

OUR ACTIONS DO THE TALKING:

Thinking responsibly,
acting sustainably

Sustainability Report
Romania
2021





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Dear friends,

We live in times that have shown us, once again, that the only constant is change. And for retail, the year 2021 means not only investment in expansion and service, but also adaptability, stability and, perhaps most importantly, taking on a strategic role in society, the community and the environment.

Over the years, our role as a social pillar, a sustainable company, has been at the forefront. And we are happy about this because, before being a company that performs well in numbers, we are a sustainable company. We understand that our role is not just a commercial one, and we want to have a visible, tangible, long-term impact in the community.

2021 was the year in which we expanded and reached more than 150 stores opened in Romania and a team built like a family, with over 15,000 colleagues. Our coworkers are and always have been a top priority for our company. Receiving the „Top Employer“ certification in Romania for the seventh consecutive year and the „Top Employer“ in Europe certification for the fourth year in a row, becoming the only company in Romanian retail reaching this record, proves that taking care of our team has become a tradition.

Also, for the fourth consecutive year, Kaufland Romania ranked first in a top of the most sustainable companies in the country, scoring 99/100 points, a validation of the way we do business and how we choose to engage and promote transparency.

We invest a lot of resources, energy, and creativity in sustainability. It is the key ingredient of the Kaufland business recipe that sets us apart. It has proven to us that it is the sure path to a sustainable business, the only business that is effective in the long term.

That’s why, of course, we will be the same reliable partner for our stakeholders, and we will continue to make a difference. Last year, over 81% of expenditures on suppliers were directed towards our Romanian suppliers.

A sustainable business also means reducing our impact on the environment. This is why we committed to a target of reducing our operational greenhouse gas emissions (Scope 1 and 2) by 80% compared to 2019. With that goal in mind, we continued to implement different projects to reduce energy consumption, with the overall costs of investment that exceeded 8.5 million lei.

We stood by our commitments in the RReset Plastic strategy, as well. We continued to facilitate recycling and have equipped all our stores in Romania with recycling facilities for our employees and customers, an investment that exceeded 31 million lei.

I invite you to read further in our report the results of our actions and our commitments for the future.

We know that our actions do the talking and we will continue to use our resources to reduce our environmental impact and continue to deliver results for the community in which we operate.

Sustainability represents a mindset, doing things right from the start. Thinking responsibly and then acting sustainably.

Marco Höbl
General Manager Kaufland Romania

About the Report

This is the Kaufland Romania's fifth sustainability report, presenting information regarding the company's activity during financial year 2021 (01.03.2021 – 28.02.2022).

The report was prepared in accordance with the GRI (2016) Standards: Core option.

The report is structured into five chapters: Kaufland at a glance, Thinking responsibly, acting sustainably, The team that makes things happen, Growing together, Motivated to do better.

The report's structure and content were based on the materiality process that took place in 2021. In addition, in 2022 we conducted a stakeholder survey, to update the sustainability topics that are most important to them.

The information in the report presents the company's activity in Romania, in relation to its 151 stores, 2 logistical centers and head offices.

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

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Kaufland Romania's 2021 Sustainability report was prepared with the support and technical guidance of The CSR Agency.

Contact

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01 Kaufland at a Glance



Kaufland is part of the Schwarz Group, a corporate group among the top retailers in the world with about 13,300 stores and 530,000 employees in >30 countries.

The Group's total revenue for the 2021 fiscal year amounted to 133,6 billion euros. Divided into a production, retail and environmental division, the Schwarz Group covers the entire value cycle.

Lidl and Kaufland are its pillars in food retailing. Many private label products on Lidl's and Kaufland's shelves ranging from ice cream to beverages are produced at the Schwarz Produktion. Special emphasis is placed on the use of sustainable raw materials and environmentally friendly packaging.

With its environmental service provider PreZero, the Schwarz Group pursues its vision of closed loop recycling in waste and recycling management and thus contributes to a cleaner tomorrow. Schwarz Dienstleistungsgesellschaften, the Group's corporate services division, provides administrative and operational services.

All companies in the Schwarz Group share the common sustainability vision:

Acting globally responsible with diversity.

SCHWARZ





The Schwarz Group

The Schwarz Group at a glance

RETAIL

Our Lidl and Kaufland retail divisions offer their customers a wide range of products in around 30 countries every day. 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.

PRODUCTION

Schwarz Produktion produces high-quality private label products in the areas of beverages, chocolate, dried fruit, baked goods, coffee products, and ice cream for Lidl and Kaufland. Since mid-2021, the own-brand PET bottles for Kaufland and Lidl have been made of 100 per cent recycled plastic (except label and lid).

SCHWARZ DIENSTLEISTUNGSGESELLSCHAFTEN

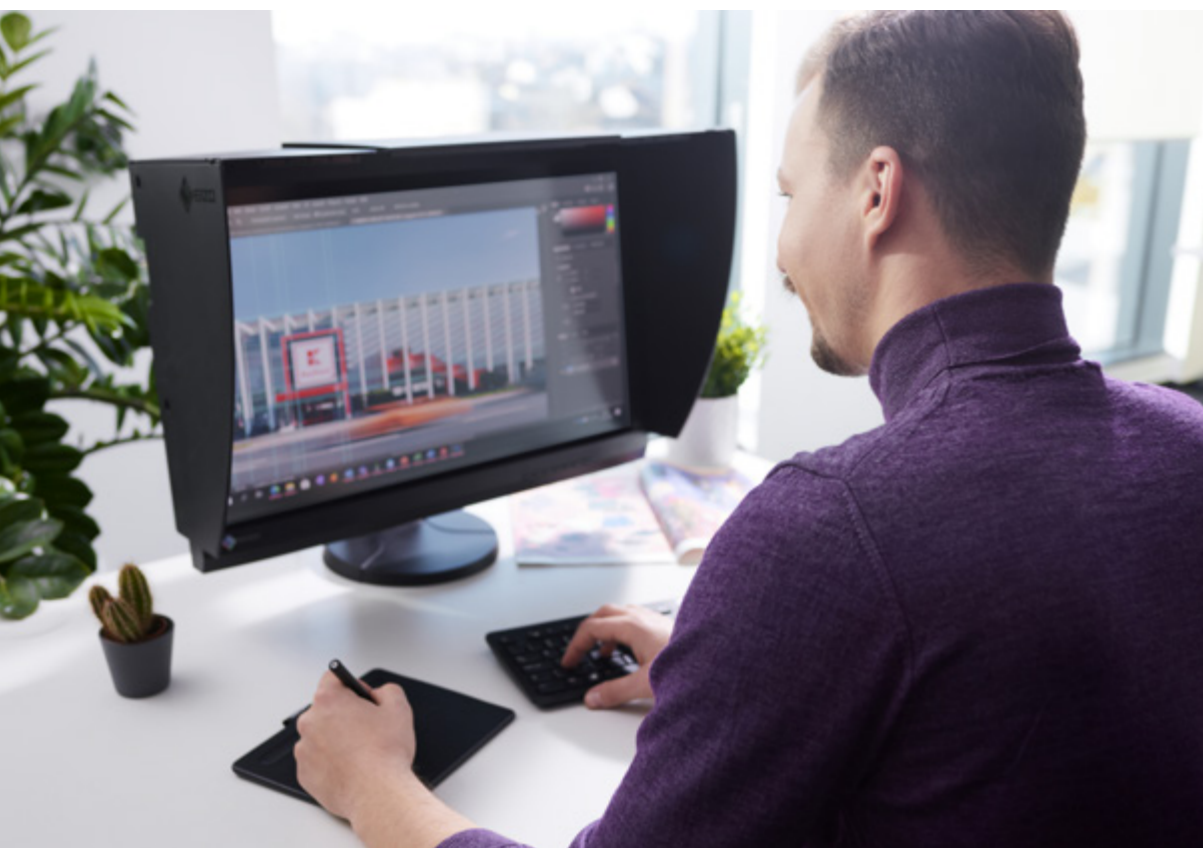
Schwarz Dienstleistungsgesellschaften support Lidl, Kaufland, Schwarz Produktion and PreZero: By bundling various administrative and operational services – in fields like controlling, finance, human resources or procurement – it is possible to realize potential synergies and act efficiently and sustainably.

REMOVING / RECYCLING

As the environmental division of the Schwarz Group, PreZero is active in waste and recycling management. Its services include the collection, sorting, processing and recycling of reusable materials. With innovative solutions, resources are conserved, and the amount of non-recyclable waste is reduced towards zero.

Kaufland in Europe

Kaufland in Europe



Kaufland operates almost 1,500 branches and employs more than 143.000 employees in eight European countries. Whether in Germany, Poland, the Czech Republic, Romania, Slovakia, Bulgaria, Croatia or the Republic of Moldova, the company offers a comprehensive range of convincing quality food and everyday consumer articles. Across Europe, the company operates 5 meat processing plants and 17 distribution centers.

Kaufland is a full-range retailer that sells good quality, healthy and sustainable products to suit all needs. The core focus is on fresh products. The product range includes a broad selection of brand name goods, attractive private label items, regional products and a wide variety of articles that help protect people and animals and conserve nature.

The company is also committed to protecting the environment, mitigating climate change, and conserving wildlife.

Kaufland Stiftung is based in Heilbronn. It functions as the corporate headquarters and works in consultation with the national companies to lay down the framework for the operational business.





Kaufland in Romania

Kaufland in Romania



Kaufland Romania is an indirect subsidiary of Kaufland Stiftung & Co. KG.

Kaufland has had a presence in Romania since 2005. With 15,705 employees and 151 stores, Kaufland is one of the leading food retailers in Romania. The headquarters of Kaufland Romania is in Bucharest.

Since the first Kaufland store in Colentina was opened, back in 2005, we have continued building a strong network of stores, warehouses, and offices so that every customer that walks through our doors has the best shopping experience.

Our growth is based on responsibility, efficiency and providing a good working environment for our team, that we take pride in.

In 2021, we opened 11 new stores in: Tărnăveni, Constanța, Blaj, Timișoara (2 stores), Baș, București (2 stores), Turnu Măgurele, Brașov, Iași.

in Romania,
in 2021:

