

PROGRESS REPORT 2023

CLIMATE ACTION

ALDI SÜD Group

2024

EXECUTIVE SUMMARY

ALDI SÜD Group's (ALDI) corporate carbon footprint (CCF) report tracks the group's emissions is in line with the Greenhouse Gas Protocol. Since 2012, ALDI has measured its emissions, continually improving data quality over time.

In 2024, ALDI set science-based targets (SBTs) validated by the Science Based Targets initiative (SBTi) creating a trajectory to reach net-zero greenhouse gas emissions across its operations and supply chains.

These targets align with efforts to limit global warming to 1.5°C, in line with the Paris Agreement. ALDI is also one of the first retailers that separately reports on and sets targets for emissions specifically related to the Forest, Land and Agriculture (FLAG) sector, which accounts for nearly a quarter of global greenhouse gas emissions.[1]

SCOPE 1+2

In 2024, ALDI set an ambitious science-based near-term target to reduce its Scope 1+2 emissions 52% by 2030 (base year 2021). This trajectory aligns with ALDI's long-term goal of achieving net-zero Scope 1+2 emissions by 2035. This objective includes a 90% reduction in emissions (base year 2021), with the remaining 10% offset through carbon removals.

As of 2023, ALDI is in line with its set decarbonisation pathway, having already reduced Scope 1+2 emissions by 21% (base year 2021). This progress has been primarily achieved through sourcing green electricity across all markets, optimising heating and refrigeration systems, and implementing various energy efficiency measures.

SCOPE 3

Given that 99% of the ALDI's emissions come from the company's supply chain, initiatives targeting Scope 3 emissions are part of the commitment to address product-related emissions more comprehensively. In 2023, ALDI's total Scope 3 emissions rose by 18% (base year 2022). The increase can be attributed to business growth, higher sales, and data quality improvements.[2]

In the previous science-based targets from 2020, the company committed to encourage 75% of its suppliers to set or commit to set SBTi-validated targets by the end of 2024. As of 2023, 31% of product-related emissions came from suppliers that have either committed to or published science-based targets (2022: 26%).

Over the next two years, ALDI's Scope 3 strategic activities will centre on reviewing supplier engagement efforts and empowering the supplier base to enhance climate action collectively. As part of this effort, ALDI has become one of the first grocery retailers to join the Leadership on Climate Transition initiative, offering assistance with training and tools for setting science-based climate targets.

[1] https://sciencebasedtargets.org/sectors/forest-land-and-agriculture
[2] The 18% increase in total Scope 3 emissions reflects a combination of factors: a 1.3% reduction in Scope 3 Energy/ Industry emissions (including non-mandatory categories 3.6: hotel stays, 3.11: consumption of food products, and 3.11: use of textile products) and a 39% increase in Scope 3 FLAG emissions, resulting in an overall rise.

NEAR-TERM | TARGETS

Energy/Industry Targets - **Scope 1+2**

Reduce absolute Scope 1+2 greenhouse gas emissions by 52% until 2030 (base year 2021)[3]

Status 21% | Target 52%

Energy/Industry Targets - **Scope 3**

Reduce absolute Scope 3 greenhouse gas emissions by 25% until 2030 (base year 2022)[3]

Status 7%[6] | Target 25%

FLAG Target - **Scope 1**

Reduce absolute Scope 1 FLAG greenhouse gas emissions by 30.3% until 2030 (base year 2021)[4]

Status 2% | Target 30.3%

FLAG Target - **Scope 3**[5]

Reduce absolute Scope 3 FLAG greenhouse gas emissions by 30.3% until 2030 (base year 2022)[4]

Status -39% | Target 30.3%

LONG-TERM NET-ZERO | TARGETS

Energy/Industry Targets - **Scope 1+2**

Reduce absolute Scope 1+2 GHG emissions by 90% until 2035 (base year 2021)[3]

