ALDI Australia

smarter shopping
ALDI Australia

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ALDI opened its first stores in Australia in 2001, introducing the concept of discount retailing to Australian consumers. ALDI believe that all people, regardless of where they live, should have the opportunity to buy everyday groceries of the highest quality at permanently low prices.

Since opening our first stores, we have invested heavily in growing the Australian business and building our store, warehouse and supplier network. We continue to add new stores every year to keep up with customer demand and we are investing further to improve and expand our network.

To support the ever growing store network, we have opened five distribution centres in Australia so far. Each facility represents a significant investment and creates around 500 new jobs at full capacity, servicing up to 100 stores.

Our state-of-the-art Product Development and Quality Assurance Centre in Minchinbury NSW, opened in May 2009, is the centrepiece of our promise to deliver exceptional quality and unbeatable value to our customers. It is here that new exclusive brands are developed and the ongoing quality testing of products takes place.

Our business approach is based on a stable and sustainable foundation, supported by responsible corporate policies that consider the needs and wellbeing of the communities and environments in which we operate.

a snapshot of ALDI’s history in Australia

2001 January - ALDI opens New South Wales Warehouse and Distribution Centre and its first Australian stores in Marrickville and Bankstown Airport, NSW

2003 May - ALDI opens Victorian Warehouse and Distribution Centre and first store in Victoria

2004 June - ALDI opens Queensland Warehouse and Distribution Centre and first store in Queensland

2005 October - ALDI opens its 100th store

2008 December - ALDI opens its 200th store

2009 May - ALDI opens its new Product Development and Quality Assurance Centre in Minchinbury, NSW

2009 November - Second New South Wales Warehouse and Distribution Centre opens

2010 July - Second Victorian Warehouse and Distribution Centre opens

2011 January - ALDI celebrates 10 years in Australia with a network of over 250 stores and five distribution centres
smarter shopping

Since ALDI’s first Australian store opened in 2001, more customers than ever are discovering smarter shopping: a clearly defined product range of the highest quality at permanently low prices.

Our commitment to delivering exceptional quality while offering incredible value resonates strongly with customers across Australian communities.

In just a short period of time we have introduced dramatically lower grocery prices to Australia, demonstrated market innovation by introducing Australians to our own exclusive brands of the highest quality and led the grocery retail sector with many new initiatives enabling customers to save time and money when they shop at ALDI.

• We are the only supermarket in Australia to have introduced national pricing, so customers pay the same price for the same item in every ALDI store, regardless of which store or which state they’re in.1
• We are the only supermarket to list all our prices on our website smartershopping.com.au so customers can compile a shopping list and budget before leaving home.
• We were the first to introduce unit pricing throughout all our stores to enable customers to easily compare value between products and pack sizes.
• We are the only supermarket to have implemented front of pack nutrition labelling on all grocery items.
• We are the only supermarket to have removed the six artificial food colours found to cause adverse reactions in children and the additional eight found in Australian food manufacturing across the range. Parents can shop with peace of mind knowing that ALDI is the only supermarket whose entire range is 100% free from artificial colours.
• We are the first company to join the Carbon Reduction Label program in Australia which aims to reduce the carbon footprint of products customers buy.
• We were the first company to introduce a sustainably fished canned tuna product with the Marine Stewardship Council (MSC) ecolabel.
• We were the first grocery retailer to introduce a paid maternity leave scheme in April 2008.
• We have carefully pre-selected our range of exclusive branded items enabling customers to choose quality products quickly, increasing in store convenience.
• On a regular basis, every product on our shelves is blind tested and sampled to ensure they are equivalent to, or better than, market leading brands.

With a strong and growing presence along the east coast of Australia – in NSW, Victoria, Queensland and the ACT – ALDI has brought a new level of competition to the marketplace and is now one of Australia’s top ten retailers.

1 Except for fresh fruit and vegetables and bakery lines which are sourced locally and therefore subject to local market prices.
1. Percentages audited by accountants, PricewaterhouseCoopers. Sales periods for PricewaterhouseCoopers audit as follows:
- Dairy: 01/01/08 to 31/08/08
- Fresh Meat: 01/01/08 to 31/08/08
- Fruit and Vegetables: 18/08/08 to 24/08/08.

Central to our commitment to deliver high quality products at unbeatably low prices are our exclusive brands.

The majority of products sold at ALDI are from our exclusive brands, giving us maximum control of our range and our uncompromising quality.

In creating our exclusive brands, we work closely with suppliers to develop and manufacture products to our strict quality specifications so they are as good as, or better than, market leading brands. We have developed many brands, such as Just Organic™, Brannans Butchery™, Mamia™ and Lacura™.