151

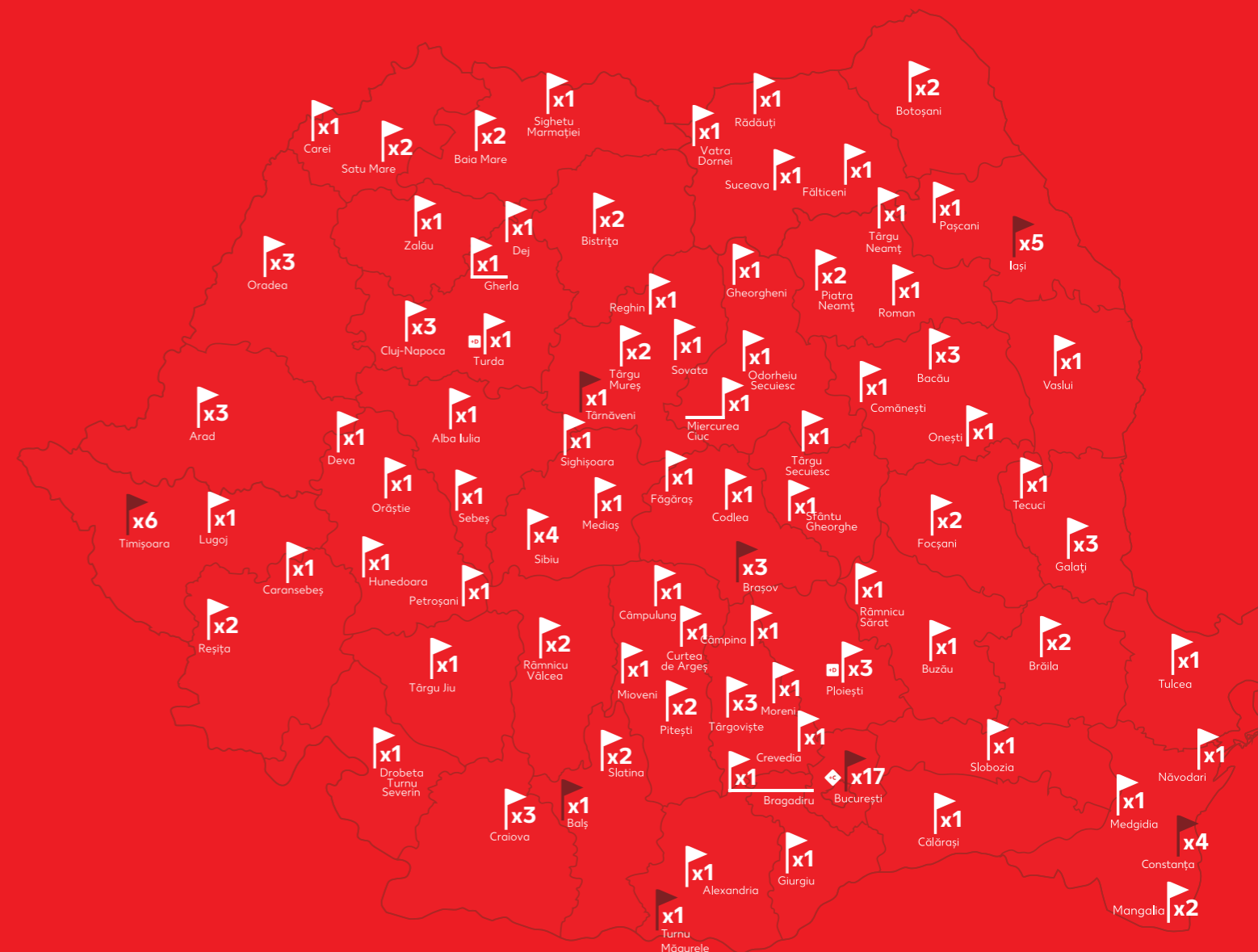
stores

2

logistics centers

2

administrative offices



- ▬ Store
- ▣ Logistic center
- ◆ Headquarters
- ▬ Stores opened in 2021

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

In 2021 we have consolidated our position in the top companies in Romania by turnover. Although the last few years have been atypical, we have continued to innovate, to remain connected to the needs of our customers, colleagues and partners and have always strived to respond with the most effective solutions.

As a result, at the end of the financial year 2021 (February 28, 2022), we had a direct economic value generated of more than 14 billion 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.

Financial year (March-February)	2018	2019	2020	2021
	01.03.2018 – 28.02.2019 million lei	01.03.2019 – 29.02.2020 million lei	01.03.2020 – 28.02.2021 million lei	01.03.2021 – 28.02.2022 million lei
DESCRIPTION				
Direct economic value generated	11,051.50	12,136.31	12,989.52	14,261.382
Revenues	11,051.50	12,136.31	12,989.52	14,261.382
Economic value distributed	-10,253.68	-11,262.77	-12,073.82	-13,363.430
Operating costs	-8,962.83	-9,837.59	-10,576.73	-11,698.20
Employee wages and benefits	-691.70	-781.87	-903.19	-993.50
Payments to shareholders	-9.70	-8.41	-6.93	-11.08
Payments to government/state budget	-558.92	-592.98	-552.22	-619.72
Community investments	-30.50	-41.92	-34.75	-40.93
Economic value retained*	797.82	873.54	915.70	897.95
DESCRIPTION				
Net sales	10,347.17	11,257.09	11,934.04	13,063.30
Private label sales	1,239.04	1,465.53	1,814.69	2,060.54
EXEMPTIONS GRANTED BY THE STATE				
Tax credit	30.50	36.69	38.31	40.80
Reinvested profit	4.70	11.05	17.58	16.56

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

Note: the community investments value includes the total amount of sponsorships and the total value of the products (85,128 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 2021 financial year (March 2021 – February 2022), 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)

Our economic impact:



CONTRIBUTION TO ECONOMIC OUTPUT

€ 2 B
in terms of direct GVA*
~1%
from Romania's GVA

GENERATING EMPLOYMENT

13,507
average number of employees (full-time or part-time) expressed as FTE
73,232
jobs supported through our activity
~1.3%
of total employment in Romania

INVESTING IN ROMANIA

€ 203 M
0.83%
of total private investments in Romania in 2021

CONTRIBUTION TO THE BUDGET

€ 210 M
total taxes
€ 132 M
was paid in taxes to the state budget
€ 78 M
was collected to be paid (employment taxes)

VALUE CHAIN IMPACT

out of a total of 3,031 suppliers, 2,527 are from Romania
€ 2.1 B
spent with Romanian suppliers
~84.35%
of the total supplier expenditure represents expenditures with Romanian suppliers

CSR AND COMMUNITY INVESTMENT

€ 8.3 M
invested in CSR projects
4.2%
of Kaufland Romania's gross profit

*GVA - Gross Value Added

The key figures presented above were calculated based on the financial results and data for 2021 financial year (March 2021- February 2022)

Awards

1st Place at CSR Index 2021 for Kaufland Sustainability Report 2020

For the fourth consecutive year, Kaufland Romania ranked first in a top of the most sustainable companies in the country, scoring 99/100 points. The analysis conducted by the consultancy The Azores was presented during the sixth edition of the Romania Corporate Sustainability & Transparency Index (CST INDEX), formerly known as Romania CSR Index (2016-2020).

Kaufland Romania was rewarded the Gold Level distinction during the "Best Practices in Romanian CSR" conference.

The Gold Level award is an acknowledgement of Kaufland Romania's effort of combining – in a sustainability report that is aligned with the Global Reporting Initiative (GRI) reporting standards – all relevant non-financial information, proving complete transparency, cooperation and commitment to investment and performance goals.

Top Employer, in Romania and Europe



Kaufland Romania received, for the sixth consecutive year, the "Top Employer" certification in Romania and, for the third time, the title of "Top Employer" in Europe.

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.

Progresiv Awards

PROGRESIV AWARDS

Progresiv Awards is a project started to showcase successful people, companies, brands, and projects from the FMCG industry. In 2021, Marco Höbl, CEO Kaufland Romania was awarded "Best Manager of the Year".

The category is dedicated to managers and entrepreneurs who have made a significant contribution to the development of successful business in the retail and FMCG market in 2021, leaders recognised by the people in their organizations and the local business community.

2nd place at Sustainability in Business Forum in the Innovation in sustainability category

Kaufland Romania received this award for the project started in 2018, through which parking lots in stores have automatic collection machines for three types of packaging. The network has gradually expanded, and today all parking spaces of this retail company have TOMRA recycling systems, the only hypermarket in Romania that has this infrastructure.

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 2021, Kaufland Romania was awarded the Gold Level Recognition, for projects in four categories:

- Raising Awareness - Acțiunea pentru Ape – APA / Act for Waters (Kaufland Romania and Act for Tomorrow Association)
- Disadvantaged Environments - Punguța cu două cărți (Kaufland Romania and OvidiuRo Association)
- Health - Climb again
- Wellbeing - AKADEMIA KINDERLAND Caravan (Kaufland Romania and "Plan B" Association for Social Responsibility)

Gold award in the „Environmental Communication” category, Romanian PR Award Gala

The "Swap plastic for a free ride" campaign is a unique initiative in Romania, through which residents and tourists can travel by public means of transport, paying for their ticket with PET bottles and aluminium cans.

The campaign was developed by Act for Tomorrow Association and Kaufland Romania, with the support of the Ministry of Environment and was awarded the Golden Award for Excellence in the „Environmental Communication” category at this year's Romanian PR Awards. Romanian PR Award is the most important national competition recognizing excellence in Public Relations.

The award was granted by an international jury of communication and public relations specialists, who named the winner based on both the overall campaign and communication results.



Certifications and Affiliations

Kaufland Romania actively helps shape the political and social dialog. As such, a core element of our work is to monitor legislative changes, maintain a dialogue with political stakeholders and engage in association work to shape industry opinions. Behind this is the goal of rapidly and smoothly implementing legal requirements in operational practice and working together with suppliers to identify emerging issues early on.

Kaufland Romania is a member of various associations and organizations:



International Advertising Association
Romania – IAA

Member since 2017



Association of Major Retail Networks in
Romania – AMRCR

Member since 2008



American Chamber of Commerce in
Romania – AmCham Romania

Member since 2022



Romanian-German Chamber of Commerce

Member since 2004



European Supply Chain Initiative - SCI

Member since 2014



Sustainable Romania Coalition – CRS

Member since 2019



HR Club

Member since 2021



Romanian Diversity Chamber of
Commerce - RDCC

Member since 2020



Diversity Charter

Member since 2004

Kaufland Romania's interests are represented in the following organizations and associations through the participation of the Kaufland Stiftung:



Action Alliance for Sustainable Bananas – ABNB
since 2014



amfori Business Social Compliance Initiative – BSCI
since 2020



Forum for Sustainable Palm Oil – FONAP
since 2013

Kaufland Romania's interests are represented in the following institutions and organizations through the participation of the Schwarz Group:



Ellen MacArthur Foundation
since 2018



Science Based Targets Initiative
since 2020



Fur Free Retailer
since 2014



GLOBALG.A.P.
since 2019



Partnership for Sustainable Orange Juice – PANAO
since 2020

Roundtable on Sustainable Palmoil - RSPO
since 2012



UN Global Compact
since 2020

UN Global Compact Participation

Kaufland Romania recognizes its special responsibility on sustainable development and undertakes to act in a manner that promotes social, health and environmental awareness in its day-to-day business – this clear commitment to sustainability should also be made transparent to the public.

For this reason, at the beginning of 2020, as part of the entire Schwarz Group, Kaufland Romania joined the United Nations Global Compact (UNGC), the world's largest and most important initiative for responsible corporate governance.

We thereby commit ourselves to the ten universal principles of the UNGC in the areas of human rights, labour, environment and anti-corruption. In this way, we provide a global framework for our extensive commitment to sustainability, which has grown over the years.

Kaufland Romania, as part of the Schwarz Group, provides an important contribution and has already implemented a variety of measures in the past to support the principles for a sustainable global economy.

Human Rights

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2

Businesses should ensure that they are not complicit in human rights abuses.

Labour

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

PRINCIPLE 4

Businesses should advocate the elimination of all forms of forced and compulsory labour.

PRINCIPLE 5

Businesses should advocate the effective abolition of child labour.

PRINCIPLE 6

Businesses should advocate the elimination of discrimination in respect of employment and occupation.

Environment

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8

Businesses should undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9

Businesses should encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

We support the 17 Sustainable Development Goals

The key areas where we generate significant impact are mostly related to 5 of the 17 Sustainable Development Goals: zero hunger, health and well-being, education, economic growth and sustainable production and consumption.

GOAL NO. 2

ZERO HUNGER



End hunger, achieve food security and improved nutrition and promote sustainable agriculture. This is a key goal for us, to which we contribute through the initiatives we are implementing to support Romanian farmers, by educating consumers and improving internal systems to fight hunger.

- » Supporting suppliers in our supply chain
- » Supporting local agriculture
- » Promoting local products
- » A complex system aiding us monitor and manage stock
- » Reducing food waste
- » Social initiatives that involve donations to purchase food

GOAL NO. 3

HEALTH & WELL-BEING



Ensure and promote healthy living to all ages. A healthy lifestyle and good nutrition contribute to maintaining good health. We strive, through various actions and investments, to ensure that all customers can make informed decisions when making purchases in our store and that they can find food suitable to their diets. Moreover, we implement health-focused projects that our employees can access.

- » Certified own-brand products
- » Bio, fresh products from local suppliers
- » Kaufland's health-focused own-brands (e.g. K-free)
- » Quality and safety audits carried out at own-brand suppliers
- » Internal and external campaigns and projects encouraging healthy lifestyles

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. 12



RESPONSIBLE CONSUMPTION & 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

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.)



Founder of the 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, Sustainability Ambassadors, Afaceri pentru Viitor (Business for the future), meeting, workshops, and conferences, it is actively creating a community of sustainability professionals that apply responsible business practices.