Status 21% | Target 90%

Energy/Industry Targets - **Scope 3**

Reduce absolute Scope 3 GHG emissions by 90% until 2050 (base year 2022)[3]

Status 7%[6] | Target 90%

FLAG Target - **Scope 1**

Reduce absolute Scope 1 FLAG GHG emissions by 72% until 2050 (base year 2021)[4]

Status 2% | Target 72%

FLAG Target - **Scope 3**[5]

Reduce absolute Scope 3 FLAG GHG emissions by 72% until 2050 (base year 2022)[4]

Status -39% | Target 72%

[3]For absolute emission reductions, the target boundary includes land-related emissions and removals from bioenergy feedstocks.
[4]For FLAG emissions, the target includes FLAG emissions and removals.
[5]ALDI witnessed an increase in recorded Scope 3 FLAG emissions in the CCF's reporting period (2023), in comparison to 2022. This rise can be attributed to improved data quality as well as the company's business growth and sales increase.
[6] In accordance with the GHG Protocol and SBTi, ALDI excluded non-mandatory categories such as emissions associated with employees' hotel stays (category 3.6), the consumption of food products by customers (category 3.11), or the use of textile products by end-users (category 3.11) from its net-zero target and baseline.

ALDI'S FOCUS AREA: CLIMATE

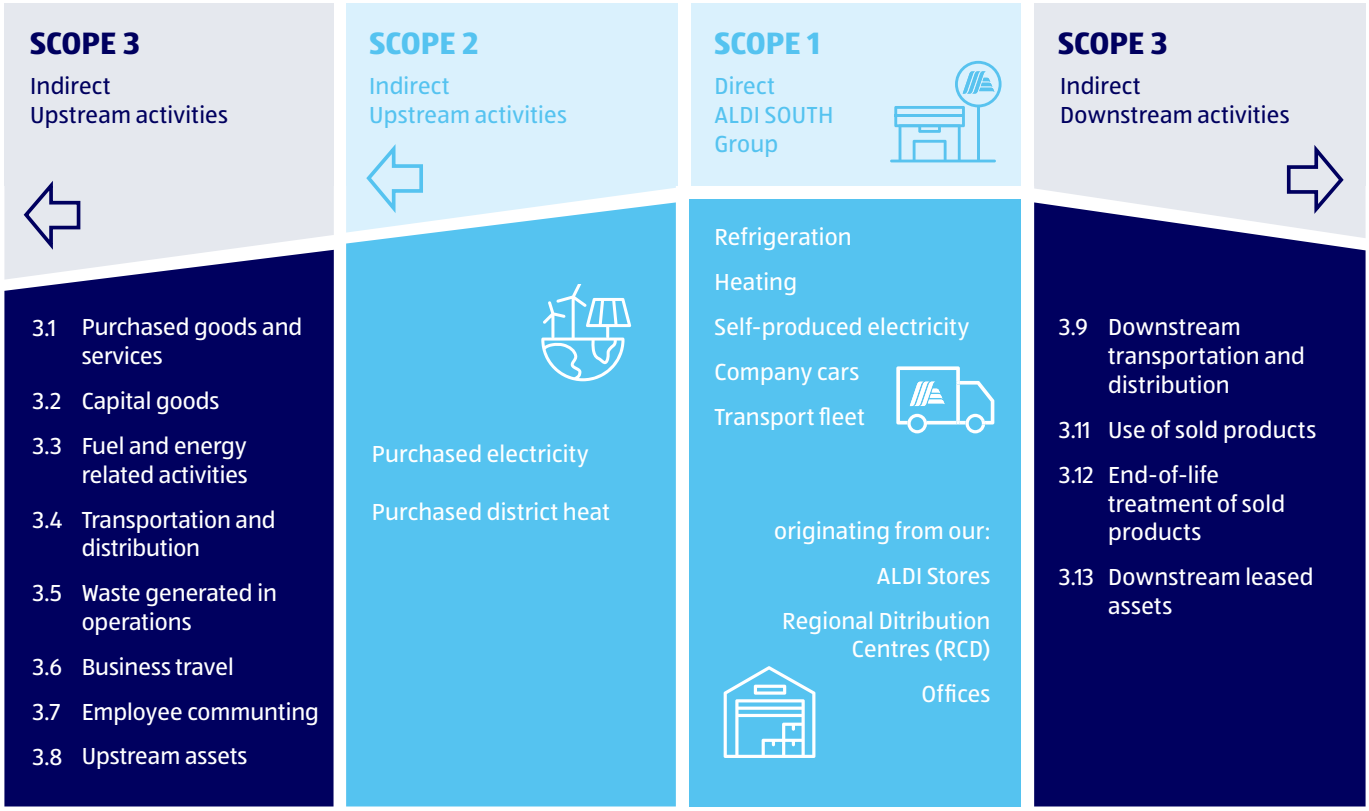
Addressing climate change is a business imperative, which is why reaching net-zero is a key focus of the ALDI SÜD Group's (ALDI) global sustainability strategy, contributing to the overarching vision of making sustainability affordable for our customers. With the objective of minimising the carbon footprint of its own operations (Scope 1+2) and supply chain (Scope 3), ALDI's accountability as a global retailer also extends to its suppliers, which are encouraged to reduce their carbon footprint.

