

Aldi Stores Ltd

Food waste intensity limited assurance
16 June 2025

Contents

01 Final report

Executive summary	3
Materiality	4
Summary of misstatements and observations	5
Uncorrected misstatements	6
Corrected misstatements	7
Process Observations	10

02 Appendices

Appendix 1 - Assurance procedures	27
Appendix 2 - Selected information	28
Appendix 3 - Progress against selected prior year observations	29

Executive summary

This report is intended solely for the information and use of the Board of Directors, and others within the organisation and is not intended to be, and should not be, used by anyone other than these specified parties. It should not be made available to any other parties without our prior written consent.

Our procedures were not designed to identify all matters that may be relevant to you and this report is not a comprehensive list of all deficiencies, observations or recommendations. Our comments are based solely on the procedures performed in relation to our limited assurance engagement.

We present this report to the Board of Directors of Aldi Stores Limited (the “Company”) to draw your attention to the key messages from our engagement and to assist you in fulfilling your obligation to oversee the sustainability reporting process for which management of the Company is responsible. We have also set out a summary of misstatements and observations that came to our attention during the course of our engagement.

We have performed a limited assurance engagement on the food waste intensity metric of the Company for the year ended 31 December 2024, in accordance with the International Standards on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*. This is the third year in which we have provided limited assurance over the food waste intensity metric of Aldi Stores Limited.

We recognise the steps that management have taken to address the deficiencies identified in the prior year that resulted in a qualified opinion, and so it is with pleasure that we are able to issue an unqualified assurance opinion on the food waste intensity metric for the 2024 reporting year.

As a result of our procedures, we have identified 2 uncorrected, but immaterial, quantitative misstatements, 24 process observations, and a further 3 corrected misstatements, of which two are quantitative. See page 5 for a summary of these. These findings relate to both deficiencies in areas we have previously flagged to you, as well as those identified as a result of new processes. We recommend management review these and take steps to address the deficiencies, especially where future assurance will likely be sought.

Stephen Farrell,
Engagement partner
Deloitte LLP

Materiality

Our approach to materiality

We calculated separate materiality thresholds for food waste (the numerator in the intensity metric) and food handled (the denominator in the intensity metric).

We set our materiality at 5% of management's initial figure for each benchmark, and as such our materiality is lower than 5% of the final reported balance.

We have completed our procedures to the determined materiality levels outlined below and report to you all identified misstatements which are equal to, or greater than, 5% of the relevant materiality level (clearly trivial threshold (CTT)), or where qualitatively material.

The following table shows the determined materiality levels.

Selected Information	Benchmark for materiality	Reported amounts	Materiality	Clearly Trivial Threshold
Tonnes of food waste	5%	21,061	1,053	37
Tonnes of food handled (Tonnes of food product sold + Too Good To Go + tonnes of food waste (not including donations) + tonnes of food donated)	5%	6,001,527	300,076	10,503

Summary of misstatements and observations

The table below summarises the number of uncorrected misstatements, observations and corrected misstatements by metric component. We have also included a summary of the total observations identified on processes which are not specific to the individual metric component areas.

Selected Information	Uncorrected misstatements	Corrected misstatements	Observations	Total
Food waste	1	1	6	8
Food sold		1	3	4
Food donated			2	2
Food redistributed (Too Good To Go)			1	1
Packaging weights			2	2
Product weights	1		1	2
Basis of Reporting		1	2	3
Other process findings			7	7
Total	2	3	24	29

Uncorrected misstatements – Quantitative

The following immaterial quantitative misstatements were brought to the attention of management because of our assurance procedures but were left uncorrected by management during the current period.

Selected Information				
ID	Title	Description of misstatement	Misstatement value ¹	Materiality threshold
SAL1	Conversion of liquid volumes to physical weights of products	<p>All liquid products originally measured in litres or millilitres are converted into grams for food waste reporting using the conversion factor 1ml:1g. Since different liquid products have different densities, this conversion factor may not be accurate for all products. We therefore reviewed literature detailing the densities of common food products and applied this to determine whether Aldi's assumption was accurate.</p> <p>Through our analytical procedures we have determined this led to a misstatement in the food sales population which was above CTT, but below materiality. As a result, we have raised it as a misstatement. <i>Also refer to CON6.</i></p>	55,601	300,076
WAS1	Variances in topline adjustment (uncorrected)	<p>During testing of the food waste aspect of the intensity calculation several misstatements have been identified. Whilst management have corrected a large number of these (refer to misstatement #1), residual uncorrected variances still remain and equate to an error of 271 tonnes, greater than triviality, but below performance materiality. Several above and below CTT variances give rise to this error. Those greater than our trivial threshold are detailed as follows:</p> <ul style="list-style-type: none"> Deduction of estimated RDC waste (IE): Management have understated the quantity of estimated RDC waste that is disposed of without being accepted into Aldi's inventory by 155 tonnes. As this is subtracted as part of the reconciliation, it results in an overstatement of the overall food waste tonnage. Contamination (GB): Management have overstated their calculated contamination by 55 tonnes. This therefore results in an understatement of the total waste figure as they are subtracted in the reconciliation. Damages thrown into general waste (GB): Management have overstated the quantity of liquid product damages being disposed of in general waste by 70 tonnes. As this tonnage is added back into management's reported food waste, it results in an overstatement of the total food waste figure. Other random food waste (GB): Management have overstated the quantity of other random food waste being disposed of in general waste bins by 39 tonnes. As this tonnage is added back into management's reported food waste, it results in an overstatement of the total food waste figure. <i>Also refer to CON3, WAS3, WAS4, WAS6.</i> 	271	1,053

¹A positive misstatement value indicates an overstatement of the relevant disclosure whilst a negative (bracketed) value indicates an understatement.