Member of the Sustainable Romania Coalition

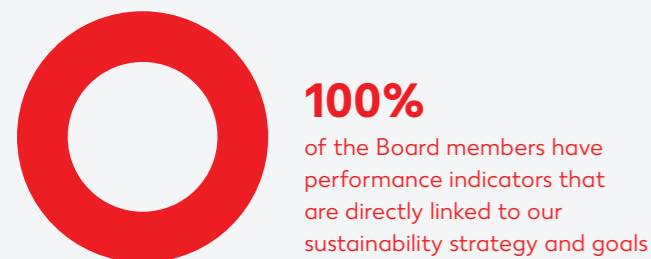
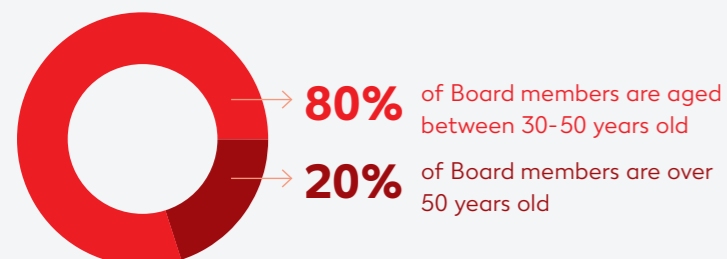
Sustainable Romania Coalition is a unique program launched in 2019 by the Sustainability Embassy in Romania and represents the first non-political platform for sustainable development in our country.

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 urgent sustainability issues for the Romanian society.

There are currently 4 active working groups and we are a part of the Food Waste and Non-financial reporting ones; and 3 more are planned for 2022 (Diversity & Inclusion, Sustainable Agriculture, Decarbonization - Net 0 Economy), where we will also be having an active role.

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

HÖBL MARCO

German
Executive Director

CIROMELA ANDREEA*

Romanian
Executive Director Central Division

PANĂ MARIUS GABRIEL

Romanian
Executive Director Sales/SCM

BINGENHEIMER NICOLAI

German
Executive Director Purchasing

KALUSCHE CHRISTIAN

German
Executive Director of Administration

*replacing FALĂ SERGIU at the end of 2021 financial year

Compliance

Infringements of applicable laws can entail financial damages and reputational loss for Kaufland Romania. In addition, mentioned violations can result in personal claims for compensations and criminal consequences for individual employees or members of the corporate body. The actions conducted by the company and its employees are therefore based on the following principle:



„We comply with applicable law and internal guidelines.”

This represents a central corporate principle that is binding for all employees. The company and its management expressly commit to complying with and safeguarding this corporate principle.

Against this background the company has implemented a Compliance Management System (CMS), that includes binding CMS-standards. These CMS-standards specify certain requirements and elements to ensure an appropriate level for compliance.

An essential element of CMS is, that infringements of applicable law and internal guidelines should be avoided and identified violations consequently prosecuted/punished („zero tolerance principle”).

Focus areas of CMS are for example anti-corruption/anti-fraud, antitrust law and data protection. The measures of CMS include in particular the issuing and communication of regulations (e.g. regulations regarding the handling of benefits and data protection rules), the implementation of training measures as well as the tracking of all internal and external evidence of possible rights infringement.

The company's departments responsible for compliance review the effectiveness of the measures described above. In addition, they investigate and clarify all internal and external evidence of rights infringement.



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 regarding the organization's anti-corruption and compliance policies. The Code of Conduct that they sign at the beginning of any kind of contractual relation outlines the basic principles governing the cooperation with business partners and, additional to international guidelines and principles, it also states that bribery and other forms of corruption are prohibited.

To prevent such situations, the company regularly organizes training and communication sessions for all company employees. All members of governing bodies were informed and trained regarding the organization's Policy concerning anti-corruption and compliance in financial year 2021 (March 2021 – February 2022). Likewise, all employees (regardless of their role within the company) were informed regarding the behavior 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	52	69
Principles of competition law	195	255
Gifts, invitations, other benefits	8,978	2,160
In-store data protection	5,558	1,354
Compliance basics	276	237
Compliance training for Store Managers	72	107
Corruption and conflict of interests	38	41
Principles of competition law in procurement	83	39
Principles of competition law in internal procurement	18	17

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 nonconformity.

In such situations, for matters related to consumer's protection, marketing communications, labelling, socioeconomic and environmental protection regulation, Kaufland Romania was sanctioned approximately 650 times in 2021, 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 and business 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.

Examples of what constitutes a compliance principles violation include:

- » cases of corruption
- » violations of the competition laws
- » breaches of confidentiality
- » economic crimes
- » violation of human rights, social and environmental standards

The BKMS® system is completely anonymous, 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.

Quality through Our Products



Quality through Our Products

As a business, we are constantly trying to make our portfolio distinctive for our clients. By offering a wider range of products, a greater variety of options to our customers and potential customers, we aim to address their needs, in terms of both food and non-food items.

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.



Of the total 29,076 items in our assortment in 2021, 23,901 are food items of which 19,761 (82.7%) are nationally sourced. Our portfolio also includes lactose-free, gluten-free, and vegan options as well as salt- and fat-reduced items so that any requirements of different needs or diets are being met.



Type of products	2021	2020
Lactose-free items (private label)	5,0	3,0
Lactose-free items (brand)	88,0	35,0
Gluten-free items (private label)	14,0	16,0
Gluten-free items (brand)	176,0	127,0
Vegan items (private label)	56,0	20,0
Vegan items (brand)	171,0	105,0
Sugar-reduced items (private label)	80,0	58,0
Salt-reduced items (private label)	50,0	27,0
Fat-reduced items (private label)	17,0	28,0

Our Private Label Food Products

At international level, we have approximately **40 registered Kaufland private label brands**, covering all three main product categories: food, non-food and cosmetics. Brands such as K-Classic, bevola, Vitae d'Oro, K-Bio, K-Favourites, Kuniboo, Newcential, Switch ON, Liv & Bo, K-Take it veggie or Vreau from Romania are just a few of them.

In Kaufland Romania stores, customers have permanent access to over 2,500 own brand products, food and non-food.



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



K-Bio

Includes a variety of bio products, fairly priced, produced in accordance with the European Union regulations on organic production and labelling of organic products.



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.



K-Favourites

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

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.

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

The first private label for ready-to-eat snacks, introduced in the fall of 2019. Sandwiches, ready to- drink coffee specialties, milk-based sweet drinks, orange juice and smoothies, all carefully prepared, ready to be selected and savoured, can be found in the To Go section of our stores.

K-Purland

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

Stephansbrau

Stephansbräu is our brand of German beer, which means it complies with the German Purity Law. We offer multiple sortiments, like classic Pils, black or non-alcoholic beer.

Vreau din Romania

I want Romanian products – using authentic recipes and quality ingredients, Vreau din Romania offers clients a wide range of dairy products, baked goods, flour, cornmeal, semolina, deli meats and fresh juices.

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.

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 one, and the wood tems are FSC certified.

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 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 fibers 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

Being a part of the retail business means we play an important role in the way in which and the conditions under which the natural resources are being used. A product assortment policy that increasingly incorporates social and ecological criteria and is based on a responsible approach to handling people and the environment is an effective tool for us to promote the sustainable development of its retail business.

We must not only make our own business better, but also serve the customer need and their expectations that come from buying our products. Therefore, we highly value responsibility and we promote transparency along our entire supply chain. We want to offer our customers certainty regarding the origin of our own-brand products. Apart from a few exceptions, all our own-brand 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.

*Compensation through certified climate protection projects.



Our actions do the talking.

We want to make the world a bit better too. That's why we have long committed ourselves to things like food from sustainable suppliers and protection of the environment, climate and animals. Our commitment has the motto "Our actions do the talking".

+ More at: www.kaufland.com/actions

Microplastic Free Formula

Using our „Microplastic free“ seal, you can see at a glance whether microplastics are contained in one of our private label products or not. The seal refers to the formulation for the products, not to the packaging or carriers like towels or pads.

+ More at: www.kaufland.com/microplastic

Consciously packed

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

+ More at: www.kaufland.com/packaging

Unverpackt

This logo indicates fruit and vegetable products and is only used in communication and not on the packaging.

Reuse again and again

This logo indicates non-food products that can be reused and are not single-use items. It is only used in communication and not on the packaging.

Water-saving

This logo indicates products where water was saved compared with the traditional production process. This enables us to make water-saving measures transparent.

+ More at: www.kaufland.com/water

CLIMATE NEUTRAL CO₂ CLIMATE NEUTRAL

We indicate our climate-neutral products with this label, enabling our customers to track our climate neutrality and find out more about the climate protection project. That's why we provide as much transparency as possible.

+ More at: www.kaufland.com/climate

Marketing and Labelling

The way we promote our products and the accessibility to the information regarding our products are paramount elements in cultivating trust with our stakeholders. Our goal is to meet customer satisfaction, and for them to have the best shopping experience, whilst having easy access to information.

Product traceability and sustainability are important aspects for customers in relation to food items, so our main recommendations are local products, seasonal items that use less resources in the production process and products that support a balanced lifestyle.

We encourage our clients to make informed decisions and we ensure that all our marketing communications follow legislation in force.

Product labelling is a process regulated by specific legislation for each product category: food, cosmetics, detergents, toys etc. Within Kaufland Romania, the Quality Department (QS) checks the declaration of our private labels, while the Private Label Department defines the information regarding packaging.



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, fats, sugar or salt, so our 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 information about the ingredients of all K-Classic products, clearly communicating about ingredients.

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

To guarantee total transparency regarding our supply chain to our customers, we work closely with all our suppliers. Through a tracking QR code, placed on the packaging of certain own-brand products, they can know exactly where the products in their cart come from.

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.

We carefully select the best products for our customers and consumers, and we acknowledge the fact that we are responsible for the impact our operations have on the environment and the communities working along our whole value chain. That is why we strive to offer our clients as many products certified according to international standards as possible.

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: B MEL - Ökologischer Landbau - EU-Bio-Logo



I Kaufland at a Glance

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

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 **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 labeling.

+ More at: www.global-standard.org

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

+ More at: www.textileexchange.org



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 **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



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 **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



The **UTZ** seal is awarded to sustainably produced coffee and tea. The UTZ mission is to create a world where sustainable production is the norm.

+ More at: www.utz.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.eu



Palm oil

At international level, for our private labels, we are replacing palm oil with other vegetable fats, such as sunflower seed oil, or we are minimizing the amount of palm oil by adjusting recipes. For products that still contain palm oil, we are gradually making the switch to using certified palm oil, sourced from responsible sources.

Kaufland is also part of the "Sustainable Palm Oil Forum", advocating for 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" program, therefore we are refraining from selling fur or fur products made out of natural fur or containing natural fur.

Amongst these, for example, there are textile products, accessories and animal toys.

Eggs

Regarding egg products and own-brand processed products, such as baked goods or pastry products, we committed to using only free-range eggs. Items such as waffles made using fresh eggs are marked accordingly, the packaging including a notification regarding the use of free-range eggs.

Kaufland has committed to stop using eggs coming from hens confined in cages and enclosed spaces in own-brand products by 2025.

Certification	Private labels	Other	Total certified articles
Fairtrade	83	9	92
Organic	233	587	820
FSC (food)	12	16	28
FSC (non-food)	31	3	34
Rainforest Alliance	31	1	32
UTZ	37	21	58
Sustainable fishing	14	6	20
Sustainable cocoa	74	0	74
Sustainable coffee	27	20	47
Sustainable tea	2	38	40
Sustainable eggs	0	20	20
GOTS	463	1	464
TOTAL*	1,007	722	1,729

*this is not the number of unique articles, as one article can have one or multiple certifications.

Consumer Health and Safety

Consumer health and safety is very important to us. All our actions and activities are based on caring for our customers, consumers and users of products found in Kaufland 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.

As such, through the Code of Conduct, we ask our own-brand 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 food suppliers receive and acknowledge our Kaufland Quality Requirements, that list all the requirements we expect from them when it comes to packaging, ingredients, production processes 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 requirements. In Romania we do not have nationally developed non-food private label products, therefore audits are only done at food manufacturers. In 2021, 33 audits of private label suppliers were carried out by external partners. There were non-conformities were identified, for which suppliers presented the corrective and preventive measures they implemented in order to prevent their recurrence. The final results of these audits did not require the suppliers to be blocked from ordering.



