

*Our actions
do the talking:*

SUSTAINABLE CHOICES IN RETAIL

Sustainability Report
Kaufland Romania
2023

**Our
actions
do the
talking.**



Kaufland







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Dear Friends,

In a time when the role of companies in society is more important than ever, we have taken on the responsibility of turning challenges into opportunities that support a responsible and fair future. Our operations are based on innovation, involvement, and respect for people, the environment, and communities. Through this approach, we reflect the core values of our strategy: transparency and integrity.

In 2023, we focused our efforts on reducing our environmental impact, supporting local communities, and developing our team.

We invested over 6.7 million euros in the installation of photovoltaic panels, which have already generated over 10,000 MWh of green energy. We also expanded our network of electric vehicle charging stations within Kaufland stores, now including 131 locations equipped with this facility.

As we do every year, we supported the communities where we operate with investments of 47.9 million lei in projects dedicated to education, culture, health, and sports. Together with 83 partner NGOs, we implemented over 100 projects that have improved people's lives and supported societal development. These initiatives are proof of our commitment to actively contributing to a more sustainable future.

Our employees remain at the heart of our strategy. With a team of over 16,500 colleagues, nearly 450 of whom are employees with disabilities integrated through the A.C.C.E.S. program, we continuously invest in people. In 2023, our benefits budget grew by 25%, reaching nearly 177 million lei. The Top Employer certification, obtained for the ninth consecutive year, confirms our commitment to being a highly valued workplace where we create equal opportunities for all.

Our product portfolio reflects our commitment to sustainability, with over 85% of food products sourced from local suppliers and a diverse range of over 400 products catering to special diets. By supporting Romanian producers, we encourage the local economy and meet the demands of modern consumers, offering responsible and high-quality products.

Through our decisions, we are building a responsible business model that combines innovation, care for people, and respect for the environment. We believe that our example can inspire others, and our commitment to bringing sustainable choices to retail will continue to be our guiding principle for the future.

Marco Höbl

General Manager Kaufland
Romania and Moldova



ABOUT THE REPORT

This is Kaufland Romania's seventh sustainability report that provides information regarding the economic, social, and environmental impact of the company during financial year 2023 (01.03.2023 – 29.02.2024). The report was prepared under the GRI Standards 2021 (*in accordance*).

The report's structure and content were based on the materiality process that took place in 2023, based on the updated materiality definition of the GRI Standards 2021 and the adoption of the European Corporate Sustainability Reporting Directive (CSRD).

Kaufland Romania's 2023 sustainability report was developed with the support of the company's entire sustainability team:

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Consultancy

Kaufland Romania's 2023 Sustainability report was developed with the support and technical guidance of The CSR Agency.

Contact

For more information concerning this report, or comments, suggestions, questions about our approach in regard to the sustainability principles, you can contact us at:

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01 **OUR JOURNEY**

ABOUT THE COMPANIES OF SCHWARZ GROUP

The companies of Schwarz Group, with business activities in 32 countries, together form one of the leading retail groups in the world. With their around 13,900 stores and about 575,000 employees, the companies of Schwarz Group jointly generated total sales of 167.2 billion euros by the end of the 2023 fiscal year. As one of only a few retail groups, Schwarz Group thus covers the entire value cycle, from production and retail to recycling and digitalization. The retail divisions Lidl and Kaufland are the Group's pillars in food retailing. Many private label products on Lidl's and Kaufland's shelves, ranging from ice cream to beverages, are produced by the companies of Schwarz Produktion. Special emphasis is placed on the use of sustainable raw materials as well as the manufacturing, use and recycling of environmentally friendly packaging.

The environmental service provider PreZero pursues the vision of closed loop recycling in waste and recycling management and thus contributes to a cleaner tomorrow. Schwarz Digits as IT and digital division offers compelling products and services, which comply with Germany's strict data protection standards. Schwarz Dienstleistungen, the Group's corporate services division, provides administrative and operational services – for example with regard to controlling, finances or personnel – for all other companies of Schwarz Group.

The companies of Schwarz Group share a jointly elaborated sustainability strategy and the sustainability vision "Assuming Global Responsibility. Acting with Diversity". Under the umbrella of this strategy, they together pursue and implement various activities in four focus areas: People, Product quality, Circular systems and Ecosystems.



Value Creation Circle of the Companies of Schwarz Group



Retail

The retail divisions Lidl and Kaufland offer their customers a wide range of products every day in 32 countries. Both divisions are continuously committed to a wide range of measures across the entire value chain, such as climate protection, preserving biodiversity, and conserving resources.

Recovery and Recycling

In terms of waste and recycling management, the environmental service provider PreZero pursues a vision of closed-loop material cycles in eleven countries, thus investing in a clean future.

Production

The companies of Schwarz Produktion produce beverages, chocolate, ice cream, baked goods, nuts and dried fruit, coffee, pasta and paper for Lidl and Kaufland. Three plastics and recycling plants are also part of a unique PET material cycle.

IT and Digitalization

Schwarz Digits is the IT and digital division of Schwarz Group. The brands of Schwarz Digits provide IT and digital solutions worldwide and develop them further, for example for digital production facilities, stores and e-commerce formats as well as loyalty programs. In addition, they offer external customers superior cloud services, cyber security, AI and retail media solutions.

Administrative and Operational Services

At Schwarz Dienstleistungen, experts support the companies of Schwarz Group with administrative and operational services in fields such as accounting, finances, human resources, and procurement.

Profile of the companies of Kaufland Group

With more than 1,550 stores and about 155,000 employees, the companies of Kaufland Group are represented in eight European countries. Whether in Germany, Poland, Romania, the Czech Republic, Slovakia, Bulgaria, Croatia or the Republic of Moldova - everywhere the Kaufland brand stands for relevant selection, convincing quality, low prices and easy shopping. Across Europe, companies of Kaufland Group operate five meat plants and 17 logistics locations.

Following the guiding principle „Kaufland enables everyone to buy good, healthy and sustainable products“, Kaufland hypermarkets, as full-range retailers, offer a wide selection of groceries and

other products for all needs. The focus here is on the fresh food departments. The overall assortment includes brand-name articles, attractive private labels, regional products and a large number of articles that contribute to the protection of people, animals and nature. The companies of Kaufland Group are also jointly committed to comprehensive environmental, climate and species protection.

The companies of Kaufland Group act in accordance with jointly developed guidelines and strategies that apply to all companies of the Group.

KAUFLAND IN ROMANIA





KAUFLAND IN ROMANIA

Kaufland Romania is an indirect subsidiary of Kaufland Stiftung & Co. KG. Kaufland has been present in Romania since 2005. With 16,586 employees and 177 stores, Kaufland is one of the leading food retailers in Romania. The headquarters of Kaufland Romania is located in Bucharest.



in Romania,
in 2023:

177

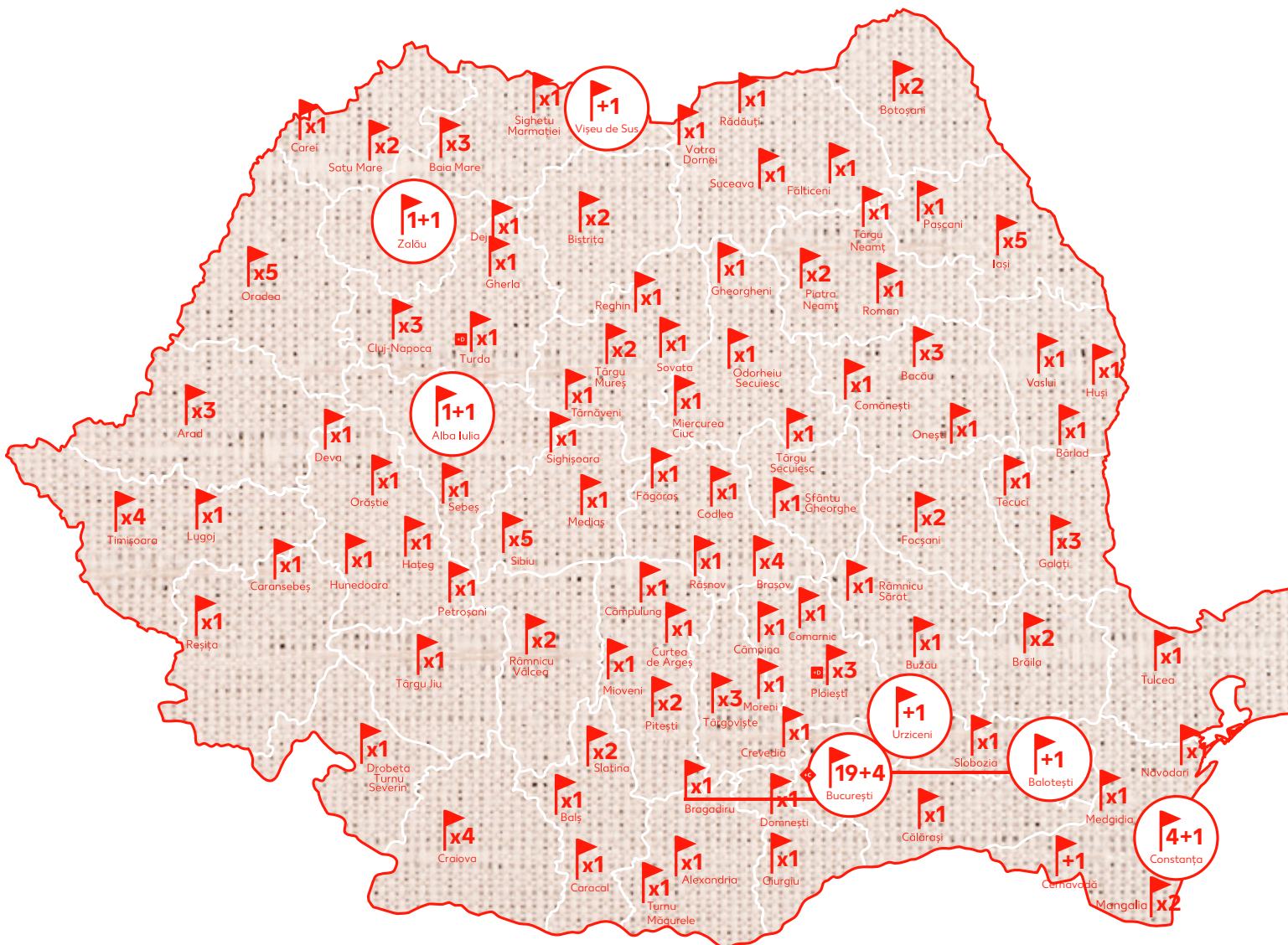
stores

2

logistics
centers

2

administrative
offices



- Store
- LD Logistic center
- ◆ Headquarters
- Stores opened in 2023
- Financial Year

KAUFLAND ROMANIA'S VALUE CHAIN



As a retailer, Kaufland Romania operates at the interface between producers and end consumers. In this function, the company has direct and indirect relationships with its customers and a large number of suppliers in numerous supply chains. The upstream value-added activities include the cultivation and harvesting of agricultural primary products as well as livestock breeding and fishing operations. The value chain includes multiple stages, from processing of raw materials to transport of goods to our logistics centers and stores. There, Kaufland Romania offers the finished products to end consumers - our central customer group, which is thus also at the center of our downstream value-added activities.

The extraction of raw materials, the further processing of agricultural primary products and the production and transport processes involved have ecological and social impacts. Kaufland Romania wants to contribute to the step-by-step improvement of environmental and social standards. To achieve this, the company works in partnership with suppliers, reduces the use of raw materials where possible, and incorporates the idea of recycling as early as the production stage. Through its commitment, Kaufland Romania also works to improve the living and working conditions of people in the countries of production.

Kaufland Romania also wants to use its influence in downstream activities. Specifically, the company has the opportunity to influence the consumer behavior of a large number of people and enable them to make sustainable, informed and healthy purchasing decisions. That's why we continuously review how we can make our assortment more sustainable and healthier - and transparently inform our customers about it.



RESPONSIBLE BUSINESS MODEL



OUR VALUES AND PRINCIPLES

We are a growth company, founded in the spirit of fairness and innovation and have always recognized that our strength and success come from our values and principles.

We strive for sustainable growth, both for our business and for our people, basing our decisions on values that help us meet our goals:

Dynamism.

Dynamism is the power through which, on one hand, we improve what is good and, on the other hand, create something new. It requires openness and the ability to make changes, as well as taking firm responsibility. This is our power to implement change.

Performance.

Our performance is the foundation of our success. It requires action, perseverance, courage and passion. These aspects characterise each of us and our entire team.

Fairness.

Fairness is based on appreciation and respect. It is the foundation of our collaboration, characterised by trust. Through fairness we consistently achieve our goals.



Our everyday activities are guided by the **company's principles**, that lay at the foundation of Kaufland's business model:

- Customer satisfaction marks our daily actions.
- Our position in the market is determined by a superior quality/ price ratio.
- We develop through expansion and continuous improvements in our stores.
- As a company with many stores, we operate on a system basis.
- Short decision-making paths and simple operational processes are the determinants of our success.
- We respect current legislation and internal regulations.
- We take very seriously our economic, social and environmental responsibility.
- Fairness is a mandatory condition in how we behave, especially with our colleagues.
- We respect and support each other.
- Agreements are respected in a climate of mutual trust.
- Appreciation, recognition of merits and the ability to take criticism on board characterize our working environment.

ECONOMIC PERFORMANCE

We are committed to a rapid and sustainable pace of expansion, which means creating jobs, increasing quality of life and local community development.

As a result, at the end of the financial year 2023 (1 March 2023 - February 29, 2024), we had a direct economic value generated of more than 18,680 million lei.

At Kaufland Romania, we use our economic performance to grow the number of sustainable products we offer, to support the local communities, to invest in social projects that bring positive impact, and we maintain our position as one of the top private employers in the market. In the future, we will continue to improve both operationally and in terms of our involvement and support in developing the local economy and we will remain a responsible and reliable partner.

	2021	2022	2023
Financial year (March- February)	01.03.2021 - 28.02.2022	01.03.2022 - 28.02.2023	01.03.2023 - 28.02.2024
	Million lei	Million lei	Million lei
DESCRIPTION			
Direct economic value generated	14,261.382	16,549.54	18,682.06
Revenues	14,261.382	16,549.54	18,682.06
Economic value distributed	-13,364.36	-15,548.12	-17,801.76
<i>Operating costs</i>	-13685.19	-13,704.81	-15,408.59
<i>Employee wages and benefits</i>	-993.5	-1,152.27	-1,383.90
<i>Payments to financial creditors</i>	-11,08	-59.04	-123.61
<i>Payments to government/state budget</i>	-620,65	-587.71	-837.70
<i>Community investments</i>	-40,93	-44.29	-47.96
Economic value retained*	897,02	1,001.41	880.29
Net sales	13,063.30	15,143.64	17,016.90
Private label sales	2,060.54	2,461.30	2,763.26
Exemptions granted by the state			
Tax credit	40.80	42.33	43.62
Reinvested profit	16.56	24.88	18.27

Notes:

- We have adjusted the indicators for previous years according to the FY2022 calculation, i.e.: from operating costs we excluded income from depreciation of fixed assets; in the payments to the state budget, we included the specific tax
- The community investments value includes the total amount of sponsorships and the total value of the products (352,365.97 lei) donated through the 217/ 2016 Law on reducing food waste.

The community investments are defined as the total expenditures with donations and sponsorships in 2023 financial year (March 2023 - February 2024), in accordance with the national regulations (Law no. 32/ 1994 on sponsoring with the subsequent amendments and Law 217/2016 on food waste with the subsequent amendments).

*Small differences may appear for the total amounts due to rounding

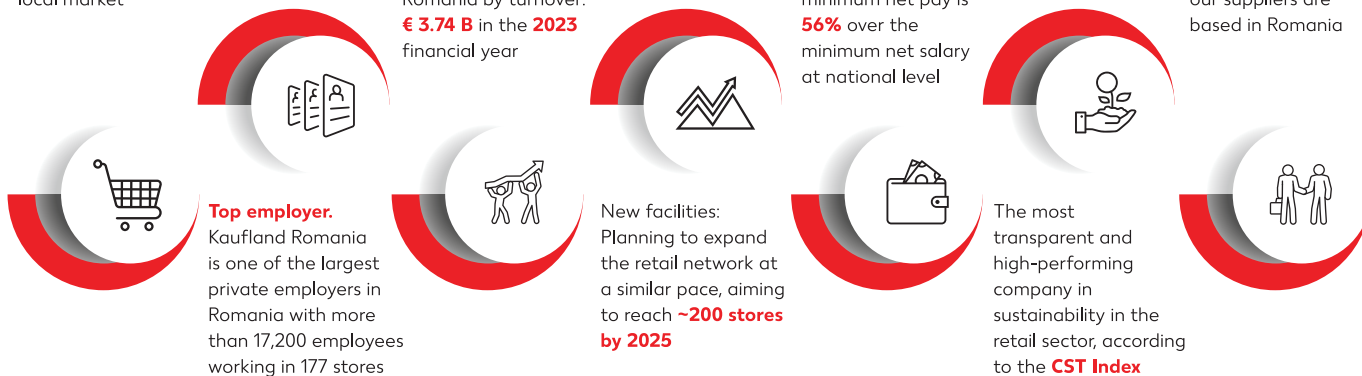
Our indirect economic impact

Top player on the FMGC retail local market

One of the largest companies in Romania by turnover: **€ 3.74 B** in the **2023** financial year

Fair wages: Kaufland Romania's minimum net pay is **56%** over the minimum net salary at national level

Supporting local suppliers: **~79%** of our suppliers are based in Romania



CONTRIBUTION TO ECONOMIC OUTPUT

€ 2.57 B
in terms of direct GVA**

0.9%
from Romania's GVA



GENERATING EMPLOYMENT

17,200
employees (14,356 average number of employees expressed as Full-Time Equivalents - FTE)

105,645
jobs supported through our activity

~2.1%
of total employment in Romania



INVESTING IN ROMANIA

€ 177 M
2.7%
of total private investments in Romania in 2023



CONTRIBUTION TO THE BUDGET

€ 282 M
total taxes

€ 177 M
was paid in taxes to the state budget

€ 105 M
was collected to be paid (payroll taxes)



VALUE CHAIN IMPACT

out of a total of **>3,200** suppliers, **~2,500** are from Romania

€ 2.8 B
spent on suppliers from Romania

~79%
of total supplier spending represents spending on suppliers from Romania



CSR AND COMMUNITY INVESTMENTS

€ 9.7 M
invested in CSR projects

4.1%
of Kaufland Romania's gross profit

*The minimum net salary at Kaufland România includes the value of meal vouchers

**GVA - Gross Value Added

The key figures presented above were calculated based on the financial results and data for 2023 financial year (March 2023 - February 2024), according to the company's socio-economic impact study for the financial year 2023, conducted by KPMG Romania.

AWARDS

Gold Level at CST Index 2023 for Kaufland Sustainability Report FY 2022

Kaufland Romania was awarded the Gold Level distinction at the 8th edition of the „Best Practices in Corporate Sustainability” conference, which took place on December 19th, 2023.

With 93 out of 100 points, for the sixth consecutive year, Kaufland has obtained the highest score in the retail industry, according to the analysis carried out by the consulting agency The Azores and presented in the Romania CST Index.

The ranking is based on several categories, namely: corporate governance, diversity, economic impact, climate change, environment, human rights and anti-corruption policy, employees, marketing, community investment and supply chain.

The Gold Level Recognition award recognizes Kaufland Romania’s efforts to bring together all relevant non-financial information in a sustainability report aligned with the Global Reporting Initiative (GRI) international reporting standards in a comprehensive exercise of investment and performance targets. In addition, the report has been audited by a specialized company in accordance with ISAE 3000.

Top Employer in Romania and Europe

For the ninth year in a row, Kaufland Romania has obtained the Top Employer certification in Romania and for the sixth time at European level. This achievement proves once again that employees are a priority for the company and that being highly performant, including in terms of caring for the Kaufland team, has now become a tradition.

The distinction was rewarded by Top Employers Institute in the Netherlands, following a rigorous analysis of the company’s human resources processes, benefits offered and professional development programs available for employees at any level.

The distinction received at local level also includes a European symbol that confirms, at Group level, a culture based on respect and orientated towards supporting the evolution of employees, that has now become associated with Kaufland.

HR Club Awards

Recognized for the A.C.C.E.S. Programme in the categories „Workplace Diversity, Equity & Inclusion” and „Best HR - Business Team.”

IAB Mixx Awards Europe 2023

Kaufland Romania’s Grand Job Experience won multiple awards, including Gold and Silver distinctions for its innovative recruitment and employer branding campaigns.

Customers’ Friend - Superior Excellence and Best Buy Awards 2023 (ICERTIAS)

Recognition for customer satisfaction and service excellence and recognition for offering high-quality products at the best value.

Gold Level Community Index the Azores

Community Index is the first and only index of programs and projects developed by Romanian companies to invest in communities, launched in 2019. The ranking represents the largest database of CSR projects in Romania. With a focus on aspects like stakeholder dialogue, project sustainability, medium and long-term impact assessment, the Index is part of the CST Index, the most important analysis of corporate sustainability and transparency in Romania.

In 2023, Kaufland Romania was awarded the Gold Level Recognition in the Wellbeing category for Akademia Kinderland Caravan, implemented with PLAN B Association for Social Responsibility, the Reduce-Reuse-Recycle category for the „World’s Largest T-Shirt”, that entered in Guinness World Records (in partnership with 11even Association). Also, we received Silver Level Recognition Table of Confessions, a project funded by the StartONG Kaufland programme – Association Magic Seniors.

Romanian CSR Awards 2023

Kaufland Romania won first prize in the Community Support - Grants category for the Start NGO Programme, as well as second prize in the CSR Campaigns in Social Media category for the Waste-Free Tourism campaign.

Progresiv Awards 2023

Progresiv Awards is a project started to showcase successful people, companies, brands, and projects from the FMCG industry. In 2023, Kaufland Romania was awarded “**Best International Retailer**”.

QUDAL Awards 2023

Kaufland Romania received multiple QUDAL awards, including:

- **Symbol of Quality**
- **Best Fruits and Vegetables Department**
- **Best Supermarket Offering Ecological/Bio Food Products**

Romanian PR Award Gala

Golden Award for Excellence in “Social Media” category - Kaufland Romania & v8 & McCann PR: Kaufland Dance Talk

Silver Award for Excellence in “Employer Branding & Diversity Management” category - Kaufland Romania & v8 & McCann PR: Kaufland Dance Talk

TOP ADC*RO

First place for the Kaufland Dance Talk recruitment ad for visually impaired individuals.

Also, in 2023, five market studies placed us first among companies running sustainability projects, based on the general public’s perception.

- **AHA Moments to Know**
- **Reveal Marketing Research**
- **Retail Zoom**
- **Kantar Brandz 2023**
- **Reveal Marketing Research 2023**

The second edition of the AHA Moments to Know study, recently launched, confirms that we remain the leading retailer in terms of engagement, according to public perception.



External initiatives and association memberships at Kaufland

Kaufland Romania sees itself as an active partner in the socio-political debate. Therefore, monitoring legislation, exchanging views with political stakeholders and working with associations on opinion-forming processes in the industry are an

integral part of our work. The aim is to implement legal requirements quickly and smoothly in operational practice and to work together with suppliers on future issues at an early stage.

Kaufland Romania is a member of the following associations and organizations:



International Advertising Association Romania – IAA

Member since 2017

iaa.ro



Association of Major Retail Networks in Romania – AMRCR

Member since 2008

amrcr.ro



American Chamber of Commerce in Romania – AmCham Romania

Member since 2022

amcham.ro



Romanian-German Chamber of Commerce - AHK

Member since 2004

ahkrumaenien.ro



European Supply Chain Initiative - SCI

Member since 2014

supplychaininitiative.eu/ro



Sustainable Romania Coalition – CRS

Member since 2019

ambasadasustenabilitatii.ro



HR Club

Member since 2021

hr-club.ro



Romanian Diversity Chamber of Commerce - RDCC

Member since 2020

rdcc.ro



Diversity Charter

Member since 2018

cartadiversitatii.ro



Bucharest Real Estate Club

Member since 2024

brec.ro

The interests of Kaufland Romania are also represented in the following associations, initiatives and organizations through the membership of Kaufland Stiftung & Co. KG:



Action Alliance on Sustainable Bananas (ABNB)*

since 2014



AWS – Alliance for Water Stewardship

since 2023



The A.I.S.E. Charter for Sustainable Cleaning

since 2019



Donau Soja

since 2014



Food for Biodiversity

since 2021



Forum for Sustainable Palm Oil (FONAP)

since 2013



Fur Free Retailer

since 2014



GLOBALG.A.P.

since 2019



International Featured Standards (IFS)

since 2013



Juice CSR Platform

since 2015



ProTerra

since 2022



Round Table on Responsible Soy (RTRS)

since 2022



Roundtable on Sustainable Palm Oil (RSPO)

since 2012

*As of July 2022, the ABNB has dissolved. The activities of the ABNB were transferred to a working group within the World Banana Forum (WBF), in which Kaufland will also be involved in the future.

As part of the companies of Schwarz Group, Kaufland Romania's interests are represented in the following institutions:



Ellen MacArthur Foundation
Member since 2018



UN Global Compact*
Participation since 2020

*We acknowledge that Schwarz Unternehmenskommunikation GmbH & Co. KG (one of the companies of Schwarz Group) participates in the UN Global Compact, and we support the Ten Principles and advancement of the Sustainable Development Goals as well as broader UN goals. We consolidate our support for this initiative fully under Schwarz Unternehmenskommunikation GmbH & Co. KG (one of the companies of Schwarz Group) commitment. Therefore, we do not participate in UN Global Compact activities nor do we participate in activities of a Global Compact Local Network.

Kaufland Romania also works with the following partner organizations



Sustainability Embassy in Romania

The most important thing for us is to invest in the welfare of the future generations. This is why, in 2018 we became a founding partner of the Sustainability Embassy in Romania, a non-profit initiative whose mission is to promote the transition to the new economic model, the sustainable business, where companies can solve social and environmental problems without sacrificing economic efficiency and profit.

Through programs such as *Sustainability School, Journalists for Sustainability, National Sustainability Day, Community Meetups*, workshops, and conferences, it is actively creating a community of sustainability professionals that apply responsible business practices.



Sustainable Romania Coalition

Sustainable Romania Coalition is a unique program launched in 2019 by the Sustainability Embassy in Romania and represents the first non-political platform for sustainable development in our country. The program is based on collaboration and partnerships between sectors, a prerequisite for achieving the Sustainable Development Goals (SDGs) and the 2030 Agenda.

The main action instrument of the Coalition is represented by Task Forces / Working groups members' only, addressing pressing sustainability issues for the Romanian society. There are currently 5 active working groups and we are a part of the Combating Food Waste and Non-financial reporting ones.



GOAL NO. 4

QUALITY EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. We can truly make a difference in Romania, hence we have decided to initiate and support causes related to education and employment. At the same time, we ensure that we are offering our employees training and professional development opportunities.

- ◇ We support local communities by investing in educational projects
- ◇ We support the workforce through partnerships with academia
- ◇ We offer our employees development and continuous learning programs



GOAL NO. 8

DECENT WORK & ECONOMIC GROWTH

Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all. Kaufland Romania is an agent for economic development. As such, we support structures that value the development of human capital and work environments that bring satisfaction.