Corrected misstatements – Quantitative

The following quantitative misstatements were brought to the attention of management as a result of our assurance procedures and were subsequently corrected by management during the current period.

Selected Information				
ID	Title	Description of misstatement	Misstatement value ¹	Materiality threshold
WAS2	Variances in topline adjustment (corrected)	<p>As part of management's methodology, a series of adjustments are performed to bring the food waste tonnage figure as reported by SWRnewstar in line with the Aldi's reporting methodology. During our testing, we performed a recalculation of these adjustments for GB and IE identifying the following variances (<i>also refer to CON7, WAS3, WAS4, WAS5, WAS6</i>):</p> <ul style="list-style-type: none"> Packaging weights (GB): the packaging weight data used for the calculation initially included secondary and tertiary packaging, whereas Aldi's Basis of Reporting states that only primary weights should be used. As a result, management overstated the amount of packaging that would be removed from the total waste tonnage, which led to an above CTT but below PM understatement of food waste, equalling 82 tonnes. [-82 tonnes] Packaging weights (IE): the packaging weight data used for the calculation initially included secondary and tertiary packaging, whereas Aldi's Basis of Reporting states that only primary weights should be used. As a result, management overstated the amount of packaging that would be removed from the total waste tonnage, which led to an above CTT but below PM understatement of food waste, equalling 39 tonnes. [-39 tonnes] QC rejections (GB): a human error in management's calculation of QC rejections was noted. As a result, management overstated the amount of QC rejections that would be removed from the total waste tonnage, which led to an above CTT but below PM understatement of food waste, equalling 77 tonnes. [-77 tonnes] Contamination (GB): management used a rounded contamination %. As a result, management understated the amount of food waste that would be removed from the total waste tonnage, which led to an above CTT but below PM overstatement, equalling 221 tonnes. [+221 tonnes] Damages thrown into general waste (IE): management considered food waste redistributed via charity donation or TGTG sales as part of the general waste calculation. We did not deem this appropriate as we do not deem it reasonable that broken items would be redistributed via charity or TGTG. As a result, management understated the amount to be added back to the total waste tonnage, which led to a below CTT overstatement, equalling 3 tonnes. [+3 tonnes] 	25 ²	1,053

¹A positive misstatement value indicates an overstatement of the relevant disclosure whilst a negative (bracketed) value indicates an understatement.

²Although the corrected misstatements in the food waste topline adjustment are not greater than our trivial threshold in aggregate due to a net-off effect, there are numerous individual adjustments which exceed this threshold, hence its inclusion as a misstatement.

Corrected misstatements – Quantitative

Selected Information				
ID	Title	Description of misstatement	Misstatement value ¹	Materiality threshold
SAL1	Missing product weights in food sales report	Management confirmed that the cause of this misstatement had been due to errors in the food sales data. This occurred due to Aldi's system not identifying the associated product weights for all products. As a result, certain items sold had a product weight of nil. Management did not identify this during their review of the data. <i>Also refer to CON1.</i>	(1,486,012)	300,076

¹A positive misstatement value indicates an overstatement of the relevant disclosure whilst a negative (bracketed) value indicates an understatement.

Corrected misstatements – Qualitative

The following qualitative misstatements were brought to the attention of management as a result of our assurance procedures and were subsequently corrected by management during the current period.

Selected Information		
ID	Title	Description of misstatement
BOR1	Basis of Reporting	<p>As part of our engagement procedures, we have reviewed and evaluated management's Basis of Reporting for the food waste intensity metric. Inappropriate criteria would inhibit the ability of other practitioners being able to reproduce Aldi's disclosed figures. Management have made revisions to the Basis of Reporting during the year in order to ensure that it is appropriate, details of which are listed below:</p> <ol style="list-style-type: none">1. The Basis of Reporting did not disclose the exclusion of packaging weights from aspects such food sales, donations, or redistributions through Too Good To Go.2. The Basis of Reporting did not disclose the use of estimates in calculation of components of the food waste intensity calculation, nor where uncertainties exist within the data.3. Following management's change in approach to using SWRnewstar's reported food waste tonnage in the UK, the methodology did not sufficiently describe their process for calculating overall food waste.

Process Observations

We considered internal controls relevant to the Company's preparation of the Selected Information. Our consideration of internal control was for the limited purpose of identifying and assessing risks of material misstatement and designing appropriate limited assurance procedures. It was not designed to identify all deficiencies in internal control over the Selected Information. However, in connection with our limited assurance engagement, we have identified and included below observations on the Company's internal control over the Selected Information for the year ended 31 December 2024, that we wish to bring to your attention that has not been previously communicated in writing by us.