We source the vast majority of our exclusive brands within Australia, including 100% of our fresh meat, 97% of our dairy and 95% of our fruit and vegetables.

These are just some examples of our exclusive brands:

<table>
<thead>
<tr>
<th>Exclusive Brand</th>
<th>Attributes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brannans Butchery™</td>
<td>Top quality fresh meat – pork, beef, lamb and chicken – 100% sourced from Australian farmers.</td>
</tr>
<tr>
<td>Just Organic™</td>
<td>High quality organic products which are fully certified by an Australian and internationally recognised certifier such as the National Association for Sustainable Agriculture, Australia (NASAA). Just Organic lines include milk, honey, chocolate and pasta.</td>
</tr>
<tr>
<td>Mamia™</td>
<td>Our range of award winning Australian cheeses.</td>
</tr>
<tr>
<td>Lacura™</td>
<td>Powerful household cleaners with concentrated active ingredients. The range covers all cleaning products from the bathroom to the kitchen.</td>
</tr>
<tr>
<td></td>
<td>Voted by some 3,000 mothers as the most popular nappy brand in Australia (Kidspot.com.au 2009 survey).</td>
</tr>
<tr>
<td></td>
<td>Rated the best anti-wrinkle day cream in a survey of 2,000 women undertaken by the UK newspaper, The Mirror. Lacura boasts a range of skin care and cosmetic products including cleansers, moisturisers and lipsticks.</td>
</tr>
<tr>
<td></td>
<td>Five star hotel quality bed linen, one of ALDI’s many special buys that appear in store on a regular basis.</td>
</tr>
<tr>
<td></td>
<td>Garden equipment representing unbeatable value – another of ALDI’s popular special buys.</td>
</tr>
</tbody>
</table>
a clear quality concept

Our model has been refined around the world with decades of retail experience to save customers time and money by selecting products that compete with leading brands on quality but at significantly lower prices.

With a clearly defined product range of the highest quality at permanently low prices, ALDI is changing the retail landscape in Australia with this simple philosophy and leading local retailing into a new era.

Quality is central to all that we do at ALDI. It is integral to our value offering that our exclusive brand products are subject to extensive testing and sampling sessions. These are conducted both in-house and externally by independent food laboratories, to ensure they are equivalent to, or better than, market leading brands.

We are exacting in our pursuit of quality and work closely with all our suppliers to deliver products that meet stringent international standards for quality, nutrition and taste. Every single product that appears on ALDI’s shelves has been sampled, tested and signed off by senior management before it is added to our range.

Once it is in our stores, the rigour does not stop there. Each and every product that appears on our shelves is tested a number of times throughout the year to ensure it still meets the strict specifications we set at the very beginning.

ALDI – always focused on delivering the best

every day groceries

- Crisp fruit and vegetables delivered fresh daily from local suppliers
- Bread and bakery goods delivered fresh daily
- Milk and meat products delivered fresh daily
- Product range constantly refined, improved and updated

ALDI special buys™

- In store every week for a limited time only, a diverse selection of products to complement our every day range and meet our customers’ needs
- Specifically selected to suit seasonal needs
ALDI shoppers know they can trust us to provide price transparency and unbeatable value for money when it comes to their weekly shop. While our quality is always of the highest calibre, our prices are significantly lower than our competitors', a fact regularly highlighted in independent surveys. Successive CHOICE supermarket price surveys found ALDI is at least 25% - 40% cheaper than the nearest priced competitor.

At ALDI we are able to offer our high quality product range at much lower prices because we run an extraordinarily efficient business. Just a few examples of how we lower costs to give you low prices are:

- Our logistics and supply chain operates at world class efficiency, keeping delivery routes short and employing best practice warehousing techniques.
- We recruit the highest quality employees with market leading skills and provide clear delegation of responsibility, key to ensuring decisions can be made quickly and people are empowered.
- We have simplified store construction implementing best practice environmental building techniques which save on energy, waste and costs.
- We minimise our packaging processes wherever possible – for example, all soft drinks are stacked and displayed in reusable crates, don't give away plastic bags and customers pack their own groceries.

In fact, the whole community benefits when ALDI moves into a neighbourhood. Independent research has discovered ALDI’s presence has a significant effect on grocery prices, delivering savings directly to consumers where there is an ALDI in the area.

Our low prices are clearly displayed on our website at smartershopping.com.au, providing an easy way for all those who shop at ALDI to manage their household budget.

making your shopping trip easy and convenient

Some 1,000 exclusive brand grocery and non-food items make up ALDI’s every day range. We carefully pre-select our range to ensure we satisfy our customers’ needs while enabling them to shop quickly and efficiently.

