



Good Energy

ALDI Australia's Commitment To Renewables

26 August 2020



OUR COMMITMENT TO BE 100% RENEWABLE FROM 2021

The pause in global industrial activity due to COVID-19 has clearly demonstrated nature's ability to restore itself. Nature's reinvigoration is something many Australians hope to see following the Black Summer – an extended bushfire season following an unforgiving period of drought.

It is impossible today to separate business from our community and we are rightly held more accountable than ever for our actions. What we do and how we act is vital and we recognise our responsibility to reduce our environmental impact. We've chosen to take action and make the shift to 100% renewable electricity to power our Australian operations by the end of 2021.

ALDI is the 64th biggest user of electricity in Australia, powering 555 stores and eight distribution centres (DC) around the country. We cannot ignore that we are a large user of energy and subsequently, we will continue to take steps to reduce our impact. We've already been able to reduce our carbon intensity by 40%¹ through the implementation of LED lighting, natural refrigerants, energy efficient chillers, and our solar panel program. This program has already seen solar installed at six DC's and 175 stores, soon to be over 250 stores by the end of 2020. This will become Australia's largest commercial and industrial solar rollout to date.

Our 100% renewable electricity commitment will also be supported by two 10-year Power Purchasing Agreements (PPA), which will see electricity generated by two wind farms in New South Wales and Victoria.

Growth of the renewable energy market will deliver a brighter future for Australia. Significant investment in renewable energy will see it become more accessible and more affordable for all Australians, in addition to the jobs and economic opportunities it will create. Despite short-term costs, we believe that continued corporate investment in renewables will net cost reductions for us and others in the years to come.

As an organisation our success will be measured on our ability to continue to offer high quality products at the best prices. We aim to be responsible stewards for these products, which means reducing our impact on the environment. We are proud of the progress we have made and we will continue to play a positive role in communities where we operate.



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Tom Daunt
CEO
ALDI AUSTRALIA



¹40% reduction in carbon emissions based on a 2012 baseline, per square metre of sales floor area













EMISSION REDUCTION MILESTONES



ALDI Australia began business in 2001, with two stores offering 600 grocery products supplied by 174 business partners.

Today, ALDI operates more than 550 stores in six states and territories, directly employing more than 13,000 people and working with over 1,000 local business partners.

ALDI's commitment to do the right thing has been key to the company's growth over the past 19 years in Australia. Here's the journey of how ALDI has already reduced its carbon emissions intensity by 40%² and has committed to the long term decision to invest in 100% renewable electricity to power its Australian operations by the end of 2021.

- 2001**  ALDI Australia opens its first store
- 2013**  Energy efficient freezer system introduced
- 2015**  First rooftop solar installed at ALDI Tweed Heads store
-  First LED lighting upgrade rolled out to ALDI Highton store
-  A CO₂ natural refrigerant piloted at ALDI Altona North store
-  Opened our 4 Star Green Building Council certified Brendale Distribution Centre
- 2016**  Opened our first 6 Star Green Building Council certified store in Scoresby
- 2019**  New subcooling technology introduced to drive further efficiencies in our refrigeration system
- 2020**  CO₂ natural refrigerant rolled out to all new stores and store refurbishments in metro Victoria. Further trialling in all other states.
-  LED lighting upgrade complete at over 450 stores and Minchinbury Distribution Centre
-  Solar installed at over 250 stores and 6 DCs, generating 16% of ALDI's electricity needs onsite
-  Renewable energy sources secured for 100% renewable electricity by the end of 2021

²40% reduction in carbon emissions based on a 2012 baseline, per m² of sales floor area

ACHIEVING EMISSION REDUCTIONS THROUGH ENERGY EFFICIENCIES

To achieve 100% renewable electricity consumption, our priority is to find solutions that have the most impact on renewable energy generation. We have a three-part approach to achieve our goal.



Onsite generation

Renewable electricity generation and consumption at our local operations, e.g. solar.



Offsite generation

Our investment in local renewable electricity generation offsite includes our two 10-year Power Purchase Agreements, generated by two wind farms.



Third party

When the onsite and offsite approaches are not possible or do not enable us to cover all of our electricity consumption, we will purchase renewable electricity from a supplier in the form of renewable energy certificates. Our long-term goal is to reduce the number of certificates purchased and to continue to invest in renewable electricity generation.

We acknowledge our responsibility to reduce our carbon emissions and to continue to invest in sustainable business practices. We are taking steps to support the growth of the renewable energy industry in Australia because it's good for the planet, and it's good for business, too. We will be working closely with our business partners to continue on this journey to reduce our environmental impacts and contribute to a brighter future for Australia.