ID	Title	Description of observation	Management Response
Food Waste			
WAS3	Atherstone dolav analysis site visit	<p>Deloitte attended a dolav analysis at the Atherstone RDC as part of our procedures to determine whether practices to realise and handle food waste in stores have improved since the prior year. Several observations were noted during the course of this visit:</p> <ol style="list-style-type: none"> 1. The analysis itself was performed by a third-party, contracted by Aldi and SWRnewstar, however, on the day of the visit Deloitte noted that there was no oversight of this contractor by either Aldi or SWRnewstar. As a result, any errors in the performance of their role or the process followed, which could both lead to quantitative errors in the results of the analysis, would go unnoticed. For example, we noticed that on one occasion, the empty dolav weight was recorded as 32 kg, but the scales showed a value of 35 kg. 2. During the analysis itself, we noted several further deficiencies, such as that the mobile data terminal (MDT) being used by the contractor was unable to register all of the items present, in which case they have to be manually recorded, increasing the risk of an error occurring. Some products were noted to have the same product code when scanned with the MDT (e.g., "chicken poppers" and "scotch eggs"), but for which the product weight may actually vary. This too may lead to inaccurate conclusions being drawn from the dolav analysis. 3. Numerous empty bottles of liquids were identified during the analysis, and it was unclear whether the bottles had been emptied prior to being disposed of in the dolav, or if they had leaked once disposed of. This would also impact the reliability of the results of the dolav analysis. 	<p>For 2024, waste service provider figures were used and therefore dolav analyses were not heavily relied on for any reporting figures, other than contamination. We have noted the inconsistencies brought to our attention and will consider this for future dolav analyses.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Waste			
WAS3 Cont.	Atherstone dolav analysis site visit	<p>4. The definition for what was recorded as a contaminant by the contractor during the analysis was noted as being inconsistent with the definition used by management. The contractor included all animal by-product products in their calculation of contaminant volume. Aldi still count animal by-products as food waste but note that they should instead be disposed of in separate bins in stores. Although Aldi perform their own analysis on the recorded contents of the dolavs, this difference could lead to inaccuracies in reconciliations were it to be relied on.</p> <p>5. Whilst a lot of primary packaging was present (as expected), a significant quantity of secondary packaging was also present in some dolavs. The weight of these was not determined separately and therefore could impact the results of the dolav analysis.</p> <p>6. The contractor present during the analysis had also performed the other recent analyses Aldi have requested and reported that they have consistently found non-food products including clothes and dumbbells in the dolavs.</p> <p>7. Upon comparing the physical results of the dolav analysis against management's results per their own calculations we can see that there are numerous variances, indicating persistent data inaccuracies and processes not being adhered to in stores.</p> <p>These points indicate deficiencies in the internal control environment, as well as an increased level of uncertainty in the dolav analysis process specifically. Management should review these practices and ensure that the necessary controls and measures are put in place to regulate what is disposed of in dolavs in stores, and to gain comfort that the results of the dolav analyses are accurate.</p>	<p>For 2024, waste service provider figures were used and therefore dolav analyses were not heavily relied on for any reporting figures, other than contamination. We have noted the inconsistencies brought to our attention and will consider this for future dolav analyses.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Waste			
WAS4	Application of average packaging weight	<p>We note that management apply a flat average packaging weight when adjusting the tonnage of food waste reported by SWRnewstar, as part of their food waste intensity calculation. The average packaging weight is calculated from across the full product population but does not take into account specific wastage volumes of individual products. This may result in an inaccurate average packaging weight being calculated, as each item is given equivalent significance.</p> <p>We recommend that management review this process and consider the volume of products being sold and wasted and what effect this would have on the average packaging weight, in order to enhance its accuracy and thus make it more representative of the actual impact of packaging on the reported tonnage.</p>	<p>For 2024, waste service provider figures were used due to inconsistencies between Aldi reported tonnes and collected tonnes, in addition to missing AHEAD data regions. We are working to rectify this discrepancy and gaps in reporting, which will allow for a more granular understanding of packaging weight. We would not want to solely use sold data to calculate this figure, as it may be proportionally incorrect when comparing the frequency of food wasted versus sold (i.e. certain products may have sold significantly more/less than the total amount wasted).</p>
WAS5	Inclusion of 2025 dolav analyses results in contamination estimation	<p>During our review of the dolav analyses underpinning management's calculation of a contamination estimate (for the purposes of the food waste topline adjustment) we identified that some of the analyses had occurred in 2025, not 2024. We note that 2025 data may not be representative of the contamination rate during the actual reporting year (2024), which could contribute to a misstatement in the food waste component of the intensity calculation.</p> <p>We recommend that management only uses data from the reporting year to inform the estimates being applied, in order to ensure that they are appropriate and reflective of the movements in waste at that point in time.</p>	<p>We acknowledge that doing analysis in a different reporting year may impact the results however it was not possible to complete all of the analyses in 2024. The analyses were conducted in February 2025 and it was felt that these this was close enough to the reporting period to be representative. Nothing significant had changed in communication to Stores since 2024. The decision was that an increased sample size outweighed the analysis being conducted outside of the reporting period.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Waste			
WAS6	Use of 2022 data to inform 2024 assumptions	<p>When reviewing the underlying data which informs certain estimates (general waste and other random waste) used in the food waste topline adjustment we noted that the source data was from 2022. We therefore note there is a risk that this is not representative of the movement of food waste in the reporting year, and as such, the tonnage of food waste calculated may be inaccurate. We also note that the general waste estimate specifically was based on SWRnewstar's experience as management's expert, rather than their own work.</p> <p>As such, we recommend that management refresh their analysis, and obtain corroborating evidence wherever possible, to allow for a more accurate and representative estimate to be used in the topline adjustment.</p>	<p>Aldi is onboarding a new waste provider in 2025 and in the process, the waste provider will be visiting all Stores to embed new processes. As part of this process, general waste audits will be conducted and reported back to Aldi's food waste team. This will serve as a basis for a robust refresh of the impact of food being disposed of in general waste.</p>
WAS7	Corporate samples and employee waste	<p>The tonnage of corporate samples and employee waste to be deducted from SWRnewstar's food waste tonnage is calculated using actual data for two weeks in FY24 and extrapolating the average across the year. We note that these two weeks may not be representative of the movement of food waste in the year as a whole, which could lead to a potential misstatement.</p> <p>Therefore, we recommend that management revisit this analysis, codify its cadence for reperformance and the methodology, and endeavour to collect actual data wherever possible. Note, a similar observation regarding corporate samples was raised in the prior year.</p>	<p>Although Aldi will not be able to weigh all corporate sample waste, we can conduct more regular samples at intervals throughout the year to obtain a more representative sample. We are confident based on knowledge of corporate sampling processes that the impact on overall figures remains immaterial. Aldi is also working to divert more corporate sample waste to colleagues and charities to reduce the impact.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Waste			
WAS8	Deduction of quality control (QC) rejections	<p>During our reconciliation of the IE food waste tonnage, we noted that no quality control rejections had been factored in (where they had been in GB by comparison). Management in turn queried this with the responsible personnel who responded to say that the tonnage was "minimal", but did not actually quantify this. As such, the engagement team have calculated an estimate for the quantity of food waste expected to have been generated as a result of quality control rejections. This has contributed to a quantitative uncorrected misstatement, reported to you separately.</p> <p>We recommend management seek to quantify all aspects of the food waste reconciliation process and codify the process to do this to ensure that all relevant information is captured. Note, a similar observation regarding the retention of suitable evidence was raised in the prior year.</p>	Aldi will conduct further investigations in Ireland to corroborate the confirmation by Irish colleagues on QC rejections.