Our product range is extremely dynamic, regularly adapting to match the changing tastes and preferences of our customers. Our product range changes each year as we consider quality, tastes, size, packaging and price.

Our exclusive brands are complemented by a range of weekly special buys™ which go on sale each Thursday and are available while stocks last. These can be anything from televisions, gardening implements, toys, clothing, bed linen and kitchenware. Customers tell us they love the surprise element of our special buys™.

We want to save people time and money so our checkouts have a unique design. They are longer and move faster, allowing several customers to get their shopping on the conveyor belt at once. In addition, we’ve incorporated large barcodes into packaging designs so products scan first time. Our customers also pack their own bags, so their items go through the checkouts more quickly and save everyone time.

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Clockwise from top centre – Satisfied customers, Efficient product scanning, special buys™, Products from our everyday range.
Key to ALDI’s business success is having efficient structures in place and short decision making channels across all parts of the organisation. The Corporate Head Office departments, including the Finance and Administration, IT and Buying teams, support our regional networks.

Our regions are decentralised so operations occur from a localised point, ensuring efficient management throughout the supply chain. Each region operates as an independent business unit run by a Managing Director, who reports directly to the Group Managing Director. Within each regional business unit are five departments which report to the Managing Director of that region: Administration, Purchasing, Property, Store Operations and Warehouse and Logistics.

Each region has its own full service logistics centre and vehicle fleet for supplying up to 100 stores in its distribution area. ALDI meets the logistics supply challenge with an integrated purchasing system and daily deliveries to all stores.

ALDI believes passionately in running an extremely efficient business and enables this by delegating responsibility. Decisions can be made quickly and solutions developed and implemented immediately. Success is built on a well considered expansion policy in conjunction with regional decision makers, dialogue with business partners and innovative improvements in existing technologies. This approach has allowed the company to plan for an enduring future in Australia.
Every great business relies on attracting the best-of-the-best and at ALDI we do this by offering exceptional working conditions and career opportunities.

ALDI employees are paid well above market rates, receive dedicated training and development before they even enter a store, have opportunities for career progression, great job security and five weeks’ annual leave for all salaried positions.

In April 2008, we became the first grocery retailer in Australia to offer paid maternity leave. After 12 months with the company, permanent full-time and part-time female employees are eligible to receive 14 weeks at half pay while on maternity leave in addition to all government entitlements.

ALDI employees are dynamic, enthusiastic and ambitious people. Over the next few years we will need more employees to match our growth in Australia. Positions include Retail Assistants, Assistant Store Managers, Store Managers, Area Managers and Warehouse and Distribution roles.

Regardless of their position, all new employees undergo extensive training to learn the ALDI way of doing business. We also encourage career progression, preferring to promote from within.

ALDI’s Graduate Area Manager Program is a great way for university leavers to be introduced to the pace and excitement of retailing. Starting with in store training, they are usually managing a store within weeks as part of their training to become an Area Manager. After the rigorous 12 month training program, they can expect high levels of responsibility and ownership running a number of stores.
For years, ALDI has proven it makes good business sense to protect and promote the environment in all areas of business.

The systems we have in place, from store design to transportation to supplier arrangements have been designed to minimise energy consumption and therefore reduce carbon emissions and general waste output, which significantly benefits the environment. In addition, these practices result in significant cost savings, which are passed on to customers.

plastic bags
ALDI is well known for its plastic bag policy which has been in place since the first stores opened in 2001. We are the only supermarket in Australia to not offer free plastic bags to shoppers. Our customers assist our environmental efforts by purchasing ALDI bags made from recycled materials, which can be reused time and time again, or by bringing their own. In this way we are able to prevent millions of bags every month from entering the environment.

In addition to plastic bags, we have significant programs to eliminate the use of non-recyclable materials:

refrigeration
All our store freezers have lids to minimise the loss of chilled air, reducing electricity consumption. At night, chiller curtains are drawn to limit the escape of cold air and conserve electricity.

landscaping
We are committed to ecological efficiency in our store landscaping, using drought resistant native plants and where possible, rainwater tanks to capture runoff and provide irrigation for landscaped areas. Outdoor signage and external lighting is controlled via photovoltaic sensors to prevent overuse and electricity wastage.

waste management
As a member of the National Packaging Covenant, we have achieved major efficiencies in our supply chain that result in a dramatic reduction in waste. Around 96% of all secondary packaging waste generated at all stores is recycled.