The planet is at a critical point in addressing global warming. Although ALDI has made strong progress in lowering operational emissions, its supply chains remain the largest source of emissions, and ongoing business growth is creating additional challenges. Governments are increasingly implementing new climate laws, requiring climate action plans that encompass policy developments, climate risks, and increasing stakeholder demands for sustainability.

This report tracks ALDI's emissions and progress toward climate goals. Since 2012, ALDI has measured its emissions, continually improving data quality over time. It also complies with the Greenhouse Gas (GHG) Protocol and includes the following emission categories utilising the operational control approach.[7]

To enable an accurate comparison of the emissions produced, all greenhouse gases have been converted to tonnes of carbon dioxide equivalents (tCO_2e. As per the GHG Protocol's definition, total emissions are divided into:

- **SCOPE 1:** Direct emissions caused through the operation of our stores, regional distribution centres (RDCs) and offices, including energy and fuel consumption, refrigerant refills, and owned truck fleet.
- **SCOPE 2:** Indirect emissions from purchased energy for operating our stores, regional distribution centres (RDCs) and offices.
- **SCOPE 3:** Indirect emissions from our company's activities generated by external partners, suppliers, and third parties, covering the corporate value chain, including customer emissions.



[7]The operational control approach accounts for the impact of all six greenhouse gases (GHG) that are defined as being of relevance within the Kyoto Protocol. These comprise carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydro chlorofluorocarbons (HCFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6).

ALDI'S CLIMATE TARGETS

The **Science Based Targets initiative** (SBTi) is a corporate climate action organisation that enables companies and financial institutions worldwide to combat the climate crisis. The SBTi defines and promotes best practices in science-based target setting. Offering a range of target-setting resources and guidance, the SBTi independently assesses and approves companies' targets in line with its strict criteria. Science-based targets (SBTs) show businesses how much and how quickly they need to reduce their GHG emissions to prevent the worst effects of climate change.

In 2024, the ALDI SÜD Group became one of the first global grocery retailers to set science-based net-zero targets that were validated by the SBTi. This major milestone creates a pathway for the company to reach net-zero carbon emissions from its own operations and supply chains.

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

THE NET ZERO STANDARD
APPROVED NET-ZERO TARGETS

SCOPE 1+2 | TARGETS

ALDI has set comprehensive targets for reducing emissions from its own operations. In the short term, ALDI commits to reducing absolute Scope 1+2 greenhouse gas emissions **52% by 2030** (base year 2021). The Group's long-term target is to reduce absolute Scope 1+2 greenhouse gas emissions **90% by 2035** (base year 2021).