Process Observations

ID	Title	Description of observation	Management Response
Food Sold			
SAL2	Food sales reconciliation	<p>During testing of the food sales population, we noted that management still maintain several different datasets, which have proved to be challenging to both align and reconcile. One database is fed through financial systems and used by the finance team for their own reporting, whilst the other is maintained by the Corporate Responsibility (CR) team. The report used by the finance team does not detail sales at a product level which has led to challenges reconciling it against the CR team's report. Although management were able to resolve the variance between the two reports to a trivial amount, we recognise that maintaining two separate reports could lead to data that is incomplete, inaccurate or did not occur, and may result in potential future misstatements.</p> <p>As such, we recommend that management seek to combine these reports into one source of truth, used by both the finance and the CR teams, in order to reduce the risks of conflicting information which may lead to future errors.</p>	Aldi will look to building an internal report to reconcile this issue.
SAL3	Incorrect use of product codes	<p>During testing of the tonnage of food sold aspect, we noted that several items had unusually low sales quantities. Management clarified that this occurs when staff, unable to scan an item, manually search for it in the system in stores and occasionally, staff members may mistakenly select a discontinued product, resulting in these low quantities of sales across various items. If this error occurs frequently enough, and the mistakenly selected items have significantly different weights than the actual items sold a misstatement may occur, impacting the overall food waste intensity metric.</p> <p>We recommend management implement a process to routinely review their product catalogue and remove discontinued items from the systems in stores to prevent this error occurring in future, as well as the corresponding impact on the tonnage of food it has, used in determination of the food waste intensity.</p>	<p>We acknowledge the issue of Store staff entering a discontinued product code. Given that the risk of misstatement of figures is low, we would not recommend removing discontinued items, as there will be more significant issues with Store staff not being able to write off stock no longer on sale, but having a requirement to write off as waste. An example would be a discontinued out of date product found in the warehouse that is no longer on sale.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Sold			
SAL4	Tableau reconciliation	<p>During testing of the tonnage of food sold during 2024, comparing the food sales report provided to the figure observed in Tableau, we noted a material variance between the tonnage figures shown in the two sources and therefore raised this as a quantitative misstatement. This was identified as being attributable to incorrect product weights applied in the sales reports.</p> <p>Management have since corrected their food sales report, however, in order to reduce the potential for this to occur in future we recommend management implement a routine reconciliation exercise between the food sales report and Tableau to confirm that they are aligned in terms of (1) the number of units sold, (2) the monetary amounts, and (3) the physical tonnage of food sold. As the Tableau report is not used for our assurance procedures or calculating the food waste intensity directly, we have not raised a quantitative misstatement in respect of it specifically.</p>	<p>This issue relates to the transition between legacy and AHEAD systems as stated above. We do not foresee ongoing issues with this, now the issue has been identified and corrected.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food Donated			
DON1	Eligible items scanned but are clearly not suitable for human consumption.	<p>During the walkthrough with the team responsible for food donations, we noted that there is no formal requirement to perform a visual inspection of the food and that as long as items met the defined criteria, food was donated. As a result, food that is clearly not suitable for human consumption may be considered donated when in reality it will be wasted by the collecting charity partner. We also recognise that this can give rise to the occurrence of partial donations. Both of these would result in an overstatement of the tonnage of food donated, however, due to the overall tonnage of food that is donated we are satisfied that this does not give rise to a material misstatement.</p> <p>We recommend that management implement and codify a specific requirement for visual checks by store staff, in order to assess whether products are really acceptable to be donated.</p>	<p>All store training and communications regarding criteria for donations explicitly say "food fit for human consumption". Charity partners are also empowered to reject any donations unfit for human consumption, with a feedback form via Neighbourly that they are encouraged to use in these instances. Additionally, recurring issues would be escalated to Aldi Management and/or reported as a missed collection, due to the Neighbourly Platform Code Procedure.</p>
DON2	Provision of product weights to Neighbourly	<p>Deloitte attended a walkthrough with the National Buying and National Buying Administration Teams to obtain an understanding of the process for recording product weights. We noted that management provide monthly or bi-monthly product weight catalogues to Neighbourly to confirm the weight of food donated.</p> <p>While we acknowledge that this is an improvement on the quarterly provision in 2023, the practice of providing weights listings on a monthly or bi-monthly basis indicates the process is still informal and may therefore lead to inaccuracies where there are delays in its provision. As Aldi do not rely on Neighbourly for their reporting of the actual tonnage of food donated, and only use their data in reconciliation, we are satisfied that this does not give rise to a material misstatement.</p> <p>However, we recommend that management establish a formally defined cadence for providing updated product weights catalogues to partners such as Neighbourly, to allow for the most accurate and complete food donations' tonnage figure.</p> <p>Note, a similar observation on the provision of updated weights catalogues to Neighbourly was raised in the prior year.</p>	<p>Aldi acknowledge this and will provide monthly updates from June, by the 15th of each month.</p>