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trolleys
Our coin deposit system for our trolleys is highly effective in preventing the dumping of shopping trolleys in backstreets and waterways, proving some of the simplest systems are the most effective.

store design
Energy efficiency is a key priority in our stores; all of the equipment is designed to minimise noise, water and air pollution.

All freehold stores are built with either double brick or insulated pre-cast panels and have entry/exit airlocks and suspended ceilings designed to minimise air loss and reduce the volume of air to be heated or cooled. The lighting in our stores runs at one-third normal capacity outside of store operating hours.
The communities in which we operate are central to our success so we continually look for ways to ensure our products and services are making a positive contribution to the lives of our customers and their communities.

As one of Australia's top ten retailers we feel it is important to recognise and act upon our social obligations to our customers, business partners and the wider community. Consequently, acting in a sustainable manner is integrated into every aspect of our business operations.

Some of the ways in which this is being done is through sourcing over 95% of fresh fruit and vegetables from local providers, creating job opportunities in local communities and ensuring environmental sustainability is considered in everything we do.

But our sense of responsibility goes much further than this. We are actively looking at ways to enhance the positive impact our products and processes have on our customers and local communities. We are sourcing more organic, fair trade and sustainable foods. In fact, we were the first supermarket in Australia to introduce a private label range of Marine Stewardship Council certified sustainable seafood.

We are also reformulating a number of products to reduce the levels of salt, fat and sugar and have completed the reformulation of our exclusive branded food items which are now free of artificial food colours.

Reducing food wastage is not only good for the environment; it can also assist in helping those who may be at risk of going hungry. As far as possible, we donate all unused food and grocery items to food relief organisations including Foodbank, OzHarvest and SecondBite.

Our philosophy towards giving to charities is to support one major charity, rather than a number of smaller charities, ensuring our contribution has the greatest impact. Since 2003, ALDI has been an avid supporter of the amazing work Barnardos Australia undertakes to help Australian families and improve the lives of children. In addition to significant monetary donations, we regularly provide Barnardos with items such as children's books, bed linen, electrical items and other household goods to distribute to those who need them most.
There are some fantastic benefits to a partnership with ALDI including:

- payment terms of 30 days net, no rebates, discounts or listing allowances whatsoever.
- the opportunity to access the global market via our international network.

why doing business with ALDI is a good idea

We are always looking to add to our network of high calibre Australian suppliers to support our ambitious growth plans and to continue to increase our range of exclusive brands.

Size is no barrier when it comes to producing ALDI’s exclusively branded quality products. Some of our suppliers are niche boutique manufacturers, while others have much larger operations and produce some of Australia’s leading household brands. We just ask that all suppliers are able to meet our quality and volume requirements.

We are seeking suppliers who will assist us in delivering on our promise of smarter shopping for our customers, with everyday groceries of the highest quality at the lowest prices. We take great pride in delivering products of a consistently high standard.

Strong supplier relationships are fundamental to our business success. The AC Neilsen Retail Barometer Survey (January 2009) rated ALDI as the number one retailer in terms of fairness of trading terms and negotiations; alignment between head office and stores; strength of the management team; understanding the needs of the consumer; and innovation.

Those interested in joining our supplier network can complete our online application form at aldi.com.au and expect a response within five working days.
We have an ambitious growth strategy. This means our Property Directors are always on the lookout for potential sites.

ALDI’s reputation for fast decision making, an ability to complete acquisitions at competitive prices and an eagerness to create long-term partnerships make us a desirable company to do business with.

When looking to open a new store in an area, we work closely with local councils, community and residential groups and other businesses.

ALDI stores help to reinvigorate tired commercial precincts by increasing customer flow and spending which benefits other complementary businesses such as bakeries, newsagents and delis. Success stories include Villawood in Sydney, Belmont in Geelong, and Melbourne’s West Heidelberg precinct.

Research has shown that the presence of an ALDI store in shopping centres has a positive impact on surrounding retailers, increasing both turnover and customer traffic.

property criteria

Ideally, we are seeking sites which have an immediate catchment population of approximately 20,000 people and are situated on major roads with good access and exposure.

ALDI is able to purchase freehold sites for commercial development, ideally 3000–7000m² with appropriate zoning for retail development.

• leasing new or existing space in shopping centres from 1350m²
• existing retail premises
• mixed use developments
• strata developments
• joint venture and partnership developments.

If you think you know of a suitable site, please visit aldi.com.au/property

We will need to know:
• name of owner
 • address and location plan
 • site boundary plan and site area
 • a brief description of the site
 • zoning.

We pay very competitive agency fees for successful introductions.

1. URBIS study 2007.
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