- ◇ Ethics and corporate governance
- ◇ Compliance, safety, and risk management
- ◇ Investing in our employees
- ◇ We are constantly evaluating our performance regarding the work environment and conditions provided to employees
- ◇ Expanding, opening stores in under-developed areas
- ◇ Measures to ensure social inclusion (hiring people with disabilities etc.)



GOAL NO. 12

RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensure sustainable consumption and production patterns. Kaufland Romania focuses on supporting, adhering to, developing, and implementing systems that help monitor and manage resource production in a sustainable manner.

- ◇ Reducing water consumption
- ◇ Reducing food waste
- ◇ European Supply Chain Initiative
 - ◇ Products and services
 - ◇ Efficient material use

MANAGEMENT

Kaufland Romania is a limited partnership with two associates (a Romanian legal entity and a foreign legal entity). There is no governmental authority present in the company's ownership. During the reporting period, there were no changes to the structure of the company or amongst shareholders.

The Board of Directors

at 29th Feb 2024

HÖBL MARCO

Executive Director | German

CIROMELA ANDREEA

Executive Director Central Division | Romanian

PANĂ MARIUS GABRIEL

Executive Director Sales/SCM | Romanian

TRNOBRANSCHY ALIN-NICOLAE

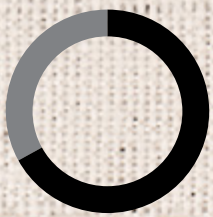
Executive Director Sales/SCM | Romanian

BINGENHEIMER NICOLAI

Executive Director Purchasing | German

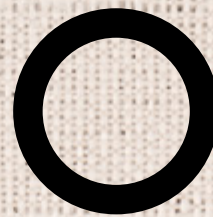
HANGA CRISTINA

Executive Director Financial | Romanian

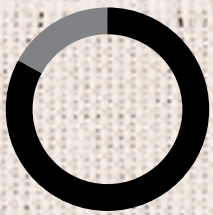


66.66% of Board members are male

33.33% of Board members are female

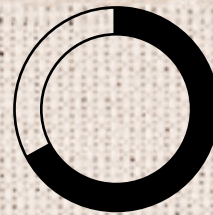


100% of the Board members have performance indicators that are directly linked to our sustainability strategy and goals



83.33% of Board members are aged between 30-50 years old

16.66% of Board members are over 50 years old



66.66% of the members of our senior management team are hired from local community

Note: Senior Management = Board of Directors, from local community = Romanian employees, Significant locations of operations = Romania

COMPLIANCE

Kaufland Romania acts following clear principles. These include avoiding and minimizing the negative effects of our business activities on the environment, the economy and society as part of our corporate diligence, and consistently complying with all applicable laws.

Violations of applicable laws can result in financial damage and loss of reputation for Kaufland Romania. Furthermore, such violations can lead to personal claims for damages and penal consequences for individual employees or board members of the company. The actions of Kaufland Romania and its employees are therefore subject to the principle: „We comply with applicable law and internal guidelines“. As a central corporate principle, it is binding for all employees. Kaufland Romania and its management are expressly committed to adhering to and ensuring the implementation of this corporate principle.

Against this background, Kaufland Romania has implemented a Compliance Management System (CMS) that includes binding CMS specifications. The CMS specifications define certain requirements and elements to ensure an appropriate level of compliance. A key component of the CMS is that violations of applicable law and internal policies are avoided and identified violations are consistently pursued and punished („zero tolerance principle“). The CMS focuses on areas such as anti-corruption/anti-fraud, antitrust law and data protection.

In particular, the CMS measures include issuing and communicating policies regulations (e.g. donation and privacy policies), conducting trainings and following up on all internal and external information of potential violations. If an information reveals a gap in the existing mechanisms, the findings are used to improve the compliance management systems. The guidelines and specifications are published in a central IT system.

The company departments responsible for compliance check the effectiveness of the measures described. For this purpose, the Legal & Compliance department evaluates various data extracts from IT systems and commissions separate audits on an ad hoc and risk-based basis. The Kaufland Audit department regularly monitors the compliance management system in its entirety. The compliance officer and compliance team (compliance@kaufland.com), the lawyers of confidence, and an IT-supported online reporting system are available as contact persons and reporting channels for information on possible compliance violations. The online reporting system is available in several languages around the clock. Employees can also contact the compliance team, persons of trust and the works council - also anonymously and confidentially. The Legal & Compliance department at Kaufland Romania prepares quarterly and annual reports to inform the management about significant events and developments. Low-threshold access to decision-makers means that information can always be passed on and exchanged. All significant critical concerns at Kaufland Romania are communicated to the highest management body.

All contracts concluded between Kaufland Romania and business partners contain a compliance clause. In this clause, Kaufland Romania points out its obligation to comply with all relevant legal provisions. In addition, the standard contracts at Kaufland Romania contain the Code of Conduct for Business Partners.



Tax compliance

The companies of Schwarz Group comply with all applicable tax laws, rules and regulations in the countries and communities in which they operate. The shared tax policies of the companies of Schwarz Group stipulate not only full compliance with all applicable tax laws but also timely compliance with all tax obligations and the filing of correct tax returns.

The companies of Schwarz Group are aware that the taxes they pay are a significant source of revenue for the countries and communities they operate in and are therefore a prerequisite for any society to function. In the spirit of corporate citizenship, the companies of Schwarz Group conduct their tax planning legally and on the basis of economic considerations. We reject aggressive tax planning based on artificial structures for the sole purpose of minimizing taxes. The same applies to transactions that lack economic substance and have the sole purpose of obtaining illicit tax benefits.

The companies of Schwarz Group seek to foster a cooperative and open working relationship based on mutual trust with all tax authorities and seek to avoid ambiguities or even disputes. The companies of Schwarz Group engage in dialog with the tax authorities in order to safeguard their interests. They also represent their legal positions in accordance with the prevailing opinion in case law and literature, provided these positions are considered appropriate.

The companies of Schwarz Group have multiple tax departments that are responsible for ensuring compliance with tax obligations. The tax department at Schwarz Dienstleistung KG is the primary service provider and point of contact for the companies of Schwarz Group in tax matters. The foreign entities of the individual companies, among them Kaufland Romania generally have independent tax departments, which liaise on key issues with the tax department at Schwarz Dienstleistung KG.

Where necessary, the tax departments set out policies and target processes which define the responsibilities and the early involvement of the tax departments in operating processes. The tax department at Schwarz Dienstleistung KG informs the employees concerned about any relevant tax changes and provides training as needed. In order to ensure legally compliant tax processes, the companies of Schwarz Group have made tax compliance a focal point within our compliance management systems.

Anti-corruption and anti-competitive behavior

Our goal is to minimise the risk of corruption, so all business partners that are signing contracts with our company are being informed in regard to the organization’s anti-corruption and compliance policies, through the Code of Conduct that they sign at the beginning of any kind of contractual relation.

Kaufland Romania employees have access to the company’s anti-corruption policies and procedures in several ways. On the one hand, processes are mapped and described in an integrated information system; on the other hand, the Legal & Compliance department publishes information via its departmental website, a compliance wiki, individual articles on the intranet and the store portal. If required, other channels such as a department newsletter are also available.

Every year, Kaufland Romania employees take part in risk-based and target group-oriented online training courses on corruption prevention. 6 percent of Kaufland Romania employees (991) successfully completed the training courses by the end of the fiscal year.

All members of governing bodies were informed and trained regarding the organization’s Policy concerning anti-corruption and compliance in financial year 2023 (March 2023 – February 2024). Likewise, all employees (regardless of their role within the company) were informed regarding the behaviour they must adopt in such situations, in accordance with company provisions.

All employees must follow Kaufland Romania’s internal regulations closely. The principle that governs aspects regarding conflicts of interest is: we avoid any conflict of interest between personal interests and Kaufland Romania’s business interests.

During the reporting period, no public legal actions were taken against the company for corruption, anti-competitive behavior or conflicts of interest.

Likewise, the company did not support political causes or parties, financially or in-kind.

Compliance training is at the core of our organization’s risk management system, and we provide constant training to our employees so that all applicable regulations are fully respected. From ensuring a safe workplace to protecting consumer data and privacy or corruption and conflict of interests, we cover a wide range of training so that employees are up to date with all regulations.

Program	Women	Men
Principles of competition law in real estate/expansion	8	39
Principles of competition law	92	133
Principles of competition law in internal procurement	7	0
Gifts, invitations, other benefits	5,961	2,021
In-store data protection	6,789	2,321
Phishing	197	224
Information exchange	405	128
Compliance basics & Compliance training for Store Managers	604	344
Corruption and conflicts of interests	52	49

Fines and penalties

Kaufland Romania complies with the legislation in force. The internal procedures, processes and periodic training of the employees aim to ensure the development of the company's activity in accordance with the applicable laws. However, considering the variety of products and processes, the dynamics of the activity, the continuous legislative changes, etc., there may be situations in which the authorities may identify certain non-conformity.

In such situations, for matters related to consumer's protection, marketing communications, labelling, socio-economic and environmental protection regulation, Kaufland Romania was sanctioned approximately 980 times in 2023, the company getting promptly involved for their immediate remediation and for establishing measures which prevent the reappearance of such non-conformities.

Reporting channels

Our employees are not just encouraged but are required to speak up and to report any suspected or observed violations of the law, or if they are asked to do something that might be a violation. External stakeholders are empowered to do the same.

We are making sure that all potential irregularities are identified at an early stage, and we carefully examine all notifications regarding breaches of the compliance principles, confirmed cases being punished accordingly.

We offer all our employees, customers, competitors and partners the possibility of reporting non-compliance with legislation, the Code of Conduct or internal regulations and to seek advice if needed. To protect those involved, we treat every information we receive strictly confidentially. In this sense, we adapted and integrated the online reporting system BKMS®, an online communication platform that enables sending information regarding violation of compliance principles, within our operations. All information is processed by the Internal Compliance Manager.

At the same time, all complaints or inquiries regarding compliance principles or compliance principles violations can also be addressed directly to the Compliance Manager at compliance@kaufland.ro.

Examples of what constitutes a compliance principles violation include:

- ◇ cases of corruption
- ◇ violations of the competition laws
- ◇ breaches of confidentiality
- ◇ economic crimes

Any complaints submitted through the BKMS® system can be sent completely anonymous. The system guarantees data protection and security and is available in multiple languages.

Likewise, our confidential lawyer can be contacted at any time regarding suspicions of breaching the compliance principles.

General feedback regarding in-store experience or other general complaints can be addressed to the Customer Relations department, through a [dedicated form](#) available on our website.

In the financial year, 2023 there were 78 submissions from employees containing complaints, requests, or questions. All of them were checked and analyzed and, where appropriate, the necessary measures were taken to remedy the situations reported.



PRODUCT QUALITY





PRODUCT QUALITY



As one of the largest retailers, we reach millions of people of all ages and backgrounds, with different buying habits. Through our products, we offer them quality products, at affordable prices, while having in mind their diverse needs in terms of food, nutrition and health. We are constantly expanding our responsible product ranges and growing our selection of healthy alternatives.

While following the highest quality standards, we focus on sourcing local products, thus boosting our indirect economic impact, creating value for our suppliers, and shortening supply chains. At the same time, sourcing local products also contributes to lower carbon emissions generated by complex logistic chains.

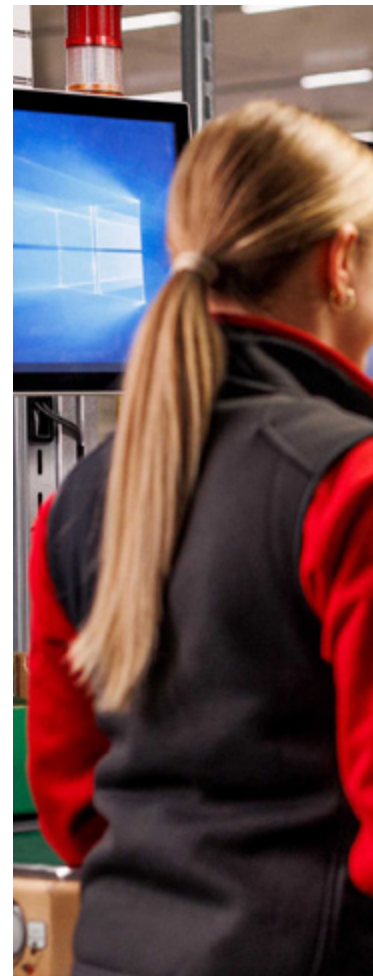
Type of products	2023	2022	2021
Lactose-free items (private label)	7	6	5
Lactose-free items (brand)	111	158	88
Gluten-free items (private label)	22	23	14
Gluten-free items (brand)	189	232	176
Vegan items (private label)	111	86	56
Vegan items (brand)	255	311	171
Bio items (private label)	262	264	233
Bio items (brand)	373	419	587



OUR PRIVATE LABEL FOOD PRODUCTS

At international level, we have approximately 40 Kaufland registered private label brands, covering all three main product categories: food, non-food and cosmetics. Brands such as K-Classic, bevola, K-Take it veggie, Kuniboo or Vreau din Romania (I want Romanian products) are just a few of them.

In Kaufland Romania stores, customers have permanent access to over 4,000 private label products, food and non-food.



CRAZY WOLF

Crazy Wolf

Our Crazy Wolf energy drinks have flavours ranging from guarana and ginseng to apple and raspberry and are also available in a sugar free version.

cultura vini

Cultura Vini

Cultura Vini offers a variety of exclusive wines from several countries (Portugal, Italy, Spain, Australia, or Chile) that are selected by oenologists.

Bio

K-Bio

Includes a variety of fairly priced bio products produced in accordance with the Regulation (EU) 2018/848 of the European Parliament and of the Council on organic production and labelling of organic products.

K-Classic

K-Classic

K-Classic is our private label that is offering a wide portfolio of products, at the most convenient price point. Product quality is guaranteed through constant controls and audits, undertaken by independent audit institutions.

Favourites

K-Favourites

K-Favourites offers a wide range of quality products and delicacies. The products under this label can have MSC, ASC, Fairtrade certificates and the Rainforest Alliance seal.

free

K-Free

Range of gluten- or lactose-free products for people with food intolerances or allergies. The K-free gluten-free range is comprised of high-quality, tasty products, while the K-free lactose-free range comprises lactose-free products – heavy cream, UHT milk 1.5% or 3.8% fat. The products were developed in collaboration with selected experts and suppliers, their quality being checked in independent laboratories.



We aim to offer our customers the best shopping experience, permanently informing them about options available to them in our stores.

Our assortment is an important aspect to us, and we want to offer variety as well as quality at a low price.

Our private label non-food products:

Countryside®, Hip & Hopps®, Kidland®, Kuniboo®, Liv&Bo®, MyProject®, Newcential®, Oyanda®, Spice & Soul®, SWITCH ON®, Talentus®, Townland®, Parkside, K-Carinura, Pet Food.

They include a wide range of options so that our customers can find all the products they need, at the best quality, in our stores. Kids toys, gardening tools, organic cotton clothes, sports articles, furniture, tools, kitchen utensils and accessories or body care products are all available in our stores.



Countryside

Gardening and outdoor design product range, aimed at those who love spending time outdoors. The warranty period for electrical equipment is longer than the legally imposed, and the wood items are FSC® (Forest Stewardship Council®) certified.



K-take it veggie

Wide range of vegan or vegetarian products, offering great variety for all clients wishing to adopt a healthier, balanced diet.



K-to go

Our own brand K-to go promises tasty and quick meals for those who don't have time for long breaks. Healthy sandwiches or light snacks, orange juices or smoothies containing vitamins. It also includes specialty coffees that are made from high quality Arabica beans from certified crops.



K-Purland

K-Purland is our private label for fresh meat of high quality, portioned and freshly packed.



Vreau din Romania

Vreau din România is the private label launched in 2017, created nationwide, to support and promote Romanian producers. Since then, the assortment has grown steadily and today counts over 270 items.



Kidland

The first toy private label focusing on verified safety and quality, offers a variety of fairly priced models. The Kidland world provides new playtime ideas and includes the most diverse toy categories, for all ages. All wooden articles in the collection are FSC® (Forest Stewardship Council®) certified.



Kuniboo

Designed for children and babies, Kuniboo is our private label comprised of carefully selected products that meet the highest quality and comfort criteria. Most natural fibres are made using GOTS (Global Organic Textile Standard) certified organic cotton, the buttons are strong enough to avoid tear, and the paper packaging is FSC® (Forest Stewardship Council®) certified.



bevola

Personal care product range, which includes lotions, shower gels, hair products, skincare products, cosmetic products for men, as well as other product types that address the daily needs of the entire family.

For more information on Kaufland's private label products, access www.kaufland.ro, Assortment section.

RESPONSIBLE ASSORTMENT

Sustainability and transparency play an increasingly important role in the buying habits of the customers.

On the shelves of our stores, we offer a wide range of products, made with regard to the environment and people, and we are constantly expanding our range of responsible products labelled accordingly.

At Kaufland, we highly value responsibility and we promote transparency along our entire supply chain. We want to offer our customers certainty regarding our private label products therefore they are subject to strict quality standards and labelling standards developed in cooperation with our suppliers and buying departments. Apart from a few exceptions, all our private label products include a note regarding their origin, so that the source of the products can be easily traced.

Labels and certifications play a key role for our strategic commitment both to a more sustainable raw material procurement process and to our fundamental goal of building up our assortment of sustainable products.

**Our
actions
do the
talking.**

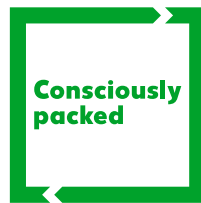
Also we want to make the world a little better. That's why we have long been committed, for example, to food from sustainable cultivation and to environmental, climate and species protection. Our commitment has the motto „Our actions do the talking.”

+ More at:
www.kaufland.com/actions



The „Microplastic Free Formula” logo indicates that the product is free of microplastic. The logo refers to the formulation of the respective products, not to the packaging or carriers like towels or pads.

+ More at:
www.kaufland.com/microplastic



The „Consciously packed” logo informs about our packaging optimization measures.

+ More at:
www.kaufland.com/packaging



The “Unpackaged” logo indicates fruit and vegetable products, which are offered without packaging, and is only used in communication.



The “Reuse again and again” logo marks non-food products that can be reused and are not single-use items. It is only used in communication.



The “Water saved” logo indicates products in which water has been saved compared to the original manufacturing process. In this way, we make water-saving measures transparent.

+ More at:
www.kaufland.com/water

MARKETING AND LABELLING

By aligning our marketing and labelling practices with our commitment to transparency, we aim to empower our customers to make informed choices. **Our goal is to meet customer satisfaction, and for them to have the best shopping experience, whilst having easy access to information regarding the products in our stores.**

Transparency lies at the heart of our commitment to sustainability, and that's why we place significant importance on clear and accurate product labelling. We understand that our customers desire to make informed choices, and we strive to provide them with all the necessary information to do so and for them to have full visibility into the social and environmental impacts of their purchases.

Product labelling is a process regulated by specific legislation for each product category: food, cosmetics, detergents, toys, etc.

Nutrition facts: Our products offer a short presentation of the most important nutritional information, such as calories per 100 g and 100 ml. On the back and sides of the packaging, additional nutritional information is available: ingredient list, allergen indications, special instructions for people with food intolerances, fats, sugar or salt. Clients can quickly and easily evaluate the calory intake and nutrient dose.

Detailed information regarding ingredients: We see transparency and safety as very valuable. We offer clients clear information about the ingredients of all our private label products.

At partner level, in order to ensure compliance with standards and legislation in force, Kaufland included clauses Regarding product labelling in private label supplier agreements.



Information regarding fish and meat traceability

Traceability involves identifying and documenting the relationship between batches of products and their corresponding batches of raw materials and packaging. This includes packaging that comes into direct contact with the food and any packaging that might potentially come in direct contact with the food. Each product batch is labeled accordingly, representing a set of food units produced under identical conditions.

To ensure complete transparency in our supply chain for our customers, we collaborate closely with all our suppliers. Each package of canned fish and other imported fish products features a tracking QR code. This code provides detailed traceability information about the product.

For fish products, there are two simple methods through which they can get information regarding product origin:

- ◇ Using the LOT number placed on the packaging, close to the expiration date. Accessing www.ftrace.com and introducing the LOT code, customers can access information regarding the origin of the fish.
- ◇ Scanning the QR code on K-Classic fish packaging using their phone.

The **Aquaculture Stewardship Council (ASC)** label indicates responsibly bred fish and seafood. ASC-certified producers must demonstrate that they work in an environmentally friendly way and ensure good and fair working conditions.

+ More at: www.asc-aqua.org



The **Blue Angel** indicates products and services that are particularly environmentally friendly. They meet high requirements for both health and labor protection and suitability for use.

+ More at: www.blauer-engel.de/en



Cotton made in Africa (CmiA) is an internationally recognized standard for sustainable cotton sourced from Africa. The focus is on environmental protection and better working and living conditions for small scale farmers and for the workers in the ginneries.

+ More at: www.cottonmadeinafrica.org



The **EU organic logo** indicates food that was produced and inspected according to EU legislation on organic farming. It represents organic production and appropriate livestock farming.

+ More at: www.madr.ro/agricultura-ecologica



The **EU Ecolabel** is awarded for products and services for everyday life. The label indicates products that have a lower environmental impact than comparable products.

+ More at: www.ecolabel.eu



Fairtrade stands for better prices for small scale farming families and humane working conditions for employees on plantations in developing and emerging countries

+ More at: www.fairtrade.net



Fairtrade Cocoa Mark: Cocoa producers can sell additional shares of their harvest under Fairtrade conditions. This improves their living and working conditions and ensures more environmentally-friendly production.

+ More at: www.fairtrade.net



I Our Journey

The **FSC®** label indicates wood and paper products that are independently certified according to the strict guidelines of the Forest Stewardship Council®. This encourages responsible forestry worldwide.

+ More at: www.fsc.org



The **OEKO-TEX® MADE IN GREEN** label ensures the traceability of textile products and guarantees environmentally friendly, safe and socially responsible production.

+ More at: www.madeingreen.com



The **Global Organic Textile Standard (GOTS)** guarantees sustainable production of textiles along the supply chain. From the harvesting of organically produced, natural raw materials, through environmentally and socially responsible manufacturing to transparent labelling.

+ More at: www.global-standard.org



The **Non GMO** label indicates food which does not contain any genetically modified ingredients, up to a limit value of 0.1 percent.

+ More at: www.og-info.org



The **Rainforest Alliance Certified** seal is awarded to cocoa, coffee, tea, citrus fruits or bananas that are grown according to ecological, social and economic requirements.

+ More at: www.rainforest-alliance.org



The **GGN** label (GLOBALG.A.P. number) identifies products that come from farms certified to an international standard for responsible agricultural practices.

+ More at: www.ggn.org



The **SAFE** label from the American Earth Island Institute certifies products from tuna fishing where there is no danger of dolphins getting caught in the nets.

+ More at: www.savedolphins.eii.org/campaigns/dsf



Products certified with the **Global Recycled Standard (GRS)** contain recycled material. The GRS logo may be used if products comprise at least 50% recycled material.

+ More at: www.textileexchange.org



The **Sustainable Cleaning** mark labels cleaning products that meet high standards for environmental safety, minimize waste and provide clear and transparent information on how to use those products in a more sustainable way.

+ More at: www.cleanright.eu



Kaufland is a member of the **Leather Working Group (LWG)** and promotes responsible environmental practices throughout the leather supply chain.

+ More at: www.leatherworkinggroup.com



The **Vegan Flower of the British Vegan Society** identifies products that are free from animal ingredients and therefore suitable for a vegan lifestyle.

+ More at: www.vegansociety.com



The **Marine Stewardship Council (MSC)** label indicates fish from sustainable fisheries. MSC-certified fisheries ensure that fish stocks are in a good condition, protect the sea habitat, and minimize by-catches.

+ More at: www.msc.org



The **V-Label** is applied to products that are either vegetarian or vegan. Vegan products contain no animal ingredients or processing aids like meat, fish, egg and dairy products.

+ More at: www.v-label.com



The **Organic Content Standard (OCS)** records the precise proportion of organic material in products and tracks it through the manufacturing chain. It means that organic wool was used.

+ More at: www.textileexchange.org



We have created a dedicated section on our website so that all consumers can access information about the logos that are illustrated on many of the product packages in our stores.

Palm oil

At the international level, we are committed to using certified palm oil in our private label products. Where palm oil is part of a product recipe, we ensure its sourcing complies with sustainable standards, gradually increasing the share of certified palm oil. This approach reflects our participation in global initiatives, such as the Sustainable Palm Oil Forum, which promotes sustainable palm oil production in developing countries.

In Romania, for products that have palm oil in their recipe, we require from our suppliers the RSPO (Roundtable on Sustainable Palm Oil) certification. Kaufland Stiftung is a member of the German Initiative, Roundtable for Sustainable Palm Oil.

Fur Free Retailer

We adhered to the „Fur Free Retailer“ programme, therefore we are refraining from selling fur or fur products made out of natural fur or containing natural fur. Amongst these, for example, are textile products, accessories, and animal toys.

Eggs

Regarding egg products and own-brand processed products, such as baked goods or pastry products, we have committed to using only free-range eggs or barn-laid eggs for products where egg content constitutes at least 1% of the final product. Items such as waffles made using fresh eggs are marked accordingly, the packaging including a notification regarding the use of free-range or barn-laid eggs. Kaufland has committed to stop using eggs coming from hens confined in cages and enclosed spaces in own-brand products by 2025.

Microplastics

Already in 2013, we have committed ourselves to eliminate microbeads in the formulas of our own-brand cosmetic, body care, laundry and household cleaning products. Among other things, we have replaced them with natural and renewable raw materials. In the meantime, we have expanded our definition of microplastics to include other non-biodegradable synthetic polymers in addition to the microbeads mentioned above.

By the end of 2021, we aimed to adapt the formulas of all own-brand products in cosmetic and body care, detergents and cleaning products,

including car care, and to renounce the use of microplastics and non-biodegradable purely synthetic polymers, provided that this does not significantly affect the performance or the safety of the product*.

Quality and safety assurance are the highest priority for our products. Due to the challenges related to some of the product recipes, the associated properties, and the availability of appropriate raw materials, we were unable to launch all of our planned novelties by the end of 2021. We work closely with our suppliers on further developments, some of which must first be developed on the market. We label our packaging with the „Microplastic Free Formula“ logo to transparently communicate to our customers that we do not use microplastics in our product formulations*.

For more information please see:
[Kaufland.com/microplastic](https://www.kaufland.com/microplastic).

Certification	2022		2023		Total certified articles	
	Private Label	Other	Private Label	Other	2022	2023
Fairtrade	92	14	106	9	106	115
Organic	264	419	262	373	683	635
FSC®	14	24	16	33	38	49
Rainforest Alliance	84	57	129	39	141	168
Sustainable fishing	11	12	13	13	23	26
Sustainable cocoa	69	0	57	0	69	57
Sustainable coffee	25	6	32	4	31	36
Sustainable tea	0	15	0	14	15	14
Sustainable eggs	0	4	0	20	4	20
MSC	9	9	11	9	18	20
TOTAL**	568	560	626	514	1,128	1,140

*Does not refer to packaging or carrier materials such as cloths, pads, etc.