Process Observations

ID	Title	Description of observation	Management Response
Food redistributed (TGTG)			
TGT1	Assumption that all 'magic bags' are redistributed	<p>Through inquiries with management, we understand that when determining the tonnage of food sold through the Too Good To Go (TGTG) platform management assume that all products scanned and set aside as 'magic bags' are eventually sold or taken home by store staff as part of the Colleague Shop scheme. This gives rise to a risk of inaccurate reporting in cases where the bags go unsold and store staff decide not to take the bags home, instead, disposing of them in the dolav in store.</p> <p>Based on the relative quantum of products sold through the TGTG platform we are satisfied that this does not give rise to a potential material misstatement and therefore an error has not been raised. However, we recommend that management review their reporting practices and seek to account for bags that go both unsold and uncollected by store staff.</p> <p>Note, a similar observation on the assumption that all products scanned for TGTG are redistributed was raised in the prior year.</p>	<p>The Save Ratio Metric (bags sold / bags created) is used to minimise this impact at an operational level. A new waste recording platform within store process is being created, which we are working with the NIT team to develop to ensure this granular level of data is obtainable. Due to this needing to be approved for international use, it may take some time to implement.</p>

Process Observations

ID	Title	Description of observation	Management Response
Packaging Weights			
PAC1	Lack of thresholds to flag potentially erroneous packaging weights	<p>During our substantive procedures, we noted that there were a number of samples which had no associated weight in the packaging weight check performed by the Corporate Responsibility Team, despite packaging appearing to be required (e.g., a bag of sugar). Management confirmed that this was due to a technical error which was not identified during reviews of the data. Therefore, there is a risk of packaging weights which are used as the basis of the packaging weight estimate being incomplete and the food waste intensity calculation misstated.</p> <p>We recommend management establish thresholds as done for product weights to identify potential errors.</p>	The source of the error has now been identified and corrected and will be used for future reviews of packaging weights.
PAC2	Packaging weight methodology	<p>During our testing of the packaging weight data, we noted that certain samples could not be found in the packaging weight calculation used by management to determine the percentage of overall weight that owes to a products' packaging. We confirmed with management that the reason for this was that only items sold in both GB and IE were considered when calculating this estimate, however, we note that this could lead to an inaccurate packaging weight % being calculated, which in turn, could potentially lead to incorrect food waste tonnages being calculated.</p> <p>As a result, we recommend management consider products in both GB and IE geographies, irrespective of whether they appear in both markets.</p>	Aldi will conduct an analysis of both markets for 2025 data.

Process Observations

ID	Title	Description of observation	Management Response
Product Weights			
PRO2	Lack of formalised process documents for CBIS and SAP procedures	<p>During our walkthrough with the National Buying Teams, we noted that there were no formalised process documents for reviewing product weights data. As a result, there is a risk that incorrect product weights may be used which could lead to inaccurate data being reported, primarily relating to food sales, donations and products redistributed via TGTG.</p> <p>Management should codify the process by which the National Buying Teams are required to review the product weights data to reduce the risk that any incorrect instances go undetected.</p>	<p>We will request that Buying review documentation to ensure the process is documented. We do not believe that this increases the risk of incorrect weights significantly as we have put in a number of other processes to capture incorrect weights, e.g. monthly audits, daily defect reports in AHEAD systems, tool tips, which pop up during entry of product weights. For completeness however, we will ask this is completed.</p>

Process Observations

ID	Title	Description of observation	Management Response
Basis of Reporting			
BOR2	Qualitative errors in the Basis of Reporting	<p>Deficiencies were identified during the engagement team's review of the Basis of Reporting prepared by management, especially in areas where changes had been made to processes since the prior year. For example, we found that such changes were then not sufficiently disclosed within the next iteration of the criteria. This raises the risk that the metric is inappropriately presented or disclosed, and that the subject matter may not be understandable for the intended users and therefore a qualitative error was identified.</p> <p>These points were raised to management (refer to BOR1) and subsequently corrected.</p>	All concerns within the Basis of Reporting were adapted to satisfy issues raised.
BOR3	Best practice recommendations	<p>In addition to the comments raised to management (detailed within BOR1 and BOR2 respectively) the engagement team also identified best-practice recommendations concerning Aldi's Basis of Reporting. These are areas of suggested improvement to the Basis of Reporting, to improve its clarity and understandability, but which are not considered significant enough individually to contribute to a qualitative error, as they do not impact the criteria's ability to meet the requirements of the FLW Protocol, or ISAE 3000. We have communicated these recommendations to management in the form of an observation, as detailed below:</p> <ol style="list-style-type: none"> 1. As an optional FLW Protocol requirement, we recommend management disclose efforts undertaken to reduce uncertainties within the reported data. 2. As an optional FLW Protocol requirement, we recommend management detail the rationale for the normalisation of food waste (i.e., explain the reasoning behind the use of the food waste intensity metric as an indicator). 3. As an optional FLW Protocol requirement, we recommend management disclose their recalculation policy, and events or circumstances which would trigger a recalculation. We also recommend management define and disclose a materiality threshold within the Basis of Reporting. 	We will take these into consideration for 2025 Food Waste Reporting.

