



ALDI Stores

(A Limited Partnership)
ABN 90 196 565 019

1 Sargents Road, Minchinbury, NSW 2770, AUSTRALIA

NATIONAL

30 August 2023

Mr Chris Leptos AO
Independent Reviewer
Food and Grocery Code
FGC@Treasury.gov.au

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Dear Mr Leptos

RE: DETAILED 2022 FOOD AND GROCERY CODE SURVEY RESULTS FOR ALDI

Thank you for your time earlier this year regarding ALDI's results from the annual Food and Grocery Code Supplier Survey 2021-2022.

The results are very positive and reflect the high value ALDI places on dealing fairly and transparently with our supplier partners. I am pleased to see that, once again, we have ranked first in comparison to the other supermarkets in many key indicators. This includes treating supplier partners fairly and respectfully, dealing with supplier partners in good faith, communicating clearly and promptly, and taking prompt, constructive action to resolve issues that have been raised.

I'm pleased to see that in the few small instances where there were concerns identified and suppliers raised a Food and Grocery Code of Conduct issue with ALDI, it was addressed in full 100 per cent of the time. We take feedback from our supplier partners very seriously and after consultation with you in March, ALDI is reviewing internal processes to ensure all feedback is addressed.

Please see below an outline of the actions we are taking to address the key feedback.

1. Late payments

ALDI prides itself on being a fair partner and we strongly believe in paying our suppliers promptly. The issue around late payment is something that ALDI is aware of and takes very seriously. The combination of ALDI's disrupted supply chain over the last three years, our ongoing digital transformation project and the restructuring of our Finance department led to unavoidable delays in the processing of invoices. ALDI has been focusing on this issue and processes have been put in place to ensure timely payments. We have also promoted escalation channels to our supplier partners and expect feedback will be improved in the next survey.

2. Deductions from invoices

In instances where there has been a shortfall in the delivery of goods, instead of asking supplier partners to issue another invoice and delaying payment, ALDI will only pay for the items delivered. ALDI then goes through a process of examining the shortfall and will issue further payment upon receipt of goods in full. This ensures supplier partners are paid promptly and reduces the administrative burden on both parties. Over the last few years, the instances of goods being delayed has increased due to supply chain constraints. ALDI is investigating whether there are administrative improvements that could be made to its systems to ensure there are no additional barriers or any instances whereby ALDI processes cause improper deductions.

3. Raising awareness about Code Arbiter

ALDI provided an update to its supplier partners in March 2023 regarding ALDI's Code Arbiter, Bronwyn Gallacher, and provided a link to her contact details. Details regarding the Code Arbiter will also be included in presentations shared with our supplier partners. There is also information on our corporate website about how to contact Ms Gallacher.

4. Requiring commercially sensitive information from suppliers

ALDI has discussions with our supplier partners when they request price increases to substantiate increases and negotiations are always within the contract terms. ALDI's business model is about balancing the needs of our customers, supplier partners and employees. It is our responsibility to thoroughly investigate price increases from supplier partners so we can continue to deliver the lowest prices we can afford to customers. However, we also balance the needs of our supplier partners, and we know that our supplier partners have faced increased operating costs in recent years. For the year ending 30 June 2023, ALDI accepted 90 per cent of price increase requests from suppliers.

ALDI appreciates the important work you do in this space, and we remain committed to working collaboratively with you, and our supplier partners, into the future.

Sincerely,



Oliver Bongardt
Managing Director, National Buying
ALDI Australia