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. The tests are conducted by external authorized laboratories. During 2021, a total of 693 analyses were performed on these products. In addition to these private label products, weekly, by alternation, samples are taken, and fresh vegetables and fruits received in the 2 logistic platforms, Ploiesti and Turda, are tested. During 2021, 814 products (fresh vegetables/fruit) were tested. In addition to these products, items marketed under the producers' brand were also tested in 2021 (45 meat items, 10 fish items). In 2020, there were 1,082 product analyses conducted.

Product recalls

In 2021, one food product (other brand - pomegranate) and one non-food product (own brand - baby swing) were recalled.

02 Thinking Responsibly, Acting Sustainably

Planning with Purpose



Climate Strategy

Climate change poses enormous challenges for our society and demands action at all levels of society.

As part of the Schwarz Group, Kaufland Romania aims to keep the effects of climate change as low as possible and to constantly minimize greenhouse gas emissions.

To achieve this, we are committed to the following three principles:

1.

We prevent the generation of greenhouse gas emissions wherever possible.

2.

We reduce those greenhouse gas emissions which are unavoidable.

3.

Based on internationally recognized standards, we compensate the operational greenhouse gas emissions that we have so far been unable to avoid or reduce.

Science Based Targets as Basis of our Climate Targets

As part of our group-wide climate strategy, we already joined the Science Based Targets initiative (SBTi) in August 2020. After preparing a complete climate impact assessment and analyzing the carbon footprint, climate protection targets were defined according to the method of the initiative. These were filed together with 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.

Our Climate Targets

The Schwarz Group will reduce its operational greenhouse gas emissions (scope 1 and 2) by 55 percent by 2030 compared to 2019 levels*. To achieve this goal, the entire Schwarz Group will procure 100 %** of its electricity from renewable energies as of the 2022 fiscal year. Kaufland goes one step further and focuses on climate neutrality starting in 2025.***

The Schwarz Group also commits to reducing its absolute scope 3 emissions with regard to the use of sold fuels, by 27.5% by 2030 compared to 2019 levels. At Kaufland, the products and services sold account for 80 percent of the total emissions. Therefore, our suppliers are encouraged to set their own climate targets by 2026, according to the criteria of the SBTi.

* This target for scope 1 & 2 also includes biogenic emissions and the removal of biogenic raw materials

** Excluding any purchase agreements that Schwarz Group cannot influence, such as those for individual leased properties with a binding electricity procurement clause

*** Remaining operational greenhouse gas emissions (Scope 1 & 2) are compensated by offset projects

A variety of measures to reduce, avoid or offset CO₂ emissions in operations and along the supply chain serve to achieve these targets.

- ▣ Kaufland Romania stores with EV charging stations:

44

- ▣ Buildings with photovoltaics systems:

7

- ▣ Buildings with heat recovery from product cooling:

75

- ▣ Buildings with heat pumps:

69

- ▣ Buildings with product cooling with natural refrigerants:

60*

- ▣ Expansion of the climate-neutral** assortment at Kaufland Romania

- ▣ Group-wide plastics strategy "REset Plastic" (reset-plastic.com/en)

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

** Climate neutrality through offset projects

About the Science Based Targets Initiative

The Science Based Targets initiative (SBTi) is an alliance of the renowned environmental and climate protection organizations 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 the Schwarz Group, Kaufland has committed itself as part of the group-wide REset Plastic strategy to reduce plastic consumption by 20 percent by 2025, to make 100 percent of our private label packaging maximum recyclable and to use an average of 22 percent recycle in our private label packaging. That's why, in 2018, we therefore signed the Global Commitment of the New Plastics Economy of the Ellen MacArthur Foundation as a group of companies.



*Our 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 fulfillment.

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 discussions held in the public space regarding the implementation of the Deposit system in Romania, the Kaufland company has had an extremely active component among all stakeholders. The representatives of the company constantly participated in the meetings with the authorities in order to transparently provide the necessary information to facilitate the implementation. We informed 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.

We were in close contact with our suppliers and create different marketing campaigns in order to offer attractive discount percentage to different type of products if they recycle the packaging. Kaufland is part of the RetuRo Association. RetuRO will work with manufacturers and traders to help them understand their obligations, providing support to prepare for the launch of the SGR.

In addition, we implemented various projects with partner NGO Act for Tomorrow, to encourage recycling and waste collection:

Swap plastic for a free ride —

a unique initiative in Romania, through which residents and tourists can travel by public means of transport, paying for their ticket with PET bottles and aluminium cans. The campaign was developed in the context of Green Friday initiative of The Ministry of Environment, Water and Forests.

Act for Waters project —

Plastic collection campaign using the first electric boat in Europe for collecting waste from water. The campaign was developed in partnership with The Ministry of Environment, Water and Forests and National Administration Romanian Waters.

More than that, in 2021 we managed to install recycling machines in the parking lots of all Kaufland stores.

- ☑ Educational/ research projects on plastic | *REsearch*

We believe it is our duty to allocate as many resources as possible to innovative solutions with a direct and long-term environmental impact.

Starting October 2021, the students of the Faculty of Environmental Science and Engineering benefit from the Integrated Waste Management Laboratory, with the support of Kaufland Romania. This is the first privately funded laboratory in the faculty, where students will have the opportunity to learn and improve on ways to properly manage waste, which will result in reducing its impact on the environment.



There is no simple solution to the issue of plastics. To do justice to the complexity, we have introduced five action areas that highlight the subject holistically:

REduce

We reduce plastic wherever sustainably possible.

REdesign

We design recyclable packaging and close loops.

REcycle

We collect, sort and recycle plastic to close the loop.

REmove

We support the removal of plastic waste from the environment.

REsearch

We invest in research and the development of innovative solutions and educate on recycling.

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 2021, our customers could find on our shelves household products like depositing boxes, lids, but also various clothing items like scarfs, pants, trousers or thermal shirts.

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

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

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

Microplastic

Already in 2013, we committed ourselves to completely eliminate microbeads from 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.***

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 2029. 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 will oversee implementing the Deposit – Return System (SGR) 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 have been actively involved in all the steps regarding the implementation of the system.

REmove

Act for Waters Project (A.P.A.)

Together with the Association Act for Tomorrow, with the support of the Ministry of Environment, and the National Administration of Romanian Waters, we launched the third edition of the program „Act for Waters - A.P.A”, a project that comes as a result of the increasing problems caused by plastic pollution in water. Through the A.P.A. program, tourists are encouraged and reminded to stop throwing waste on the beach and to choose to collect it separately in the specially designated areas. This approach increases the collection rate, providing a rewarding experience for children and adults alike, as they learn basic environmental information in a pleasant seaside setting.

In the 2021 edition of the A.P.A program, more than 34.2 tonnes of waste were collected and over 100 volunteers participated in the 4 events that were organised to clean up waste.

Broscuta - the first national infrastructure for collecting personal care and housing products

In order to encourage and support the behavior 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 behavior. 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 50% on products in the campaign for that month.

Collecting machines

We are the only hypermarket in Romania that has placed 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 behavior.

Transport aids and transport packaging for customers

For efficiency and for a more sustainable process, we use reusable trays 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 boxes 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 trays are cleaned and returned to the producers, where they are refilled.


Our Progress


Our Progress

 Our Goals for 2021


 Our progress


Our suppliers

 To implement at least 2 projects that aim to support local suppliers.


 Due to the COVID-19 context that extended to 2021, we needed to postpone the implementation for 2022-2023.


Our communities

 To increase by at least 5% the budget invested in environmental projects.


 The community investments directed towards the Environmental pillar of our strategy increased by 14% in 2021, compared to 2020.


You can read more in our 2021 Community Investments Report, available on www.kaufland.ro.

 To develop the first regenerative farm in Romania.


 In March 2021, we opened the gates for Sol si Suflet, the first regenerative farm in Romania and an educational center for farmers at the beginning of the journey.


Our team

 To receive the Top Employer Certification for 2021 financial year.

 Goal achieved. In February 2022, Kaufland Romania received the 7th consecutive Top Employer certification.

Our environmental commitment

 To eliminate black plastic from our private label packaging by the end of 2021.

 Goal achieved*.

*the products packaging that our suppliers delivered starting 2022 do not contain any black plastic. However, products from previous stocks (2021) might still be found in some of our stores.

MATERIAL TOPIC

Local/ national social engagement and ecological responsibility

OUR GOALS FOR THE FUTURE

To become the leader of the retail industry on community and environmental involvement

OUR TARGETS

- » By 2023, to eliminate at least 40 tonnes of plastic, under the REmove component of our REset Plastic strategy.
- » In 2023, the community investment budget for the Environmental pillar of our strategy to reach at least 700,000 Euros
- » By 2023, to increase by 5% the number of recipients collected by our TOMRA collection machines
- » By 2023 to ensure access to education and prevent school dropout for at least 22,000 children in disadvantaged communities.
- » In 2023, the community investment budget for the Education pillar of our strategy to reach at least 1,4000,000 Euros

MATERIAL TOPIC

Promotion of local/ national products

OUR GOALS FOR THE FUTURE

To become the leader of the retail industry on supporting local suppliers and producers

OUR TARGETS

- » By 2023, to identify at least 5 local producers on fruits and vegetables, cold cuts, drinks, bakery, meat
- » By 2023, to implement at least a project dedicated to supporting local producers

MATERIAL TOPIC

Prevention of food waste

OUR GOALS FOR THE FUTURE

To increase awareness among the general public as well as among our employees, in order to reduce food waste both internally, in stores, and externally at our customers and suppliers

OUR TARGETS

- » By 2023, to conduct at least 5 internal workshops on reducing food waste, with our employees
- » To continue the *Atentie, delicios!* campaign

Materiality Assessment

Materiality Assessment

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

This dialog with our stakeholders is two-way: we work proactively to keep all our stakeholders informed. We use different methods to do this, 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.

We also facilitate and encourage direct and mutual exchange by organizing a range of events and personal meetings. These enable stakeholders to give us valuable feedback by sharing their expertise, observations, and constructive criticism about our company, which we then incorporate in what we do.

Kaufland Romania also gets involved in collaborations and networks in various ways and participates in opportunities for dialog and exchange initiated by third parties.

We evaluate the relevance of sustainability topics in Kaufland Romania at frequent, regular intervals (at least every two years) as part of our stakeholder survey.

Stakeholder group

Consumers

(individuals or businesses)

Interests.....

products, services, events, Kaufland newspaper, product quality, product availability, pricing, rent prices, services, events

How we engage and communicate with our stakeholders

Kaufland website: www.kaufland.ro

Kaufland Romania Facebook page (www.facebook.com/kaufland.romania)

Instagram: @kauflandromania

Youtube	Professional conferences
LinkedIn Kaufland România și Moldova	Newsletters
TikTok Kaufland	Telephone calls through the Customer Relations Department
Promotions catalog	
Surveys	Direct mailing
TV and outdoor advertising	Kaufland Card App
Dedicated events	Personal meetings
Sponsorship events	Telephone calls
	In-store radio

Stakeholder group

Employees

Interests.....

company projects, events, legislation, administrative information, development opportunities, benefits, health and safety, recognition

How we engage and communicate with our stakeholders

Intranet, Connect App	Professional training courses
Kaufland Romania Social Media pages	Notice boards
Surveys	Newsletters
Internal events	In-store radio
Direct mailing	Professional conferences

Stakeholder group

Suppliers

Interests.....

products, services, events, Kaufland newspaper, terms of partnership, collaboration, project communication, terms of engagement

How we engage and communicate with our stakeholders

Dedicated events	Telephone calls
Direct mailing	Surveys
Personal meetings	Professional conferences

Stakeholder group

Authorities

Interests.....

taxes, reporting, legislation, transparency

How we engage and communicate with our stakeholders

E-mails and written correspondence	Professional association meetings
Telephone calls	Surveys
Personal meetings	Press conferences

Stakeholder group

Civil society/ NGOs

Interests.....

social projects and sponsoring, local community involvement

How we engage and communicate with our stakeholders

Direct mailing	Surveys
Personal meetings	Press conferences
Dedicated events	Trainings

Stakeholder group

Academic representatives

Interests.....

partnerships for students, employment, research opportunities

How we engage and communicate with our stakeholders

E-mails and written correspondence	Direct meetings
Dedicated events	Telephone calls
	Surveys

Stakeholder group

Mass-media

Interests.....

collaboration, project communication, quality of information

How we engage and communicate with our stakeholders

Press releases	Telephone calls
Press conferences	Surveys
Direct mailing	

Materiality Analysis



Kaufland Romania carried out a materiality analysis in 2021 to identify the CSR topics that are relevant for its own business activities. Kaufland Romania therefore surveyed key stakeholders and also carried out an assessment of the impact Kaufland Romania can have on these topics. The materiality analysis will be updated at least every two years as part of the sustainability reporting process.