**The total number of certified items does not represent unique articles, as one article can have one or multiple certifications. Some variations in number for articles result from the listing or delisting of articles that take place throughout the year.

Sustainable fishing products are defined as items certified by at least one of the following labels: MSC, ASC, BAP, Organic, FAD-Free, Pole and Line, Global GAP/GGN, AquaGAP, Naturland, or Dolphin Safe.

The Marine Stewardship Council (MSC) is an international non-profit organization that recognizes and rewards efforts to protect oceans and ensure sustainable seafood supplies for the future.



CONSUMER HEALTH AND SAFETY

Consumer health and safety is very important to us. That is why, in all our actions and activities, we prioritize the quality of the products that customers and consumers find in our stores. Beyond customer satisfaction, we care about their health and safety, therefore we take measures to ensure that they have access to fresh products that follow the highest quality standards every day.

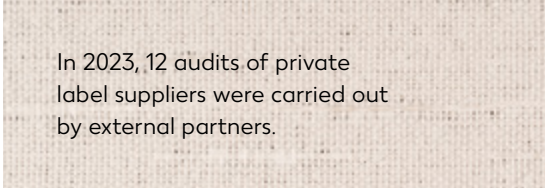
We require our private label suppliers to strictly follow legislative norms and regulations applicable in the country of origin regarding product quality. Likewise, in order to become a supplier for Kaufland's private labels, suppliers of food and nearfood/ cosmetics must first be certified in compliance with International Featured Standards (a Global Food Safety Initiative recognized standard for auditing food manufacturers) or Global Supply Chain Assurance (BRCGS), a leading global brand and consumer protection scheme - BRC-Food Safety or BRC-Consumer Products standards.

The IFS standards focus on the safety and quality of production processes and audits aspects related to senior management responsibility, resource management, product safety and quality management systems, production processes planning and action plans for responding to unforeseeable situations.

In addition, for certain product categories, the company can request additional audits carried out by an internal team or a third party, based on previously established criteria.

More than that, our private-label food suppliers receive and acknowledge the Kaufland Quality Requirements, that list all the requirements we expect from them when it comes to packaging, ingredients, or animal welfare, with a minimum expectation of full compliance with the national and European laws and regulations.

Safety doesn't end with placing the products on the shelf. We are continuously monitoring and analysing our products to ensure that they are safe and meet our standards. In Romania, we have developed food products under our private label, and audits are regularly carried out at food manufacturers to maintain high safety standards.



In 2023, 12 audits of private label suppliers were carried out by external partners.

Supplier self-check program

To better ensure that our products meet the highest requirements of quality, all nationally sourced private label are included in the annual self-monitoring plan, according to which they are reviewed quarterly. We require from our suppliers the tests to be conducted by external authorized laboratories.

During 2023, a total of 2248 national private label product analyses were conducted on these products, compared to 790, in 2022. In addition to these private label products, weekly, by alternation, samples of vegetables and fruits received in the 2 logistic platforms, Ploiesti and Turda, are tested.

During 2023, 892 tests (on fresh vegetables/fruits) were conducted. In addition to these products, items marketed under the producers' brand were also tested in 2023 (62 tests on meat items, 13 on fish items).

Product recalls

In 2023, one private label non-food product was recalled. The "Kidland" brand "3-in-1 Cradle" with identification number 373598_2204 has been voluntarily and preventively recalled. Due to a manufacturing fault, it cannot be excluded that the seat of the cradle may tilt uncontrollably forward or backward during use.

Also, one private label food product was recalled: "K-classic Tart with Rhubarb and Strawberries 1250g," batch no. 3185, best before: 10.2024, from supplier B+F Bakery & Food GmbH. The product was voluntarily and preventively recalled due to the possible presence of small pieces of blue plastic on the surface.





**02 OUR
SUSTAINABILITY
COMMITMENT**



STRATEGY AND TARGETS



STRATEGY AND TARGETS

Joint Climate Strategy of the Companies of Schwarz Group

Climate change poses enormous challenges for our society and demands action at all levels of society. As part of the companies of Schwarz Group, Kaufland Romania aims to keep its own contribution to climate change as low as possible and to steadily minimize greenhouse gas emissions.

To achieve this, the companies of Schwarz Group jointly committed themselves to the following principles:



Science Based Targets as Basis of Joint Climate Targets

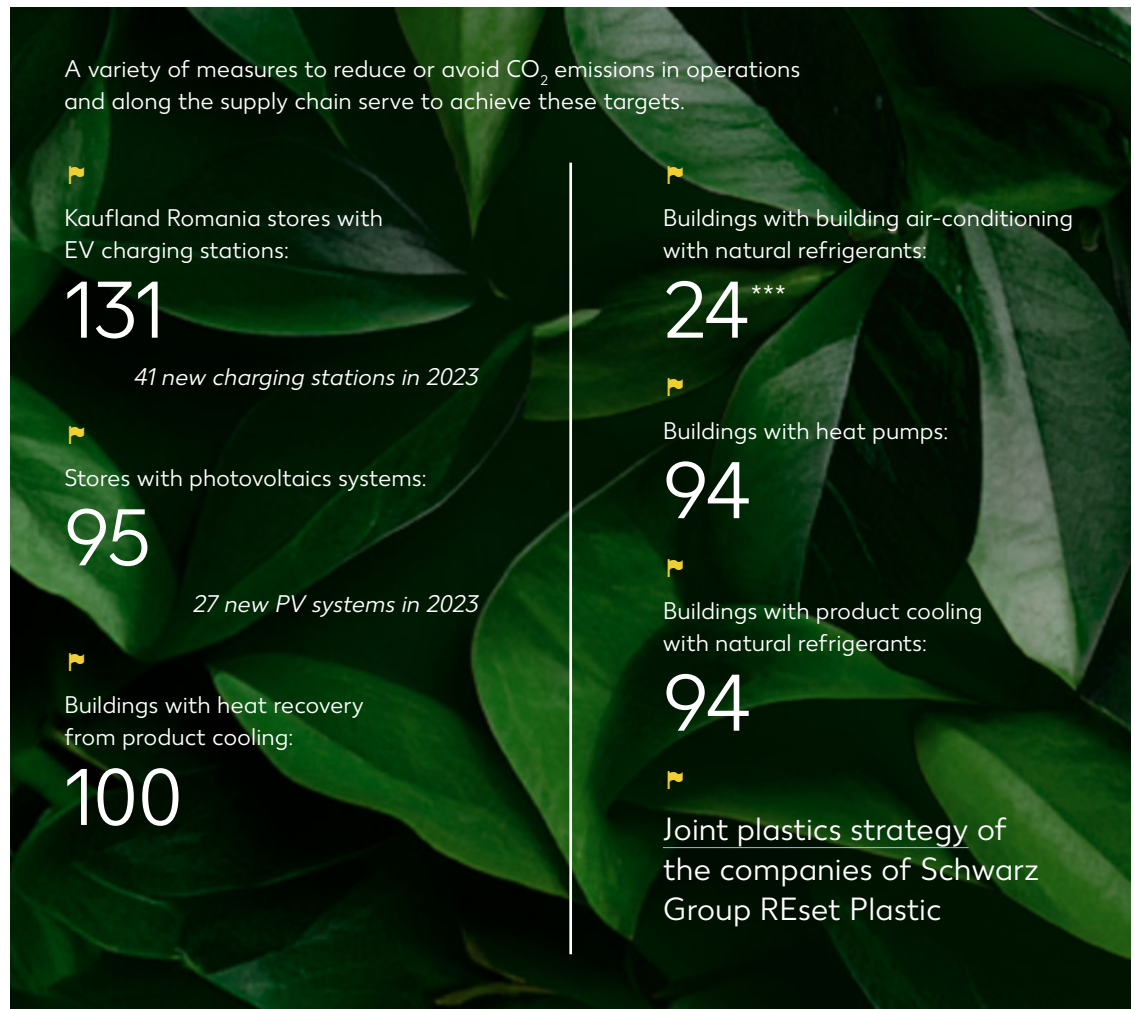
As part of their joint climate strategy, the companies of Schwarz Group already joined the Science Based Targets initiative (SBTi) in August 2020. After preparing a complete climate impact assessment and analysing the carbon footprint, climate protection targets were mutually defined according to the method of the initiative. These were filed together with jointly elaborated measures to reduce, prevent, or compensate CO₂ emissions in operation and along the supply chain. These science-based targets were validated and released by the SBTi in September 2021.

Shared Climate Targets

In total, the companies of Schwarz Group will reduce their operational greenhouse gas emissions (scope 1 and 2) by 55 percent by 2030 compared to 2019*. To achieve this mutually set goal, all companies of Schwarz Group will procure 100 percent** of their electricity from renewable energies as of the 2022 fiscal year.

To date, Kaufland had set itself the goal of becoming climate-neutral in terms of operational Scope 1 and Scope 2 emissions by 2025. With the new NetZero commitment by 2050, Kaufland is now taking the next step and is setting itself binding greenhouse gas reduction targets that go far beyond the existing goals.

The companies of Schwarz Group also commit together to reducing their absolute scope 3 emissions with regard to the use of solid fuels, by 27.5 percent by 2030 compared to 2019 levels. Kaufland commits itself, that suppliers who are responsible for 80 percent of product-related emissions will set their own climate targets by 2026, according to the criteria of the SBTi.



* This target for scope 1 and 2 also includes biogenic emissions and the removal of biogenic raw materials (only PreZero)

** Excluding any purchase agreements that Kaufland Romania cannot influence, such as those for individual leased properties with a binding electricity procurement clause; further information can be found at www.kaufland.ro.

*** Not all the cooling equipment in the store have natural refrigerant.

About the Science Based Targets Initiative

The Science Based Targets initiative (SBTi) is an alliance of the renowned environmental and climate protection organizations and initiatives CDP (formerly Carbon Disclosure Project), UNGC (United Nations Global Compact), WRI (World Resources Institute), and WWF (World Wildlife Fund). The SBTi's goal is to promote science-based climate targets in companies in order to achieve a low-carbon economy in the long-term despite constant population growth. It aims to establish a framework that allows companies to reduce their greenhouse gas emissions on a scientific basis. Worldwide, more than 2,000 companies have already joined the initiative.

The SBTi has become an internationally recognized standard for companies with the goal of reducing emissions. When assessing the climate targets, the SBTi considers the sector as well as the size of the company. This means that companies can align their emissions reductions to a specific target to combat climate change more effectively and achieve the global targets established by the Paris Agreement.



REset Plastic

the holistic plastics strategy of the Schwarz Group

Plastic is an integral part of our everyday life. It's easy to understand why: The material is robust, light and flexible to use. The recyclable material is also indispensable as a transport and packaging material for our core business, trading in food and non-food products. However, due to the long life of the material, it can become a problem if released into the environment. Anyone putting plastic into the cycle is therefore also responsible for its further use.

In response, we have been committed to collecting, sorting, and reusing plastics for many years — centralizing our initiatives since 2018 through REset Plastic. This is the international, holistic plastics strategy adopted by all Schwarz Group divisions and countries.

With the group-wide REset Plastic strategy, we not only want to reduce the use of plastic and promote recycling, but also to create new awareness and fundamentally change the way we deal with plastic.

As part of Schwarz Group, Kaufland has committed itself as part of the group-wide REset Plastic strategy to reduce plastic consumption for private label packaging and plastic transport aids by 30 percent by 2025 compared with 2017, to make 100 percent of the private label packaging maximum recyclable and to use an average of 25 percent recycle in private label packaging. Therefore, in 2018, the companies of Schwarz Group signed the Global Commitment of the New Plastics Economy of the Ellen MacArthur Foundation.

Common vision:
Less plastic –
closed loops.



REset Plastic is a holistic and cross-divisional strategy of the Schwarz Group. The organizational structure thus involves all relevant areas of the company and defines clear responsibilities for implementation and target fulfilment. At Kaufland Romania, the responsibility for implementing REset Plastic lies with the following departments: Waste management, CSR, Procurement, Sales, Acquisitions.

Kaufland Romania makes a decisive contribution to the implementation of the group-wide plastics strategy REset Plastic and has already achieved numerous successes:

Fruit and vegetable nets

REduce

Product packaging or product with high plastic savings

REdesign

Product packaging or product with a high proportion of recycle

REdesign

REcycle

Product packaging or product with high recyclability

REdesign

REcycle

National/international cooperation for waste disposal from the environment

REmove

Ever since the first public discussions regarding the implementation of the Deposit-Return System (DRS/SGR) in Romania, Kaufland Romania has had an extremely active component among all stakeholders. We are informing our customers, media representatives and employees through communication, marketing, and CSR projects about the importance of recycling and we encourage them to use the infrastructures from Kaufland stores.

Kaufland was the first retailer in Romania to introduce automatic packaging collection machines in all its stores, starting in 2021. Today, most units have at least two such machines, ensuring an efficient and affordable return process for customers.

By the end of the 2023 financial year, the national network includes 172 stores equipped with 359 machines, where customers can return PET, glass and aluminium packaging, with an investment of €7 million to expand and streamline the separate collection infrastructure available to customers.

Between January and October 2023, nearly 29 million packages were collected through the vending machines, highlighting the initiative's success and strong customer engagement. During Recycling Week, the system test set a record with 11.2 million containers collected nationwide, showcasing the network's capacity to manage high volumes of packaging effectively.

In addition, we implemented various projects to encourage recycling and waste collection:

- ◊ On **International Earth Day (22 April)**, Kaufland Romania and the 11even Association, with the support of the Romanian Rugby Federation, broke the record for the "World's Largest T-Shirt", entered in Guinness World Records. The giant t-shirt was made exclusively from recycled plastic fabric, which is the result of recycling more than 250,000 PET bottles and with the help of 200 volunteers. Our campaign ended with the transformation of the giant T-shirt into 12,000 shirts that were distributed to participants in the "Joy in Motion" festivals.

Educational/research projects on plastic

REsearch

We continued The Recycling Championship program, which is the first national environmental education campaign designed to promote the Deposit-Return System (SGR) for primary non-refillable packaging. The project is based on the infrastructure of automated RWM collection machines provided by Kaufland Romania - the only national retail network in Romania fully equipped with automated packaging waste collection machines.

This project is one of the most ambitious environmental education initiatives in our country and aims to mobilise communities across the country around a common goal: to create more engaged citizens and contribute to cleaner cities.

In addition to the separate waste collection activity, the project integrates two key environmental education activities. In a first phase, teachers will be able to participate in training sessions where they will learn the basics of environmental education and how to conduct environmental education classes.

The second phase consists of teachers facilitating actual environmental education classes for their students.

Schools earned points for their involvement in project activities, which translated into prizes totaling over 250,000 lei. These prizes were used to invest in educational infrastructure, tailored to each school's specific needs and the value of the rewards they received.

Kaufland joined NABU global NGO to offer educational opportunities to children from vulnerable backgrounds and facing poverty, empowering them to define and shape their own futures.

In 2023, the two partners collaborated to publish 10 digital books for children aged 2 to 10 years old on topics of protection of the environment, biodiversity and healthy food. *Anna and the bees*, *The plastic-eating machine*, *The Garden of Butterflies* are just a few of the titles of a unique collection of books available for children everywhere.



Circular and recyclable materials

Household Products from our own recycling loop

In cooperation with PreZero, the environmental division of the Schwarz Group, Kaufland Romania has also been offering its customers promotional merchandise in the household goods section of its private label, which are made from 100 percent* recycled plastic, for some time now.

For production, PreZero collects packaging waste from private households. The plastics are then sorted, cleaned and processed into regranulate. The valuable material recovered is used to produce new, high-quality household goods. The entire recycling and manufacturing process takes place in Europe, saving resources and the environment. A large part of the added value is thus covered by the Schwarz Group's participating divisions.

In 2023, our customers could find household products such as lids and various storage boxes on our shelves. These items included a range of laundry baskets, collapsible plastic crates, and storage boxes. Additionally, a selection of children's sand play sets made from recycled plastic, such as a sand mill, sand molds, and a sand vehicle, were also available.

*Plastic content (approx. 95 percent, depending on the article) of the product made from 100 percent recycled plastic, additional use of additives and color (about 5 percent).

Ocean Bound Plastic

With REmove – an action area of the group-wide REset Plastic strategy – Kaufland Romania assumes responsibility for plastic that is already in the environment and therefore outside of the loop. On the one hand, we support the removal of existing plastic waste from rivers, lakes, the sea and on land. On the other hand, we want to actively prevent plastic waste from entering the environment in the first place. Here we focus on the main source of marine pollution: Ocean Bound Plastic.

Ocean-bound plastic is plastic waste that was disposed directly into nature due to a lack of collection and recycling infrastructure and ends up in the sea through rain, wind and tides. To protect the oceans, we are thus helping to set up waste management systems, especially in coastal areas and on waterways. Together with our global partners, such as the environmental "One Earth - One Ocean e.V." or the "Project STOP" (Stop Ocean Plastics), we are ensuring that plastic waste is systematically collected on site and permanently integrated into recycling processes.

Deposit Strategy

Less Plastic – Closed Loops: This is the vision that Kaufland Romania is pursuing with the holistic plastics strategy REset Plastic as part of the Schwarz Group. Deposit systems are an important building block in the expansion of a functioning circular economy: They support the sorted collection of recyclable materials, which can then be further processed in high-quality recycling processes. As part of the group-wide deposit strategy, Kaufland Romania is thus committed to introducing retailer-friendly collection and deposit systems for single use PET beverage bottles and beverage cans throughout Europe.

This puts us in line with two important EU directives: On the one hand, according to this, by 2025, 70 percent of beverage bottles are to be collected separately for recycling purposes by 2025, and this figure must be as high as 90 percent by 2029. On the other hand, 25 percent of beverage bottles are to be made of recycled plastic by 2025 – and as much as 30 percent by 2030. From our point of view, both requirements can best be met by a modern deposit system: In this way, plastic bottles could be sorted by type and thus be processed more easily into new bottles – a functioning cycle.

Our priorities include recovering as much packaging as possible from the market and getting involved and supporting programs for recycling. Kaufland Romania is a founding member of the Retailers for the Environment Association, an association with a 20% shareholding in RetuRo - the company that oversees the implementation of the Deposit – Return System (DRS) for beverages packaging in Romania. RetuRO Sistem Garantie Returnare S.A. is the company created exclusively for the management of Deposit - Return system in Romania, which has been appointed administrator of SGR. We are actively involved in all the steps regarding both implementation and proper functioning of the system.



REmove

River Cleanup Collective

More than 3.4 tonnes of waste were cleaned by Romanian volunteers from the riverbanks of 5 localities within the River Cleanup Collective - a large transnational greening action carried out in 17 European countries. The events were attended by Kaufland employees as well as many young people from local communities, eager to leave behind a cleaner world for future generations.

Launched by the Schwarz Group in 2022, the River Cleanup Collective is a programme to collect plastics from rivers, taking place simultaneously in 17 countries across Europe, with the participation of all companies in the group.

Broscuta (Turtle), the first national infrastructure for collecting personal care and housing products

In order to encourage and support the behaviour of consumers to protect the environment, in 2022 we have expanded the infrastructure for recycling personal care products and housing (PET, HDPE and LDPE plastic) in all our stores in Romania.

Our goal is to become the most accessible and convenient destination for recycling and to reward responsible behaviour. Thus, for every three containers of personal and household care products brought to the installation in the form of a frog in stores, customers will receive a coupon with discounts of up to 35% on products in the campaign for that month.



Recycling Vending Machines

Kaufland was the first hypermarket to place recycling machines for plastic containers, bottles and aluminium cans in the parking lots. To encourage our customers to use the vending machines and recycle packaging we offer them discounts on their purchases as part of the "Recycle and Save" campaign.

Our goal is to become the most accessible and convenient destination for recycling and to reward responsible behaviour.

Transport aids and transport packaging for customers

For efficiency and a more sustainable process, we use reusable crates instead of disposable boxes in the fruit and vegetable area of our stores. Since green reusable packaging was declared standard packaging for fruit and vegetables in our other stores in Europe in 2018, we have largely phased out disposable trays in our European supply chain.

The green packaging route: from the producer to the distribution centre and on to store placement, fresh produce stays in the trays. After their sale, empty crates are cleaned and returned to the producers, where they are refilled.



Hârtie/Carton **Folii** **Aparate electrice**

IMPLICAREA TA SALVEAZĂ NATURA.

RECICLEAZĂ ȘI EȘTI RECOMPENSAT!

La fiecare **3 recipiente de plastic** aferente produselor cosmetice și de curățenie, îți oferim o **reducere de 35%** la produsele aflate în campania lunară.

35% REDUCERE

35%

RE set

CONSUMUL EXCESIV DE PLASTIC DĂUNEAZĂ GRAV NATURII.

Implicarea face diferența.

Kaufland

A photograph of a lush green field with rows of plants. In the background, a white sign is visible, and a building with a dark roof is partially seen. The overall scene is bright and vibrant, suggesting a healthy and sustainable agricultural environment.

OUR PROGRESS AND GOALS



OUR GOALS



TOPIC

Strategic partnerships

GOAL

Engagement with Romanian suppliers on the development of innovative circular and sustainable packaging solutions – 2025

DEADLINE

2025

PROGRESS

100%

Kaufland Romania partnered with the European Bank for Reconstruction and Development (EBRD) to support the transition to sustainable packaging. Through the program, Kaufland Romania helped local suppliers adopt eco-friendly innovative packaging practices. The program's primary goal was to evaluate current packaging processes and recommend improvements that align with future European regulations, particularly the forthcoming Packaging and Packaging Waste Regulation (PPWR). The project was developed as part of the [EBRD Green Innovation Programme](#), with funding from [European Commission through Horizon 2020](#).

GOAL

Conducting 5 trainings for Kaufland Suppliers on sustainability topics in partnership with the Sustainability Embassy in Romania

DEADLINE

2025

PROGRESS

Based on the Kaufland's 2024 sustainability strategy, we are defining key pillars of our future actions which will also serve as the foundation for trainings conducted with suppliers.



TOPIC

Circular economy

GOAL

100% of our stores in Romania to be equipped with:

- ◊ Reverse Vending Machines (RVMs)
- ◊ Electric vehicle charging points

DEADLINE

2027

PROGRESS

100% of our stores have RVMs

74% of our stores have electric vehicle charging points (131 stores out of 177)

GOAL

To extend the Zero waste certification

DEADLINE

2024

PROGRESS

100%

After receiving the initial certification, we extended it by undergoing surveillance audits scheduled in each of the first two subsequent years (October 2023 and January 2024).



TOPIC

Social commitment

GOAL

To plant a network of 6 mini urban forests

DEADLINE

2025

PROGRESS

83%

Between December 2023 and March 2024, we planted 5 mini urban forests in store parking lots across Romania, as part of the „Planting Good Deeds in Romania” initiative. Approximately 5,170 saplings were planted over a total area of 4,300 m², involving various species such as oak, ash, elm, hazel, and Turkish cherry. The stores involved included locations in Bucharest (Popa Nan and Emil Racoviță), Comarnic, Vișeu de Sus, and Zalău.



TOPIC

Diversity and equal opportunities

GOAL

To reach at least 500 employees with disabilities

DEADLINE

2025

PROGRESS

89.6%

(448 active employees)



TOPIC

Attractive employer

GOAL

To receive the Top Employer Certification for 2023 financial year

DEADLINE

2023

PROGRESS

100%



TOPIC

Food Waste

GOAL

To increase the quantity of donated food by at least 3% in order to prevent food waste

DEADLINE

2025

PROGRESS

100%

(41.18 tonnes in 2022, 60.41 tonnes in 2023, an increase in quantity of more than 46%)



MATERIALITY ASSESSMENT



The ongoing dialog with our internal and external stakeholder groups – such as employees, suppliers, customers, non-governmental organizations (NGOs), associations, or politicians – is an essential part of sustainability management by Kaufland Romania.

MATERIALITY ANALYSIS

1. Stakeholder engagement

The continuous exchange with our internal and external stakeholders - including customers, non-governmental organizations (NGOs), political actors, business partners, employees or the media - is an essential part of Kaufland Romania's sustainability management.

This dialogue exists in both directions: We regularly inform the entire circle of our stakeholders about our activities. For this purpose, we use various formats such as sustainability reports/press releases/e-mails and written correspondence or customer brochures/surveys for external stakeholders and customers, and intranet portals/direct mailing and newsletters for our employees. In addition, we enable and promote direct and mutual exchange through series of events and personal discussions. In turn, our stakeholders provide us with valuable feedback through their expertise, observations and critical-constructive engagement with our company, which is then incorporated into our work.

Kaufland Romania also contributes to cooperations and networks in a variety of ways and also participates in external dialog and exchange formats, as described in the „Initiatives and Memberships” section of this report.

We evaluate which stakeholders are relevant for the company at regular intervals, but at least every two years. This is based on external inquiries, for example from NGOs, and extensive monitoring of the social debate. At the same time, we take into account changes in responsibilities on the part of politicians or NGOs, for example. In addition, a comparison is made with the results of the materiality analysis and the associated topics.

On specific topics such as Circular Economy and Food Waste, an intensive exchange with non-governmental organizations, authorities and industry representatives takes place - for example in the form of events, debates or public policy consultations.

STAKEHOLDER GROUP	Interests	How we engage and communicate with our stakeholders	STAKEHOLDER GROUP	Interests	How we engage and communicate with our stakeholders
Consumers (individuals or businesses)	products, services, events, Kaufland newspaper, product quality, product availability, pricing, rent prices, services, events	<p>Kaufland website: www.kaufland.ro</p> <p>Kaufland Romania Facebook page (www.facebook.com/kaufland.romania)</p> <p>Instagram: @kauflandromania</p> <p>YouTube, LinkedIn Kaufland,</p> <p>TikTok, Newspaper, Surveys, TV and outdoor advertising, Dedicated events, Sponsorship events, Professional conferences, Newsletters, Telephone calls through the Customer Relations Department</p> <p>Direct mailing</p> <p>Kaufland Card App</p> <p>Personal meetings</p> <p>Telephone calls</p> <p>In-store radio</p>	Suppliers	products, services, events, Kaufland newspaper, terms of partnership, collaboration, project communication, terms of engagement	<p>Dedicated events</p> <p>Direct mailing</p> <p>Personal meetings</p> <p>Telephone calls</p> <p>Surveys</p> <p>Professional conferences</p>
			Authorities	taxes, reporting, legislation, transparency	<p>E-mails and written correspondence</p> <p>Telephone calls</p> <p>Personal meetings</p> <p>Professional association meetings</p> <p>Surveys</p> <p>Press conferences</p>
			Civil society/NGOs	social projects and sponsoring, local community involvement	<p>Direct mailing</p> <p>Personal meetings</p> <p>Dedicated events</p> <p>Surveys</p> <p>Press conferences</p> <p>Trainings</p>
Employees	company projects, events, legislation, administrative information, development opportunities, benefits, health and safety, diversity, recognition	<p>Intranet, Connect App</p> <p>Kaufland Romania Social Media pages</p> <p>Surveys</p> <p>Internal events</p> <p>Direct mailing</p> <p>Professional training courses</p> <p>Notice boards</p> <p>Newsletters</p> <p>In-store radio</p> <p>Professional conferences</p>	Academic representatives	partnerships for students, employment, research opportunities	<p>E-mails and written correspondence</p> <p>Dedicated events</p> <p>Direct meetings</p> <p>Telephone calls</p> <p>Surveys</p>
			Mass-media	collaboration, project communication, quality of information	<p>Press releases</p> <p>Press conferences</p> <p>Direct mailing</p> <p>Telephone calls</p> <p>Surveys</p>

2. Materiality Analysis

Kaufland Romania has revised the process for determining its material topics in 2023. In this way, we take into account new and changed (regulatory) requirements at an early stage, including the updated materiality definition of the GRI Standards 2021. The basis for the new process is the Kaufland topic model, which comprises of total of 20 topic areas.