SCOPE 3 | TARGETS

As many of our food supply chains face significant threats due to climate change, ALDI has an important role and responsibility to mitigate the emissions caused by its products and build effective climate resilience approaches across its supply chains. In the near term, ALDI aims to reduce absolute Scope 3 emissions **25% by 2030** (base year 2022). The Group's long-term net-zero target sets out a **90% reduction of absolute Scope 3 GHG emissions by 2050** (base year 2022).

FLAG | TARGETS

In line with evolving reporting standards, ALDI now separately reports emissions specific to land management and land-use change, known as **Forest, Land and Agriculture (FLAG)** emissions. In 2024, ALDI became one of the first global grocery retailers to set itself science-based targets specifically aimed at reducing FLAG GHG emissions. The FLAG sector is one of the most impacted sectors by climate change, yet it also contributes nearly a quarter of global greenhouse gas emissions. Therefore, reducing emissions from this key sector is essential to achieving our ambitious net-zero aims and limit global warming to 1.5°C. For Scope 1, ALDI commits to reduce absolute FLAG GHG emissions **30.3% by 2030**, and **72% by 2050** (base year 2021). For Scope 3 (base year 2022), ALDI aims to reduce absolute FLAG GHG emissions **30.3% by 2030 and 72% by 2050.**

SUPPLIER ENGAGEMENT | TARGETS

ALDI set itself Scope 3 climate targets for the first time in 2020, as part of the company's efforts to address supplier emissions.[8] This entailed encouraging 75% of suppliers (by share of GHG emissions) to set SBTs by the end of 2024. This is tracked by carrying out an annual climate survey with our strategic suppliers.

[8]Although ALDI has updated its science-based targets and is no longer required to report against its previous supplier engagement targets, ALDI will voluntarily continue to provide updates on its progress regarding this target next year.