Process Observations

ID	Title	Description of observation	Management Response
Other Process Deficiencies			
CON1	Transition to AHEAD systems	<p>During the reporting year, two regions (Sawley and Goldthorpe) have transitioned to the use of new AHEAD IT systems. This has resulted in instances of incomplete data occurring, which could not be resolved by management in time for year end. This does not impact Aldi's food waste reporting as this is informed by the tonnage reported to them by SWRnewstar, however, it does impact the donations and TGTG tonnages, as this information is recorded internally. This missing data may lead to an understatement of the respective aspects as management have decided not to estimate for the missing amounts. However, we note that firstly, any missing data will work against any progression of their food waste intensity metric, and secondly, overall donations and TGTG tonnages are immaterial at the metric level, and as such, we have not raised a misstatement regarding their omission.</p> <p>We recommend management ensures they are accounting for their entire food loss and waste inventory, and therefore, in instances where data is unavailable, define a suitable estimation approach to use so that the reported data is not understated.</p>	Aldi are in agreement and are working on rectifying internal reporting to ensure donations are not understated going forwards.
CON2	Reconciliation of differing product / packaging listings	<p>During our review of the raw data inputted into the food waste intensity calculation (e.g., product and packaging weights data, and food sales data), we noted a number of products which had multiple codes associated with them. The lack of standardised codes across each product could impact any reconciliations performed and ultimately lead to incomplete or inaccurate data. We recommend that management standardise the product codes going forward to reduce this risk.</p> <p>Note, a similar observation regarding the use and consistency of product codes was raised in the prior year.</p>	The AHEAD transformation will be complete by Q3 2026, whereby these issues will be reduced. Until this time, we will be unable to standardise the product codes.

Process Observations

ID	Title	Description of observation	Management Response
Other Process Deficiencies			
CON3	Significant manual elements to the intensity calculation	<p>The food waste intensity calculation is formed of two main components; food waste; and food handled. Each of these is itself based on several sub-components, such as donations, product weights and packaging weights. Whilst automated systems are in use for the collation of some of this data, manual input is still required for aspects such as matching sales to product weight information, removing the unconfirmed donations from the final tonnage, and applying the packaging weight corrections.</p> <p>This use of manual input increases the risk of human error and therefore we recommend that management implement greater use of automated systems in order to reduce this risk.</p>	Aldi will look to building an internal report to reconcile this issue.
CON4	Lack of defined variance thresholds	<p>During our walkthroughs, we identified a lack of defined quantitative thresholds to be applied by reviewers in order to assist them investigating any variances between third party data and Aldi's data for the food waste and food donated components. Therefore, we note a risk that food donations and food waste data are inaccurate, incomplete, or did not occur due to the existence of these variances which were insufficiently investigated.</p> <p>Management should implement a more prescriptive approach to reviewing data submissions whilst also establishing a defined quantitative threshold that would require specifically investigating individual submissions in greater detail.</p>	We acknowledge the requirement for a documented threshold to trigger further investigation. We have discussed this internally and will set a threshold of 5% to trigger further investigation into the variances. It should be noted that for available data for 2024 (non AHEAD data), the overall variance between Neighbourly's and Aldi's data was 5% for 2024.