Daniel Baker

Corporate Responsibility Director
ALDI Australia

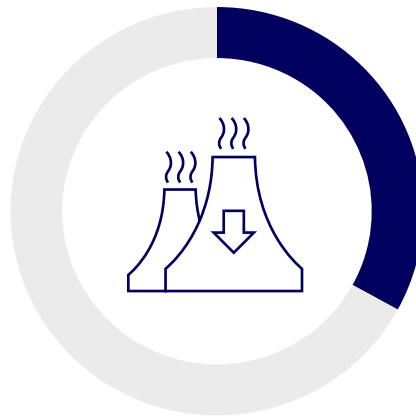


ACHIEVING EMISSION REDUCTIONS THROUGH ENERGY EFFICIENCIES

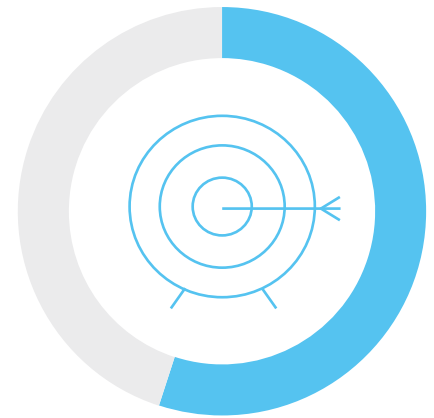
Efficient Energy Management to Drive Down Emissions

ALDI is always looking for ways to reduce its operational energy consumption and in turn associated carbon emissions across stores, DCs and offices. In 2019, ALDI hit its target of reducing its carbon emissions intensity per square metre of sales area by 40%, achieved as a result of best practice energy management constantly driving emissions down³.

Lighting, refrigeration, heating, ventilation and air conditioning systems are substantial contributors to ALDI's energy consumption. As part of ALDI's store refurbishment program, a nationwide plan to refurbish 210 stores, ALDI prioritised upgrades of energy intensive systems to reduce demand for energy. In addition, ALDI introduced measures to analyse energy consumption and identify further opportunities to reduce it.



40% Reduction in emissions intensity on a 2012 baseline



26% Overall emission reductions target by 2025 on a 2016 baseline



Key energy efficient measures:



The energy used for lighting around the world accounts for nearly 6% of global CO₂ emissions. Since 2015, ALDI has been upgrading its store network and by the end of 2020, LED lights will be in use at over 90% of stores, reducing lighting energy consumption by over 50%.



Refrigeration systems are not only energy intensive, but traditionally require refrigerants that have significant global warming potential if released into the atmosphere. Since 2015, ALDI has reduced the energy consumption of the chillers, and more importantly started to install natural refrigerant systems. After piloting natural refrigerants in 2015, all new metro Victoria stores and store refurbishments will use natural refrigerants from 2020, with expansion to other states being trialled.

³From a 2012 baseline, per square metre of sales floor area

POWERED BY THE WIND AND SUN



Commitments Grounded in Science Based Targets

ALDI Australia's commitment to become 100% renewable is a part of the global commitment to achieve a company-wide target for climate protection endorsed by the Science-Based Target Initiative (SBTi). By setting its climate targets, ALDI Australia is making a long-term commitment to help reduce global warming to well below two degrees Celsius.

The SBTi took a close look at our international targets and validated them based on scientific criteria agreed by CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). In a letter to its business partners, ALDI has encouraged them to set their own science-based emissions targets by the end of 2024. With these measures, ALDI is working towards a vision of zero carbon by 2050. Top emitting business partners are offered webinars to understand how they can measure their carbon footprint and set targets.

Naturally, ALDI's operations will always require energy to keep groceries on the move and make them available to customers. To ensure this business requirement does not impact the environment into the future, ALDI has made a significant investment in renewable energy.

As the renewable energy sector grows in Australia, it is ALDI's hope that it becomes more accessible and affordable, and that it creates jobs and economic opportunities. Australia's abundance of natural resources makes it a natural fit for renewable energy generation. In 2019, renewable energy was responsible for 24 per cent of Australia's total electricity generation. For a brief period, renewables passed the 50 per cent mark of total generation in the National Electricity Market in November⁴.

Australia's Largest Commercial Solar Panel Rollout

ALDI's on-site solar panel program will see over 250 stores and six Distribution Centres generating solar power by the end of 2020. This will see ALDI have Australia's largest commercial and industrial solar rollout to date.

Panels have been installed at over 175 stores and six Distribution Centres. By the end of 2020 ALDI will have installed enough capacity to generate 50,000 MWH of power, avoiding more than 41,000 tons of CO₂ per year.

ALDI has partnered with E Pho - an Australian based company that delivers end to end solar energy solutions - to implement its on-site solar program.



By the end of 2020, over 250 stores will have solar, preventing 41,000 tonnes of carbon emissions entering the atmosphere every year. This is the equivalent of taking

11,700 cars off the road per year

or generating enough electricity to power 7000 average Australian homes.

POWERED BY THE WIND AND SUN

Procuring Wind Energy

To meet the commitment of 100% renewable electricity, ALDI has procured energy through two 10-year Power Purchasing Agreements (PPA), generated by two wind farms.