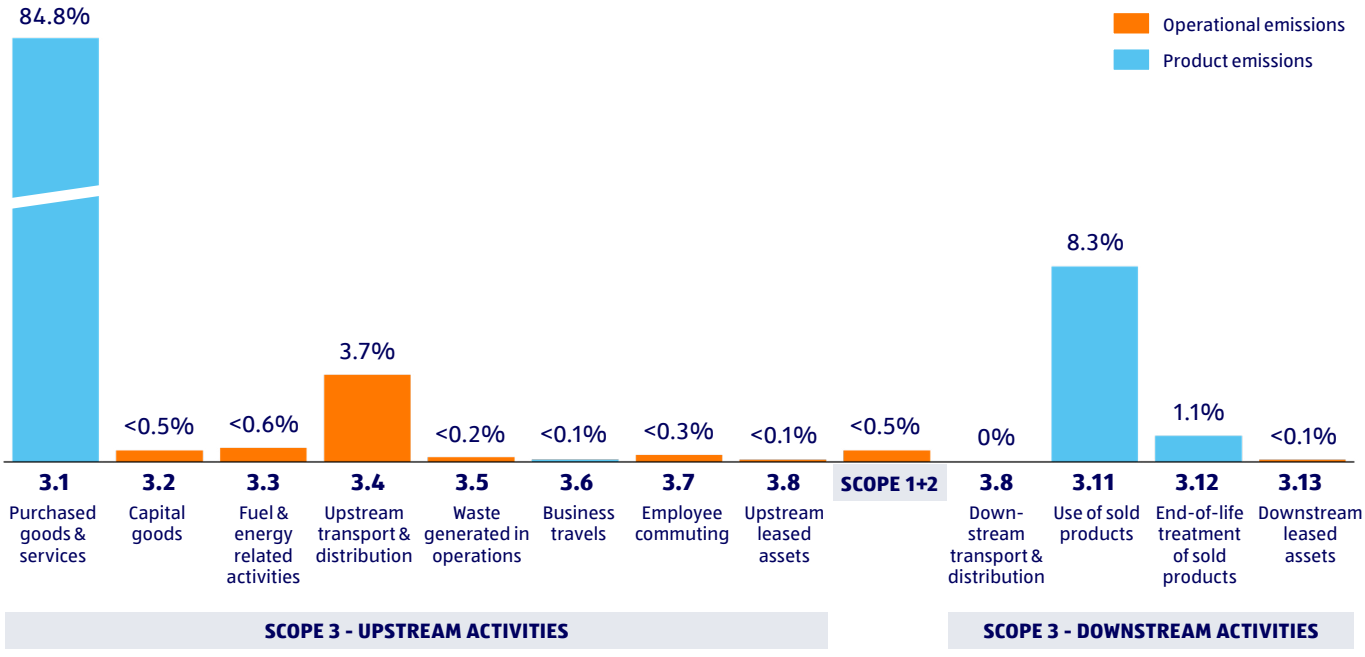
EMISSIONS OVERVIEW AND PROGRESS UPDATE

The graphic below shows the 2023 carbon footprint of ALDI across Scope 1+2 and Scope 3 emission categories, with percentages indicating each category's share of total emissions. Product-related emissions are shown in blue, while operational emissions are in orange.

This breakdown provides an overview of where ALDI's emissions are concentrated, helping to identify key areas for reduction efforts.

The chart clearly highlights that Scope 3 emissions — such as 'Purchased goods and services' (84.8%) and 'Use of sold products' (8.3%) — make up the vast majority of ALDI's total emissions, while Scope 1+2 emissions account for less than 1%.

2023 CCF OF ALDI SÜD GROUP PER CATEGORY IN %



TARGETS PROGRESS UPDATE 2023

The ALDI SOUTH Group is monitoring its annual progress against its new science-based near-term and net-zero goals. The performance for 2023, compared to the respective base years, is outlined in the below table.

tCO_2e	Target year	Absolute target tCO_2e	Baseline year	Baseline value	Target change (Target vs Baseline)	2023 value	Change (2023 vs baseline)
Energy/Industry Targets (Scope 1+2)	Near-term 2030	265,466	2021	553,054	-52%	437,605	-21%
	Net-zero 2035	55,305			-90%		
Energy/Industry Targets (Scope 3)	Near-term 2030	30,931,109	2022	41,241,478[9]	-25%	38,363,908	-7%
	Net-zero 2050	4,124,148			-90%		
FLAG Target (Scope 1)	Near-term 2030	623	2021	893	-30.3%	876	-2%
	Net-zero 2035	250			-72%		
FLAG Target (Scope 3)	Near-term 2030	27,331,813	2022	39,217,199	-30.3%	54,517,132	39%
	Net-zero 2050	10,980,815			-72%		



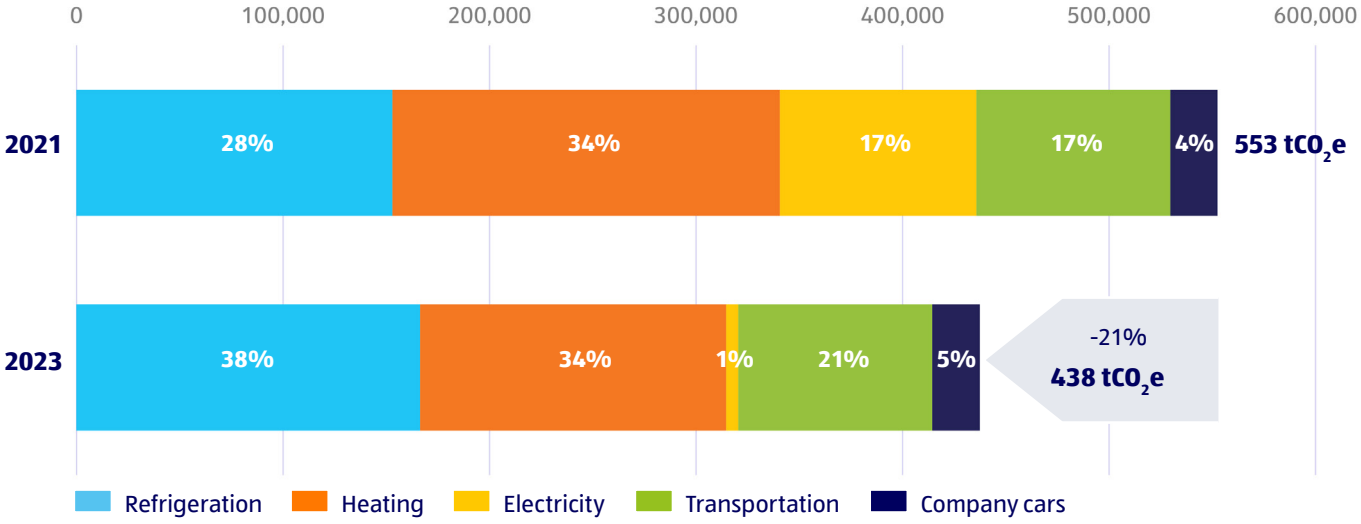
[9]In accordance with the GHG Protocol and SBTi, ALDI excluded non-mandatory categories such as emissions associated with employees' hotel stays (category 3.6), the consumption of food products by customers (category 3.11), or the use of textile products by end-users (category 3.11) from its net-zero target and baseline.