In 2022, we carried out a quick-check survey, to update the consumers and employee's perspective. The results for the rest of the stakeholder categories, as well as for the internal impact analysis, remained the same as those used in the previous reporting cycle.

Identifying material issues from the stakeholders' perspective

To identify the material issues from an external perspective, Kaufland Romania carried out various online surveys with key stakeholders:

- April to August 2021: suppliers, representatives from NGOs, associations, authorities, mass-media and academic representatives.
- August to October 2022: consumer/ customers, and employees

The outcomes of the two surveys were combined to result in the external dimension of our materiality matrix.

The aim of the surveys was to identify the opinions and expectations that these stakeholders have of Kaufland Romania and of sustainability. The surveys were based on 17 CSR topics from along Kaufland's value chain. The respondents assessed each CSR topic in terms of its relevance for Kaufland Romania.



The 17 CSR topics along Kaufland's value chain

Results of the Materiality Analysis

The results of the survey show that the CSR topics "Environmentally friendly packaging" and "Prevention of food waste" are the most relevant for Kaufland Romania from the point of view of the stakeholders. "Environmental protection in operational processes", "Expansion healthy product range" and "Promotion of local/national products" were also highlighted by all groups of stakeholders.

HR topics that our employees identified as being particularly important: "Salary and other benefits", "Working atmosphere" and "Work-Life-Balance/ Compatibility of professional and private life/ Working time".

The ranking of CSR topics in order of relevance for our stakeholders is reflected in the materiality matrix on the vertical axis.

Evaluation of the impact of Kaufland Romania

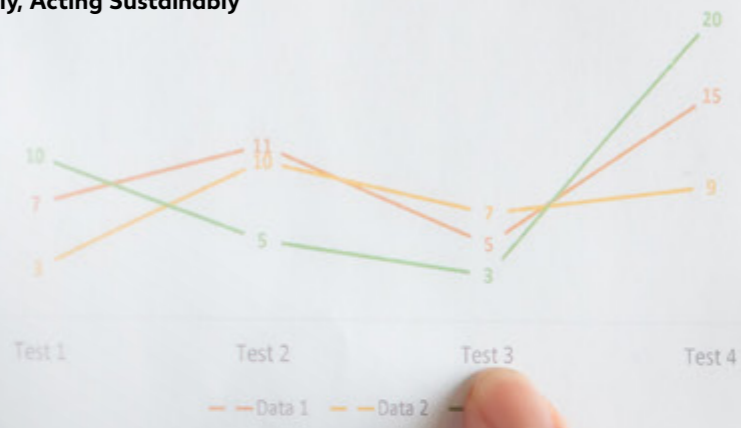
In addition to the stakeholder survey, Kaufland Board members also assessed the company's own impact on the 17 CSR topics. As a quantitative calculation of impact would be extremely time-consuming and also inaccurate, the assessments were done on a qualitative basis and relative to each other.

The resulting classification of impact is shown on the horizontal axis of the materiality matrix.

The results of the stakeholder survey and the internal assessments of the impact of Kaufland Romania were validated in consultation with the executive management. The result of this materiality analysis shows that there are 5 CSR topics on which the business activities of Kaufland Romania have a significant impact and at the same time, are relevant for stakeholders. Accordingly, they are above the company's materiality threshold and form the basis for this report.

Weighting of the stakeholder groups:





Material Topics

Chart : New Business



Information Planning

INFORMATION PLANNING CHART

Materiality Matrix

Material Topics

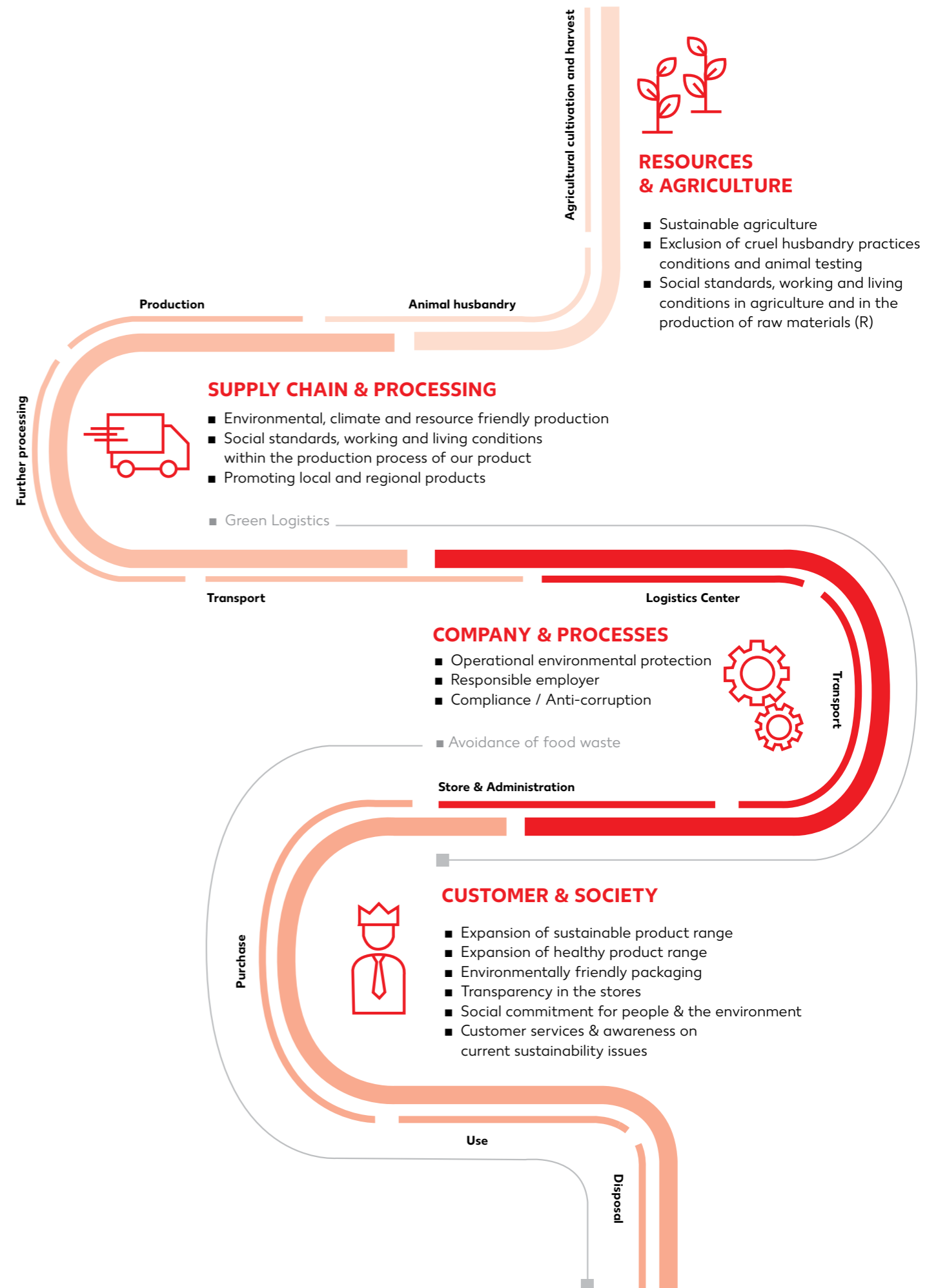
- 1 Expansion of healthy product range
- 2 Expansion sustainable product range
- 3 Animal welfare products
- 4 Environmental protection in operational processes
- 5 Compliance/ Anti-fraud
- 6 Promotion of local/national products
- 7 Local/ national social engagement and ecological responsibility
- 8 Green Logistics
- 9 Customer service and awareness regarding sustainability topics
- 10 Sustainable agriculture
- 11 Social standards/working and living conditions in agriculture and raw material degradation
- 12 Social standards/working and living conditions in production of goods
- 13 POS-Transparency
- 14 Environmental-, climate- and resource-friendly supply chain/ production
- 15 Environmentally Friendly Packaging
- 16 Responsible Employer
- 17 Prevention of Food Waste



TOPIC	Impact boundaries	
	Direct impact*	Indirect impact**
Expansion of healthy product range	✓	✓
Expansion sustainable product range	✓	✓
Animal welfare products	✓	✓
Environmental protection in operational processes	✓	-
Compliance/ Anti-fraud	✓	✓
Promotion of local/national products	✓	-
Local/national social engagement and ecological responsibility	✓	✓
Green Logistics	✓	✓
Customer service and awareness regarding sustainability topics	-	✓
Sustainable agriculture	-	✓
Social standards/ working and living conditions in agriculture and raw material degradation	-	✓
Social standards/ working and living conditions in production of goods	-	✓
POS-Transparency	✓	✓
Environmental-, climate- and resource-friendly supply chain/production	✓	✓
Environmentally Friendly Packaging	✓	✓
Responsible Employer	✓	-
Prevention of Food Waste	✓	✓

* The direct impact results from Kaufland Romania's activities.

**The indirect impact results from the contractual relations between Kaufland Romania and its partners, clients, and suppliers.



03 The Team that Makes Things Happen



Our people are our greatest asset, and it is because of their dedication and commitment that we can serve our clients, create long-term value for our stakeholders and continue to build trusting relations.

We believe that a team is based on respect and transparency, and we continuously work to ensure the best working and development conditions for our people. A successful career is more than just a job and development means performance and learning. This is why we provide multiple trainings and opportunities, fostering a productive and employee-focused workplace.

Our employees are a priority for our company and a recognition of our valuable people is the "Top Employer" certification in Romania, which we received for the seventh consecutive year and the "Top Employer" in Europe certification for the fourth year in a row, becoming the only company in Romanian retail reaching this record. 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 all levels.

Our Team

Our Team

At the foundation of any successful company there is passion in doing things better. At Kaufland, a team of over 15,700 people strives every day to become better at what we do, through connection, understanding and sharing values.

But we want to be more than a top employer, we know that we need to offer support to our current employees and to be the right choice for those just starting their career. We support the well-being and the development of our employees as well as the economic development in the communities where we operate by offering secure jobs, fair equal compensation, all with a commitment to diversity.

Our activity and our actions towards sustainable development would not be possible without the joint efforts of our team, which in 2021, counted 15,705 employees; out of these 72.7% are women and 27.3% are men.

