

Objectives, Actions & Performance

Factsheet Packaging



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1 Introduction

Packaging is indispensable in our everyday lives. It ensures product quality and safety, protects products during transport, serves as a medium of communication with the consumer and prevents food waste.



The ALDI SOUTH Group recognises that packaging requires high levels of raw materials, energy, water and effective waste management. The increasing demand for sustainable packaging presents is a significant challenge, that requires a transformation of business models and value chains within our industry. We understand the importance of transitioning to a circular economy as it will help us achieve our net-zero targets and minimise our environmental impact.

We are committed to reducing raw material use, energy and water intensity, promoting renewable materials and managing waste properly. Our first step is to set ambitious goals for our own-brand product packaging to reduce material usage, increase recyclability, and incorporate recycled content.



2 Packaging Goals

Our international packaging goals by the end of 2025:



100% of our own brand packaging will be recyclable, reusable, or compostable

We will design all our packaging in a circular way.



30% recycled content in our own brand plastic packaging

We will increase the recycled content used in our plastic product packaging.



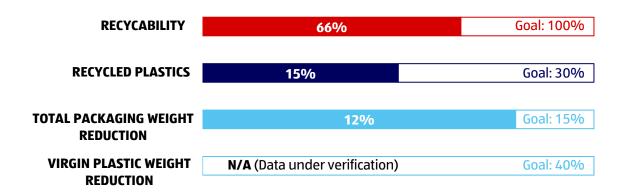
Reducing own brand packaging material by 15%*, and the amount of virgin plastic in our own brand packaging by 40%*

We will minimise the material needed for our packaging, wherever possible. We will reduce new plastic made from crude oil and used for product packaging.

* in relation to sales, (baseline 2020)

Based on the internationally recognised and legally established <u>EU waste hierarchy</u>, and aligned with the United Nations Environmental Programme <u>Circular Economy Principles</u>, we have set ambitious goals to increase the material efficiency and circularity of ALDI SOUTH Group's own-brand product packaging. We strive to avoid oversized or unnecessary packaging, maximise recyclability and increase the recycled content of our plastic packaging. We constantly work with our buying departments, suppliers, and external partners throughout the value chain to optimise our current packaging and explore new solutions.

Progress towards our goals¹:



¹To ensure genuine progress is reported against our total packaging weight reduction KPI, we have applied an inflation adjustment as this KPI is relative to sales. For more information on our objectives and performance, please refer to our CR Progress Report 2022.



3 Circular Economy for Packaging

3.1 Recyclability



In a circular economy, it is essential to ensure that packaging is recovered so that it does not end up in landfill or incineration. Therefore, we aim to make our ownbrand packaging recyclable wherever possible.

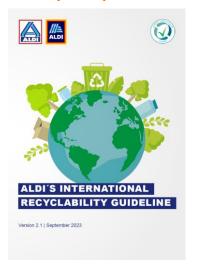
To achieve this target, it is crucial to work closely with our business partners in the packaging value chain. Close cooperation with our suppliers is particularly important for the topic of recyclable packaging to ensure that ALDI SOUTH Group's packaging, which is discarded by our customers, can be diverted and recovered for new applications. The ALDI SOUTH Group has developed its own International

Recyclability Guideline to ensure that our packaging is designed in a way that it meets the requirements of existing recycling processes in our operating countries.

ALDI's International Recyclability guidelines

To improve clarity and transparency, the ALDI SOUTH GROUP and ALDI Nord, in cooperation with the Institute Cyclos HTP, took a significant step in 2022 by publishing ALDI's International Recyclability Guidelines. This comprehensive document is still considered a unique guideline within the industry and demonstrates our commitment to leading the transition to more sustainable packaging. The guidelines adhere to existing standards and anticipates and prepares for future regulatory requirements through an annual update. With these initiatives, we are not only embracing sustainability but also actively shaping the future of responsible packaging.

For more information, please refer to: ALDI's Recyclability Guidelines





National Recyclability Projects:

DE

Improving, Sorting and Recyclability

Almost 100% of own-brand products have separation instructions, either in the form of a circular graphic or graphic instructions, as part of the *Tips for the bin* initiative. ALDI SÜD Germany actively contributes to a circular economy through clear communication, in conjunction with the ALDI Verpackungsmission on pack. More information can be found here.

conjunction with

Improving Collection and Recycling in Stores



Many of the UK's local authorities do not currently collect soft/flexible plastics. Therefore, ALDI UK is introducing recycling bins for soft and flexible plastics in almost all its UK stores. This initiative aims to help customers recycle tonnes of problematic materials each year. The collected packaging includes crisp packets, salad bags, bread bags, and carrier bags. ALDI UK will also be the first UK retailer to trial a recycling point for coffee pods, medicine packets, batteries, soft plastics, and cosmetics packaging. More information can be found here.

ALDI UK Introduces Recyclable Handwash Pumps

ALDI UK has made its handwash packaging recyclable by removing the glass and metal components from the pumps. More information here.



ΙE

Transitioning to Clear Caps

ALDI Ireland was the first major Irish retailer to transition to clear caps on its milk and cream range improving recyclability. This change results in an additional 70 tonnes of plastic being turned back into food-grade packaging each year. More information here.