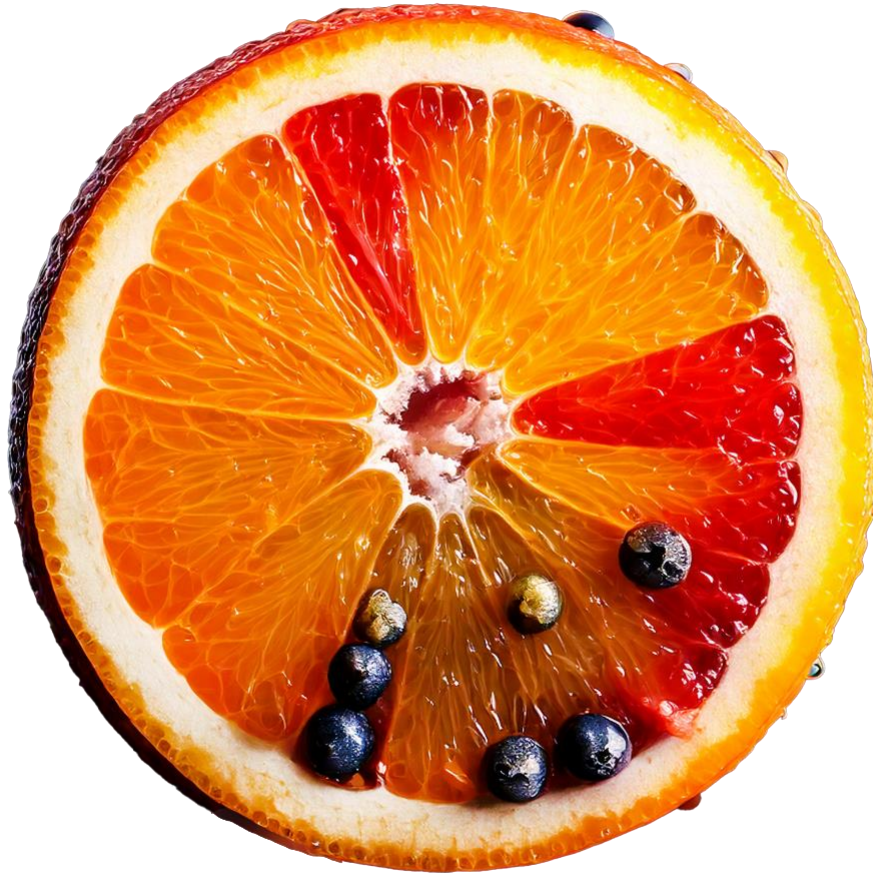
Process Observations

ID	Title	Description of observation	Management Response
Other Process Deficiencies			
CON5	Lack of robust review	<p>During testing of food sales, food waste, and packaging weight samples, we identified a number of errors. For example, we identified four packaging weight samples where management were unable to provide supporting evidence from the corresponding suppliers, nor provide evidence from Valpak to detail how the packaging weight estimate had been quantified. As a result of such instances, management are unable to assess the appropriateness of the estimate employed by Valpak, and the basis of its calculation, which may lead to inaccurate data being reported.</p> <p>Therefore, we recommend that management establish a more robust review process of the underlying information to confirm the accuracy and completeness of the underlying data which feeds into the food waste intensity calculation.</p>	<p>The transitional period to AHEAD has been challenging in terms of obtaining the correct data from our systems and in testing of reports due to the high demands on reporting teams to build new reports for the business. We are confident that we now have a robust process in place to make accurate adjustments to the waste provider figures. We will review the packaging weight procedure with plastics and packaging colleagues to determine whether any further improvements can be made, however packaging data and accompanying evidence is available for the majority of products.</p>
CON6	Lack of standardised commodity group naming and numbering conventions	<p>During testing of the food sales and waste commodity groups, we noted that in some cases differences existed between the descriptions and associated commodity group numbers for each. While these were generally reconcilable, with the food sold commodity groups being more detailed versions of those within the food waste data, and therefore we are satisfied that this does not give rise to a quantitative error, it does increase the risk of inaccurate and incomplete data being reported, and as such, we have raised this to management as an observation.</p> <p>We recommend that management use a standardised commodity group numbering and naming convention across all reports for consistency, and to more easily confirm the accuracy and completeness of reports.</p>	<p>The difference in commodity group naming conventions relates to the transition to AHEAD where commodity groups are similar but not identical. Aldi will be transitioning to AHEAD systems by Q3 2026, at which point, only one set of commodity group names will exist.</p>

Process Observations

ID	Title	Description of observation	Management Response
Other Process Deficiencies			
CON7	Conversion factors	<p>In order to calculate the total tonnage of food both sold and wasted, management convert liquid volumes into an equivalent weight. This assumes a 1:1 ratio between the volume of a liquid, and its associated weight (i.e., 1ml = 1g), but does not therefore take into account any differences in density. Deloitte have assessed the impact of this in prior year's and concluded that it does not lead to a misstatement, however, in the current year this has been identified as leading to a greater than trivial error, but which is not material.</p> <p>We recommend that management use more accurate conversion factors to ensure that the tonnage of food sold and wasted accurately accounts for any liquid volumes.</p>	<p>In AHEAD systems a KG weight must be provided for all products including liquids. We will continue with the current approach until the transition in Q3 2026 at which point the issue will be resolved.</p>

Appendices



Appendix 1

Assurance procedures

Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the Basis of Reporting selected by you to determine whether they are suitable for the engagement circumstances.
- Performed analytical review procedures to understand the underlying subject matter and identify areas where a material misstatement of the Selected Information was likely to arise.
- Through inquiries of management, obtained an understanding of the Company, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Through inquiries of management, documented whether an external expert has been used in the preparation of the Selected Information, then evaluated the competence, capabilities and objectivity of that expert in the context of the work performed and also the appropriateness of that work as evidence.
- Inspected documents relating to the Selected Information, including board committee minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Selected Information.
- Performed procedures over the activities of significant third parties that perform key controls relevant to the Selected Information. This included but was not limited to performing a site visit to observe a 'dolav analysis' inspection taking place.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment of whether the data has been appropriately consolidated.
- Performed procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Basis of Reporting, including verifying to source documentation.
- Conducted a site visit to a regional distribution centre (RDC), selected on a judgemental basis to determine consistency in understanding and application of the Basis of Reporting, check understanding of processes, and perform completeness testing.
- Performed procedures over the Selected Information including assessing management's assumptions and estimates.
- Accumulated misstatements and control deficiencies identified, assessing whether material.
- Read the narrative accompanying the Selected Information with regard to the Basis of Reporting, and for consistency with our findings.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Appendix 2

Selected information

Selected Information	Basis of Reporting	Reporting boundary	Reported value
Food Waste Intensity (%) for the year ended 31 December 2024	Waste and Resources Action Programme (“WRAP”) UK Waste Reduction Roadmap. Plus, any applicable methodology as published by the company (commonly referred to as the “Basis of Reporting”).	UK and Republic of Ireland	0.35%

Appendix 3

Progress against selected prior year observations

Description of observation	Management Response (FY23)	Management Response (FY24)	Deloitte Conclusion
Food Waste – Products not found			
<p>The items identified as 'products not found' on Aldi's wastage logs during the dolav analysis were not subsequently accounted for in Aldi's food waste tonnage. The risk is that food tonnage would then be understated and food waste intensity KPI would be inaccurate.</p> <p>The error was the result of a decision by management not to account for this information, on the basis that management could not say for certain whether or not these items had not already been accounted for in a prior period, and as such led to a material misstatement and qualified assurance conclusion.</p>	<p>The original dolav analysis was actioned to justify the discrepancies we had identified from Neighbourly Donations and TGTG products. There is no indication that unknown food loss has worsened for 2023 as the loss reduced per the below:</p> <ul style="list-style-type: none"> The estimated tonnage of unknown food loss specifically, has decreased from 19,555 tonnes in 2022 to 16,717 tonnes in 2023. This is referenced in our Inventory Process Document. We therefore cannot reconcile as to how we would fairly and accurately apply this (where we have done by removing Q1 2023's figures), as unknown loss improved YoY 2022 to 2023. However, we understand that for next year's audit that this may not be the same case. This will be something we will investigate when the inventories are complete, but due to how we count our inventories, we will not be able to see if unknown food loss has drastically increased until the end of 2024. <p>Aldi has taken a number of steps to address weight discrepancy/not accounted for products:</p> <ul style="list-style-type: none"> Aldi has issued comms out to all Stores to ensure Store Ops managers are aware of the discrepancies in food waste tonnage weight and that they are brought within 5% of SWRn's weights 	<p>Aldi has taken a number of actions to address this issue:</p> <ul style="list-style-type: none"> Figures and data accuracy issues were presented to the Group Managing Directors (GMD Sign off), as well as regional MDs through Managing Director Meetings held in June & September, with a continued quarterly update on progress of data accuracy. This will be ongoing until discrepancy is below 5% threshold, and from October will be sent to MDs monthly. The discrepancy is currently 50.8% YTD and for July and August dropped to 28.8% We have conducted a series of training for Area Managers and Store Management, delivered by regional Evolve managers, to reiterate the importance of data accuracy and how to best supervise this. Aldi has commissioned SWRnewstar to conduct a further series of dolav analyses in October and November to determine the progress since the analyses conducted in Q2 Inventory results are currently showing an improvement in performance across food commodity groups, although now all inventories have been conducted for all stores across the estate 	<p>Closed</p> <p>Aldi now use the SWRnewstar reported tonnage, rather than relying on internally recorded waste data. The SWRnewstar data includes even those considered a 'product not found' and as such, there is no longer a risk of understating the reported waste tonnage.</p>