SCOPE 1+2 EMISSIONS 2023 UPDATE[10]

In 2023, ALDI decreased its Scope 1+2 emissions 21% compared to a 2021 base year. Therefore, ALDI is on track to achieve its science-based near-term target to reduce emissions from its own operations 52% by 2030 (base year 2021).

The reduced share of emissions from ALDI's own operations, which totalled 438 $KtCO_2e$ in 2023 compared to the base year's 553 $KtCO_2e$, are largely attributed to ALDI's increased purchasing of green electricity and continued transition to alternative refrigerants with a lower Global Warming Potential (GWP), specifically GWP <2,000.[10] Currently, 52% of the refrigerants used in ALDI stores are natural refrigerants.

Further reductions were achieved through operational efficiencies, such as the installation of photovoltaic systems in over 2,300 stores and 49 in RDCs. For the first time, hydrated vegetable oil (HVO) was used as fuel for trucks in selected regions, marking an important step in de-carbonising our fleet.



ALDI is planning to implement key strategic initiatives over the coming years to continue this emissions reduction trend. An overview of these measures is provided below:

TRANSPORTATION

- Increasing the share of HVO-powered vehicles.
- Medium- to long-term plan to increase the proportion of e-trucks or hydrogen trucks in ALDI's fleet.

STORES & REGIONAL DISTRIBUTION CENTRES (RDCs)

- Switching all refrigerants with a high Global Warming Potential (GWP) to natural refrigerants.
- Switching to low-emissions heating systems, such as air-sourced heat pumps.
- Continuously increasing energy efficiency of owned real estate.

COMPANY CARS

- Transitioning to a fully electric company car fleet.

[10] Scope 1+2 ratios are calculated based on total emissions excluding FLAG emissions.

SCOPE 3 EMISSIONS 2023 UPDATE[11]

As opposed to direct interventions for Scope 1+2 operational emissions, reducing Scope 3 emissions is more challenging since ALDI has less influence over its business partners' actions. Nonetheless, by setting an engagement target, ALDI has demonstrated a willingness to collaborate with and support its suppliers in working towards reducing value chain emissions.

Under ALDI's overarching Global Sustainability Strategy, the company's plan for reducing supply chain emissions prioritises high emitting product categories, creating a more targeted approach to decarbonisation. Both national and international teams have shared responsibilities in project implementation within these high-emitting supply chains. In 2023, 13 Scope 3 categories, defined according to the GHG protocol, were identified as priorities for ALDI.