In-Front-of-Store Collection

ALDI US currently has more than 180 stores equipped with soft/flexible plastic collection bins. This allows customers to separately dispose of soft/flexible plastics that are not yet covered by curbside collection. This measure is an essential step in establishing the infrastructure to recycle our packaging materials. More information here.



3.2 Reuse and Refill



There are four models of reusable and refillable packaging: return to store, return from home, refill in store, and refill at home. The ALDI SOUTH Group acknowledges the importance of reusable systems in achieving international packaging targets for 2025. These systems complement single-use systems to facilitate a sustainable transition to a circular economy. It is clear, that successful reuse systems require collaboration across industries and departments. Together with key stakeholders, we have successfully implemented several projects to trial and implement various reuse and refill models.

National Projects on Reuse and Refill:



Project Loop - Reusable Beverage Bottles

ALDI SÜD Germany has launched the sale of reusable beverage bottles through a deposit return process. The pilot is being tested in 28 stores in the ESC region and includes both glass and PET bottles. Consumers can choose between returnable and one-way bottles. More information here.

Refill in Store



Alongside Unpackaged, ALDI UK has launched an in-store refill station for dried goods in Solihull as part of the UK Refill Coalition. The trial aims to further reduce single-use plastics and packaging, while making unpackaged product options more commonplace for consumers. With stakeholders such as CHEP, each reusable container replaces approximately 24 single-use plastic packs. More information https://www.refillcoalition.com/news/the-uk-refillcoalition-launches-first-in-store-trial-at-aldi-to-reduce-single-use-plastic-waste

Although reusable crates do not directly contribute to achieving our 2025 targets, the ALDI SOUTH Group recognises the value of reusable shelf/secondary and transport/tertiary packaging.

ALDI SOUTH Group introduces reusable crates for secondary packaging

Reusable crates have been introduced across the ALDI SOUTH Group for various product categories. This not only helps us to optimise our cost savings in each market, but also results in a number of environmental benefits, such as reducing our carbon footprint and preventing food waste. For example, by using IFCO crates for fruit and vegetables, ALDI SÜD Germany has saved over 1 million kg of food waste and over 14 million kg in CO₂ in 2022. We will expand the use of our reusable crates wherever possible to reduce our carbon footprint, maximise economies of scale and comply with upcoming legislation.



3.3 Compostable Packaging



Compostable packaging is one element that will enable us to achieve our international packaging targets. Moving to compostable packaging can be a viable solution where recyclable solutions are difficult to implement or do not exist. The ALDI SOUTH Group is exploring opportunities to use compostable materials where appropriate to maximise our understanding of new innovative materials to make the most informed and suitable packaging choices for each application.

National Projects on Compostable Packaging:



Home Compostable

ALDI Ireland are trailing 100% home-compostable steak trays, eliminating 67 tonnes of conventional plastic and 52 tonnes of cardboard per year. More information here.



Industrially Compostable Teabags

Since 2021, ALDI's own-brand teas – including decaffeinated, and fruit and herbal infusions – have been industrially compostable. The PLA tea bags can be disposed of in compost bins. More information here.

3.4 Recycled Content



As a global retailer, we recognise our responsibility to save primary resources. Therefore, we aim to achieve an average recycled content of at least 30% in plastic packaging by the end of 2025.

ALDI SOUTH Group countries are building partnerships along the value chain and becoming members of various associations/organisations to implement our above commitment. For example, ALDI Australia has entered into a strategic partnership with Pact Group, a leading plastics recycling company, to provide our suppliers with greater access to recycled packaging for ALDI SOUTH Group's own-brand products.



TANDIL 3-in-1 caps made from 92% recycled content

In 2023, ALDI SÜD Germany designed its detergent packaging, Tandil 3-in-1 Active Caps and Colour Caps, from yellow bag (Gelber Sack) material. The packaging is made from 92% recycled post-consumer polypropylene, which saves 60 tonnes of virgin plastic per year and is rated as highly recyclable. It won the German Packaging Award 2023 in the sustainability category and the WorldStar Award from the World Packaging Organisation. This is the result of the strategic collaboration between ALDI SÜD Germany and Interseroh+, the dual system provider, and the commitment of the experts from the Circular Economy Management team to closing the material loop. For more information click here.







National Recycled Content Projects:



Beverage Bottles made from 100% rPET

Starting in 2022, HOFER Austria was able to offer almost all its non-alcoholic beverages in bottles made from 100% rPET, saving 3,300 tonnes of virgin plastics each year. More information can be found here.

Beverage Bottles made from 100% rPET

The 1-litre Aqua Select water bottle is made from 100% recycled plastic. The 1.5-litre Quellbrunn water bottle, on the other hand, contains 50% recycled material. ALDI SÜD Germany sends used plastic bottles returned by our customers to the recycling facilities to produce new beverage bottles. More information can be found here.