Appendix 3

Progress against selected prior year observations

Description of observation	Management Response (May 2024)	Management Response (November 2024)	Deloitte Conclusion
Food Weights – Varying weights for product codes			
<p>Across two samples the same product code was identified as being assigned to two different food items with different weights. However, in the GB food waste report this product code only has one weight attached. This could cause inaccuracies when recording food waste if a product is recorded in Aldi systems as wasted under a product code that lists the incorrect product weight.</p> <p>It is recommended Aldi attached unique product codes to each item to mitigate the risk of inaccurate weights recorded against wasted food items.</p>	<p>Where there are multiple variants of a product under the same product code, the average weight of both variants should be taken. The impact of different variant weights is immaterial to Aldi's food waste tonnage. As Aldi transitions to AHEAD systems, variants have their own product code. We will review to determine whether product weight can be recorded at variant level. It should be noted however that the transition to AHEAD systems will be done over the next two years, so will take time to be implemented.</p>	<p>The position remains the same as previously stated - the average weight of all variants of a product are used in legacy systems, so the impact or variant weight differences is minimised. In the future, it will be possible to report down to the variant level of a product code, once AHEAD systems have rolled out across all regions (2 year timeline).</p>	<p>Open</p> <p>We understand this observation is being addressed through the implementation of AHEAD systems, however, as this will take several years to be put in place we consider this observation to still be open.</p>

Appendix 3

Progress against selected prior year observations

Description of observation	Management Response (May 2024)	Management Response (November 2024)	Deloitte Conclusion
Food Donations – Neighbourly product weight updates			
The Aldi product catalogue is constantly changing with new products/weights however, Neighbourly only receive an updated catalogue quarterly. When a product is donated that is missing from the Neighbourly product catalogue, the weight is simply recorded as nil. This has resulted in a variance between the tonnages of food donated per Aldi and Neighbourly. To mitigate, Aldi should share an updated product catalogue with Neighbourly on a more frequent basis.	Aldi is working on a solution to send the product weight alongside the wastage logs to Neighbourly, however this development will take some time. In the meantime, Aldi will start sending the product weight catalogue once monthly to ensure that Neighbourly has more regular updates. It should be noted that this issue may show up in 2024's food waste figures due to this amendment being made in July 2024.	Aldi is currently sending an updated product weight catalogue once per month to Neighbourly, to ensure they have an up to date product catalogue. Neighbourly has also proposed a solution to connect Aldi systems with Neighbourly systems via 'Data Bricks', however the development of this solution will take time to develop and will incur significant cost. In the short to medium term, the solution will be to continue sending monthly reports to resolves the issue in the interim.	Open During the current year engagement we have noted that there is still no codified cadence by which product weights are provided to Neighbourly and therefore we have raised this observation to management again. Refer to process observation ID - DON2, page 17.

Appendix 3

Progress against selected prior year observations

Description of observation	Management Response (May 2024)	Management Response (November 2024)	Deloitte Conclusion
Too Good To Go – Bags created but not advertised			
Bags which are created but not advertised on Too Good To Go are erroneously included within the TGTG figure when these formed part of the waste tonnage as they were not available for sale. There is a risk that food waste is understated and food distribution via TGTG is overstated.	We agree that this is a limitation of the process. We are working on a 'bag builder' solution that would enable us to identify what products are in each bag and add the tonnage back onto Aldi's reported figures. We will also consider using the saved ratio to determine an estimated tonnage to add back onto Aldi's food waste figures as this solution may not be in place in time to impact 2024 figures.	<ul style="list-style-type: none"> We have introduced a 'Dynamic Schedule' trial, which aims to amend the schedule of bags at a store level based on the previous week's sales. This will reduce the probability of multiple bags being created without being sold. The trial will be conducted for 4 weeks and if successful will be rolled out further. We have added caveats into the Balanced Scorecard (the performance management scorecard for Stores) for next year on 'Save Ratio' for TGTG bags, so that Stores are measured on their management of the TGTG process. We have submitted an IT request at Aldi for approval and are now working with TGTG on testing the 'Bag Builder' software. If approved, the bag builder software will be trialled in Q4 with a view to rollout in 2025. 	<p>Closed</p> <p>Management have taken steps to address the observation raised in the prior year. They have also specified in the Basis of Reporting that they assume everything set aside to be redistributed through Too Good To Go is subsequently redistributed.</p>



This document is confidential and it is not to be copied or made available to any other party. Deloitte LLP does not accept any liability for use of or reliance on the contents of this document by any person save by the intended recipient(s) to the extent agreed in a Deloitte LLP engagement contract.

If this document contains details of an arrangement that could result in a tax or National Insurance saving, no such conditions of confidentiality apply to the details of that arrangement (for example, for the purpose of discussion with tax authorities).

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please [click here](#) to learn more about our global network of member firms.