Scope 3 emissions account for 99% of ALDI's overall annual emissions (Scope 1+2 and 3). Product-related emissions have a significant impact, representing 94% of the overall emissions share in 2023.[12]



ALDI recorded an increase in emissions in 2023 compared to the previous year, partially caused by a methodological adjustment and an expanded scope of analysis. In absolute terms, the highest emitting categories, as per the GHG Protocol, for ALDI are:

PURCHASED GOODS AND SERVICES (3.1)

This category is the largest contributor to ALDI's overall emissions, accounting for 85% of the total.[11] It encompasses the upstream greenhouse gas emissions generated during the production and sourcing of all goods and services that ALDI procures. Key drivers of the recent increase in emissions from category 3.1 are ALDI's business expansion, increase in sales, and improved data quality.

Emissions reduction in product value chains may be achieved by enhancing cooperation with suppliers and other relevant stakeholders and incentivising the share of knowledge and best practices within the industry. As part of this effort, ALDI USA has joined the Supplier Leadership on Climate Transition (LOCT) initiative, enabling stronger collaboration with suppliers to set and achieve science-based emissions targets.

UPSTREAM TRANSPORTATION AND DISTRIBUTION (3.4)

As a company with global reach, ALDI's upstream transportation is also a significant contributor to overall Scope 3 emissions, accounting for 3.7%. ALDI's Climate Progress Report includes emissions from land freight, ocean freight, air freight and e-commerce, and those associated with third parties. ALDI aims to enhance data availability and transparency from its external logistics providers. This will allow a focus on lowering emissions in hotspots across the whole ALDI network.

Membership in the Smart Freight Centre and the Global Logistics Emissions Council (GLEC), alongside more than 150 other companies – including shippers, carriers, and logistics service providers – allows ALDI to participate in cross-industry platforms for knowledge exchange, which can help drive emissions reduction programmes.

[11]Scope 3 rations are based on total emissions including FLAG emissions.
[12]Categories 3.1 Purchased Goods & Services, 3.11 Use of sold products and 3.12 End-of-life treatment of sold products are included.

USE OF SOLD PRODUCTS (3.11)

This category accounts for emissions generated during the use phase of products after they are sold to customers (8.3% of overall Scope 3 emissions). In 2023, these emissions include the use of electronic devices and textile products, consumption of food products, combustion of biogenic materials and travel services sold. The overall impact of this category is shaped by both product design – energy efficiency and durability – and consumer behaviour during the product's lifetime. While stimulating emissions reductions in this category can be challenging, it underscores the importance of collaborating with suppliers across all relevant areas to implement energy efficiency standards for products.

END-OF-LIFE TREATMENT OF SOLD PRODUCTS (3.12)

This category covers the emissions associated with the disposal, recycling, or treatment of products once they have reached the end of their useful life, and accounts for 1.1% of ALDI's total emissions. Steps to reduce emissions from this category include promoting and implementing circular economy initiatives, such as enhanced recycling infrastructure, waste reduction, and product lifecycle extension.



SUPPLIER ENGAGEMENT 2023 UPDATE

Since 2021, ALDI has conducted an annual survey on supplier climate commitments. The survey enables the identification of high achievers in climate action, and pinpoints which suppliers might need greater encouragement to set more ambitious climate targets. Over the last four years, the number of suppliers setting science-based targets has increased annually. As of 2023, 31% of product-related emissions came from suppliers that have either committed to or published science-based targets (2022: 26%).

As part of ALDI's ambitious plans to implement its Global Sustainability Strategy, the company intends to expand its supplier engagement activities to reduce product emissions. One of the steps already taken by ALDI is a project that identified the most cost-effective initiatives to reduce emissions in the highest-emitting product categories. Going forward, this information will be used to better understand challenges faced by suppliers and inform collaborative work to enhance product emissions reductions.

Over the past year, ALDI has engaged in more in-depth discussions with its suppliers regarding their emission reduction initiatives and sustainability enhancement plans. This was done through site visits and remote supplier interviews. As a result of these interactions, ALDI hopes to establish best practices for climate action in its various product supply chains and establish product specific roadmaps for lowering emissions.