Improved Sorting System HolyGrail 2.0

DE

ALDI SOUTH Group and ALDI Nord Group are members of the HolyGrail 2.0 digital watermark initiative. The digital watermark, which is invisible to the naked eye, is being developed to enable packaging to be sorted by polymer into the appropriate stream, resulting in higher quality recyclate. The trial is being rolled out in Germany for kefir and yoghurt cups. More information can be found <a href="https://example.com/here/be/here/be/hors/be/hor







Fishcake Packaging from Ocean-Bound Plastics

The use of ocean-bound plastic in ALDI UK's fishcake tray packaging with Sharpak, part of Groupe Guillin, would prevent around three million plastic bottles from entering the ocean. The packaging itself has been redesigned to eliminate a further 32 tonnes of plastic per year. More information can be found here.



A Path Towards an Internal Circular Economy



ALDI Australia's reusable bag, Le Bag Recycle, is made from 80% recycled plastic, 60% of which is recycled pallet wrap from ALDI warehouses. This saves an estimated 8.6 billion plastic bags from ending up in the environment.

Reducing Plastic | ALDI Australia

Reducing Virgin Plastic Material

Detergents, cleaners and personal care products have replaced 339 tonnes of virgin plastic with recycled plastic packaging. More information can be found here.

3.5 Packaging Minimisation and Virgin Plastic Reduction



Reducing own brand packaging material by 15%*, and the amount of virgin plastic in our own brand packaging by 40%*

* in relation to sales, (baseline 2020

We work with our business partners to promote alternative packaging options and reduce existing packaging wherever possible across our product range. By adhering to the internationally recognised and legally enforced waste hierarchy, we strive to avoid oversized or unnecessary packaging materials and/or components.

Case study: ALDI SOUTH Group redesigns liquid dishwashing bottle across European countries

The ALDI SOUTH Group recognised the need for a harmonised bottle design across our countries to increase sustainability and optimise costs through economies of scale. Prior to this project, the ALDI SOUTH Group had different bottle designs with different weights and levels of recycled content. For example, the UK had a 27g bottle, while Austria and Germany had a 22g bottle.

In cooperation with packaging converter, ALPLA, an optimised bottle design was developed to ensure weight reduction. This enabled 100% recycled plastic content to be incorporated into the bottle (excluding the cap and label) and, for most countries, a transparent lightweight bottle cap that improves recycling. Furthermore, the weight reduction of the bottle and cap saves 108 tonnes of plastic per year. This initiative achieves weight reductions of 12.8% and 9.5% for the 500ml and 11 bottles respectively.





National Packaging Minimisation and Virgin Plastic Reduction Projects:



Removal of Plastic Shrink Wraps

ALDI UK is trialling the removal of plastic shrink wrap from its Corale baked beans multipacks and own brand soft drinks multipacks to further reduce plastic waste. It is also testing the removal of the outer plastic wrap from its sweet corn mini packs. This will save over 250 tonnes of single-use plastic from landfill each year. More information can be found here.



Removing the Lid from the Pasta Salad

By removing the lids from our pasta salads, ALDI Ireland has reduced the plastic by 49%.



ALDI US Eliminates Plastic Shopping Bags from Stores

In early 2024, ALDI US became the first major retailer in the US to eliminate plastic shopping bags. Offering only cloth bags will prevent the use of approximately 4,400 tonnes of plastic each year. More information here.



Replacing Virgin Plastic with Alternative Material

ALDI Australia replaced non-recyclable PVC plastic with fabric packaging made from production offcuts on sheets and quilt covers. This gave the fabric a second life and reduced plastic packaging by 75% across the range.

ALDI Plastics Packaging report 2021.pdf



4 Stakeholder Dialogue

We believe the most effective way to safeguard both people and the environment is through collaborative initiatives and partnerships. Therefore, we work closely with our suppliers and participate in numerous multi-stakeholder initiatives:

Business Coalition for a Global Plastics Treaty



At the launch of the **Business Coalition for a Global Plastics Treaty**, the ALDI SOUTH Group, along with over 80 other organisations, including businesses from across the plastics value chain, financial institutions, and NGOs, have agreed on a shared vision.

HolyGrail 2.0



The Digital Watermarks Initiative Holygrail 2.0, led by AIM - European Brands Association and powered by the Alliance to End Plastic Waste, aims to prove the technical viability of digital watermarks for accurate sorting of packaging waste.

Consumer Goods Forum



The Consumer Goods Forum Plastic Waste Coalition was founded in 2020 with the aim of developing a more circular approach to the development and processing of plastic packaging in the consumer goods industry.

RecyClass



RecyClass is a comprehensive cross-industry initiative that aims to improve the recyclability of plastic packaging and establish a harmonised approach to calculating and tracing recycled content in Europe.

PETCORE



<u>PETCORE</u> Europe represents the entire PET value chain in Europe, ensuring alignment and positioning of the industry as an outstanding packaging material that is recognised as environmentally sound. The ALDI SOUTH Group participates in several PETCORE working groups.

Europen



<u>Europen</u> represents the packaging industry value chain. Achieving a strong and **EUTODEN** resilient single market for packaging and packaged goods is a key priority for EUROPEN. This will drive investment in innovation within the packaging industry and support its sustainable transition.











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