In Victoria, renewable energy partner Tilt will provide ALDI with 6% of the energy produced from Dundonnell Wind Farm. For Tilt, this is the first corporate PPA - a PPA with a corporate entity which is the end user of electricity, rather than an electricity retailer - demonstrating the contribution Australian businesses can make to the growth of the renewable energy sector.

In the New South Wales Southern Tablelands, ALDI will source renewable wind energy from the Collector Wind Farm with its partner RATCH. The 227MW wind farm will dedicate 19.4% of the renewable energy generated to ALDI under the agreement starting in 2021. The Collector Wind Farm is aiming for initial testing in November 2020 and full commercial operation in January 2021.



POWERFUL PARTNERS



Shining a Light on our Solar Partner

From the humble beginnings of our partnership with ALDI in 2015, we installed the first solar system at ALDI Tweed Heads, NSW. Then we were able to partner with them on the first 6 Star Green Star rated ALDI store in Scoresby, VIC, and now, delivering 100 kW solar systems on 100 ALDI stores in 100 business days. This kind of speed is only possible because ALDI and Epho have built a strong partnership over the years. We can always rely on ALDI to be fair and reasonable. It seems to be in the company's DNA. And when trust can be built between businesses, a lot of things become more efficient, more economical and simpler for everyone involved. This was evident more than ever during COVID-19. Despite the backdrop of a pandemic, Epho could continue the rollout of the solar program working closely with the ALDI team to ensure that everybody was safe and adhered to the health guidelines. This means that 150 people including Epho employees and contractors in the different parts of the country could stay in work. We even hired new employees during the pandemic to ensure the projects kept running.

By late this year, 200 stores and four large distribution centres across Australia will be energised by Epho solar systems. That's 24 megawatts of on-site renewable energy, 75,000 thousand solar panels and 27,000 tonnes p.a. of carbon dioxide reduction. Who would have thought that when ALDI and Epho started with the first solar store in 2015 that this would turn into Australia's largest solar rollout of commercial and industrial solar power to date.

In the end, it is partnerships like the one with ALDI that allow the Epho team to fulfil our purpose. That is, to help combat the climate emergency and ensure a fairer future for our children's generation by leading the thinking and implementation of cost efficient sustainable energy solutions for businesses.



Oliver Hartley
Managing Director
Epho



POWERFUL PARTNERS

Blown Away by Dundonnell Wind Farm

Tilt Renewables was delighted to sign a Power Purchase Agreement (PPA) with ALDI earlier this year for the supply of renewable energy from a portion of the Dundonnell Wind Farm. This clean, green energy will support ALDI's Victorian operations over the long term, with the agreement running through to the end of 2030.

The 336MW Dundonnell Wind Farm, located on farming land in western Victoria, is currently under construction and commissioning, and consists of 80 wind turbine generators, incorporating the longest blades of any wind turbines currently generating in Australia. The project is located on the properties of 12 host landholders, and is providing a significant economic boost to the local area and its businesses. Economic assessments for the Dundonnell Wind Farm, undertaken by an external consultant in February 2018, showed that the project would provide approximately 200 direct and 1500 indirect jobs as a result of its construction. The project commenced construction in early 2019 and has provided opportunities for various local workers and services including electricians, transport and machine operators, general labourers, concrete businesses and quarry and material suppliers, as well as many indirect employment and economic impacts. Over 500,000 work hours have been completed on the project site to date, with more than 60,000 of those by Victorian apprentices, trainees and engineering cadets. The Dundonnell Wind Farm is planned to be completed during the second half of 2020. In addition to a range of initiatives implemented in the local area through the development and construction phases, a community fund will support investments led by the local community throughout the expected 30-year life of the wind farm.

This was the first PPA Tilt Renewables has signed with a corporate offtaker, and achieving this with a counterparty of the strength and credibility of ALDI was particularly pleasing. We have appreciated the open and constructive relationship developed with the ALDI team through the PPA negotiation process and are confident this will produce results beneficial to both parties and the environment over the long term.



Deion Campbell
CEO
Tilt Renewables



POWERFUL PARTNERS



Vestas Australian Wind Technology

Collecting Good Energy with Collector Wind Farm

RATCH-Australia developed and is now building the 226MW Collector Wind Farm in NSW's Southern Tablelands. Once fully operational in early 2021, the 54 turbines will be expected to generate an average of around 530GWh of renewable electricity every year of its anticipated 25 to 30-year working life. This is enough safe, clean, reliable power to meet the annual needs of approximately 75,000 Australian homes.

In March 2020 we were proud to sign a 10-year agreement with ALDI for almost 20% of the wind farm's output. ALDI's vision and drive to play a part in decarbonising our economy has helped support our investment in the project. This gives us, and other renewable energy developers, fresh confidence to continue to invest in this country, creating thousands of new jobs to deliver the clean power we need to meet the community's expectations for a lower-emissions Australia.



Thikhumporn Daorote
Managing Director
RATCH-Australia