15,705
employees



72.7%
women

27.3%
men

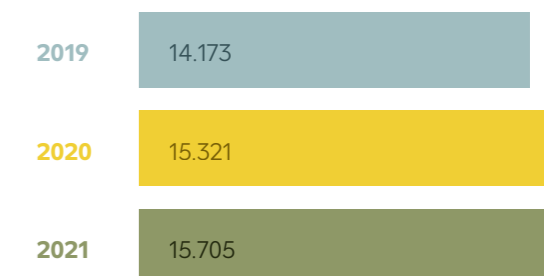
Number of employees by employment contract and working hours*

EMPLOYMENT CONTRACT	2019		2020		2021	
	Women	Men	Women	Men	Women	Men
Permanent contract	10,054	3,978	11,069	4,181	11,353	4,253
Temporary contract	101	40	42	29	66	33
Total	14,173		15,321		15,705	

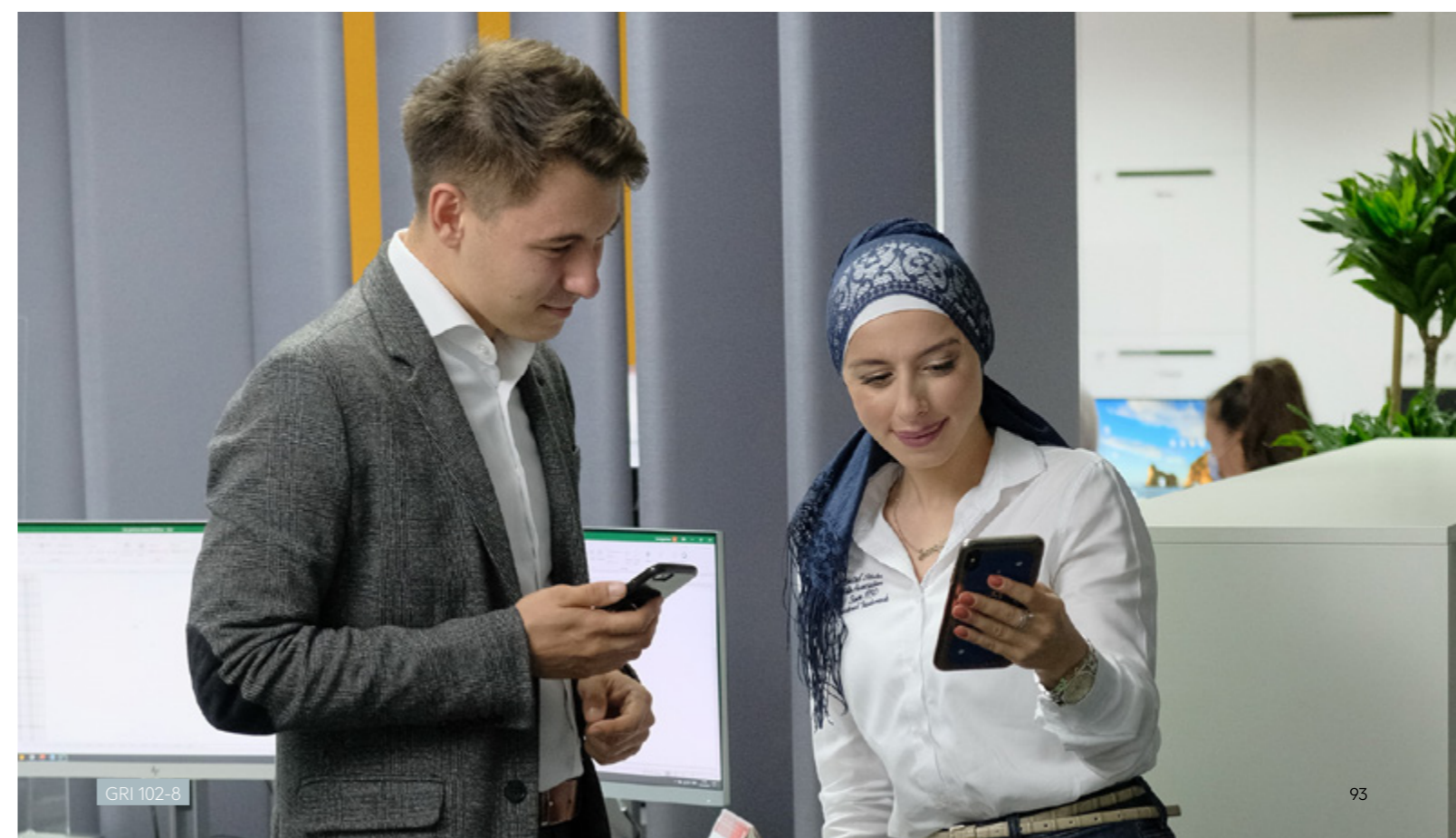
*average monthly values of ongoing contracts (in the financial year 2021)

EMPLOYMENT TYPE	2019	2020	2021
Full time	10,355	10,885	11,291
Part time <8h	3,818	4,436	4,414
Total	14,173	15,321	15,705

Total employees



Data for 2019, 2020, 2021 was calculated at the end of the Financial Year (28th of February), compared to the previous reporting cycle, when these indicators were calculated as an average of the entire year, considering temporary employment contracts of every month. Temporary employees, hired for seasonal events, such as Christmas, Easter, peak periods etc. were also included.



I The Team that Makes Things Happen

New employees and staff turnover

CATEGORY	2020 01.03.2020-29.02.2021				2021 01.03.2021-28.02.2022			
	New employees		Employees who left		New employees		Employees who left	
	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)	No.	Rate (%)
GENDER								
Women	2,686		2,456		3,250		3,101	
Men	1,528	28.4	1,844	28.9	2,025	34.6	2,143	34.4
Total	4,214		4,300		5,275		5,244	
AGE*								
<30	2,000		1,933		2,356		2,291	
30-50	1,843	28.4	1,825	28.9	2,334	34,6	2,355	34.4
>50	371		542		585		598	
Total	4,214		4,300		5,275		5,244	
REGION								
Area 1 (North-West)	941		1,166		1,556		1,522	
Area 2 (South-East)	1,108		1,116		1,163		1,222	
Area 3 (South-West)	850		754		1,169		1,011	
Area 4 (North-East)	803		662		663		762	
HQ	94	28.4	71	28.9	148	34,6	116	34.4
Ploiești logistics center	255		336		386		389	
Turda logistics center	163		195		190		222	
Total	4,214		4,300		5,275		5,244	

* 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.

$$\text{New employees rate} = \frac{\text{No. of new employees in financial year 2021}}{\text{Average number of employees during the financial year 2021}} \times 100$$

For 2020, the number of new employees does not include employees that were hired in the past, left the company and returned at a certain point after (for example, if an employee was hired during 2018, left the company in 2019 and returned in 2020, this is not counted as a new employee).

$$\text{Employees who left rate} = \frac{\text{No. of employees who left during the financial year 2021}}{\text{Average number of employees during the financial year 2021}} \times 100$$

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

$$\text{Average number of employees during the financial year 2021} = \frac{\text{People inventory turnover period}^{12} + \left(\frac{\sum \text{People inventory turnover } 1 - 12 \text{ Financial Year}}{12} \right)}{13}$$

Average number of employees during the financial year 2021: 15,234

Number of employees in administrative offices

LOCATION	2019		2020		2021	
	No.	%	No.	%	No.	%
Bucharest, Barbu Văcărescu	444	56	474	58	482	57
Bucharest, Tunari	249	31	232	28	219	26
Head office - DL (Dienstleistung)*	105	13	111	14	140	17
Total	799	100	817	100	841	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	2019	2020	2021
External*	44	97	65

* 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

Diversity and Equal Opportunity

Teams work best when different individuals bring different skills to the table, making the group a powerful unit that can tackle any problem.

At Kaufland, we believe that diversity enriches our company, and we build and believe in mixed teams that bring together different mindset and skills.



Access to equal opportunities is an extremely important aspect of our human resources policy, therefore, we have a strong commitment to ensuring that all employees are treated equally, regardless of gender, and we prohibit any discriminatory behavior.

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.

✓ 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.

✚ In 2021, the company did not register any confirmed incidents of discrimination or fines in this respect.

We provide online trainings so that we raise awareness of discrimination at work and help employees understand their rights. We also seek to help them implement the best practices and create a positive and inclusive work environment, while meeting all the legal requirements.

Our trainings “General legislation on the prevention of all forms of discrimination” and “Communicating with people with disabilities” provide useful information and advice on how to deal with discrimination in the workplace, including how to prevent it.

PROGRAM	Women	Men
General legislation on the prevention of all forms of discrimination	8,147	2,356
Communicating with people with disabilities	1,751	511

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

Community involvement has always been one of the pillars of Kaufland's activity, and the A.C.C.E.S. program is another way we can bring value to the communities where we are present and offer a working environment adapted to people with disabilities.

We launched the A.C.C.E.S. program through a pilot phase in October 2019. The program involved three key lines of action:

- developing recruitment channels dedicated to people with disabilities and promoting these channels to interested people, 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

Currently, on average, 1 employee with disabilities works in each Kaufland location in the country. Our goal of employing at least 500 people with disabilities was achieved in 2021. At the end of financial year 2021, the total number of employees with disabilities was 533, an increase of almost 19%.

We also organise events where we invite people with disabilities who have demonstrated that it is possible to lead a good life even in spite of a difficult situation, and have even achieved numerous achievements, so they can empower others as well:

- **"Atipic Beauty"**, an event organized together with OpenYour Heart Association in Iasi, Cluj-Napoca and Timisoara - event about empowering people with disabilities in wheelchairs, both women and men, in a fashion show evening.
- **"Un 3 decembrie ALTFEL"** (A different December 3rd) - organized together with Open Your Heart Association. The event marks the celebration of the International Day of Disability in a public-private meeting organized in Bucharest with the aim of raising awareness.

At the same time, the organisation's policy emphasises equal opportunities and opportunities for growth and promotion are not based on gender, but on the performance of each individual employee. Thus, we constantly encourage the professional development of our female colleagues. More than half of our management positions are held by women, maintaining a clear balance at management level.

Employees with disabilities

POSITION	2020		2021	
	Men	Women	Men	Women
Non-Management	189	258	220	312
Management	1	0	1	0
Total	448		533	

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

- adapting Kaufland workspaces to increase the inclusion of people with disabilities (employees or customers)
- 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
- international coverage of the program within the Schwarz Group

Our aim is to make the Kaufland environment accessible for both employees and customers. This is why we teamed up with .lumen, a Romanian start-up, that offers glasses which are an assistive technology for people with visual disabilities, giving them greater mobility in their daily lives and thus more independence. The glasses integrate the most advanced technologies to reproduce the main characteristics of a guide dog, using elements such as artificial intelligence and robotics.

The promotion of diversity is celebrated at Kaufland and in initiatives such as "Diversity Month" - a project that took the form of a series of video testimonials on cultural diversity and inclusion of people with disabilities, through which the public was able to discover the stories of some of Kaufland's colleagues.



I The Team that Makes Things Happen

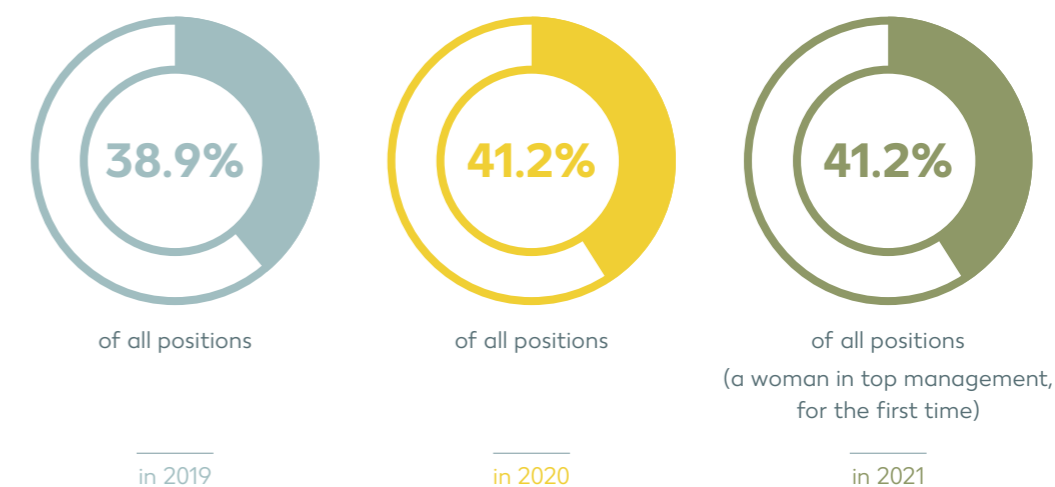
Employees, by age, gender, and position within the company

CATEGORY		Non-management	Management	Executive management	Top management	Total	
2020	Men	<30	1,258	28	0	0	1,286
		30-50	2,028	359	5	4	2,396
		>50	512	15	0	1	528
		Total	3,798	402	5	5	4,210
	Women	<30	1,951	28	0	0	1,979
		30-50	6,698	334	7	0	7,039
		>50	2,057	36	0	0	2,093
		Total	10,706	398	7	0	11,111
2021	Men	<30	1,219	31	0	0	1,250
		30-50	2,044	397	5	4	2,450
		>50	570	15	0	1	586
		Total	3,833	443	5	5	4,286
	Women	<30	1,786	31	0	0	1,817
		30-50	6,860	390	6	1	7,257
		>50	2,301	44	0	0	2,345
		Total	10,947	465	6	1	11,419

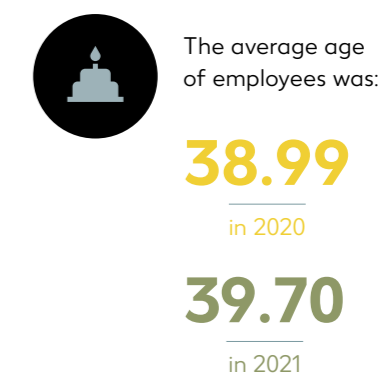
Note: The Board of Directors (Top Management) has five members. However, as the table refers to the last day of the financial year, for a short period of time, there were six members (as Andreea Cioromela replaced Sergiu Fală)



Out of all positions in Executive- and Top-Management), women held:



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.