As part of the materiality analysis, the 20 topic areas were assessed on the basis of two dimensions:

- ◇ First, the positive and negative impacts of Kaufland on people, the environment and society are considered (so-called „inside-out perspective“).
- ◇ Secondly, the influence of the topic areas on Kaufland’s business success is considered (so-called „outside-in perspective“).

The Kaufland materiality analysis is updated at least every two years in the course of sustainability reporting. It is carried out in a standardized manner for all national Kaufland companies and at the same time enables the integration of the national perspective.

The analysis is carried out in three steps:

1. a cross-country survey of impact relevance (consisting of exposure analysis and expert interviews),
2. a country-specific survey of business relevance (via national workshops), and
3. validation and consolidation of the results in a country-specific materiality matrix.

Assessment of the impact of Kaufland Romania

Kaufland’s impact on people, the environment and society is assessed internationally by the Kaufland Stiftung on behalf of the national Kaufland companies in a two-stage process consisting of an exposure analysis and expert interviews.

Conducting a quantitative exposure analysis

The exposure analysis is used to identify potential direct and indirect impacts of Kaufland on people, the environment and society in a data-based manner. It considers sustainability-related risks that potentially arise from Kaufland’s business activities. The analysis and survey of Kaufland’s environmental and social impacts was carried out quantitatively on the basis of macroeconomic as well as company- and industry-specific data across the international value chain. In order to account for Kaufland’s internationality, the potential local needs for action were determined in relation to each other at country level. This allowed comparability between the topic areas.

In order to identify the countries where Kaufland has a potentially high leverage effect, the next step was to model Kaufland’s value chain on the basis of sales data, industry information and economic data.

This made it possible to identify country-specific direct and indirect economic activities and to apply an economic weighting in the analysis. This weighting especially takes into account countries in which Kaufland has a high level of activity based on the data and therefore has a potentially higher influence on the respective topics. In the final step, the combination of the need for action with the economic relevance resulted in the materiality scores of the individual topic areas and thus the first building block of impact relevance.

Conducting qualitative expert interviews

In parallel to the exposure analysis, the statistical results were validated by a qualitative survey. The mix of methods increases the resilience of the analysis, allows for deeper conclusions and reduces potential weaknesses of the methodologies standing on their own. For this purpose, international experts from the relevant Kaufland stakeholder groups were interviewed to gain an even deeper understanding of Kaufland's impact with regard to the 20 topic areas.

When selecting the experts, the market-specific characteristics of the countries as well as the diversity of topics in the area of sustainability were taken into account. The preparation, implementation and evaluation of the interviews were carried out by an external partner.

The combination of exposure analysis and expert interviews resulted in the international impact relevance values for the 20 topic areas, which at the same time represent the values of the x-axis in the materiality matrix.

Assessment of the business relevance of Kaufland Romania

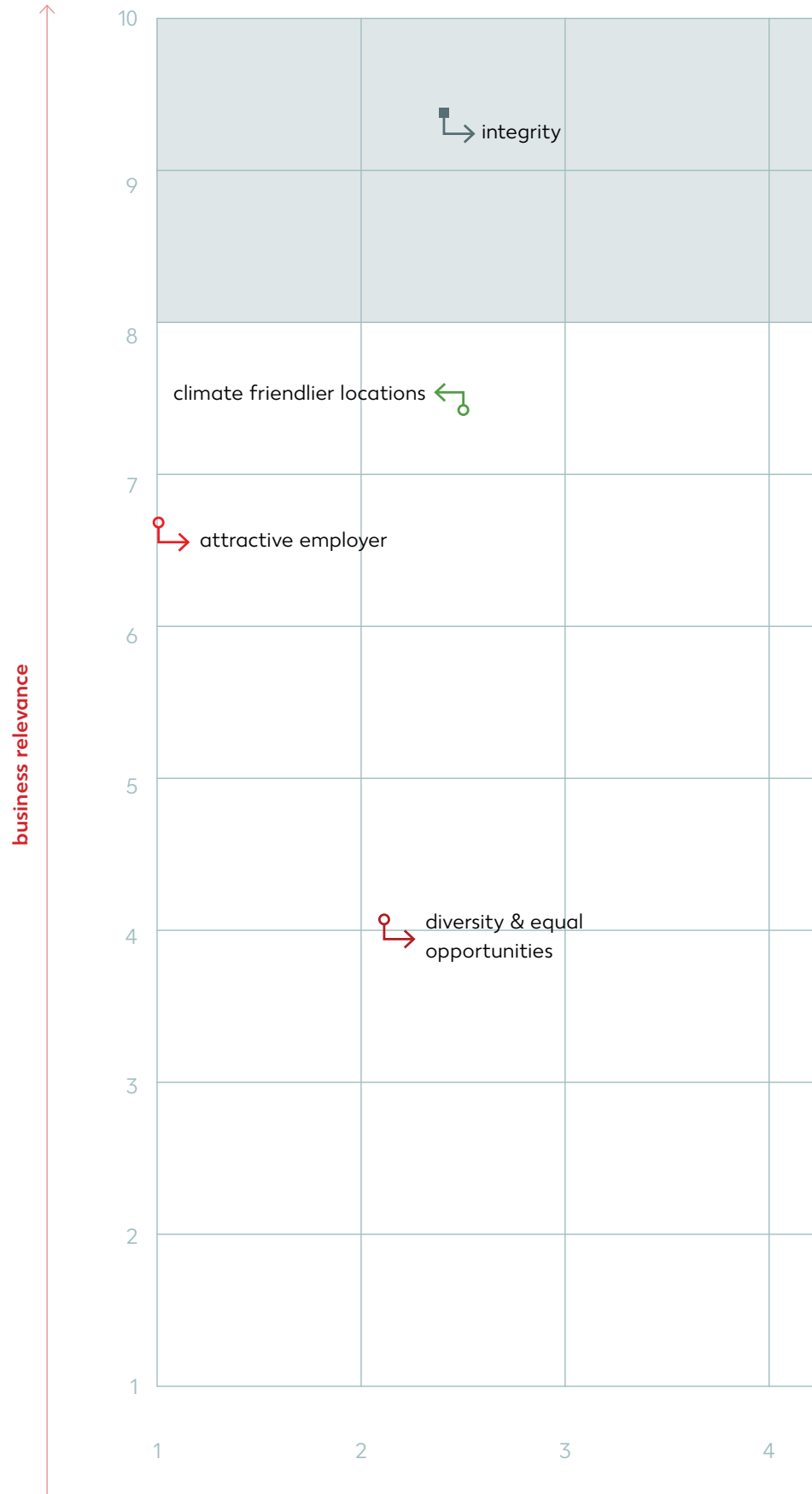
To assess the business relevance, Kaufland Romania conducted a workshop with the CR responsible in Romania as well as members of the sustainability team and CSR Committee. They had the task of individually assessing the 20 topic areas of the Kaufland topic model with regard to their business-related opportunities and risks. The results were then discussed and transferred to the materiality matrix in the form of the y-axis. In addition, the results were subsequently validated by the management. This resulted in the business relevance in the materiality matrix). The results were also incorporated into the adjustment of the sustainability strategy in 2023.

Merging the two dimensions of analysis

The results show that the topic areas "strategic partnerships", "food waste", and "labor and human rights" have the greatest relevance for Kaufland Romania,

Overall, 9 topic areas are material for Kaufland Romania: "strategic partnerships", "food waste", "labor and human rights", "circular economy", "climate friendlier supply chain", "raw materials", "communication and dialogue", "social commitment", and "integrity". This means that Kaufland Romania's business activities have a major impact on people, the environment and society in the respective topic and/or the greatest business-related opportunities and risks for Kaufland Romania lie there. Accordingly, they are within the company's materiality threshold and form the basis for this report.

Materiality matrix





5

6

7

8

9

10

impact relevance →

MATERIAL TOPICS



MATERIAL TOPICS

Material topics:

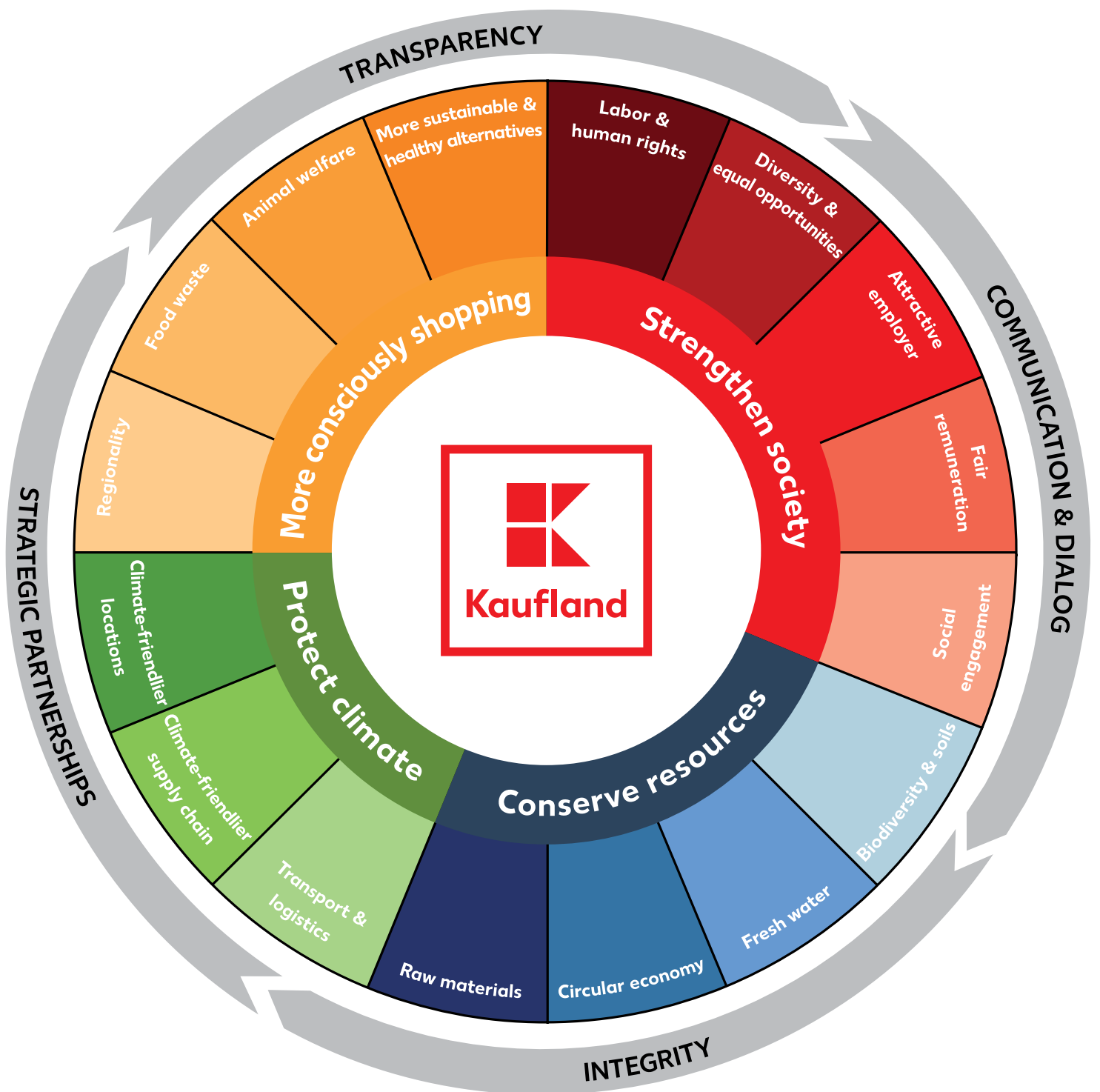
1. Strategic partnerships
2. Food waste
3. Labor and human rights
4. Circular economy
5. Climate friendlier supply chain
6. Raw materials
7. Communication and dialogue
8. Social commitment
9. Integrity

Additional topics monitored:

10. Regionality
11. Fair pay
12. Transport and logistics

Topics that are not material:

13. Climate-friendlier locations
14. Attractive employer
15. Diversity and equal opportunities
16. Transparency
17. Fresh water
18. Biodiversity and soils
19. More sustainable and healthy alternatives
20. Animal welfare





The background of the entire page is a close-up, top-down view of dark brown, crumbly soil. The soil has a granular texture with many small clumps and some tiny roots or fibers visible.

**03 OUR
PEOPLE**



At Kaufland Romania, as both a responsible employer and a trusted societal partner, we significantly impact the quality of life for many people in various ways. We provide our approximately 16,500 employees a secure working environment characterized by equal opportunities. For us, valuing our employees means not only supporting their health and well-being but also fostering their development.

For the ninth year in a row, our company has obtained the Top Employer certification in Romania and for the sixth time at European level, distinctions awarded by the Top Employers Institute in the Netherlands following a rigorous analysis of the human resources processes within the company, the facilities provided and the development opportunities available to employees at all levels. The award once again proves that employees are a priority and that every team member is treated equally, while having the opportunity to grow professionally.



OUR TEAM





OUR TEAM

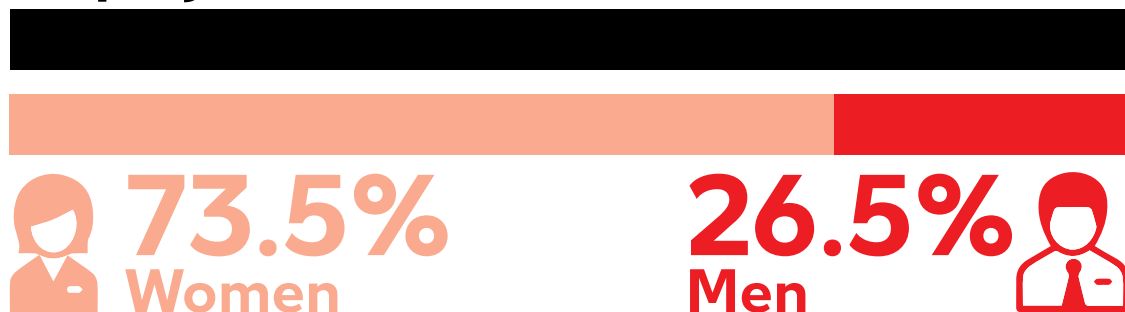
The performance and commitment of our employees are central to our success. To recognize and appreciate their dedication, we offer secure working conditions, attractive benefits, and long-term career development prospects. We invest in our people, focusing on motivating and supporting hard-working teams. At Kaufland Romania, we provide various training programs and opportunities, fostering a productive and employee-centered workplace.

We firmly believe that sustainable progress starts with motivated individuals who are driven to make a difference. Our team of over 16,000 people strives daily to excel through connection, understanding, and shared values. Our HR approach emphasizes having well-qualified, motivated, and engaged employees, supported by a positive leadership culture, contributing sustainably to our organization's growth.

Our commitment to sustainable development is rooted in the collective efforts of our team, which in 2023 numbered 16,586 employees, with 12,197 (73.5%) being women.

16,586

employees



Number of employees by employment contract and working hours*

EMPLOYMENT CONTRACT	2021		2022		2023	
	Women	Men	Women	Men	Women	Men
Permanent contract	11,353	4,253	12,121	4,419	12,178	4,381
Temporary contract	66	33	45	27	19	8
Total	15,705		16,612		16,586	

*types of contract at the end of the financial year 2023 (29.02.2024)

EMPLOYMENT TYPE	2021	2022	2023
Full time	11,291	11,908	12,032
Part time <8h	4,414	4,704	4,554

Data was calculated at the end of the Financial Year (end of February). Temporary employees hired for seasonal events, such as Christmas, Easter, peak periods etc. were also included.

New employees and staff turnover

CATEGORY	2022				2023			
	01.03.2022 – 28.02.2023				01.03.2023 – 29.02.2024			
	New employees		Employees who left		New employees		Employees who left	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
GENDER								
Women	3,980		3,558		3,042		3,249	
Men	2,192	39,3	2,176	36,5	1,869	29,8%	2,034	32,1%
Total	6,172		5,734		4,911		5,283	
AGE*								
<30	2,532		2,399		2,305		2,243	
30-50	2,804	39,3	2,611	36,5	1,933	29,8%	2,350	32,1%
>50	836		724		673		690	
Total	6,172		5,734		4,911		5,283	
REGION**								
Area 1 (Banat)	925		880		438		508	
Area 2 (Moldova)	861		807		492		583	
Area 3 (Muntenia-Dobrogea)	1,223		1,136		974		1,013	
Area 4 (Oltenia-Muntenia)	961		834		906		943	
Area 5 (Oltenia-Transilvania)	1,653	39,3	1,507	36,5	1,020	29,8%	1,167	32,1%
Area 6 (Trans-Maramures-Crisana)	N/A		N/A		582		619	
HQ	132		80		87		86	
Ploiești logistics center	278		324		272		242	
Turda logistics center	139		166		140		122	
Total	6,172		5,734		4,911		5,283	

*The data refers to the age of the employee at the time of arriving at the company and at the time of leaving the company.

** Sales regions have been reorganized, in FY 2023 there are 6 instead of 5 in 2022

$$\text{New employees rate} = \frac{\text{No. of new employees in financial year 2023}}{\text{Average number of employees during the financial year 2023}} \times 100$$

$$\text{Employees who left rate} = \frac{\text{No. of employees who left during the financial year 2023}}{\text{Average number of employees during the financial year 2023}} \times 100$$

The number of new employees does not include employees that left the same month they were hired (not active during the last day of the month).

$$\text{Average number of employees during the financial year 2023} = \frac{\sum[\text{people inventory turnover}]}{\text{of the last 12 months (03.2023-02.2024)}}$$

$$\text{Average number of employees during the financial year 2023} = 16,470$$



Number of employees in administrative offices

LOCATION	2021		2022		2023	
	No.	%	No.	%	No.	%
Bucharest, Barbu Văcărescu	482	57	509	59	531	62
Bucharest, Tunari	219	26	220	25	214	25
Head office - DL (Dienstleistung)*	140	17	135	16	108	13
Total	841	100	864	100	853	100

*Dienstleistung is a new subdomain comprised of those that are part of the head office but do fieldwork or work in a different location in the country when registered here.

Number of external workers

CATEGORY	2021	2022	2023
External*	65	120	119

* Full time workers who operate in our stores (cleaning etc.) but are not Kaufland employees

The company annually collaborates with a series of partners who supply the human resources necessary for distributing the Kaufland newspaper, cleaning, and security. During peak times of our activity, we use leasing companies to meet the needs of personnel.



DIVERSITY AND EQUAL OPPORTUNITY



Bun venit
la Kaufland

Schoko-
drink

MEYRA

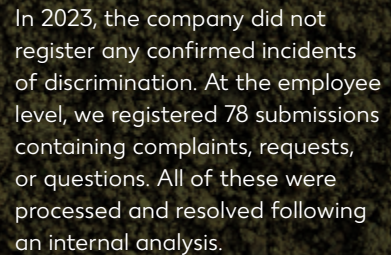
DIVERSITY AND EQUAL OPPORTUNITY

As a leading retail company in Romania, Kaufland embraces the diversity of our workforce. We are committed to providing a respectful working environment for all employees, regardless of gender, age, skin color, ethnic background, abilities, sexual orientation, or religious beliefs.

We strive to ensure fairness from the outset by not only objective criteria but also structured interviews to improve objectivity. At Kaufland Romania, every employee has equal opportunities for both personal and professional development.

We are signatories of the Diversity Charter since March 2018, making a commitment to strengthen the initiative to make diversity, equal opportunities and social inclusion recognized and respected values both within the company and within Romanian society.

Kaufland is also part of the Romanian Diversity Chamber of Commerce, a non-profit organization that promotes the principles of diversity and inclusion in the Romanian business community and supports the development of the Romanian economy through implementation of greater diversity and inclusion.



In 2023, the company did not register any confirmed incidents of discrimination. At the employee level, we registered 78 submissions containing complaints, requests, or questions. All of these were processed and resolved following an internal analysis.

We provide online training to raise awareness about Diversity, Equality, and Inclusion (DEI) and to help employees understand their rights. Our training programs aim to implement best for creating a positive, inclusive, and values-driven work environment while meeting all legal requirements. Courses such as “General Legislation on the Prevention of All Forms of Discrimination” and “Communicating with People with Disabilities” offer valuable information and advice on preventing and addressing discrimination in the workplace.

PROGRAM (2023)	Women	Men
General legislation on the prevention of all forms of discrimination	178	80
Communicating with people with disabilities	2,715	1,320

Employees with disabilities are employees who, according to the legal provisions in force in Romania, hold a valid certificate of disability, issued by the competent authorities.

A.C.C.E.S. program

We promote a culture that respects and celebrates differences, and we aim to build a more resilient and dynamic organization that drives positive change within our industry and the communities we are part of.

In 2019 we launched the A.C.C.E.S. program, a Kaufland employment and integration initiative for people with disabilities.

The program involves three key lines of action:

- ◇ developing recruitment channels dedicated to people with disabilities and promoting these channels to interested persons, potential beneficiaries or institutions dedicated to people with disabilities
- ◇ making Kaufland an inclusive employer by meeting the physical and mental needs of people with disabilities
- ◇ communication and internal training programs to support the integration of new colleagues into the Kaufland team

We extended the program to the entire company, across all departments and in all areas or cities of the country where we are present with stores or logistics centers.

Currently, on average, 1 employee with disabilities works in each Kaufland location in the country.

We have also successfully implemented the A.C.C.E.S. programme in the Republic of Moldova and have conducted training sessions for fellow managers to prepare them for welcoming new colleagues with disabilities. Following these events and trainings, 24 colleagues with disabilities joined our Kaufland Moldova's team.

We are constantly striving to meet our goals for disability inclusion and aim to build a diversity-based organizational culture. Since the start of the A.C.C.E.S. Program (Hiring Candidates with Special Requirements and Developments), the number of active colleagues with disabilities in February 2024 was 448. We have another 500 positions for new colleagues who want to join us and be part of a united, diverse, and professional team. For Diversity Month, we ran a special project which primarily targeted Kaufland Romania employees, but also candidates interested in joining the team.

At the same time, because innovation is what characterizes the company, we have launched the "Kaufland Dance Talk", a unique recruitment campaign for the hearing impaired. For this group of people with disabilities, we adopted a sign language interpretation app developed by our partner, the National Association of the Deaf in Romania, which is available to all our employees.

The future of the program now includes the following main objectives:

- ◇ continuing to offer a wide variety of positions dedicated to people with disabilities in all Kaufland locations in Romania;
- ◇ adapting Kaufland workspaces to increase the inclusion of people with disabilities (employees or customers). We are trying to enhance our expertise and knowledge in the matter of physical accessibility - cash registers for our employees, wheelchair users and clients: shopping carts adapted for clients in more than 150 Kaufland stores and also 21 cash registers adapted for wheelchair users/employees.;
- ◇ providing resources for the education of our own employees (internal trainings) and the efficient integration of new colleagues with disabilities into the team;
- ◇ becoming a reliable partner for people with disabilities, but also for national institutions and associations whose activity is to integrate them into society;
- ◇ extending the program to the entire company, across all departments and in all areas or cities of the country where we are present with stores or logistics centers.
- ◇ aiming for an international implementation of the program within the Schwarz Group;
- ◇ we are working on digital accessibility for colleagues / clients with disabilities;
- ◇ continuous adaptation of physical areas for people with different disabilities. We strive to adapt/offer digital accesibility for our costumers and our colleagues and we establish partnerships with different organisations for auditing and adapt our website. We are also actively seeking partners and solutions to ensure accessible transportation for people with disabilities, and we are prepared to explore new opportunities in this area.

In 2023, we continued to support important activities that involve communities of people with disabilities all over the country, such as:

- ◇ Beyond Inclusion Conference, organized by the Psychology Faculty in Bucharest- active participation by bringing the example of A.C.C.E.S. Program insights into the event.
- ◇ National Wheelchair Billiards Competition, 2023 Edition, organized in May by the Sports Association Always Together for People in partnership with Asmio Sports Club and with the support of Kaufland Romania, at IDM Bucharest.
- ◇ Braşov marathon, supported by Kaufland Romania with a special race for people with disabilities who are doing sports.
- ◇ Kaufland Wheelchair Tennis Tournament in Argeş (Bascov) and Bucharest – august 2023; organized by the Romanian Tennis Federation.
- ◇ Atipic Beauty Gala – wheelchair fashion show organized by Open your Heart Association; the Gala took place in Bucharest – at the Palace of Parliament and in 6 other cities in Romania: Oradea, Timișoara, Bistrița, Iași, Bacău (May – August).
- ◇ ED&I Eastern Europe Conference, Romanian Accessibility Awareness Day, Inclusive Recruitment Conference - a series of 3 Conferences organized by Romanian Diversity Chamber of Commerce and supported by Kaufland Romania, as main sponsor; the events were held in Bucharest in May and October 2023.
- ◇ Job fairs dedicated for people with hearing impairment, organized by the Romanian National Association of the Deaf; the fairs took place in Bucharest, Brasov, Timisoara and Cluj-Napoca – April – May 2023.
- ◇ Creating accessibility for people with disabilities on IOR Titan Lake in Bucharest, event organized by the Caiac Smile Association – October 2023.
- ◇ We have been part of the Human living Library organised by our ED&I partner Romanian Diversity Charter, sharing best practices on the workability for people with disabilities topic – June 2023.

- ◇ As we did in the previous years, we marked the International Day of People with Disabilities with an awareness campaign called „Purple Night”, in collaboration with one of our partners „Romanian Diversity Chamber of Commerce - December 2023
- ◇ „Voices of disability Gala” - an awareness event and also a recognition evening for people with disabilities with great inspirational life stories – December 2023.

The A.C.C.E.S. program has received a series of international and national awards, recognizing it as a leader and model of good practices in the ED&I field:

- ◇ Business Disability Summit - December 2023 - ED&I Conference
- ◇ „Dignity Gala” in December 2023, held in Iași in collaboration with the University of Iași - a conference on diversity and inclusion
- ◇ Roundtable „Employment of people with disabilities - challenges and opportunities” held in Chişinău

The A.C.C.E.S. program supported other events aimed at raising awareness about empowering women in the workforce and social life, as well as preparing for the inclusion of people with disabilities in the labor market:

- ◇ Workshop on ED&I topics and accessibility for people with disabilities, organized and hosted by the Academy of Economic Studies in Bucharest;
- ◇ JobDirect Webinar: „A diverse workforce: an opportunity or a challenge for companies in Romania?”
- ◇ November 29, 2023 - Workshop/Project Unrevoked – partnership with RDCC, United Way & REDI
- ◇ November 2023 - Webinar at the University of Bucharest: „Corporate Social Responsibility and Corporate Affairs”
- ◇ Launch of the #WEAREHALF Caravan, taking place in Bucharest, the Swedish Embassy, the Greek Embassy, Sibiu, and Braşov.

