures take place. This updated calculation allows us to focus on the most relevant areas of emissions.

Scope 3 categories[5]	Total GHG emissions [tCO_2e]	Share of ALDI's GHG emissions [%]
Total Scope 3 emissions	**82,593,874**	**99.33**
Scope 3.1 Purchased good and services	68,026,685	81.82
Scope 3.2 Capital goods	132,049	0.16
Scope 3.3 Fuel and energy related activities	395,083	0.48
Scope 3.4 Upstream transportation and distribution[6]	2,866,420	3.45
Scope 3.5 Waste generated in operations	218,894	0.26
Scope 3.6 Business travel	14,403	0.02
Scope 3.7 Employee commuting	200,217	0.24
Scope 3.8 Upstream leased assets	654	0.00
Scope 3.11 Use of sold products[7]	9,188,158	11.05
Scope 3.12 End-of-life treatment of sold products	1,551,311	1.87

Climate Strategy 2024: Strategic suppliers set Science Based Targets

Our SBTi-approved Scope 3 is targeted at encouraging our strategic suppliers (responsible for 75% of product-related emissions) to set science-based emissions targets (by 2024). Our second annual supplier survey on climate commitment tracks which of our suppliers have already set climate targets and identifies which suppliers need support in joining our climate protection journey.

This year's results show that strategic suppliers, who are responsible for 22% of our product-related emissions (2020: 21%), either have a target in line with the SBTi criteria or are committed to set themselves science-based targets within the next two years[8]. The actual number of suppliers with targets has increased. Between 2021 and 2022, the number of suppliers surveyed with SBTi approved targets increased by 25%.

Value chain emissions reduction projects

To further reduce the emissions in our product supply chains, we will keep monitoring our suppliers' climate actions and targets via our annual climate survey. Besides keeping track of the progress, the survey results are used to develop further supplier engagement strategies. Close collaboration with suppliers and identification of best practices are key areas of focus to achieve supply chain emission reductions.

Another focus for the reduction of our corporate value chain emissions lies on the implementation of emission reduction projects. We will work with partners along our supply chain and benefit from their know-how, to promote innovation at product-level and implement projects to further reduce GHG emissions in our product supply chains.

5) Categories 3.1, 3.3, 3.4, 3.5, 3.8 and 3.12 have been calculated using primary data. Categories 3.2 and 3.6 have been calculated from extrapolations made from spent based data. Categories 3.7 and 3.11 were calculated based off assumptions. Emission factors of the following databases have been used for the calculations Ecoinvent 3.8, Optimeal EU Farm to Fork, DBEIS and EXIOBASE.
6) Marine and air transport was excluded from this calculation due to lack of available data.
7) This calculation includes direct and indirect emissions according to the GHG Protocol.
8) This year the Scope 3 baseline of ALDI SOUTH Group's emissions (which is the basis of the calculation) has been updated using more accurate data and calculation methods in comparison to the KPI used in 2020.

OUTLOOK

The ALDI SÜD Group is 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 and promote our "Zero Carbon" target. We will work with partners along our supply chain and learn from them to 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 Scope 3 categories) and the methodology used to calculate it were externally reviewed by an independent third party.



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ALDI SÜD KG
Moserstraße 42
A-5020 Salzburg
VAT Reg. No.: ATU24963706
Commercial register: FN 26451z, Regional Court of Salzburg

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Contact:
sustainability@aldisuedgroup.com

Please visit sustainability.aldisuedgroup.com for more information on our international sustainability activities.