Professional Development and Benefits

Professional Development and Benefits

Our concern for employee welfare goes beyond the standard employer-employee relationship.

Innovative employer branding campaigns, dedicated to both current employees and potential new team members, as well as the social responsibility programs launched, have earned the company the title of Top Employer for the past 7 years.

Thus, Kaufland is not only one of the largest retailers on the Romanian market, but also a strong support for employees who write the success of the company and for candidates who want to join a team built as a family.

Our employees benefit from equal pay, and the minimum wage within the company surpasses the national minimum wage with 60%.

Benefits

BENEFITS	Full time, part time, temporary/ contracts internships (lei)	
	2020	2021
	01.03.2020 - 29.02.2021	01.03.2021 - 28.02.2022
Meal vouchers	47,347,837	49,061,630
Life insurance	360,870	389,180
Aid in case of personal events (wedding, birth, death, social aid etc.)	3,078,356	3,556,682
Seniority bonuses	2,472,392	2,450,035
Retirement provisions	756,212	588,317
Private health insurance	1,849,671	2,272,636
Gift vouchers and bonuses for employees and minor children of employees	12,333,890	9,634,396
Others (in-kind benefits, rent etc.)	16,328,471	12,559,279



The total financial value of benefits provided to employees during 2020 was 84,527,699 Lei, while in 2021 it was

94,081,023 Lei,

an increase of the benefits budget of over 11%.



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:

- » 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 80% applied to the basic salary for the first 10 whole hours of overtime worked in a month and a bonus of 100% applied to the basic salary for anything beyond that.
- » 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 10% applied to the basic salary for every hour and minute worked on a Saturday.
- » Bonus for working on Sundays: bonus of 15% 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 (including people with disabilities)
- » 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 it with 1 hour a day for employees who give up the legal parental leave (until the child celebrates their second birthday).
- » Reducing it with 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 2021, 41 employees took part in volunteering activities, accounting for a total of 440 hours (55 days).

Partnerships for attracting young talent

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.

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.

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.

The **Kaufland Talent Program** is a rotational learning experience that prepares young people for their first level of management. In this program, the young person works with the management team in the department they are interested in and, during the program, can take on one of the department's projects to analyze and optimize it. This program is aimed at students or young graduates.

In addition, we are developing several **partnerships with universities to support young people at the beginning of their career path**. We constantly collaborate with the Academy of Economic Studies of Bucharest, in particular with the Faculty of Business Administration with Foreign Language Teaching (FABIZ), with the Faculty of Economics and Business Management (FSEGA) of the Babeş Bolyai University, with the Polytechnic Universities of Iasi and Bucharest. Moreover, as a result of the collaboration with the Polytechnic University of Bucharest - Faculty of Energetics, we became part of the "Energy on the Shelf" Project, supporting students who proposed energy efficiency solutions and contributing to the advancement of research in the field.

At the same time, as a continuation of the "Bac de 10" campaign, we extended the **"Student de 10"** initiative alongside Neversea and Untold. Thus, all students from state universities who passed the summer session with a 10 grade received free entry to the two festivals. And through innovative Employer Branding activities, coupled with 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.

Training

Our people are very important to us and we strive to create a culture of people development in our workforce so that they can meet their full potential. We are constantly investing in trainings and development programs for our employees offering help, supervision and guidance where needed.

Vulnerability and uncertainty are two areas common in teams that are growing, and this is why we also engage in effective communication so we can overcome any possible challenges. We are growing along with our team and we believe that sharing organisational and cultural values and vision is very important in building a sustainable future.

We encourage individual and group training and career development and ensure they are constantly and consistently growing in the direction in which they want to develop.

We conduct an annual performance review and in the feedback discussion, the employee and the manager discuss their points of view and establish a future development plan.

Examples of trainings we provide:

- » Rules for safe office work
- » Recruitment process (Recruiter/HR Manager)
- » Cash Registers - Sales Prohibitions, Secure Card Payment
- » Data protection in stores
- » 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

Average hours of training/ employee category/ gender

CATEGORY	Women	Men
Non-management	233,435	105,449
Management	7,101	7,754
Executive management	254	198
Top management	33	13

Note: the information regarding employees training includes only training programs managed by the Personnel Department and does not include the legal trainings that employees must go through.



Total number of hours of training:

342,794

Total number of hours of training per employee in 2021:

22



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 took place in 2021 in both electronic format and in face-to-face discussions. Out of the total of 9,247 forms registered, around 88% were conducted on paper, with the employees, and 12% were conducted online.

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 about any injury they have suffered. The first step when 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 external 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.

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.



2020	Employees		Total	Rate (%)
	Men	Women		
Number of fatalities caused by accidents at work	0	0	0	0
Number of incidents with a high probability of causing serious injury (e.g. explosions, traffic accidents).	5	7	12	0.43
Number of people involved in accidents at work	44	73	117	4.21

$$\text{Rate of work-related injuries} = \frac{\text{Total number of accidents}}{\text{Total number of hours targeted to be worked}} \times 1,000,000$$

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).

$$\text{IR} = \frac{\text{Total number of work accidents}}{\text{Number of hours worked by employees}} \times 1,000,000$$



Total number of hours worked in 2021:

27,771,585



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

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.

04 Growing Together

Supporting Our Community

Supporting Our Community

At Kaufland, we believe that our actions do the talking and that means being involved and taking strong measures to support the growth of the community we are present in. Making a difference in education, health, culture, environmental protection, and social progress is very important to us so social responsibility programs are a key component of our business strategy.

As a responsible company, we are committed to creating the change we want to see around us and to creating the environment in which as many of our beneficiaries as possible reach their potential. In fact, this is the most important measure of our work: the difference we have brought in the lives of our beneficiaries.



In 2021, the total community investments budget reached

40,931,491 lei.

Our Programs

When we select projects and develop partnerships with actors in the non-governmental sector, we focus on contributing to the development and well-being of communities in the area and on the positive effects that the project will create.

Therefore, we invest in medium- and long-term projects that generate clear results, relevant to our stakeholders. Likewise, an important characteristic we look for is involving clients and employees, so that the messages we want to communicate through our projects generate change throughout the community, not just for direct beneficiaries.

A detailed presentation of the projects that we implemented in 2021 and the positive impact that we managed to create for our communities can be found in our 2021 Community Investments report, available [here](#) or on www.kaufland.ro, developed based on an impact questionnaire filled in by our partner NGOs. The questionnaire is built considering indicators from SRS, GRI Standards and London Benchmarking Group methodology.

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



84

partner NGOs



117

projects implemented



2

grants programs



1,282,597

total number of direct and indirect beneficiaries

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.



38

Total number of projects



16,290

Total number of beneficiaries



€5,817,450

Investment



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.



139

Total number of projects



18,335

Total number of beneficiaries



€2,814,250

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.



Implicarea
face
diferența

education

Plan B Association for Social Responsibility

Deschidem Scoala

Let's open school

The project is dedicated to children from vulnerable backgrounds who, due to the pandemic situation and the lack of technical facilities, have had interruptions in their learning process and have suffered significant school losses.

"Deschidem Scoala" is designed around 3 lines of action: **digitisation of the targeted schools, teaching through an inclusive accelerated method, psychological counselling.**

The 15 schools in 5 counties (Călărași, Brăila, Galați, Constanța, Tulcea) included in the project have been equipped with high-performance technical equipment (interactive whiteboard, video projector, laptop, audio system), which has made teaching Communication much more attractive and effective for the 800 pupils. The beneficiary children also received school supplies that helped them in the process of assimilating information. In parallel to learning the subject, they also received psychological counselling, with a view to reducing absenteeism and dropout.

The first edition of the project, organised from June to August 2021, was based on the worrying situation in education, caused by the pandemic, namely: 40% of pupils from disadvantaged backgrounds, mostly in rural areas, did not attend online school; 287,000 pupils did not have tablets or other equipment for online schooling; 237,000 pupils still do not have access to the internet. In total, 300 study hours or 120 school days were lost.

The impact of the implementation of "Deschidem Scoala" has been crucial in the targeted schools in terms of reducing absenteeism (reported in September), developing interest in active participation in lessons, learning, writing and reading skills, correct pronunciation, spelling and working with text. The difference in assimilation of information and focus was made by the use of multimedia materials.

According to the reports received from the headmasters of the schools involved in the project,

"the children participated with joy in each activity, each pupil making significant progress"
Dir. Șuşanu Steluța - Liești, Galați

"the positive effects of the project are marked by the pupils' results in the evaluation tests. If before the implementation of the project, the pupils reached the indicators <Sufficient> and <Good> afterwards, they scored <Very good>"
Dir. Cristina Colțea - Duiliu Zamfirescu, Călărași



ecology

Orasul meu, Culorile Mele Association

Aruncă în siguranță

Throw away safely

The „Aruncă în siguranță campaign” is aimed to contribute to reducing waste at national level and reducing the negative environmental impact of certain products that are difficult to recycle (such as plastic). To this end, Orasul meu, Culorile mele, through the "Throw away safely" campaign, has carried out concrete actions, with measurable effects, over a period of about 2 years, to increase the collection of sanitary waste (i.e. disposable surgical masks) throughout the country, with the secondary objectives of community health education, to reduce the human and material costs of the pandemic, and to increase the degree of selective collection in general.

The campaign's main goal was to make a measurable and positive contribution to:

- ➊ the level of awareness and accuracy of learning sources for the customers of participating shops on sanitary means of protection (disposable vs. reusable masks);
- ➋ the formation of the habit of selective collection of disposable masks, which will reduce the negative effect of the sanitary crisis on the environment due to improperly collected plastic waste.

The main actions of the campaign consisted of:

- ✔ Information actions (on the existence of separate collection points in Kaufland stores, awareness of the risks associated with the incorrect use of disposable sanitary masks, alternatives to them, the importance of correct recycling of plastic waste, spreading information to the general public);
- ✔ Collection activities
- ✔ Sorting, weighing and handing over the waste
- ✔ Recycling activities
- ✔ The development of and implementation of an online questionnaire with a random target audience, resulting with 2,697 answers. The purpose of the questionnaire was to identify the opinion of Romanians on recycling and to identify the level of individual involvement in recycling and sustainability activities.

The success of the main actions of the campaign could be measured by the quantity and the rate of increase in the volume of collections from shops of disposable masks used as a protective measure against COVID-19.

At the beginning of the campaign in November 2020, the project started only in Bucharest. Starting with phase 2 (from June 2021), all other counties in Romania participated. In the total of 1,652 boxes of disposable masks received at the collection centre in Bucharest from Kaufland stores across the country (i.e. 152 hypermarkets participating in the campaign), **a total of about 4 tonnes of disposable masks were collected throughout the campaign.**

social sports & health

OvidiuRO Association

Punguța cu două cărți

Two books in a bag

OvidiuRo Association and Kaufland Romania launched on 24 March 2021 the second edition of the "Punguța cu două cărți" project, which encourages reading from the first months of life. The objective is that children from disadvantaged families can benefit from cognitive stimulation from an early age and thus have a good start in life.

As in the previous year, the project has been implemented nationwide in the poorest rural and urban communities, where reading ambassadors are willing to support the project on a voluntary basis. Thus, **17,000 children aged 0-3 from disadvantaged families received a bag of two age-appropriate picture books for their homes and parents were informed about the importance of early education**, of children attending kindergarten and reading with them.



1,700 reading ambassadors (pre-school teachers, primary school teachers, librarians, social workers, school mediators, community health workers) participated in literacy-focused trainings and received a set of 2 books to support reading activities with 0-3-year-olds and their parents.