Employees with disabilities

POSITION	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Non-Management	220	312	223	356	224	368
Management	1	0	1	0	1	0
Total	533		580		593	

Employees, by age, gender, and position within the company

CATEGORY		Non-management	Management	Executive management	Top management	Total		
2022	Men	<30	1,219	27	0	0	1,246	
		30-50	2,135	386	10	4	2,535	
		>50	645	19	0	1	665	
		Total	3,999	432	10	5	4,446	
	Women	<30	1,776	25	0	0	1,801	
		30-50	7,150	437	6	1	7,594	
		>50	2,715	56	0	0	2,771	
		Total	11,641	518	6	1	12,166	
	2023	Men	<30	1,149	26	0	0	1,175
			30-50	2,097	373	8	3	2,481
>50			705	26	0	2	733	
Total			3,951	425	8	5	4,389	
Women		<30	1,699	29	0	0	1,728	
		30-50	6,928	454	6	1	7,389	
		>50	3,012	68	0	0	3,080	
		Total	11,639	551	6	1	12,197	

The data reflects the situation of active employees in February of each year and does not include employees on parental leave, medical leave, or long-term leave of absence (>90 days), distribution inspectors.

EMPLOYEES BY CATEGORY AND AGE 2023		Non-management	Management	Executive management	Top management
Number	<30	2,848	55	-	-
	30-50	9,025	827	14	4
	>50	3,717	94	-	2
	Total	15,590	976	14	6
Percentage	<30	18.27%	5.64%	-	-
	30-50	57.89%	84.73%	100%	67%
	>50	23.84%	9.63%	-	33%
	Total	100%	100%	100%	100%
Men number and percentage		3,951 (25.34%)	425 (43.55%)	8 (57.14%)	5 (83.33%)
Women number and percentage		11,639 (74.66%)	551 (56.45%)	6 (42.86%)	1 (16.66%)

*Small differences may appear due to rounding the percentages

The discrepancy between Top Management and the Board of Directors (presented at page 33) arises from the fact that Top Management comprises individuals who occupy specific positions according to the internal policies of Kaufland Romania. Kaufland Romania's top management team consists of six members (including three Romanians), five of whom are men and one is a woman, as detailed here.

In contrast, the Board of Directors is a group elected to represent the shareholders and may consist of different individuals than those in Top Management. This difference in composition accounts for the variance in the percentage of male and female representation between the two groups.



83% of Top Management are Male

66.66% of Board members are male



17% of Top Management are Female

33.33% of Board members are female



67% of Top Management are aged between 30-50 years

83.33% of Board members are aged between 30- 50 years old



33% of Top Management are aged over 50 years

16.66% of Board members are over 50 years old



50% of Top Management are hired from the local community (Romania)

66.66% of the members of our senior management Board members are hired from the local community



The average age of employees was:

39.7
years
in 2021

40.3
years
in 2022

40.5
years
in 2023

The Team Kaufland Makes the Difference – Internal Sustainability Campaign

In 2023, Kaufland Romania launched the “The Team Makes the Difference” internal campaign, emphasizing the crucial role of employees as ambassadors of sustainability.

The initiative encouraged over 1,500 employees to share their personal experiences and views on sustainability, selecting key topics like climate protection, reducing food waste, and minimizing plastic use.

Through questionnaires and a call for ambassadors, 21 employees were chosen to represent sustainability themes they resonated with the most. Their stories were shared through written articles and video interviews, both internally and externally, showcasing Kaufland Romania’s commitment to environmental and social responsibility. The campaign leveraged internal communication channels such as the Kaufland Connect app and extended its reach through the company’s website and LinkedIn page.

The campaign achieved significant engagement, with over 1,500 responses, 25 published articles, and 5 video interviews. Internally, it garnered almost 35,000 views and sparked 224 comments, while externally, it generated 22,166 impressions on LinkedIn. Also, the campaign has a significant offline component, with personalized visuals dedicated to each theme displayed in all stores, logistics centers, and central offices.

A photograph of a warehouse aisle. The aisle is lined with high industrial shelving units (pallet racks) filled with boxes. The boxes are stacked high, reaching towards the ceiling. The shelving units are blue and orange. In the foreground, a woman in a red polo shirt and dark pants is pointing towards the shelves. Next to her, a man in a dark quilted jacket and dark pants is holding a red clipboard and looking in the same direction. The floor is a light-colored concrete. The lighting is bright, typical of a warehouse.

PROFESSIONAL DEVELOPMENT AND BENEFITS



PROFESSIONAL DEVELOPMENT AND BENEFITS

At Kaufland Romania, we pride ourselves on being a dynamic, robust, and fair company. We aim to offer our colleagues a balanced working environment grounded in strong values and principles, such as open communication and mutual respect.

Our team of over 16,500 dedicated individuals strives daily to excel in their roles.

In this supportive context, we ensure that all Kaufland team members experience a safe work environment with stability and predictability in both working conditions and timely compensation. We have continuously adapted our benefits package to stay relevant to our colleagues and their families, including bonuses, meal vouchers, holiday vouchers, and other perks.

Our commitment to fair compensation is reflected in our company's gross minimum wage, which is more than 15% higher than the nationally regulated gross minimum wage. Beyond these benefits, we invest significantly in the training and professional development of our employees, tailored to the needs and specifics of each individual.

The total value of holiday vouchers that have been granted in 2023 is more than €1.4 million, plus a series of benefits (benefits in-kind, medical/life insurance, gift and bonus vouchers, meal vouchers) worth over €35 million.



For the ninth year in a row, our company has obtained the Top Employer certification in Romania and for the sixth time at European level, distinctions awarded by the Top Employers Institute in the Netherlands following a rigorous analysis of the human resources processes within the company, the facilities provided and the development opportunities available to employees at all levels. The award once again proves that employees are a priority and that every team member is treated equally, and they all have the opportunity to grow professionally.

Benefits

BENEFITS	Full time, part time, temporary contracts/internships (lei)		
	2021	2022	2023
	01.03.2021 - 28.02.2022	01.03.2022 - 28.02.2023	01.03.2023 - 29.02.2024
Meal vouchers	49,061,630	73,091,818	102,757,276
Life insurance	389,180	440,617	487,832
Aid in case of personal events (wedding, birth, death, social aid etc.)	3,556,682	3,088,265	4,161,828
Seniority bonuses	2,450,035	2,751,109	2,380,189
Retirement provisions	588,317	777,097	979,939
Private health insurance	2,272,636	3,696,093	5,823,842
Gift vouchers and bonuses for employees and minor children of employees + vouchers	9,634,396	38,713,649	47,943,813
Others (in-kind benefits, rent etc.)	12,559,279	11,893,735	13,513,615

The total financial value of benefits provided to employees

94,081,023 Lei

an increase of the benefits budget of over 11%, compared to 2020

in 2021

141,428,690 Lei

an increase of the benefits budget of over 50%, compared to 2021

in 2022

178,048,334 Lei*

an increase of the benefits budget of over 25% compared to 2022

in 2023

*The amount differs from the one reported in the non-financial declaration (176,938,893 Lei) because the latter does not include social allowances, jubilee payments, and retirement bonuses.

Benefit platform and partner discounts

We offer our employees an online platform through which they can purchase various products or services across the country at special discounts. Telecom, electro&IT, children and parents, medical, restaurant, sport, hobby, culture are part of the categories of products and services available on the Benefitonline.ro platform.

We also work with several partners to offer discounts to our colleagues. They can buy tickets to concerts, festivals and plays at discounts of between 10 and 20%, purchase electronic devices or accessories at discounts of up to 15%, use the cleaning services in the Kaufland Barbu Văcărescu parking lot or relax by the pool at more advantageous prices.

Our leadership model - the promise to our employees

- ✓ Clear communication and guidance
- ✓ Developing and identifying potential in our employees
- ✓ Performance and dynamism
- ✓ Fairness and trust
- ✓ Daily accountability and role modeling

Package of benefits:

Our benefits are designed to support various working styles and personal lifestyles, offering flexibility and balance:

- ◇ leave and additional days off for special family events;
- ◇ extra paid vacation days, based on active seniority;
- ◇ holiday vouchers are granted according to the criteria of active seniority in the company;
- ◇ family and free time (access to the Bookster library, free language courses for our employees' children, online financial education courses);
- ◇ gym subscriptions;
- ◇ sports events and internal championships;
- ◇ access to quality medical services and medical insurance;
- ◇ free or reduced tickets to certain events;
- ◇ holiday card and preferential rates for accommodation in Romania and abroad.

Also, our employees have the right to receive the following compensation:

- ◇ Bonus for overtime: bonus of 100% applied to the basic salary for all overtime worked.
- ◇ Bonus for working on bank holidays: bonus of 100% applied to the basic salary for every hour and minute worked during a bank holiday.
- ◇ Bonus for working on Saturdays: bonus of 15% applied to the basic salary for every hour and minute worked on a Saturday.
- ◇ Bonus for working on Sundays: bonus of 25% applied to the basic salary for every hour and minute worked on a Sunday.
- ◇ Bonus for working at night: bonus of 25% applied to the basic salary for every hour and minute worked at night, between 10:00 pm and 06:00 am.
- ◇ Additional bonuses: for employees in certain areas (such as the Fish area, the Assisted Shelf etc.).
- ◇ Travel allowance (amount compensating accommodation and/or travel expenses): given monthly to employees in the Sales Department.

Other types of allowance (other than the ones provisioned by the law):

- ◇ Employee referral bonus
- ◇ Allowance for giving birth/adopting a child for one of the parents if both are Kaufland employees.
- ◇ Allowance for the first marriage for one of the spouses if both are Kaufland employees.
- ◇ Funeral allowance – granted to the family in the event of the employee’s death or death caused by a work accident, a work-related accident or occupational illness.
- ◇ Allowance granted to the employee in the event of their spouse’s death or the death of a first degree relative.
- ◇ Additional days off (granted for active seniority in the company, for people with disabilities, for weddings, death, births, changing residency or blood donors).

Shorter working hours:

- ◇ Reducing the working hours by 1 hour per day for employees who opt out of taking the legal parental leave (until their child reaches the age of two).
- ◇ Reducing it by 2 hours a day for employees who are breastfeeding (child under the age of 1).
- ◇ Anniversary bonuses (to recognize continuous activity within the company at the following milestones: 10 years, 25 years, and 40 years)

We enable our employees to use two days of vacation time each year to volunteer in projects organised by Kaufland Romania such as ecological actions in partnership with Act for Tomorrow Association, building housing for low-income families or reforestation actions etc.

In our internal platform, Portal HR, employees have the possibility to register their days off, including voluntary days off, thus making the procedure easier and simpler.



In the FY 2023, 50 employees volunteered 488 hours in total.

Also, in 2023, we organized several impactful teambuilding activities that combined employee engagement with community development, aligning with our Corporate Social Responsibility (CSR) strategy.

June 15-17, Șirineasa, Vâlcea County:

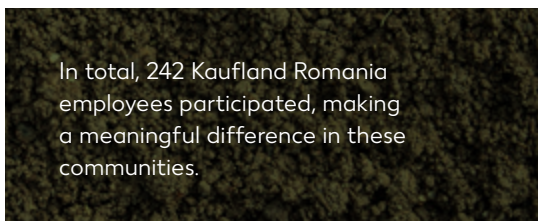
105 volunteers renovated 4 classrooms, a hallway, and the schoolyard, benefiting 50 children

September 7-9, Maxenu, Buzău County:

93 volunteers renovated 6 classrooms and the schoolyard, impacting 153 children

October 5-7, Melinte Family Residence:

81 volunteers built a fence, greenhouse, animal pen, and insulated and painted exterior walls for a family of 8



In total, 242 Kaufland Romania employees participated, making a meaningful difference in these communities.

Youth recruitment programs

In recent years, Kaufland has developed a series of programs that meet the knowledge, learning and development needs of young people in the university environment, offering students in their final years, master's students or recent graduates multiple employment opportunities within the company.

- 📄 **Kaufland Internship Experience**
- 📄 **Kaufland Trainee Program**
- 📄 **The Shelf with Experiences**

The first of these, the **Kaufland Internship Experience**, brings a challenge to young people because it runs in the summer during the holidays. Students or master's students who apply for this experience go through an accelerated learning process over three months. It's an opportunity for them to put into practice what they have learned at university, to understand the role of each department and how teams interact for the smooth running of the company. In 2023, we had 14 Interns in 2023, in departments line Human Resources, Supply Chain Management, Marketing, Facility Management, Operative Sales, Financial-Administrative and Logistics departments.

The **Kaufland Trainee Program** is aimed at students or young graduates and lasts for 12 months, during which time young people are directly and actively involved in the tasks of the department in which they want to develop, as well as honing their skills and discovering new ones. In 2023, we had 5 Trainees in the Construction & Real Estate, Rentals, Facility Management, Logistics and Sales departments.

At Kaufland, we strongly believe in the potential of a diverse team. And we understand that every group has different needs.

Also, through the **"Student de 10"** campaign we support performance in education and reward students from state universities who graduated the summer session with a 10 grade with free access to UNTOLD or Neversea festivals. Through innovative Employer Branding activities and a consistent offer of information about career opportunities within the company, we stayed close to young people not only for the duration of the festivals, but also for the first steps they take on their career path.

The project **The Shelf with Experiences** (Raftul cu Experiențe) highlights remarkable employer brand management by prioritizing employee experience and diversity. That's why we've created "The Shelf with Experiences" program to provide Aisle Coordinators with the resources they need to make sure their Generation Z colleagues and people with disabilities are as well integrated into the team as possible. Through tailored training sessions and strategic partnerships, Kaufland demonstrates its commitment to creating an inclusive and supportive work environment. The project strategy comprised various components, including tailor-made training sessions, strategic partnerships, and promotional activities.

Kaufland worked with Trend, a consulting company, to develop and deliver comprehensive training sessions for department managers, equipping them with the skills and knowledge needed to effectively integrate diverse employees into the workforce. In addition, Kaufland partnered with the NGO Junior Achievement that facilitates access to high schools/vocational schools in the economic and agricultural fields.

The directions of this partnership were:

- ◇ Increasing the attractiveness of jobs among Gen Z;
- ◇ Promoting Kaufland and entry-level jobs in our stores;
- ◇ Support in organizing store visits for students and teachers;
- ◇ Facilitate access to high schools/vocational schools for active participation in classes to introduce students to the company and job opportunities in Kaufland;
- ◇ Employment of 16+ and people with disabilities.

Training

Systematic training and development are crucial for sustaining the success of our company. At Kaufland Romania, we offer comprehensive training and development programs, providing assistance, supervision, and guidance as needed. We actively promote both individual and group training, encouraging career development and ensuring that our employees consistently progress in their desired directions.

Each year, we conduct a thorough performance review. During these feedback discussions, employees and managers exchange perspectives and collaboratively establish future development plans. This process helps align personal growth with company goals, ensuring that every employee receives the support necessary for their professional journey.

Some of the trainings we provide:

- ◇ Rules for safe office work
- ◇ Recruitment process (Recruiter/HR Manager)
- ◇ Cash Registers - Sales Prohibitions, Secure Card Payment
- ◇ Data protection in stores
- ◇ Sustainable energy management
- ◇ General legislation on the prevention of all forms of discrimination
- ◇ Frequent accidents at work
- ◇ Recruitment and selection process
- ◇ Communicating with people with disabilities
- ◇ Safety in the bakery
- ◇ Recycling makes a difference

Average hours of training/ employee category/ gender

CATEGORY	Women	Men
Non-management	19.97	22.43
Management	75.05	107.06
Executive management	0.53	7.35
Top management	0.50	36.81

Note: The information regarding employee training includes only in-class training programs managed by the Personnel Development Department and does not cover mandatory legal trainings. For online training, courses are also allocated by the Personnel Development Department and are included in the reporting.



Total number of hours of training:

408,113

(includes in-class, online, and on-the-job training conducted during the onboarding period)

Average number of hours of training per employee in 2023:

24.6

an increase from 17.47 in 2022.

Talent Management

At Kaufland Romania, we focus on identifying, attracting, engaging, retaining, and deploying the best talent within the marketplace. Building effective teams and departments is based on good collaboration. We strive to keep our employees engaged and we also want to improve our communication processes so that we are proactive and meet their needs.

The Talent Management process represents the feedback process that takes place annually and addresses all our employees. The manager evaluates a set of employee behaviors and performance. In the actual feedback discussion, the employee and the manager discuss their

points of view and establish a development plan for the employee. The employee also can provide feedback to the manager regarding his management style. Within this annual process, the employees with development and promotion potential are identified.

The Talent Management process was conducted both electronically and through face-to-face discussions. The electronic process took place from October 2023 to March 2024, involving 1,599 participants. The paper-based process was carried out from January 2024 to April 2024, with 12,502 participants.

OCCUPATIONAL HEALTH AND SAFETY



OCCUPATIONAL HEALTH AND SAFETY

The health and safety of our employees remains one of our top priorities and we are working hard to make sure that we minimize risks in all our stores and warehouses.

In compliance with the national legal requirements in the field of occupational health and safety, we operate an internal prevention and protection service. The internal service is composed of 3 specialists, one of whom is designated as head of the service. At the level of each central warehouse, where the number of workers is more than 250, an internal service is organized. The internal service organized at the company level collaborates with the internal services set up at the central warehouse level.

The main activities that the internal service carries out, depending on available resources, are:

- ◇ participation in the identification and assessment of risks;
- ◇ elaboration and revision of own instructions for the completion and/or application of OH&S regulations;
- ◇ development of training topics for workers in OH&S;
- ◇ coordination and collaboration with external prevention and protection services;
- ◇ establishment of a quality assurance program for the services provided by external prevention and protection services;
- ◇ participation in the investigation of events according to legal competences.



The other activities in the field of occupational health and safety, for which the internal prevention and protection service has no resources, are carried out by 2 external prevention and protection services.

The identification and assessment of OH&S risks is an obligation stipulated in the Occupational Health and Safety Law No. 319/2006. and is carried out for each component of the work system, i.e., the worker, the workload, the work equipment, and the working environment.

Evaluating risks

Risk assessment is carried out with an internally developed tool, with risks being classified into three categories (minor, medium and major) according to probability and possible consequences. Depending on the risk assessment, a prioritization of prevention and protection measures is made. Risks are reviewed when new work equipment is introduced, after an event, when new risks are identified or when risks are omitted to be identified and assessed, and, in other cases foreseen by the law. Prevention and protection measures are documented in the Prevention and Protection Plan.

In order to monitor the effectiveness of the protective measures and to eliminate risks, preventive inspections are carried out at the workplaces and the unit managers are informed of the findings.

Reporting hazards

Any worker can report to their direct supervisor any hazard / dangerous situation to their health and safety. For circumstances that may put the health and safety of workers at risk, we have internal instruction for cases of serious and imminent danger. The main measures in such cases are to stop the equipment, evacuate the staff, notify the specialized services, notify the line managers, and eliminate the cases.

Also, for such situations, the managers of the workplaces have a guide for exceptional events in which the main measures for rescuing people are described, as well as the contact details for specialized emergency services and the operational method for announcing situations of serious and imminent danger.

Investigating work accidents

Employees are instructed to inform their direct supervisor of any injury they have suffered. The first step in investigating accidents at work is to report the event to the territorial labor inspectorate. In such situations, an investigation committee is set up, which includes the occupational health and safety specialist.

The stages of investigating accidents at work are specified in the methodological rules for the application of the law on OH&S and foresee the collection and analysis of relevant information about the injured person, the equipment involved, the work process and others, the conclusions being contained in the report of the investigation of the event which, following the description of the place where the event occurred, the equipment involved, the circumstances and the manner in which the event occurred, the causes that led to its occurrence, the persons responsible and the measures established to avoid the occurrence of similar events are established.

The measures set out in the investigation report are carried out by the manager of the workplace, the external/internal prevention and protection service, and after their completion, the manager of the workplace notifies the Territorial Labour Inspectorate in the timeframe set out in the investigation report.

OH&S committee

Within each workplace there are persons elected from among the workers who act as workers' representatives with specific responsibilities in the field of OH&S and they attend a specialization course in OH&S and can actively contribute to the improvement of OH&S conditions.

Within the company, there are 4 committees for OH&S, which include representatives of the workers and representatives of the employer, as following:

- ◇ the legal representative of the employer, who is the head of the site;
- ◇ representatives of the employer, responsible for occupational health and safety matters; there are as many employer representatives (including the head of the site) as employees' representatives;
- ◇ employee representatives with specific occupational health and safety responsibilities; they are elected by the employees for a period of 2 years; the vote is carried out in alignment with their own regulations;
- ◇ occupational physician.

The 4 committees are established as follows:

- a) a committee for the administrative headquarters.
- b) a committee for the entire sales division (representative for all stores);
- c) a committee for each central warehouse.

Employees are provided with an e-mail address where they can inform the OH&S Committees of workplace safety issues to be discussed at meetings. A designated person of trust is available to provide assistance and serve as a point of contact for mental health concerns and other well-being matters.

Training for OH&S

OH&S training consists of three types of training programs:

- a) general introduction training;
- b) on-the-job training;
- c) periodic training.

Training of employees is provided during working hours, with the employer bearing all the necessary costs.

For other training purposes, as well as for those in the field of occupational health and safety, computer-assisted training programs are developed within the company. In computer-assisted programs, situations, equipment, workplace risks and prevention and protection measures are being presented. The language used is simple, precise and the situations are exemplified with suggestive images. The effectiveness of the training and the understanding of the materials by the employees are verified by tests, both during the program and at the end of the training session.

All employees from stores and administrative offices participate in computer-assisted training. For central warehouses, programs are in development and are to be implemented.



	2022		2023	
	Total	Frequency Rate	Total	Frequency Rate
Number of fatalities caused by accidents at work	0	0	0	0
Serious accidents, resulting in lost time more than 180 calendar days	2	0,07	2	0,07
Accidents resulting of a minimum lost time of one day	125	4,46	161	5,49

***Frequency rate of work-related injuries** = $\frac{\text{total number of accidents} \geq 1 \text{ day lost time}}{\text{average FTE employees} \times 2,000} \times 1,000,000$

Average FTE employees in 2023: 14,658.8

2000 represents the working time per employee

1,000,000 represents the basis for the calculation (total number of hours worked by 500 employees working 40 hours per week, for 50 weeks per year)



Total number of hours worked in 2023:

29,225,187

Main types of accidents: cut wounds when working with the slicer, cuts from different tools/ sharp contours, contusions/fractures when working with lifting equipment, falls (tripping/ slipping), road accidents.

There were no illness or death due to illness as a result of exposure to workplace hazards.





**04 OUR
PARTNERS
FOR
PROGRESS**

A woman wearing a white protective suit and a wide-brimmed white hat is working with a metal container. She is looking down at the container, which appears to be a piece of machinery or a large metal canister. The background is a blurred outdoor setting with wooden structures.

SUPPORTING OUR COMMUNITY





SUPPORTING OUR COMMUNITY

At Kaufland Romania, we are dedicated to making a positive difference in the communities we serve and supporting their growth. True to our motto, "Our actions do the talking," we focus on creating a lasting impact on both society and the environment.

We believe in the power of unity and responsible business practices, taking our responsibilities seriously as a retailer, employer, business partner, and neighbour. We support a wide range of projects and initiatives, guided by our conviction that actions speak louder than words.



In 2023, the total community investments budget reached 47,956,951 lei.

OUR PROGRAMS

When selecting projects and forming partnerships with non-governmental organizations, we focus on enhancing community development and well-being, aiming for projects with clear, positive impacts. Our investments are directed towards medium- and long-term initiatives that produce tangible results relevant to our stakeholders.

We prioritize projects that engage both clients and employees, ensuring that the messages we convey lead to widespread community change, benefiting not only direct recipients but also fostering a broader positive influence.

The pillars that lay the foundation of our community investment strategy are:

EDUCATION

- ◇ preventing early school leaving
- ◇ supporting children from disadvantaged backgrounds to facilitate access to education
- ◇ developing competences, skills that enrich the school curriculum
- ◇ complementary, extra-curricular programmes for young people

ECOLOGY

- ◇ improving infrastructure for the use of alternative means of transport
- ◇ prevention of natural disasters (floods, landslides)
- ◇ restoration of damaged green areas
- ◇ environmental actions to raise awareness of responsible behaviour
- ◇ promoting alternatives to single-use plastic

SOCIAL

- ◇ community development
- ◇ supporting and helping vulnerable groups

SPORTS & HEALTH

- ◇ promoting a healthy work and lifestyle balance
- ◇ supporting sports activities
- ◇ improving conditions in the healthcare system
- ◇ raising public awareness

CULTURE

- ◇ promotion of local art and culture
- ◇ supporting artists without financial power
- ◇ supporting cultural events for social/charitable purposes
- ◇ creating a culture of belonging with a focus on diversity, inclusion, and respect



83
partner NGOs



114
projects
implemented



2
grants
programs

Note: The total number of direct and indirect beneficiaries is calculated based on the number of beneficiaries reported or estimated by the partner NGOs, for each project implemented, and includes the Start ONG and In stare de bine beneficiaries.

In stare de bine

In stare de bine is a financing program we launched in 2018, aimed to provide funding for non-governmental organizations, with the purpose of developing sustainable projects for Romania.

The program implemented by The Foundation for the Development of Civil Society (FDSC), to

improve the quality of life of those living in rural and urban communities, aims to support cultural projects, sports events and those promoting a healthy lifestyle, and is the largest funding program for non-governmental organisations in Romania, offering annually non-reimbursable grants totalling of €1 million.

Results of the **In Stare de Bine** Program over the last six years:



140

NGOs funded



3

editions of **#InStareSaAjut**:

Funding for pandemic-related interventions | 2020

Support for Ukrainian refugees | 2022

Prevention of drug use among youth | 2023



€6.2 mil.

allocated for sustainable community funding



5

editions of the **Crestem ONG-uri #InStareDeBine** program, an organizational development program for NGOs, with participation from 134 organizations



182

initiatives in the fields of culture, sports, and healthy living

Start ONG

Start ONG is a program implemented by Act for Tomorrow Association, aims to support the non-governmental sector and provide opportunities for these entities to develop their communities through social responsibility projects.

In 2023, the **Start ONG** program supported 130 NGOs and educational institutions in developing and implementing 130 projects with a real impact on the communities they serve. In total, the supported initiatives directly changed or improved the lives of 17,046 people.

Among the main activities of 2023 we mention education, prevention and early detection of breast cancer, school counselling for students from vulnerable backgrounds, programming courses for school children, emotional development workshops for parents and children, facilitating access to sports for disadvantaged families and raising awareness of volunteering in local communities.

In 2023:



130

Total number of projects/initiatives



17,046

Total number of beneficiaries



2,885,350 lei

Investment



COMMUNITY INVESTMENTS AND LOCAL DEVELOPMENT



We support various projects that fall under the main pillars of our community investment strategy, and we aim to create new opportunities and to improve the lives of people in the communities where we operate.

Time for Good

One of our key initiatives launched in 2022, **Time for Good**, is a communication platform designed to inspire social engagement and promote sustainability. This project began with the initiative of Marco Hóbi, CEO of Kaufland Romania & Moldova, who committed to volunteering his time in various community efforts, including social, educational, environmental, and sports activities.

Over two years, Marco participated in 22 actions, supported by volunteers, ambassadors from the Kaufland team, and other CEOs from Romanian companies.