FLAG AND ENERGY/INDUSTRY EMISSIONS 2023 UPDATE

For the Climate Progress Report 2023, ALDI has specifically calculated and analysed emissions from the Forest, Land and Agriculture (FLAG) sector. This is driven by the Science Based Targets initiative's updated requirements, which advise setting specific targets for FLAG emissions. As a primarily food retailer, ALDI generates a significant amount of emissions related to land use, mostly due to the high volume of agricultural goods within its supply chains. Setting targets to account for these emissions will set ALDI on the right path to bring about meaningful reductions within its supply chains.

FLAG emissions are considered emissions accounted for before the farm gate, defined as emissions that occur prior to the production of agricultural products.

Energy/industry emissions account, in most cases, for activities after the farm gate, such as raw material processing.



This classification allows ALDI to have a better understanding of which emissions arise from its indirect land intensive activities and identify the most effective strategies for achieving meaningful emissions reductions across its supply chains.

ALDI's Scope 3 FLAG emissions come from purchased goods and services, such as agricultural supply chains, and Scope 1+2 FLAG emissions from land use change for new stores, buildings and energy-related activities.

The below table provides a full overview of ALDI's FLAG and energy/industry emissions, categorised according to the GHG Protocol for 2023:

SCOPE 1+2 AND SCOPE 3[13]				
Emission category	**FLAG emissions (tCO_2e)**	**Energy/Industry emissions (tCO_2e)**	**Total (tCO_2e)**	**Emission share of total emissions (%)**
Total Scope 1 Emissions	876	430,091	430,967	0.45%
Total Scope 2 Emissions	1,121[14]	7,514[15]	8,634	0.01%
Total Scope 1+2 Emissions	**1,997**	**437,605**	**439,601**	**0.45%**
3.1. Purchased goods and services	54,517,132	27,218,994	81,736,126	84.82%
3.2. Capital goods	-	487,200	487,200	0.51%
3.3. Fuel- and energy-related activities	-	606,705	606,705	0.63%
3.4. Upstream transportation and distribution	-	3,567,924	3,567,924	3.70%
3.5. Waste generated in operations	-	155,046	155,046	0.16%
3.6. Business travels	-	24,688	24,688	0.03%
3.7. Employee commuting	-	214,630	214,630	0.22%
3.8. Upstream leased assets		172	172	0.00%
3.9. Downstream transportation and distribution	-	-	-	-
3.11. Use of sold products	-	7,955,424	7,955,424	8.26%
3.12. End-of-life treatment of sold products	-	1,096,848	1,096,848	1.14%
3.13. Downstream leased assets	-	79,549	79,549	0.08%
Total Scope 3 Emissions	**54,517,132**	**41,407,179**	**95,924,311**	**99.54%**
Total GHG Emissions	**54,519,129**	**41,844,783**	**96,363,912**	**100.00%**

[13] This table presents the complete Scope 3 emissions inventory, including categories previously unreported (refer to the table on page 7). These non-mandatory categories include 3.6: hotel stays, 3.11: consumption of food products, and 3.11: use of textile products.
[14] Total Scope 2 Emissions FLAG emission is 1,120.51 tCO2e.
[15] Total Scope 2Energy/Industry emission is 7.513.63 tCO2e.

OUTLOOK

In conclusion, the results of ALDI's Company Carbon Footprint 2023 report demonstrate that ALDI has made ongoing progress to date in reducing its operational carbon footprint. However, as a responsible global retailer, and to meet future regulatory requirements while maintaining its competitiveness in the market, ALDI must continue strengthen its commitment to addressing climate change. This includes the company's ongoing efforts to reduce its greenhouse gas emissions by promoting innovative projects across its entire supply chain, including farms and production facilities, its stores and business operations, as well as efforts to meet consumer expectations of becoming a more sustainable retailer.



The values used in this report have been assured by an independent third-party assurance provider. The engagement was conducted in accordance with international standards on assurance engagements and led to an unqualified conclusion.



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