Time for Good has since evolved into a platform that encourages and promotes volunteering, aiming to inspire even more people towards active social involvement and sustainable practices.

Recycling Championship

Over 2.6 million recyclable waste items were collected by schools across Romania in the **Recycling Championship**, the first national environmental education campaign designed to promote the Deposit Return System (DRS). This campaign encourages schools to become key agents of change in waste management.

Initiated by the Act for Tomorrow Association and Kaufland Romania, in partnership with the Ministry of Environment, Waters, and Forests and RetuRO, the campaign motivates students, teachers, and, by extension, their families and communities to actively participate in separate waste collection.

Results:

- 272 participating schools from 40 counties
- 31,965 students engaged in environmental education sessions
- 4,165 teachers trained through dedicated workshops
- 2.6 million packaging waste items collected



"The Future Begins Now" Campaign

We launched the "**The Future Begins Now**" campaign to support the modernization and technological advancement of schools in Romania. The project was structured as a competition, allowing schools nationwide to win prizes worth a total of 7.5 million lei based on points collected.

From October 4, 2023 to February 29, 2023, each purchase receipt of at least 50 lei represented a point that customers could allocate to their chosen schools. Additionally, for each item marked with the campaign symbol, receipts earned bonus points. Customers sent these receipts to the schools, which registered them on the platform provided by Kaufland. Schools then accumulated points to redeem for educational materials and equipment, such as computers, monitors, furniture, laboratory kits, or sports gear.

Through the "**The Future Begins Now**" campaign, Kaufland Romania reiterated its commitment to investing in education and actively contributing to the development of future generations in a modern, technologically equipped environment.

A close-up photograph of a person's hand wearing a grey work glove, firmly gripping the wooden handle of a red shovel. The shovel is positioned vertically, with its red blade partially visible at the bottom. The background is a lush field of green plants, possibly a vegetable garden or farm, with some plants showing signs of being harvested. The overall scene conveys a sense of agricultural labor and sustainability.

MORE RESPONSIBLE SOURCING OF RAW MATERIALS



A close-up photograph of a hand holding several white cotton bolls. The hand is wearing a light-colored, textured sweater. The background is blurred, showing green foliage and a white dog's head in the upper left corner.

MORE RESPONSIBLE SOURCING OF RAW MATERIALS

Raw materials are not only the basis for our assortment, but also for the livelihood and income of many people. Therefore, it is even more important to source raw materials in an environmentally and socially responsible manner - in order to promote positive impacts in the countries of origin, while at the same time reducing and avoiding potential negative impacts on people, animals and the environment.

Specific negative impacts include, for example, human rights violations such as child and forced labor or inhumane working conditions, the loss of biodiversity by using pesticides and fertilizers in agriculture, or the promotion of climate change through deforestation for agricultural use. In addition, in a globalized world, supply chains are highly complex making it difficult to trace raw materials back to their origin.

Supply chain transparency and the traceability of raw materials are therefore essential if concrete environmental and social standards are to be enforced in supply chains.

The products of Kaufland Romania are primarily made of agricultural raw materials and primary products that our suppliers obtain both from Romania and from other countries of origin. Together with our suppliers and external partners around the world, we work to reduce and avoid the negative impacts of raw material extraction and processing. The basis for this is compliance with minimum legal standards. With voluntary commitments and standards, we go beyond the legal requirements and work with suppliers and partners on projects and measures.

Specific requirements for the protection of people and the environment are set out in the jointly developed Code of Conduct of the companies of Schwarz Group and in the Declaration of Principles on Respecting Human Rights and Protecting the Environment, which form an integral part of the contractual relationship with all our suppliers. These are supplemented by sustainability requirements within the Procurement/Purchasing Management. As of 2024, they are part of the contract annex "GSR - General Sustainability Requirements" that summarizes the Kaufland requirements regarding environmental criteria, social standards and animal welfare, which are regularly updated.

Guidance for raw material sourcing is set out in topic-specific, jointly developed internal policies and guidelines, for example for relevant raw materials such as palm oil, coffee, cocoa, fruits and vegetables, fish or overarching topics such as improved animal welfare.

RAW MATERIALS STRATEGY

Coordinated by the international Sustainability Purchasing department, the more sustainable procurement of raw materials is a key topic of the overall strategy jointly developed by the companies of Kaufland Group. Within the framework of a raw materials strategy, structures and processes were jointly created to comply with legal requirements continuously and fully, define voluntary commitments for more sustainable raw materials procurement, and implement projects in dialogue with stakeholders.

As part of this raw materials strategy, we have identified key raw materials that are particularly important to our business because of their impact and relevance. Kaufland considered both existing risk analyses and the expertise of various stakeholders.

After several years of auditing suppliers using a risk-based approach, in 2020 individual raw materials were systematically assessed for their social and environmental risks. This included analyzing impacts on issues such as human rights, climate, water, biodiversity, deforestation, security of supply and the circular economy.

As a result of this and further analysis in connection with the German Supply Chain Sustainability Act (LkSG) and dialog with stakeholders, a total of 14 focus raw materials have been identified. Kaufland is continuously working on defining specific targets for these focus raw materials and implementing measures for the private label products procured by Kaufland Stiftung & Co. KG for all companies within the Kaufland Group.

By the end of the 2022 financial year, measures and projects had already been initiated for the majority of the focus raw materials, as outlined in the mentioned guidelines.

Focus raw materials at a glance



Flowers & plants



Tea



Fish



Fruit & vegetables



Palm oil



Animal products
poultry, pork, beef, milk, eggs



Fruit juice/nectar
banana, orange, passion fruit, pineapple



Soy



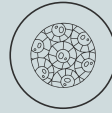
Cotton



Cocoa



Nuts



Cellulose



Coffee and tea



Rice

More sustainable raw materials in the range

A key approach to making our product range more sustainable is the sourcing of certified raw materials. Certifications can be used to implement, document and show customers certain sustainability aspects of a product, such as

how raw materials are grown or extracted, or to improve the traceability of raw materials.

As part of voluntary commitments, we therefore require standards and certifications for certain raw materials and products that go beyond the legal requirements.

Selected raw material certifications in Kaufland Romania's private labels



Fruit & vegetables

Since the end of 2023, all strawberries from Spain are AWS or GLOBALG.A.P. Spring certified. Our goal is to have all our fruit and vegetable growers in Spain, Portugal, Italy, Greece, Egypt, South Africa, Morocco, Israel and Chile certified according to recognized water standards by the end of 2025.



Palm oil

As of 2019, private label products containing palm oil are being certified according to the standards of the Roundtable on Sustainable Palm Oil (RSPO). As a founding member of the Forum for Sustainable Palm Oil (FONAP), Kaufland is also committed to a more sustainable production of palm oil in the countries where it is grown and fulfill FONAP's additional criteria.



Soy in animal feed

As part of a responsible purchasing policy, our initial aim is to reduce the use of soy as animal feed in our own-brand products of animal origin, while also using alternative protein feed crops and increasing the proportion of sustainably and domestically grown soy. One of the ways we do this is by using certification to promote sustainable cultivation. We are aiming to establish physical traceability in our supply chains and only use models such as credits on a temporary basis. We support European soy Donau Soja/ Europe Soya as our first source of supply. Should it be necessary to import soy as animal feed, we will use the ProTerra or Round Table of Responsible Soy (RTS NON-GMO) certification systems.



Fish

In our fish sourcing, we aim to a 100 percent raw material certification by the MSC (Marine Stewardship Council), ASC (Aquaculture Stewardship Council), GLOBALG.A.P., Organic and BAP (Best Aquaculture Practice) sustainability labels for all permanently listed fish products and private label products made from fish by the end of 2025. With a few exceptions, this goal has already been achieved. For tuna, we also require the SAFE label for dolphin friendly catching methods.



Black, green, white and rooibos teas

All private label black, green, white and rooibos teas are Fairtrade, Rainforest Alliance or EU organic certified. The certified proportion of herbal and fruit teas is continuously being increased.



Cocoa

By the end of 2024, Kaufland Romania wants to offer only private label products containing cocoa that are certified with the Fairtrade, Organic or Rainforest Alliance sustainability seals. Such products include chocolate, pralines, baked goods, snacks and seasonal items, cakes, ice cream and cereals.



Coffee

Since the end of 2023, we have only been offering private label blended coffee drinks, instant coffee, capsules and cappuccino that are Fairtrade, Rainforest Alliance or EU organic certified.

In an annual process, the departments Purchasing and Sustainability Purchasing identify opportunities for sustainability improvement. Products that meet defined criteria are preferred as more sustainable alternatives. In addition to the use of certified raw materials, these include the use of

regenerative cultivation methods, the promotion of living wages, the use of environmentally friendly packaging materials, and measures to reduce and avoid greenhouse gas emissions in the supply chain.

IN DIALOG WITH OUR STAKEHOLDERS

Another important component of Kaufland's jointly developed raw materials strategy is to engage with different stakeholder groups, such as suppliers, independent organizations and scientific institutions, or through multi-stakeholder initiatives. This includes the initiation of projects with relevant partners in the supply chain and the development of joint industry-wide solutions.

As one of five partners, Kaufland was part of a pilot project on deforestation-free and conversion-free soy supply chains organized by WWF Germany. The aim is to jointly develop a strategy for the implementation of deforestation- and conversion-free supply chains. WWF supports the implementation with a Deforestation and Conversion Free (DCF) Implementation Toolkit. The project is supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ).





DEVELOPMENT THROUGH LOCAL SUPPLIERS





DEVELOPMENT THROUGH LOCAL SUPPLIERS

We offer our customers products that are not only fresh and of the highest quality but also produced by our local communities. By collaborating closely with local producers, we ensure that our supply chain remains efficient, environmentally responsible, and rooted in fair trade principles. These relationships benefit the environment and support local farmers, fostering a mutually beneficial partnership.

When listing, all company suppliers confirm that they have read the provisions of the Code of Conduct for Business Partners and commit to respecting it. The Code also applies to commercial sub-units authorized by our business partners, that are involved in making products or supplying services for Kaufland. The Code of Conduct for Business Partners was reviewed and updated in August 2023.



The following basic principles describe the criteria that all our partners must respect:

- ◇ Complying with legislation in force, minimum industrial standards, International Labor Organization (ILO) and the United Nations (UN) convention;
- ◇ Forbidding any kind of discrimination when an employee is hired and in all employee relationships, equal opportunity and equity;
- ◇ Forbidding forced labor and all employee relations where work is forced through coercion or threat, such as slavery;
- ◇ Zero tolerance for child labor – strictly following national legislation in force regarding child and young employee protection;
- ◇ Freedom of association and collective bargaining – disciplinary actions against employees who use their right to associate in a peaceful, legal way are not allowed;
- ◇ Respecting national provisions and industrial standards regarding working hours and employment agreements;
- ◇ The business partner must ensure that the workplace does not endanger employee health and safety, by establishing and implementing clear rules and procedures concerning labor safety and by periodically informing and training employees;
- ◇ Strictly following national legislation regarding environmental protection, especially that concerning waste, hazardous chemical substances, greenhouse gas emissions and water pollution;
- ◇ Any kind of corruption, bribery or embezzlement is strictly forbidden, the business partner being responsible for ensuring that such incidents do not happen, through appropriate control systems.

Our business partners must ensure that the basic principles defined by the Code of Conduct for Business Partners are implemented and respected within their company through appropriate and justifiable measures. Compliance with the principles and the implemented measures for improvement must be verified and documented regularly by the management of the partner. Employees must be informed about the necessary standards in a clear manner, so that they know their rights. Moreover, the business partner must inform its suppliers regarding the Code of Conduct for Business Partners and request that they follow the criteria and standards mentioned.

Likewise, all our partners are informed accordingly and agree with Kaufland's request, with undertaking social audits within their own company or relevant production units. These social audits are carried out by Kaufland or by third parties authorized by Kaufland. When the audit takes place, compliance and implementation of the basic principles mentioned in the Code of Conduct must be documented, in order to establish potential improvement measures together. In the event of non-compliance with the Code of Conduct, the business partner must implement appropriate remedial measures. In this sense, the company allocates enough time, as well as support, should the partner request it. In 2023, social audits were carried out for 14 partners offering security, cleaning, and staff leasing services, all of which received a "green" rating following the audit.

You can read more about our responsibility across the entire supply chain [here](#), or by visiting despre.kaufland.ro, Sustainability section.

Respect for Human Rights

Respecting and protecting human rights are embedded in our culture, and we use human rights principles to shape the way we work and guide our interactions with employees, suppliers, and business partners. We are committed to fair business practices and good working and living conditions.

We aim to drive positive change for people across our value chain, as we believe that human rights are a universal requirement that we are committed to upholding.

Our policy statement on human rights complements existing corporate principles and policies and addresses the impact of our activities at all locations and in all our business operations around the globe.

As part of the Schwarz Group, we conduct risk assessments as part of our business operations. This involves a company-specific, risk-based classification of business partners and products, for instance based on the analysis of recognized indices and studies regarding the risk assessment for countries of origin, raw materials, and products and – in some cases – in consultation with civil society organizations and experts. The findings of these risk assessments are used to develop specific measures to avoid or mitigate adverse impacts caused by our business activities. We believe that overcoming human rights challenges in our global value chains is an ongoing task that requires systemic changes in addition to our company-specific activities. One key element for us is therefore to engage with civil society organizations, experts and other businesses – often in the form of multistakeholder partnerships – in the aim of achieving improvements and solving complex social issues in a collaborative effort.

Assessing Compliance Risks

In order to avoid company and reputational damage caused by our partners, compliance risks (e.g. corruption risks) are assessed even before contracts are concluded with the help of the GPC (compliance check commercial partners) platform.

The platform calculates in just a few seconds the initial risk of compliance of the potential trading partner, based on five indicators. For this goal, the platform automatically compares various databases (e.g., sanction lists) and performs a first risk classification (e.g., country, industry, activity). In the event of a high risk, a detailed verification is carried out by the compliance department. The verification is conducted for potential trading partners with an estimated annual turnover above €50.000 or in case of suspicion - voluntary verification.

Support for Local Suppliers

Small local producers need our support, especially at a time when the entire economy is under strain. Supporting local producers is a priority in Kaufland Romania's purchasing policy. The company has always supported Romanian producers and has chosen to collaborate with them whenever possible, and this program reinforces this promise. We want to be there for them, always looking for new solutions to help them grow.

Animal Welfare

For products of animal origin, we are striving to use more responsible production processes and improve animal welfare in livestock husbandry. Firstly, this means improving animal welfare standards, for example by using better husbandry systems. Secondly, it means expanding our assortment or replacing items in our assortment with products where special consideration is given to animal welfare concerns.

Our belief and aim is that animals should be kept using modern methods and must not suffer under any circumstances. Kaufland has zero tolerance for the violation of animal protection laws. All measures that we take over and above the legal requirements have been put in place for the purposes of animal welfare. Our guiding principle is "to use and protect animals."

Responsible Purchase Alternatives

We enable people to buy good, healthy, and more sustainable products. We do this by offering a large selection of fairly traded products and continually expanding our organic range.

Our organic products must comply with the strict standards and requirements of the EU Organic Regulation. We also support local farmers, promote sustainable organic farming, and build long-term partnerships. Where we offer organic alternatives to a conventional product, we try to position these alternatives in a visible location for our customers. They are positioned directly next to their conventional equivalent where possible.

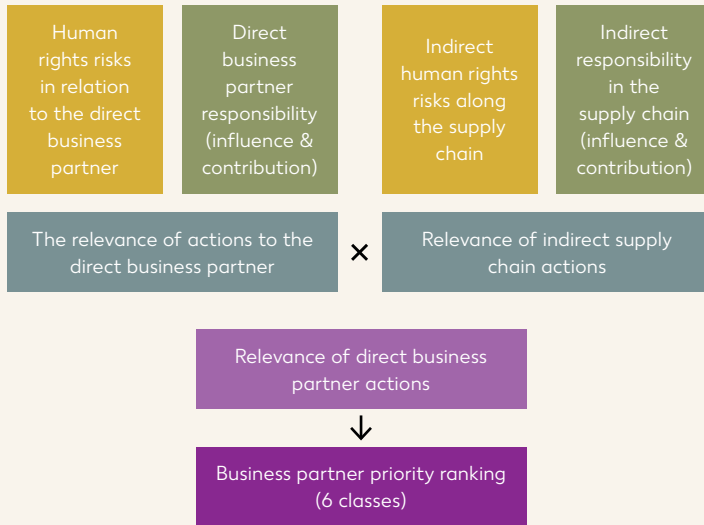
Supply Chain Risk-Assessment

Kaufland is aware of its responsibility regarding the observance of human and environmental protection and has therefore been to fair social standards, ecological standards and working conditions in global supply chains for years. The aim is to promote their importance and prevent their violation.

We conduct an annual risk-analysis of our global supply-chains so that we can uncover and assess the potential and real risk of human rights violations and, where necessary, to derive specific preventive measures.



A business partner's priority ranking is determined on the basis of its human rights risks, influence and accountability, directly and in its supply chain



Priority ranking 1

Very high relevance of actions to the direct business partner and very high relevance of actions further down the supply chain.

Priority ranking 2

Very high relevance of actions only to the direct business partner.

Priority ranking 3

Very high relevance of actions only in the depth of the supply chain.

Priority ranking 4

High relevance of actions to direct business partner or high relevance of actions further down the supply chain.

Priority ranking 5

Moderate relevance of actions to the direct business partner or further down the supply chain.

Priority ranking 6

Low relevance of actions to the direct business partner or further down the supply chain.



The dimensions that are evaluated for each supplier in the risk analysis are: child labor, forced labor, occupational health and safety, freedom of association, discrimination, remuneration, environmental agreements, environmental degradation, land rights, and security forces.

At Kaufland, we will conduct the risk analysis annually always for the timeframe of one year.

Throughout the year a risk analysis for new suppliers will be part of the onboarding.

Along the Value Chain

We always consider our aims in a global context and use the United Nations 17 Sustainable Development Goals (SDGs) for guidance. The aim of the SDGs is to ensure that all people and creatures are able to live a dignified life in harmony by 2030. Through the work that we are doing, we are supporting the implementation of these SDGs. What's more, Kaufland considers all stages of the value chain: Kaufland is committed to ensuring a supply chain that is fair to humans, animals, and the environment – and animal welfare is an important part of this.

At Kaufland Stiftung & Co. KG, the Executive Vice President of Purchasing is responsible for animal welfare. The strategy for this issue is developed in cooperation with the Sustainability department.

The purchasing teams at Kaufland are required to include the defined animal welfare requirements as a key factor in their assortment decisions and must require suppliers to do the same.

An overview of the measures implemented at Kaufland Romania to promote animal welfare:

Assortment development

Outlook: From 2024 introduction of quality program "Lamb IMF" (intramuscular fat) for lamb at service counters

Animal welfare audits

As part of the "100% Romanian pork" animal welfare program for pork, regular external inspections are conducted on site at the farms to check whether they are complying with animal welfare standards and using GM-free feed.

Outlook: From 2024, regular participation by Kaufland purchasing teams in general supplier audits; our aim is to expand the existing supplier audits to include criteria relating to the delivery of live animals, holding pens, and conditions during stunning and slaughter

Dialog

We are in direct contact with our farmers and communicate on a regular basis. We meet with representatives from producers, abattoirs, and feed manufacturers at least once a year.

Outlook:

- ◇ From 2024, establishment of industry dialog. Starting in 2023, the Kaufland meat purchasing team is initiating annual meetings with contract farmers, meat producers, and – where necessary – feed producers in Romania. The aim is to further develop the quality of meat throughout the entire value chain while at the same time considering aspects relevant to the promotion of animal welfare
- ◇ From 2024, increase in the quantities of Romanian, GM-free soy grown for feed production to 3,000 tonnes, whereby any quantities not used can be given to other farms; additional checks for pesticides, heavy metals, and salmonella

Animal feed

GM-free feed that is 100% grown in Romania and regularly inspected by independent institutions is also used to produce the pork in the "100% Romanian pork" national program. Using feed grown on the farm guarantees a deforestation-free and conversion-free supply chain and ensures short transport distances.

Promotion of better husbandry conditions

At Kaufland Romania, we launched the first national animal welfare program for pork in Romania. To promote high-quality domestic production, in November 2017 we launched "crescut" – the first national program for "100% Romanian pork" – in collaboration with agricultural association "Țara Mea". The program is supported by the Romanian Commission for Agriculture and Forestry and the Ministry of Agriculture and Rural Development.

Broilers (meat production)

Outlook:

- ◇ 2024: Introduction of the new animal welfare own brand for chicken at the service counter
- ◇ 2025: Laying hens (fresh eggs), We also intend to stop procuring eggs from caged and cramped conditions for our own brands internationally in the future – for both processed products and fresh eggs

Stunning

Outlook

- ◇ 2024: Expansion of existing supplier audits to include animal welfare criteria relating to the delivery of live animals, holding pens, and conditions during stunning and slaughter. The focus is on ensuring stress-free unloading, considerate handling of animals at the abattoir, for example when driving them, and humane stunning prior to slaughter.

At the same time, we continued our pork meat program, "Born and Raised in Romania," which supports local suppliers and the Romanian pork industry in implementing superior animal welfare standards.

Additionally, during the Romanian fruit and vegetable season (May to October), we collaborate with producers and farmers to ensure that over 90% of our in-season produce is locally sourced.

This partnership provides local producers with greater predictability and reduced production risks, while allowing us to offer our customers fresh, high-quality products.

Vreau din Romania

I want Romanian products

Through our brand "I want Romanian products", we offer our customers a variety of traditional Romanian products, prepared according to time-tested recipes. The range includes food that is entirely made locally, by producers and suppliers in our country, and carries the guarantee of the quality of Kaufland products.

Having been very well received by consumers, the assortment has gradually grown, doubling the number of products since its launch. Among the 250 now available, they range from staples such as flour, cornflour, peas, to dairy and cheese, over 100 types of fresh meat and sausages, canned vegetables, sweets, bakery products and soft drinks (water, fruit juices and syrups).

Kaufland Romania Suppliers Sustainable Packaging Assistance Programme

As the packaging industry increasingly seeks innovative solutions to become more circular, resource-efficient, and environmentally friendly, Kaufland Romania partnered with the European Bank for Reconstruction and Development (EBRD) to support this transition. Through collaboration with Eunomia and Green Partners, the programme was developed to help us and our Romanian suppliers adopt sustainable packaging practices.

We, at Kaufland Romania, provided a comprehensive assessment framework, and suppliers voluntarily joined the programme, encouraged by the possibility of receiving funding to transition to sustainable packaging solutions. The program's primary goal was to evaluate current packaging processes and recommend improvements that align with future European regulations, particularly the forthcoming Packaging and Packaging Waste Regulation (PPWR).

Ten Romanian suppliers from various sectors participated in the programme, representing key areas such as meat, fish, plant-based products, salads, bakery, breadsticks, and ice-cream.

The programme involved five key steps:

- ◇ Reviewing Kaufland Romania's packaging priorities and the broader legislative context.
- ◇ Conducting supplier workshops and audits to assess packaging processes and identify areas for improvement.
- ◇ Developing reports and action plans for suppliers, focusing on increasing recyclability and innovative environmental performance.
- ◇ Engaging with suppliers through feedback sessions and finalizing a comprehensive report on the findings.

The programme identified various opportunities for enhancing packaging sustainability, such as reducing the complexity of multi-material packaging, incorporating recycled or bio-based content, and optimizing material weight. Additionally, improvements in packaging decoration, such as reducing the size of labels and ensuring the use of non-toxic inks, were highlighted. For plastic and fibre-based packaging, the recommendations emphasized switching to recyclable materials and reducing unnecessary coatings and bleaching.

SUPPLIER EXPENDITURES

At Kaufland Romania, our commitment to sustainability is reflected in the way we work with our suppliers. We prioritize long-term partnerships with local producers, built on trust and mutual respect, to ensure we deliver the freshest, highest-quality products to our customers.

Our approach to sourcing emphasizes local solutions first, fostering close collaboration with suppliers to bring a diverse range of locally produced goods to our shelves. By strengthening these partnerships, we support local economies, reduce our environmental footprint, and contribute to the well-being of our communities. This dedication to local sourcing not only enhances product freshness and quality but also reinforces our commitment to sustainable practices and fair-trade principles.

Through these efforts, we continue to create value for our customers and suppliers alike, embodying our values of sustainability, quality, and community support in every product we offer.



Number of suppliers

TYPE	Local	International	Total
Suppliers for stores	952	448	1400
Services and administrative suppliers	1,551	258	1,809
Total	2,503	706	3,209

The supplier expenditure data was extracted from our internal systems and covers the financial year 2023 (March 2023 – February 2024).

Local suppliers = suppliers based in Romania

Supplier expenditures (LEI)

TYPE	Local	International	Total
Suppliers for stores	12,609,633,607	2,979,529,142	15,589,162,750
Services and administrative suppliers	2,386,831,046.8	611,253,414.9	2,998,084,461.7
TOTAL	14,996,464,653.8	3,590,782,556.9	18,587,247,210.7

TYPE	2021	2022	2023
Locally sourced food items	19,761	18,875	18,721
Percentage of locally sourced food items	82.7%	84%	85.1%

TYPE	2021	2022	2023
Suppliers (food)	1,197	1,112	1,127
Local suppliers (food)	809	776	787
Percentage of local suppliers (food)	67.6%	69.8%	69.8%



A close-up, high-resolution photograph of a thick, braided rope. The rope is made of natural fibers, likely cotton or hemp, and is shown in a coiled or bundled arrangement. The texture is highly detailed, with individual strands and the intricate braiding pattern clearly visible. The lighting is soft and even, highlighting the natural tan and light brown tones of the fibers. The background is slightly blurred, emphasizing the foreground texture.

**05 OUR
IMPACT**





Across our stores and administrative offices, we are committed to reducing energy and resource consumption.

As a responsible corporate entity, we recognize our role in addressing global environmental challenges and strive to be a catalyst for positive change.

Our efforts are particularly focused on reducing energy consumption and CO₂ emissions, as well as promoting the efficient use of resources.

REDUCING ENERGY CONSUMPTION

329509-2/2024 xx

SAP 10000K5105-80

KAUFLAND
PENTRU MAI MULTĂ
SUSTENABILITATE

RĂCIRE ECOLOGICĂ.

- ✓ Consum de energie redus semnificativ
- ✓ Mai puțină pierdere de frig
- ✓ produse mai bine răcite
- ✓ mai mult confort în zona de racire

**Implicarea
face
diferența.**



REDUCING ENERGY CONSUMPTION

Reducing energy consumption and carbon dioxide emissions related to buildings is essential for protecting the environment and reducing our impact.

That is why we focus on implementing measures and projects that contribute to making energy consumption more efficient and adopting new technologies on the market.

Fuel consumption

FUEL TYPE	2021		2022*		2023	
	L	MWh	L	MWh	L	MWh
Gasoline	191,388.0	1,834.5	242,471.6	2,324.1	259,969.9	2,491.8
Diesel	1,173,368.0	12,391.9	1,236,344.6	13,057.0	1,286,900.4	13,591.0
Total	1,364,756.0	14,226.4	1,478,816.2	15,381.1	1,546,870.3	16,082.8

*The data for 2022 does not include the amount of diesel purchased for generators and sprinkler systems (139,306 L diesel). In 2023, there was no consumption of diesel for generators and sprinkler systems.

Conversion factors:

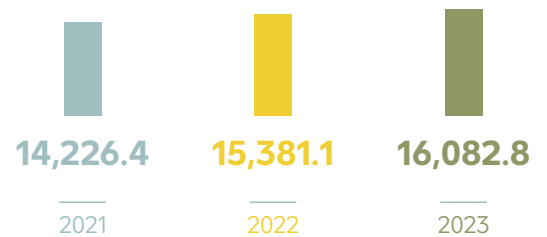
1 litre of diesel = 10.561 kWh

1 litre of gasoline = 9.585 kWh

FUEL TYPE	2021	2022	2023
	MWh	MWh	MWh
Natural gas	59,799.3	45,201	46,676.3

Total fuel consumption

(MWh)



Electricity consumption

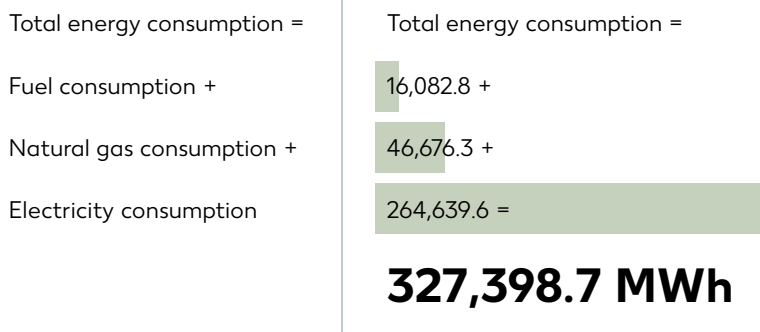
	2021	2022	2023
	MWh	MWh	MWh
Electricity	252,332.2	261,293.6	274,701.1
Out of which electricity consumption from renewable sources (supplier)	242,680	258,188.5	264,639.6
	96.17%	98.8%	100%
Out of which electricity consumption from own generation	1,919.5	2,166.3	10,061.6

In 2022, electric energy consumed from non-renewable sources comes from store consumption (2,487.3 MWh), before store opening, part from administrative office consumption (172 MWh), and part from warehouses consumption (445.7 MWh). Energy consumption from non-renewable sources arises from the operation of new stores, which use such energy until they are integrated into our energy supply contract.

The electric energy consumption includes stores, administrative offices, and logistic centers consumption, but it doesn't cover the concessionaires and electric charging station consumption. We understand that this increases the electricity demand, and we constantly monitor it.

ELECTRICITY CONSUMPTION	2021	2022	2023
	MWh	MWh	MWh
Concessionaires	13,234.36	13,611.00	14,826.40
Charging stations	2,102.05	4,928.70	4,062.27
Total	15,336.41	18,539.70	18,888.70

Total energy consumption



Reducing energy consumption

In 2021, we made a major investment in renewable energy, when we decided to launch a large initiative to equip stores and warehouses in several cities across the country with photovoltaic panels. In 2022, an investment of €15 million has been made to equip part of our stores and two logistics centers with photovoltaic panels which generate green energy and contribute to reducing our environmental impact. The implementation of the 62 photovoltaic installations also continued into the financial year 2023. Additionally, in 2023 another investment of €6.7 million was made to equip 27 stores with over 16,000 photovoltaic panels, which generate green energy and contribute to reducing environmental impact by eliminating more than 4,000 tonnes of CO₂ emissions per year.

We have established a comprehensive energy management system in accordance with the international ISO 50001 standard. This system records and analyzes key indicators for all relevant energy sources, enabling us to identify and leverage potential energy savings effectively.

In our stores, which typically have a sales area of around 3,000 square meters and an average of 1,000 fixtures, we have implemented LED lighting to reduce energy consumption. Additionally, wherever feasible, our newly constructed or modernized buildings are equipped with photovoltaic systems, allowing self-generated electricity to be used directly within the stores.

We continuously implement measures to enhance the efficiency of our electricity consumption. These include upgrading lighting in refrigerated display cases to LED, installing light sensors for escalators and open docks, adding motion sensors for refrigerated rooms, and setting lighting in parking lots, warehouses, and closed docks to two-thirds of its intensity. Additionally, we adjust temperatures in sales areas and warehouses. These initiatives have reduced our electricity consumption by 3 kWh/m².

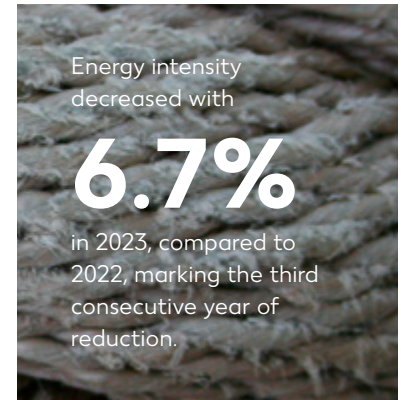
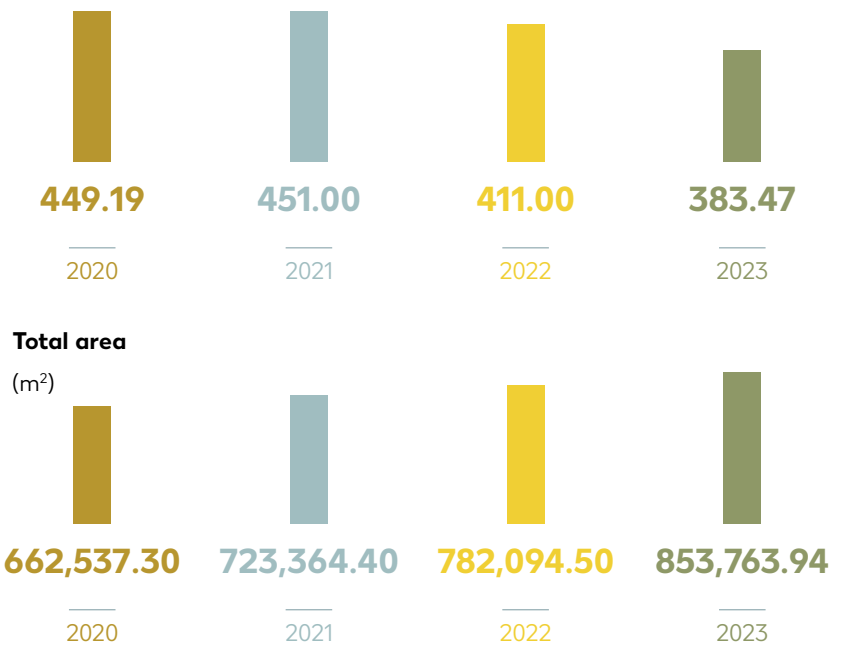
In addition to the savings made, all the electricity purchased by the company is from renewable sources.

Energy intensity

Energy intensity based on store and additional areas surface

$$\text{Energy intensity} = \frac{\text{Total Energy Consumption}}{\text{Total area (sales + additional areas)}}$$

EI
(kWh/m²)



Electric charging stations

At Kaufland Romania, we are actively involved in supporting the use of electric cars by developing the most complex national network of fast charging stations, with points in key cities in the country.

In partnership with Renovatio, we set up the first public network of electric car charging stations in the country, which we subsequently expanded through our own investment in new charging points inaugurated for the first time on the Bucharest - Chisinau route. The stations are located in the parking lots of Kaufland stores in 30 cities nationwide, providing electric vehicle users with the mobility they need.

By the end of the 2023 financial year, the network had reached a total of 131 locations, with 41 stations installed during 2023 alone, representing a total investment of approximately 2.6 million euro (costs for substations purchased and installed, maintenance and repair of existing substations). Our goal is for each store to offer at least one charging station for electric vehicles.



TACKLING EMISSIONS



GHG Emissions

GHG EMISSIONS	2021	2022	2023	Decrease/ Increase compared to 2022	Decrease/ Increase compared to base year
	tonnes CO ₂ eq	tonnes CO ₂ eq	tonnes CO ₂ eq	%	%
Scope 1	52,397.820	42,325.820	49,066.230	+15.93%	-17.53%
Scope 2	Location-based	86,693.760	71,026.800	+1.46	-7.65%
	Market-based	1,981.590	587.680	0	-100%
Scope 3*	4,444,929.520	4,450,987.237	4,321,288.650	-2.91%	-6.06%
Total Market-based	4,499,308.930	4,493,900.737	4,370,354.880	-2.75%	-6.24%

*In FY 2022, we revisited our Scope 3 emissions data to ensure greater accuracy and alignment with the latest updates on emission factors, for the following categories:

◇ FLAG emissions: These refer to emissions related to Forestry, Land Use, and Agriculture activities. This category addresses the environmental impact of activities like deforestation, land use changes, and agricultural practices in our value chain.

◇ E&I emissions: These represent emissions from Energy and Industrial Processes, covering indirect emissions associated with energy use and industrial operations throughout our supply chain.

Emissions Intensity

Emissions Intensity is given by the total emission quantity generated, in relation to total store sale area + secondary area.

EMISSIONS INTENSITY	2021	2022	2023	Decrease/ Increase compared to 2022	
	tonnes CO ₂ eq/m ²	tonnes CO ₂ eq/m ²	tonnes CO ₂ eq/m ²	%	
Scope 1	0.07467	0.054119	0.057470	+6.19%	
Scope 2	Location-based	0.1235	0.090816	0.084404	-7.06%
	Market-based	0.00282	0.000750	0	-100%
Scope 3	6.334	5.691112	5.061456	-11.06%	
Total Market-based	6.412	5.745981	5.118927	-10.91%	

EMISSION FACTORS – SCOPE 2	2021	2022	2023
	kg CO ₂ eq/MWh	kg CO ₂ eq/MWh	kg CO ₂ eq/MWh
Emission factor electricity - market based	205.3	189.3	-
Emission factor electricity - location based	345.2	274.1	272.0

Scope 1 includes: emissions from the air conditioning system, refrigeration system, diesel fuel for generators, diesel and gasoline for cars, natural gas for boilers.

Scope 2 includes: emissions from producing electricity from the supplier

Scope 3, for which we extended the boundary in 2019, includes: other emissions (procured goods and services, fuel and energy-related emissions, transport, waste generated in operations, business trips, use of the products sold, end-of-life treatment of sold products, and employee commuting)

The methodology used for the inventory was reviewed and confirmed by the Heidelberg Institute for Energy and Environmental Research, in accordance with the GHG Protocol and ISO 14064-1.

The carbon footprint includes GHG emissions generated directly and indirectly through the activities undertaken in Romania during a financial year. In order to be able to compare different greenhouse gasses, we used CO₂ as reference, transforming all emissions into CO₂ equivalent (CO₂eq), using their global warming potential (for example, 1 kg of methane has the same harmful greenhouse effect as 28 kg of CO₂ and would be presented as 28 kg CO₂eq in the inventory).

The conversion of data regarding CO₂eq consumption is based on emission factors. The methodology uses two types of emission factors:

- ◊ Market factors (emission factors describing CO₂ emissions from producing and supplying a material or a process; for example, electricity producers in the EU must take into account the CO₂ emissions generated by producing electricity);
- ◊ Location-based (for the majority of emission sources, determining CO₂ emissions can be done only by using secondary data from scientific database, such as, for example, IPCC - Intergovernmental Panel on Climate Change, IEA 2021).



MATERIALS AND WASTE





MATERIALS AND WASTE



At Kaufland Romania, we believe that waste is recyclable material in the wrong place. Guided by this conviction, we are committed to a holistic circular economy.

Efficient management of materials and waste is a key component of our sustainability journey, helping us prevent greenhouse gas emissions and reduce costs.

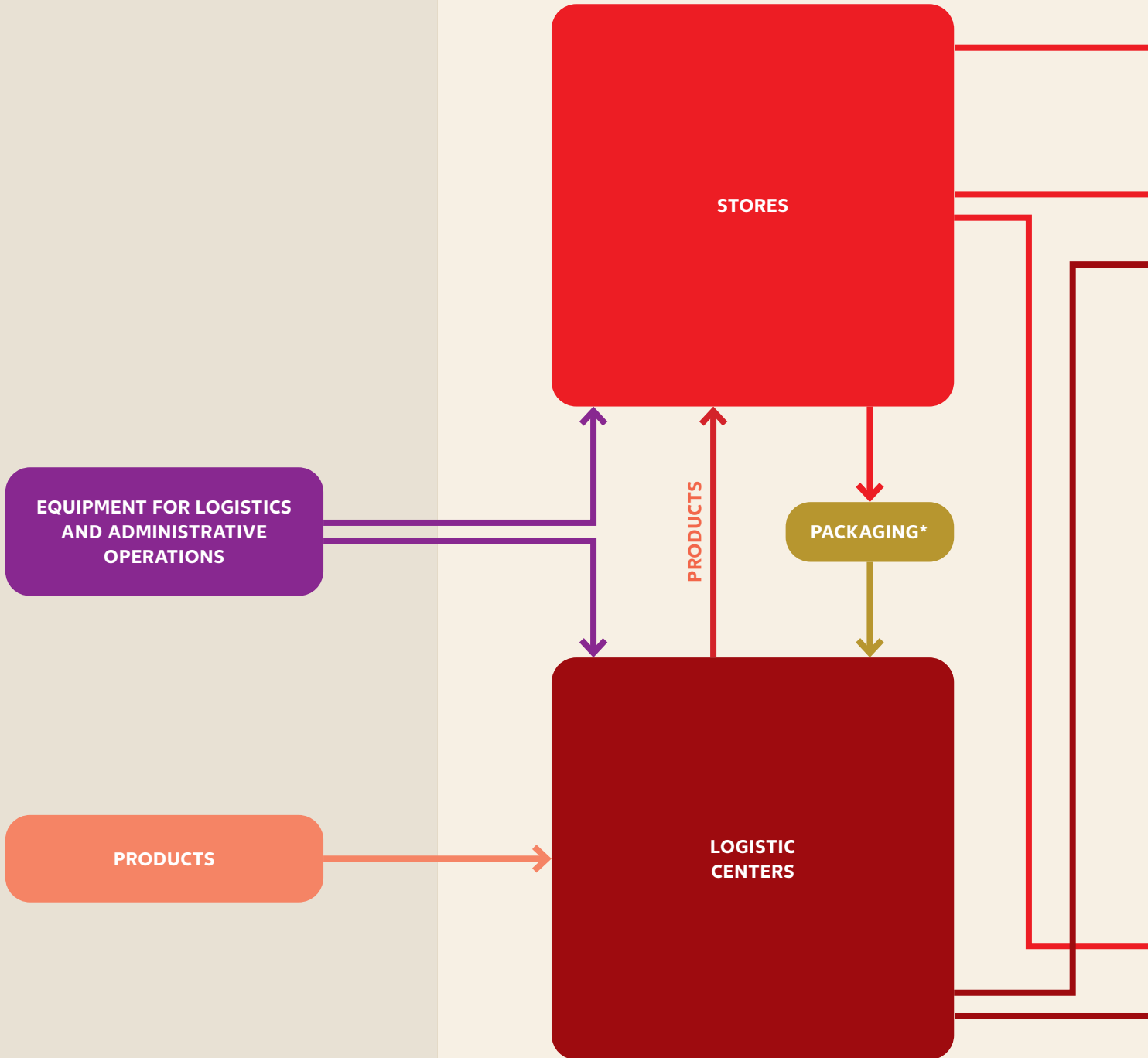
By preventing waste and using it as future-proof recyclable material, we strive to improve our sustainability practices continuously.

We cover a significant part of the value chain—from production and retail to disposal and recycling—leveraging the strengths of our 29-group companies within the Schwarz Group to develop sustainable and viable solutions. Our Internal Procurement, Logistics, and Sales departments are responsible for material consumption and waste recovery. Their collaboration has enabled us to develop an efficient waste collection circuit.

Recognizing that better efficiency requires extending our best practices across the value chain, we also work closely with our partners and implement measures in our stores to decrease the amount of materials used and increase the quantity of waste recovered. This holistic approach ensures that responsibly using materials and recovering waste remains a top priority within our sustainability strategy.

UPSTREAM IN THE VALUE CHAIN

OWN ACTIVITIES

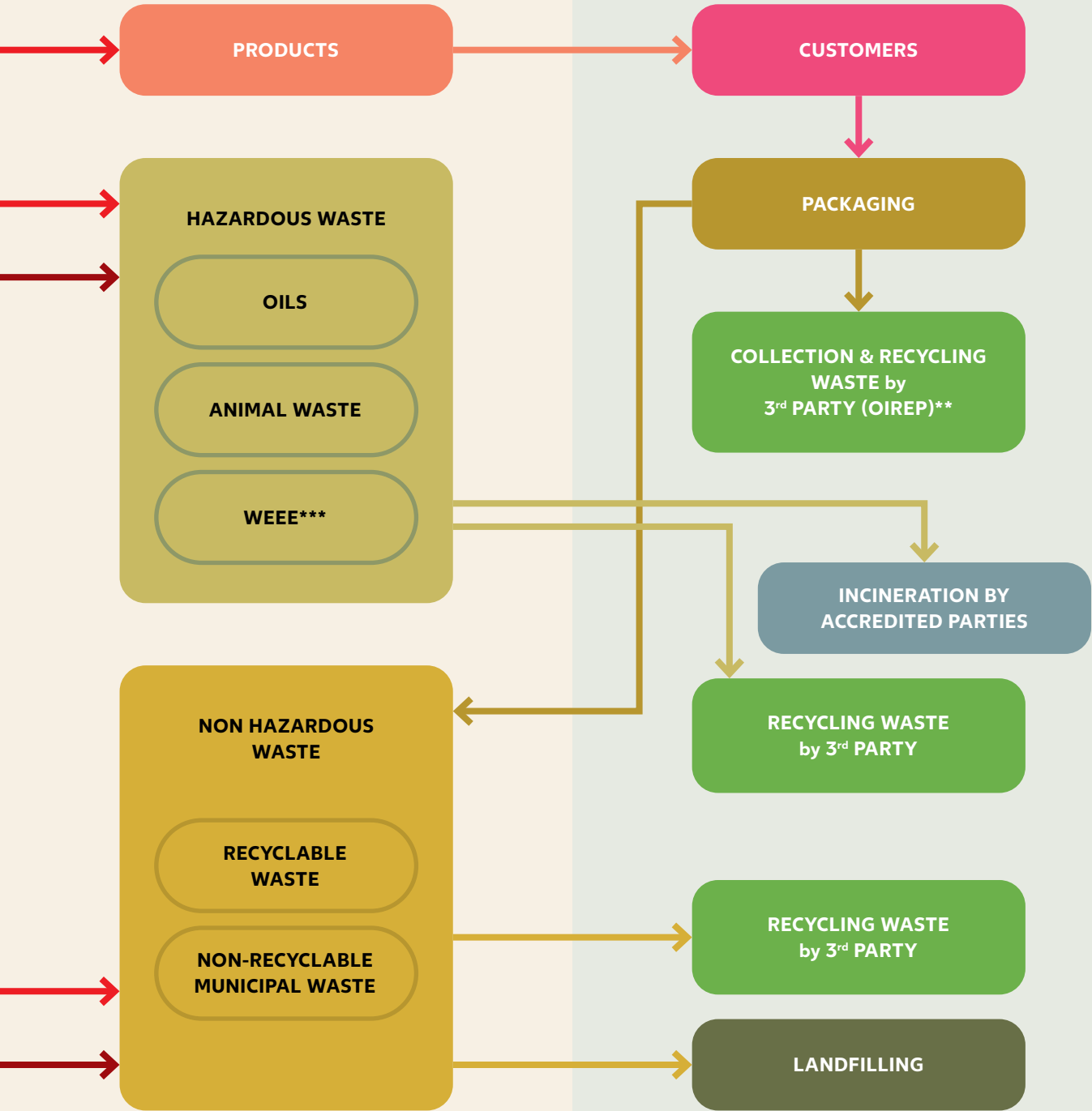


*secondary and tertiary packaging, centralized in the logistic centers

**recycling quota in accordance with the legislation in force

*** Waste Electrical and Electronic Equipment

DOWNSTREAM THE VALUE CHAIN



Waste generated in financial year 2023

(March 2023 – February 2024, own operations)

WASTE CATEGORY	Total amount of waste generated
	tonnes
Glass	1,950.6
Plastic	2,332.6
PET	725.8
Cardboard and paper	31,534.2
Organic recyclable materials	10,313.4
Scrap metal, cans	1,120.1
Wood	997.5
Textile recyclable materials	174.1
Residual waste	8,400.0
Hazardous waste	225.3
Other non-hazardous waste	155.7
TOTAL	57,929.3

HOW THE WASTE WAS HANDLED	Hazardous waste	Non-hazardous waste	Total
	tonnes	tonnes	tonnes
Reuse	0	193	193
Recycling	224.7	38,929.8	39,154.5
Thermal utilization	0	2.1	2.1
Incineration	0.6	63.3	63.9
Landfilling	0	8,400	8,400
Biogas	0	10,115.8	10,115.8
Total	225.3	57,704	57,929.3

Small differences may appear for the total amounts due to rounding

Reuse: This involves using recyclable materials again for the same purpose they were originally intended for.

Recycling: This process involves converting recyclable materials into secondary raw materials, which can then be used to create new products.

Thermal Utilization: This process involves thermally recycling materials to recover energy. The energy released from burning the material is harnessed in the form of electricity, process steam, or district heating.

Incineration: In this process, the energy released from burning the material is not utilized.

Landfilling: This involves identifying all recyclable materials that cannot be repurposed in any other way and depositing them in a landfill as the final method of disposal.

PACKAGING MATERIALS

Packaging plays a crucial role by protecting goods and providing product information. We continually strive to minimize transport and outer packaging, such as shelf-ready trays, as well as the product packaging used for our private label articles.

Our focus is on enhancing recyclability, utilizing more sustainable raw materials, and making our packaging more sustainable overall.

PACKAGING MATERIALS	2021	2022	2023
	kg	kg	kg
Paper/Carton	23,262,927	22,669,982	19,403,310
Plastic	12,077,973	12,604,744	16,267,218
Glass	5,024,801	4,727,318	5,109,106
Aluminum	517,707	381,557	567,835
Metal	1,496,507	1,315,030	1,202,156
Wood	3,675,180	2,849,537	2,332,669

Note: the data covers calendar year 2023

In accordance with the legislation in force, both Romanian and European, the recycling quota for packaging materials placed on the market is annual and is calculated for the January 1st - December 31st period.

In 2023, we met the targets set by Romanian legislation for recovering packaging waste.

In 2023, we reduced our carbon emissions by recycling our packaging waste. This effort led to a reduction of 7,062.98 tonnes of CO₂, as recognized by the certification awarded by FEPPRA.



Towards a vision of "Zero Waste"

Kaufland Romania received, in February 2023, a certification from TÜV SÜD Management Service GmbH according to DIN SPEC 91436, maturity level – Silver, a new benchmark for operational waste and recyclable materials management.

Kaufland is the first company in Romania to obtain this certification. The certification indicates that at least 90% of our operational waste has been either prevented, reused, recycled, composted or fermented.

The name of the certification, as used in DIN SPEC 91436 standard, describes an operational reference model for all stakeholders in society who wish to adhere to a waste management system aligned with the Zero Waste vision. DIN SPEC 91436 was developed using the Publicly Available Specification (PAS) procedure and the processing platform is in this case provided by the internationally recognised German Institute for Standardisation (DIN).

In 2021, when we first began investing in the process of reducing the level of operational residual waste, with the goal of being certified as a result of our efforts, the level of non-recyclable operational waste was 35%. Following Kaufland's €1 million investment in this process, the level of waste mentioned has dropped below 10%. This represents a reduction of over 70%, resulting from a series of programmes and measures implemented internally.

The certification was issued based on an audit of a representative sample of 12 stores, one logistics center, the head office, and relevant documents such as waste prevention plans and waste balances for the period October to December 2022. After obtaining the initial certification, we extended it by undergoing surveillance audits in each of the first two subsequent years (October 2023 and January 2024). Although the evaluation focused on the selected sample, our waste reduction and management efforts over the past two years have been implemented across the entire Kaufland Romania store network, as the non-recyclable waste quota for certification is calculated at the national level.

Investing in recycling infrastructure for our communities

We are dedicated to being part of the solution for plastic and waste removal from the environment. A key aspect of our strategy is making the recycling process easy and accessible for our customers.

Recognizing the importance of actively preventing plastic from entering the environment, as well as understanding the fast-paced lifestyles of our consumers, we consistently invest in convenient recycling solutions such as recycling machines in our parking lots and stores.

In 2023, we invested €7 million to expand and optimize the separate collection infrastructure available to our customers. By enhancing the accessibility of recycling, we aim to foster positive changes in consumer behavior and reduce our environmental impact.

BIN-e smart bins for automatic waste sorting

We have installed smart bins in three stores in Bucharest for the selective collection of batteries, TetraPak packaging, plastic and metal waste, simplifying the recycling process for its customers.

Using AI (artificial intelligence) technology, the BIN-e contactless smart bins automatically recognise the types of materials set, sort and compress them, controlling the fill level and processing data for efficient waste management.

Customers can bring in used batteries, TetraPak packaging, plastic waste of all types and metal packaging such as cans or clean cans. The collected waste is then taken for recycling by a specialised partner company, Green PC Ambalaje.

Recycling Vending Machines

As a major retailer we are aware that what we do has an impact on the environment and we know the importance of being an example of best practices and positive influence in terms of reducing plastic use and collecting, sorting, and recycling. Therefore, we make efforts to support consumer awareness and their recycling efforts by constantly investing in recycling facilities.

We also promote recycling programs and increase participation by offering discount vouchers to customers that deposit plastic bottles, glass containers and aluminium cans in the recycling vending machines.

Broscuta (Turtle) Collection systems

Protecting the environment is important for us and to our customers so we are taking active measures to help them in their efforts of being more eco-friendly. Since 2020 we have successfully installed in all our stores a system for collecting empty containers of hygiene or cleaning products, which are then recycled to protect the environment.

Customers can deposit containers of personal care products (shampoo, conditioner, shower gel, body, face or hand cream, mouthwash or liquid soap), cleaning products (laundry or dishwashing detergents, kitchen, bathroom, floor or window cleaning solutions) in a turtle-shaped container.

Our company's goal is to become the most accessible and convenient destination for recycling and to reward responsible behaviour. Thus, for every three containers of personal care and household products brought to the turtle-shaped facility in stores, customers receive a coupon with discounts of up to 35% on products in that month's campaign.

Subsequently, the packaging is sorted and recycled with the help of two specialised partner companies - Green PC Packaging and FEPR. The comprehensive process consists of three stages: sorting of materials at the automatic station; preparation for recycling; actual recycling, through thermoforming.

✚
39,039,846 lei invested for installing the recycling vending machines infrastructure in all our stores*

✚
115,832 lei invested for installing Broscuta (Turtle) Collection systems in our stores

✚
~38,900,000 household and personal care recipients collected through our infrastructure

✚
100% of our stores have a household and personal care collection infrastructure

*The amount includes also spendings on repairs and maintenance for the proper functioning of the machines

We want to be an example and good practices and to promote environmentally friendly behavior, so on International Earth Day (22 April), Kaufland Romania and the 11even Association, with the support of the Romanian Rugby Federation, broke the record for the **"World's Largest T-Shirt"**, entered in Guinness World Records. The giant t-shirt was made exclusively from recycled plastic fabric, which is the result of recycling more than 250,000 PET bottles and with the help of 200 volunteers. Our campaign ended with the transformation of the giant T-shirt into 12,000 shirts that were distributed to participants in the "Joy in Motion" festivals.

Also, in 2023 we ran the **"Recycling Week"** campaign, that achieved remarkable results, setting a new record in sustainability. Over 11,200,000 containers were collected in just one week, with the participation of more than 470,000 customers nationwide.

The **"Recycling Week"** initiative ran alongside the weekly promotion in the "Recycle and Save" campaign. For every five containers deposited in the recycling machine, customers received a 10% extra discount coupon. Through the **"Recycling Week"** campaign, we aimed to familiarize Romanians with the Deposit-Return System and the solutions offered by Kaufland, ensuring that the process of returning packaging is simple and quick, making it easy for citizens to integrate this activity into their daily routines.

BREEAM In-Use V6 Excellent certification

Because sustainability and sustainable development are a priority for us, we want our commercial buildings to reflect long-term performance.

Our store in Cluj-Napoca, Gheorgheni district, obtained the BREEAM In-Use V6 certification, rated Excellent. The certification, awarded at international level for the environmental performance of commercial buildings, certifies that the design, construction, and long-term performance of the Kaufland store comply with sustainable principles and the highest quality standards, above and beyond those required by applicable legislation.

With a score of 74.5%, the Kaufland store has achieved an Excellent rating according to the BREEAM In-Use standard, thanks to the implementation of sustainable solutions such as: EV charging stations, green roof, bicycle parking, reverse vending machine for three types of packaging items (PET bottles, glass bottles and aluminium cans), system for recycling packaging items of personal care or cleaning products, which are then picked up by recyclers.

The store also has efficient air conditioning installations - complex, modern systems that recover heat from the refrigeration systems and save natural resources, LED-based interior and exterior lighting systems, equipment to optimise water consumption (photocell sinks, low-water consumption toilets) and a BMS (Building Management System), through which all building systems are managed and monitored.

Moreover, our goal is to develop and build our stores with a focus on sustainability. Through these measures, the Kaufland store aligns with the company's business strategy for sustainable practices, innovation and progress and demonstrates a low environmental impact and therefore a low carbon footprint. Currently, 16 stores are in the process of obtaining the EDGE certification, and we aim to achieve LEED and BREEAM certification for our stores in the future.

TRANSPORT AND LOGISTICS

At Kaufland Romania, we are dedicated to continuously updating and streamlining our supply chain logistics operations to identify and implement sustainable practices.

A significant part of our commitment involves reusing and recycling materials and replacing single-use packaging with more sustainable alternatives.

For instance, all plastic wrap used during the transportation of products from our logistics centers to the stores is collected and sent back to the logistics center. This plastic wrap, meeting stringent requirements, is recycled with a low impurity level of less than 2%, ensuring a high efficiency in the valorization process. Additionally, we employ the Dixi systems to press cardboard from packaging, and our logistics centers feature sorting and pallet repair stations to further optimize resource use.

As part of the jointly elaborated REset Plastic strategy of the companies of Schwarz Group, we have implemented several measures to reduce plastic use and promote the circular economy. We utilize durable, reusable bread bags and nets for transporting loose fruits and vegetables, both made entirely of recycled materials. These initiatives not only reduce the consumption of single-use produce bags but also contribute to minimizing packaging waste each time they are reused.

In our efforts to maintain high standards of sustainability, goods are delivered in reusable crates, reducing the need for outer packaging. In our employee restaurants, we have established a reusable system for food since 2018 and switched to reusable cups for drinks since 2016. To further minimize packaging waste, we use dispensers for condiments like ketchup and mayonnaise.

We also leverage resource-saving technologies in logistics. Since 2020, we have been using the foldable pallet (Kaufland-Klapp-Palette – KKP), specifically designed for transporting and picking goods between distribution centers and stores. The KKP offers ergonomic advantages for logistics and store employees during packing and unpacking and reduces the annual use of pallet wrap by around 20% thanks to its stable side walls. This pallet system is currently utilized in the food area across Germany, the Czech Republic, Slovakia, Croatia, Romania, and Bulgaria, and in the fresh food area in all these countries except Germany.

Through these initiatives, we are committed to ensuring our supply chain logistics are not only efficient but also aligned with our sustainability goals, contributing positively to environmental preservation and resource efficiency.

Euro Pool System Certificate

Another recognition received for sustainable logistic practices came from Euro Pool System, Europe's leading provider of reusable packaging logistics for fresh produce. The certificate confirms that by using Euro Pool System reusable trays for the transport of our fruit and vegetables, instead of cardboard boxes, we achieved a carbon dioxide emission reduction of 3,500 tons in 2022, similar to the results in 2021. The savings have been calculated with the Life Cycle Assessment (LCA) Calculator, developed by SIM (Foundation for Reusable Systems). The assessment took into account over 10 million rotations of EPS trays, during 2022. The calculation tool was developed by the Stiftung Initiative Mehrweg (SIM) foundation in Germany, previously approved by the Fraunhofer IBP institute in Stuttgart. The foundation was established in 1996 with the aim of raising awareness of waste reduction in the retail industry.



Green Energy

In 2022, Kaufland invested €15 million to install photovoltaic panels in a selection of our stores and two logistics centres, contributing to our commitment to green energy and reducing environmental impact.

This initiative involved the implementation of 62 photovoltaic systems and continued into 2023 when we invested an additional €6.7 million to equip 27 more stores with photovoltaic panels.

These installations collectively help to eliminate over 4,000 tonnes of CO₂ emissions annually, further advancing our efforts in sustainable energy use and environmental conservation.

Own electricity generation renewable energies	10,061,594 Kwh
Own electricity generation renewable energies – Store	8,846,441 Kwh
Own electricity generation renewable energies - Distribution centres/warehouse	1,215,153 Kwh



AGAINST THE WASTE OF FOOD

Food waste is a pressing global issue that impacts the environment, economy, and society. At Kaufland Romania, reducing food waste is a critical component of our sustainability agenda. With the increasing strain on natural resources and the growing need for sustainable practices, addressing food waste has become essential. By implementing innovative solutions and responsible practices, we aim to optimize our food supply chain and enhance resource efficiency. Our commitment to reducing food waste reflects our broader goal of fostering a more sustainable and resilient food system for future generations.

Every year, Romania generates around 2.5 million tonnes of food waste*. From an environmental perspective, it leads to the waste of scarce and valuable resources such as water, soil and energy, as well as the production of avoidable greenhouse gases. From a social perspective, wasted food can affect the global food situation. It also contributes to unnecessary animal suffering when animals die without their meat being consumed. Through direct contact with consumers, as well as activities within the company and along the value chain, food retailers have many levers at their disposal to counteract food waste.

How we define food waste

The companies of Schwarz Group mutually define food waste as the amount of food that is lost or discarded along the value chain. It is therefore the sum of food losses and food waste.

Food losses occur particularly in the first stages of the value chain during the production or processing of food.

Food waste occurs in retail, catering and private households. This always involves food that was intended for human consumption

*Source: rocesp.ro/wp-content/uploads/2022/02/V4-final-Food-Waste-Report.pdf



Kaufland Romania is committed to avoiding and reducing food waste in retail and among consumers. In line with the overarching objective, jointly elaborated by the companies of Schwarz Group, we, at Kaufland Romania, aim to reduce food waste by 50 percent by 2030 compared to 2018. The target is based on the United Nations Sustainable Development Goals (SDG 12.3 - Waste less food), among other things. In our own operations, we want to utilize food that is no longer suitable for human consumption for the highest possible quality. At the same time, in our role as an interface, we want to support both producers and consumers in minimizing food waste. The reduction of food waste is a cross-divisional task at Kaufland Romania.

We focus on constantly improving our internal systems, so that we reduce the food waste within Kaufland warehouses and stores, and at the same time invest in campaigns and activities dedicated to our clients and consumers.

We, as a retailer, play an important part in educating consumers, for them to be able to stay informed and make the right choices, choosing quality products or products that are suitable for their health budget.

Internally, our attention focuses on:

- ◇ **Improving internal systems**
- ◇ **Monitoring and managing stock**
- ◇ **Developing and implementing systems that monitor and manage resource production in a sustainable manner**
- ◇ **Promoting responsible consumption**

Furthermore, Kaufland Romania is in close dialogue with Kaufland International and with companies of the other divisions of Schwarz Group on the topic of food waste in order to jointly develop overarching strategic measures and goals. For example, a cross-divisional and cross-departmental working group was jointly set up by companies of Schwarz Group to reduce food losses and waste.

Our Approaches to Tackling Food Waste

Prevent:

We prevent Food Waste in the supply chain through close collaboration with our suppliers.

Within Kaufland Romania, the Supply Chain Management team plays a pivotal role in minimizing food waste. They ensure that each store orders the optimal quantity of products needed for a specific period. This involves strategic allocation of warehouse stock to maintain a balance between ensuring product availability and avoiding overstocking. The system we employ generates daily order proposals for each store-item combination based on historical sales data. To refine these orders and achieve optimal results, our team incorporates adjustments for various unforeseen factors such as seasonal changes, weather conditions, and holidays, providing the system with necessary insights to adapt and respond effectively.

Kaufland has defined four focus areas to reduce Food Waste and losses. These four focus areas, prevent, avoid, reuse, and communicate, form the basis of our actions.

Avoid:

We avoid Food Waste in our own operations through concepts and cooperation.

We have implemented an accelerated sales process for our entire range of food products across all Kaufland stores in Romania. This initiative is part of our broader strategy to reduce food waste by up to 50% by 2030. To achieve this, we monitor key indicators, including the number of products entering accelerated sales and their percentage of total sales.

To manage products with shorter shelf lives effectively, we have developed two distinct strategies:

- ◇ **Automated System:** This system generates a daily list of products nearing their best-before dates across all categories. These items are then included in the accelerated sales program, ensuring continuous stock rotation and minimizing waste.
- ◇ **Flexible Discounting:** We empower our staff and stores with the flexibility to set discounts for fruit and vegetable products. These discounts are based on product type, stock levels, and customer buying behavior, applied daily at various intervals to optimize sales and reduce waste.

In 2023, our accelerated sales initiatives successfully facilitated the sale of over 12,700 different items, including food, fresh, and ultra-fresh products. This effort resulted in a total of 34,741.48 tonnes of goods sold through accelerated sales programs. This achievement underscores our commitment to reducing food waste and enhancing the efficiency of our inventory management practices.

Reuse:

We reuse waste that we cannot avoid through recycling or other use.

We continued our long-term partnership with the Bucharest Food Bank by supporting its operational and logistic costs. Additionally, we developed a comprehensive guideline for donations to non-profit organizations to enhance our planning and management in this area.

Our approach involves:

- ◊ **Identification:** We identify food products eligible for donation based on a predefined list. Only items within their shelf life are selected.
- ◊ **Communication and Sorting:** Quantities are communicated to our contracted partners. We sort, register, and store goods according to their type, following our guideline, which details the correct procedures for these processes and ensures proper storage in designated areas.
- ◊ **Collection:** A representative operator from the non-profit organization collects the products from our stores.

Communicate:

We want to make our customers aware of the challenges and communicate our knowledge.





We donate to NGOs and food banks products that can no longer be sold but are safe to eat. Since December 2023 we have joined the “Millions of Friends” Association in Brasov, in collaboration with the Veterinary Health and Food Safety Department of Brasov, in the mission of providing food to the animals cared for by the association: bears, deer, foxes and wolves. we collect and donate products (fruits, bakery, dairy, deli, meat, and poultry) to be used as food for animals in the sanctuary.

Kaufland also runs the **Social Canteen** program, which combines the fight against food waste with the social aspect. The program is aimed at low-income families, vulnerable and homeless people.

Through the Social Canteen Project, on average, we donate 14.8 tonnes of goods per month; in 2023 we donated 226 tonnes of food to cook 248,000 meals for 1,500 beneficiaries.

This initiative, managed by AMPA, reduces the amount of food waste destroyed by Kaufland Romania and minimizes the negative environmental impact, preventing the processing of 156,000 kg of waste.

*In the Sustainability Report for the financial year 2022, an error in calculation was identified regarding the quantity of donated food. The correct figure is 41.18 tonnes, rather than the previously reported 180 tonnes.



QUANTITY OF FOOD WASTE AVERTED	2022*	2023
	tonnes	tonnes
Donations	36.86	25.67
Accelerated sales	4.32	34.74
Total	41.18	60.41

As part of our pledge under the "Retail Agreement on Waste," Kaufland Romania is actively working to reduce food waste.

In 2022, we initiated "**Attention, Delicious!**"—our first integrated anti-food waste campaign. This initiative aligns with our strategic goal to halve food waste in all our stores by 2030 and increase consumer awareness about this critical issue. In 2023, we extended the campaign to our internal operations, engaging our employees in our fight against food waste. We published educational articles on our Connect platform and organized contests to raise awareness among our staff.

Additionally, we conducted "Zero Waste" training sessions, focusing on food waste reduction for our store employees. These sessions equipped them with the skills and knowledge necessary to implement best practices for minimizing food waste in our day-to-day operations.

We educate the public through helpful information available on our website. These resources offer practical tips, detailed guides, and up-to-date information on sustainable practices, helping our customers and communities to make informed choices that contribute to minimizing food waste.

WATER CONSUMPTION





WATER CONSUMPTION

Monitoring water consumption and conserving water is important, and we make efforts to be as efficient as possible inside our stores, as well as in the logistical centres and administrative offices.

All water used in our operations comes from the public supply system. We do not use water from other sources, and we do not have an inventory of the way in which water is withdrawn by our supplier.

Likewise, after usage, the water is discharged into the public sewer system. Effluents are discharged in accordance with the Environmental Permit of each working unit, that at the same time sets the requirements for the effluent quality parameters.

The frequency of the analyses performed to determine the quality parameters is regulated by the specific provisions of each Environmental Permit.

WATER WITHDRAWAL	2023
	m ³
Water withdrawal	1,071,739
<i>From third parties</i>	1,070,200
<i>From groundwater</i>	1,539
Water return	1,070,200

BIODIVERSITY AND PESTICIDES





BIODIVERSITY AND PESTICIDES

Biological diversity – the basis of all life

Biological diversity, also called biodiversity, is the basis of all life on earth. Species diversity is one aspect of biodiversity, along with genetic diversity and the diversity of ecosystems. These three sub-aspects are closely interlinked and form a network of biological diversity that makes our earth unique.

Biodiversity on land, in water, in the soil and in the air is central to a functioning ecosystem and the human food chain. A wide range of insects, such as wild bees, are responsible for pollinating 80 per cent of the world's wild and cultivated plants. But nearly half of all insect species are in steep decline, and scientists believe that many may soon become extinct. Reasons include the expansion of agricultural land, monocultures and the use of agrochemicals. Many other species are also threatened with extinction.



The Kaufland Pesticide Management Strategy

For us, biodiversity is the foundation of a rich food supply. However, agricultural cultivation can have a negative impact on biodiversity. To protect and preserve biodiversity and minimize negative impacts on the environment, Kaufland Romania takes a wide range of measures. An important part is Kaufland's pesticide management for fruits and vegetables.

Since 2006, Kaufland has been working with suppliers on own projects to promote integrated agriculture and the reduction and avoidance of pesticides in fruit and vegetable production. With a systematic approach pesticide use is being reduced. Kaufland standards go beyond the legal requirements by also severely restricting approved active ingredients in order to keep the use of pesticides in cultivation as low as possible. The "General Kaufland Specifications" and the "Kaufland Exclusion List for Particularly Hazardous or Harmful Pesticides" provide detailed information and guidance. The exclusion

list contains all active ingredients that are banned or excluded by Kaufland or international specifications (WHO Lists 1a and 1b and the Rotterdam and Stockholm Conventions).

Kaufland Romania is committed to ensuring that growers only use crop protection products where there are no agronomically viable alternatives. We regularly carry out independent audits to ensure compliance with our internal standards. With success: we are already pioneers in reducing the use of pesticides in the cultivation of fruit and vegetables, flowers and plants. Our standards are among the most stringent in the industry.

At product level, we rely on various certifications that also take biodiversity criteria into account. These include the organic seal, FSC® (Forest Stewardship Council) for wood-based products, MSC (Marine Stewardship Council) and ASC (Aquaculture Stewardship Council) for fish, Rainforest Alliance for coffee and bananas, and Fairtrade for cocoa.

Kaufland Romania is committed to biodiversity

Kaufland has been supported by the Lake Constance Foundation in the development of biodiversity projects since 2016. It evaluates biodiversity measures and nature-based solutions for climate protection and classifies them strategically. Employees have the opportunity to take part in regular virtual training sessions on biodiversity. Kaufland Romania benefits from this technical expertise and has access to current developments and findings.

As a founding member of the "Food for Biodiversity" association, Kaufland Stiftung on behalf of the national Kaufland companies is working together with players in the food sector, standard organizations and environmental associations to protect biodiversity. To this end, the company is testing the basic set of biodiversity criteria developed within the framework of the association in the form of pilot projects. Kaufland hopes that this will raise biodiversity standards in food production on the European market.

Following the mobilization calls for water cleanup initiated by Kaufland Romania and Act for Tomorrow Association, over 3.4 tons of waste were cleaned up by Romanian volunteers from the banks of rivers in 5 localities as part of the River Cleanup Collective - a large-scale transnational ecological action conducted in 17 European countries.

Furthermore, another project of ours involved planting a forest equal to the number of employees in Scorteni commune, Prahova county. The Kaufland Forest, planted by company employees, is the largest internal volunteering project developed by Kaufland and Act for Tomorrow Association, serving as a strategic sustainability and social engagement initiative.

The forest, shaped like a "K" inspired by the company's logo, comprises 16,000 saplings of 6 different tree species: red oak, pedunculate oak, lime, ash, elm, and willow, covering an area of 4 hectares. 610 employees volunteered in nine planting events held between March 2021 and April 2023, contributing to the establishment of a new forest in Scorteni commune that will serve as a new source of oxygen for the local community.



**INDEPENDENT
LIMITED ASSURANCE
REPORT REGARDING
THE SELECTED
INFORMATION IN
THE SUSTAINABILITY
REPORT**

Independent Limited Assurance Report Regarding the Selected Information in the Sustainability Report

To the management of Kaufland Romania SCS

Introduction

We have been engaged by management of Kaufland Romania SCS (hereinafter – the “Company”) to provide limited assurance on the selected information defined in the section “Description of the subject matter and applicable criteria” and included in the Sustainability Report of the Company for the year ended 29 February 2024 (hereinafter – the “Sustainability Report”).

Description of the subject matter and applicable criteria

We assessed the qualitative and quantitative information as set out in the table below, that is disclosed in the Sustainability Report (hereinafter – the “Selected Information”), to obtain limited assurance that the Selected Information has been prepared, in all material respects, in accordance with the applicable criteria.

GRI Standard/Kaufland specific disclosure and related description		Referred to in the GRI content index of the Sustainability Report
202-2	Proportion of senior management hired from the local community	Yes
302-1	Energy consumption within the organization	Yes
305-2	Energy indirect (Scope 2) GHG emissions	Yes
401-1	New employee hires and employee turnover	Yes
405-1	Diversity of governance bodies and employees	Yes
Kaufland specific	Commercial investments: Investment in recycling infrastructure for our communities: “Broscuta Collection Systems” and “Recycling Vending Machines”	No. Disclosed on page 165 of the Sustainability Report No. Disclosed on page 165 of the Sustainability Report
Kaufland specific	Employees with disabilities	No. Disclosed on page 97 of the Sustainability Report
Kaufland specific	Total financial value of sponsorships directed to community investments	No. Disclosed on page 119 of the Sustainability Report

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 29 February 2024 only. We have not performed any procedures with respect to earlier periods or any other items included in the Sustainability Report and, therefore, do not express any conclusion thereon.

We assessed the Selected Information using applicable criteria consisting of reporting requirements, in the respective GRI Sustainability Reporting Standards 202, 302, 305, 401 and 405 (hereinafter – the “GRI Standards”) published by the Global Reporting Initiative (GRI) and in the Kaufland Romania Corporate and Social Responsibility methodology approved by the Company’s Management (hereinafter – the “KAUFLAND Methodology”, and together with the GRI Standards – the “Reporting Criteria”). We believe that the Reporting Criteria constitute appropriate criteria to form the limited assurance conclusion.

Responsibilities of management of the Company

Management of the Company is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Sustainability Report including the Selected Information that is free from material misstatement, whether due to fraud or error;
- preparing, measuring, and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness, and presentation of the Selected Information.

Our responsibilities

Our responsibility was to express a limited assurance conclusion whether the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria. Our assurance does not extend to any other information included in the Sustainability Report.

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent limited assurance conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our limited assurance conclusion to management of the Company.

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements other than Audits or Reviews of Historical Financial Information” (Revised) (“ISAE 3000 (Revised)”), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements, and for limited assurance engagements to plan and perform procedures to obtain limited assurance that the Selected Information for the year ended 29 February 2024 has been prepared, in all material respects, in accordance with the Reporting Criteria.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. 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.

Quality management requirements and professional ethics

We apply International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the "IESBA Code"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining limited assurance that the Selected Information has been prepared, in all material respects, in accordance with the Reporting Criteria. In doing so, we:

- made enquiries of the Company's management, including the sustainability reporting team and those with responsibility for sustainability reporting management and Company reporting;
- conducted interviews of personnel responsible for the preparation of the Sustainability Report and collection of underlying data;
- performed an analysis of the relevant internal methodology and guidelines, gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Reporting and measurement methodologies

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management as described in the Sustainability Report and for which the Company is solely responsible.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe, that the Selected Information for the year ended 29 February 2024 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restrictions of use and distribution

This report, including our limited assurance conclusion, has been prepared solely for management of the Company in accordance with the agreement between us, to assist management in reporting on the Company's sustainability performance and activities. We permit this report to be disclosed in the Sustainability Report of Kaufland Romania SCS, which will be published on the Company's website, to assist management in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Selected Information.

The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than management of the Company for our work or this report, except where the respective terms are expressly agreed in writing and our prior consent in writing is obtained. The above does not relieve us of liability where such release is excluded by law.



PricewaterhouseCoopers Audit SRL

Bucharest, 12th December 2024



The background of the page is a close-up photograph of a wood grain, showing various shades of brown and tan with a prominent diagonal line running from the upper left towards the lower right. The text is centered in the lower half of the page.

GRI CONTENT INDEX

GRI CONTENT INDEX

Statement of use	Kaufland Romania has reported in accordance with the GRI Standards for the period 01.03.2023 - 29.02.2024
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Currently not available

GRI Standard	Disclosure	Page(s) number(s), URL and/or direct answers	Omission		
			Requirement(s) omitted	Reason	Explanation
General Disclosures					
GRI 2: General Disclosures 2021	2-1 Organizational details	12, 13, 17			
	2-2 Entities included in the organization's sustainability reporting	9			
	2-3 Reporting period, frequency and contact point	9			
	2-4 Restatements of information	154, 174			
	2-5 External assurance	186-189			
	2-6 Activities, value chain and other business relationships	16, 17, 19			
	2-7 Employees	91			
	2-8 Workers who are not employees	91			
	2-9 Governance structure and composition	33			
	2-10 Nomination and selection of the highest governance body	33			
	2-11 Chair of the highest governance body	33			

2-12 Role of the highest governance body in overseeing the management of impacts	33			
2-13 Delegation of responsibility for managing impacts	75			
2-14 Role of the highest governance body in sustainability reporting	75			
2-15 Conflicts of interest	36			
2-16 Communication of critical concerns	37			
2-17 Collective knowledge of the highest governance body	During the reporting period, no measures were taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.			
2-18 Evaluation of the performance of the highest governance body	33			
2-19 Remuneration policies	85, 102-105			
2-20 Process to determine remuneration	Not reported.		Confidentiality constraints	The organization considers the information confidential and cannot report it publicly.
2-21 Annual total compensation ratio	Not reported.	Disclosure 2-21 a), b), c)	Confidentiality constraints	The organization considers the information confidential and cannot report it publicly.
2-22 Statement on sustainable development strategy	7			
2-23 Policy commitments	30-32, 56-64, 68-69			
2-24 Embedding policy commitments	56-64			
2-25 Processes to remediate negative impacts	37, 68-69, 72, 75, 94			
2-26 Mechanisms for seeking advice and raising concerns	37			
2-27 Compliance with laws and regulations	35-37, 51			
2-28 Membership associations	28-30			
2-29 Approach to stakeholder engagement	72-73			
2-30 Collective bargaining agreements	All our employees are covered by collective bargaining agreements.			

Material Topics		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	74-75
	3-2 List of material topics	80
Food waste		
GRI 3: Material Topics 2021	3-3 Management of material topics	170-171
Kaufland Romania's specific disclosure	Projects implemented to reduce food waste	68-69, 171-175
Labor and human rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	25, 69, 85, 94-96, 106-107, 110-111
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	33
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	90
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	112
	403-2 Hazard identification, risk assessment, and incident investigation	111
	403-3 Occupational health services	110
	403-4 Worker participation, consultation, and communication on occupational health and safety	112
	403-5 Worker training on occupational health and safety	112
	403-6 Promotion of worker health	104-105
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	134-138
	403-8 Workers covered by an occupational health and safety management system	110
	403-9 Work-related injuries	113
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	107
	404-3 Percentage of employees receiving regular performance and career development reviews	107
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	97-98
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	94

Social commitment		
GRI 3: Material Topics 2021	3-3 Management of material topics	24, 25
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	120-121, 124-125
Kaufland Romania's specific disclosure	Total financial value of sponsorships directed to community investments	119
Circular economy		
GRI 3: Material Topics 2021	3-3 Management of material topics	159-161
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	162
	306-2 Management of significant waste-related impacts	59-63, 124
	306-3 Waste generated	162
	306-4 Waste diverted from disposal	162
	306-5 Waste directed to disposal	162
Raw materials		
GRI 3: Material Topics 2021	3-3 Management of material topics	128-130, 163-165
GRI 301: Materials 2016	301-1 Materials used by weight or volume	163
Climate friendlier supply chain		
GRI 3: Material Topics 2021	3-3 Management of material topics	56-57, 149, 151
GRI 302: Energy 2016	302-1 Energy consumption within the organization	146
	302-3 Energy intensity	147
	302-4 Reduction of energy consumption	147
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	154
	305-2 Energy indirect (Scope 2) GHG emissions	154
	305-3 Other indirect (Scope 3) GHG emissions	154
	305-4 GHG emissions intensity	154
Strategic partnerships		
GRI 3: Material Topics 2021	3-3 Management of material topics	134-138, 140
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	141

Communication and dialogue						
GRI 3: Material Topics 2021	3-3 Management of material topics	37, 60, 72				
Kaufland Romania's specific disclosure	Stakeholder engagement mechanisms	72-73				
Integrity						
GRI 3: Material Topics 2021	3-3 Management of material topics	35-36, 135-136				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	36	Requirement 205-2 e).	Information incomplete.	Only total number of employees that have received training on anti-corruption was reported, without percentage of employees, and without being broken down on employee category.	
	205-3 Confirmed incidents of corruption and actions taken	36				
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36				
GRI 415: Public Policy 2016	415-1 Political contributions	36				







Kaufland Romania SCS

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020284, Bucharest, 2nd District



**Our
actions
do the
talking.**