In this way, teachers participating in the trainings supported by OvidiuRo Association were more prepared and more determined to include books and reading sessions together in their own activities with kindergarten children.

At the same time, the importance of access to books for pre-school children was communicated to the general public.

Metropolis Philanthropic Association

Spitale Publice din Bani Privati

Public Hospitals from Private Money

The Metropolis Philanthropic Foundation has started and is in the process of completing the renovation and modernization project of the Nephrology Department of the Fundeni Clinical Institute. The initiative comes after the foundation previously renovated, with the support of Kaufland Romania, the entire 7th floor of the Fundeni Institute.

In December 2021, Kaufland Romania ran a fundraising action with Codin Maticiu, who was a cashier for two hours at one of the cash registers of the Kaufland Barbu Văcărescu hypermarket in the capital. **The amount collected by the actor was donated to the Metropolis Foundation for the renovation of the Nephrology Department at the Fundeni Institute.**

In addition, in March 2022, Kaufland Romania ran one of the largest awareness campaigns in the Romanian retail industry to support the project. The company's more than 15,000 employees wore a T-shirt with the message "Public Hospitals from Private Money" for one day, as a sign of solidarity.

The aim of the #PublicHospitalsFromPrivateMoney campaign is to bring hospitals in Romania up to the latest standards through renovation, rehabilitation, and modern equipment projects.



culture

The Margareta of Romania Royal Foundation

Tinere Talente

Young Talents

The national Young Talent Program financially supports, mentors and promotes talented young artists from low-income backgrounds to reach their true artistic potential. The program is aimed at young people aged between 14 and 24 who, even if they are talented and attend art or music schools, do not have a real chance of success because they come from low-income families. They are selected by a prestigious panel of judges.

In 2021, **30 musicians and visual artists scholars were supported with artistic development grants of up to €2,000**, whereby they purchased materials and instruments for artistic projects, accessories or repairs for instruments, stage clothing, graphic tablets, laptops, cameras, digital accessories or graphic software, attended special courses and masterclasses in graphic design, foreign languages, participated in competitions, received promotion and mentoring.

Visual Arts Fellows participated in 18 individual and group exhibitions, 4 exhibitions organized by the Foundation. Fellows in Classical Music won 7 major prizes in national and international music competitions, participated in 11 concerts and recitals organised by the Foundation (8 with physical presence and 3 live streaming).





Development through Local Suppliers

Development through Local Suppliers

Building a long-term healthy relationship between the organisation and our suppliers has always been a priority for us. We choose suppliers that align with our values and that help us meet our clients' expectations in terms of fresh, sustainable, local products, at affordable prices.

Through transparency, empathy, and consistency in collaboration, we work closely with our suppliers and we develop a mutually beneficial relationship. Doing so, food wastage can be drastically reduced at each stage in the supply chain, and the safety of the food products can be maintained at optimal levels.

When listing, all company suppliers confirm that they have read the provisions of our [Code of Conduct](#) and commit to respecting it. The Code also applies for commercial sub-units authorized by our business partners, that are involved in making products or supplying services for Kaufland. The Code of Conduct was reviewed and updated in 2020.

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;
- » Prohibition of any kind of discrimination when an employee is hired and in all employee relationships, equal opportunity and equity;
- » Prohibition of 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 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 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.

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 is 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.



In 2021, we continued to support our local suppliers, maintaining the reduced payments terms: 7 days instead of 30 days and 3 days instead of 7 days (as the legal regulations require it) for fresh products suppliers.



Born and raised in Romania and new standards for pork meat production

In 2020, we extended our Romanian pork meat production program, by announcing that our **Raftul Romanesc** (*Romanian Shelf*) program, will sell pork meat not only raised in Romania, but also born here. The program has been running continuously since its launch and this year's average is 5,000 head of pigs born and raised in Romania, which we purchased weekly.

At the same time, Kaufland announced the launch of a new program, that will support Romanian pork meat production to implement superior animal welfare standards. Unfortunately, due to African swine fever which has affected most farms in Romania, including those in our program, the program has been temporarily postponed but will resume as soon as possible.

The program introduces a new agricultural development and animal welfare model, focusing on 4 pillars:

- Direct interaction with farmers
- Increased animal welfare standards
- Introducing a new feeding system, with 100% Romanian cereals, constantly analyzed
- Introducing a new safety and quality audit system for farms, animal nutrition and health monitoring

Romanian fruits and vegetables

For this project, Kaufland collaborates with 3 cooperatives which have as partners over 300 small producers and farmers and 2 specialized producers, and will collect more than 9,000 tonnes of fruit and vegetables from them. The programme runs during the Romanian fruit and vegetable season from May to October 2021, with the possibility of being extended in the longer term.

The small farmers' products in the program are internationally certified for quality and safety (Global G.A.P.), comply with Kaufland freshness standards and will be found in the fruit and vegetable section from May-June. In season, the assortment of vegetables and fruit on the shelf reaches over 90% Romanian products.

Cooperatives are the safest form of association for small producers who want to grow, and we are here to support them.

By working with Kaufland on this project, local producers benefit from greater predictability of the areas cultivated in relation to the quantities produced that will be delivered, production risks are reduced, and they are assured of a secure profit.

We require all the producers in the program to comply with the following requirements:

- To have a Global G.A.P. certification or to be in the process of obtaining it,
- To have available the necessary quantities of approved fruits and vegetables, to allow planning in advance,
- To be Romanian producers or to be part of a cooperative,
- To have to capacity to process or package the products,
- To have the have the capacity of cooling or pre-cooling the products,
- To have adequate storage capacity, if necessary,
- To comply with the quality and freshness criteria of Kaufland Romania.



Supplier Expenditures

In order to always receive the best products, Kaufland relies on long-term partnerships, built on trust with local producers. Providing freshness requires teamwork, therefore we work with our suppliers closely, to ensure that we offer clients fresh products of the highest quality. We focus on bringing a great diversity of local products to our customers and always choose local solutions first, if available.

The supplier expenditure data was extracted from our internal systems and covers financial year 2021 (March 2021 – February 2022).

Local suppliers = suppliers based in Romania



Number of suppliers

	Number of suppliers	Supplier expenditures (million EUR)
Suppliers for stores		
Local	968	10,265.96
International	504	2,588.79
Total	1,472	12,854.75
Services and administrative suppliers		
Local	1,559	2,115.07
International	265	273.91
Total	1,824	2,388.98
Total		
Local	2,527	12,381.03
International	769	2,862.7
Total	2,527	15,243.73

05 Motivated to Do Better

Climate change is one of the greatest challenges of our time. We believe effective action is the path to a healthier environment and strong business performance and we have also made it our mission to help stem the tide of climate change.

Therefore, we are investing and improving our energy efficiency by purchasing more electricity from renewable sources and taking steps to reducing our process-related emissions. We also know that reducing materials and waste will pay off in the long run – for both the environment and our business so we are setting more ambitious goals on the matter.

As of August 2020, the Schwarz Group officially joined the Science Based Targets initiative (SBTi). All companies within the Schwarz Group analysed their carbon footprint, compiled a complete climate impact assessment, defined climate targets in line with the SBTi climate target methodology and backed up with measures to reduce, avoid or offset (when it is not possible to reduce or avoid) CO₂ emissions in operations and the supply chain.

Reducing Energy Consumption

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, adopting the newest and most innovative technologies on the market.

The Schwarz Group will reduce its operational greenhouse gas emissions (scope 1 and 2) by 55 percent by 2030 compared to 2019 levels*. To achieve this goal, the entire Schwarz Group will procure 100%** of its electricity from renewable energies as of the 2022 fiscal year ([despre.kaufland.ro](https://www.schwarz.de/en/press-releases/2022/01/100-percent-renewable-energy)), while taking actions to reduce our energy consumption.

This is why our energy consumption procedures were reviewed and updated in 2020, when we

underwent the ISO 50001 certification process so that we can significantly reduce CO₂ emissions and energy consumption. As such, our energy flows are permanently recorded and updated, and we plan and introduce measures that optimize energy consumption. The results of the optimization processes are evaluated and documented regularly, while the actions planned for improving energy efficiency are continuously updated.

* This target for scope 1 & 2 also includes biogenic emissions and the removal of biogenic raw materials

** Excluding any purchase agreements that Kaufland Romania cannot influence, such as those for individual leased properties with a binding electricity procurement clause

Fuel consumption

FUEL TYPE	2019		2020		2021	
	L	MWh	L	MWh	L	MWh
Gasoline	68,477	656.0	101,525.8	973.1	191,388	1,834.5
Diesel	1,254,401*	13,247.7	1,086,791.9	11,477.6	1,173,368	12,391.9
Total	1,322,848	13,903.7	1,188,317.7	12,450.7	1,364,756	14,226.4

* it does not include the amount of diesel purchased for generators

Total fuel consumption

MWh



Conversion factors:

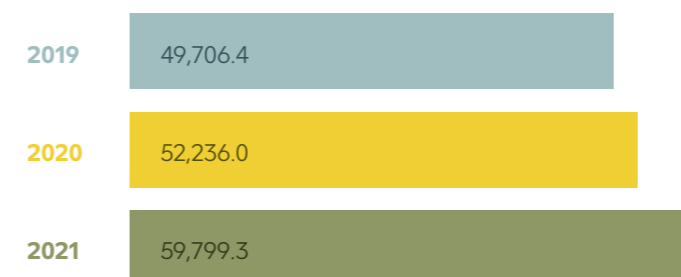
1 liter of diesel = 10.561 kWh

1 liter of gasoline = 9.585 kWh

FUEL TYPE	2019	2020	2021
	MWh	MWh	MWh
Natural gas	49,706.4	52,236.0	59,799.3

Natural gas consumption

MWh

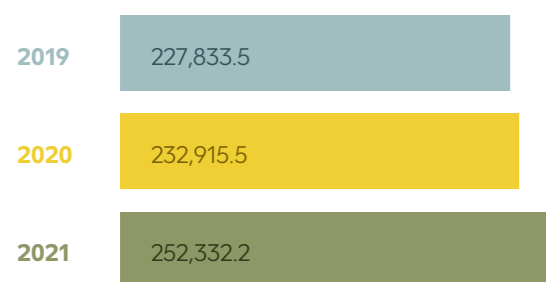


Electricity consumption

	2019		2020		2021	
	MWh		MWh		MWh	
Electricity	227,833.5		232,915.5		252,332.2	
Out of which electricity consumption from renewable sources	222,315.3	97.58%	227,323.9	97.60%	242,680	96.17%

Electricity consumption

MWh

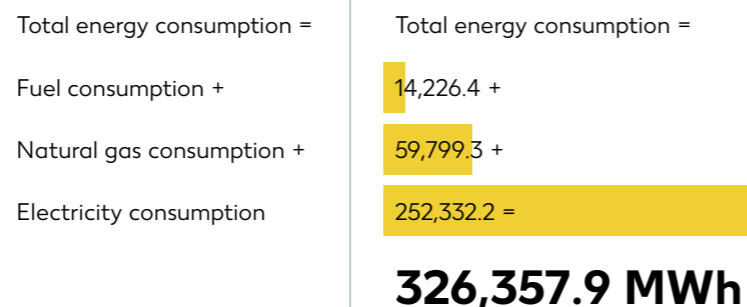


The electric energy consumption includes stores, administrative offices, and logistic centers consumption, but it doesn't cover the concessionaires and electric charging station consumption. We understand that this increases the electricity demand, and we constantly monitor it.

LOCATION	Electricity consumption
	MWh
Concessionaires	13,234.36
Charging stations	2,102.05
Total	15,336.41

Electric energy consumed from non-renewable sources comes from store consumption (9,063.2 MWh), before store opening, part from administrative office consumption (228.7 MWh), and part from warehouses consumption (360.2 MWh). Renewable energy is guaranteed by the certificates provided by our energy supplier. Energy consumption from non-renewable sources is due to the operation of new stores opened, until they are included in the energy supply contract.

Total energy consumption



Reducing energy consumption

Energy efficiency is part of our strategy to reduce the environmental impact in our operations and a key aspect of our energy management system.



In 2021 we continued to implement different projects to reduce energy consumption, with the overall costs of investment that exceeded

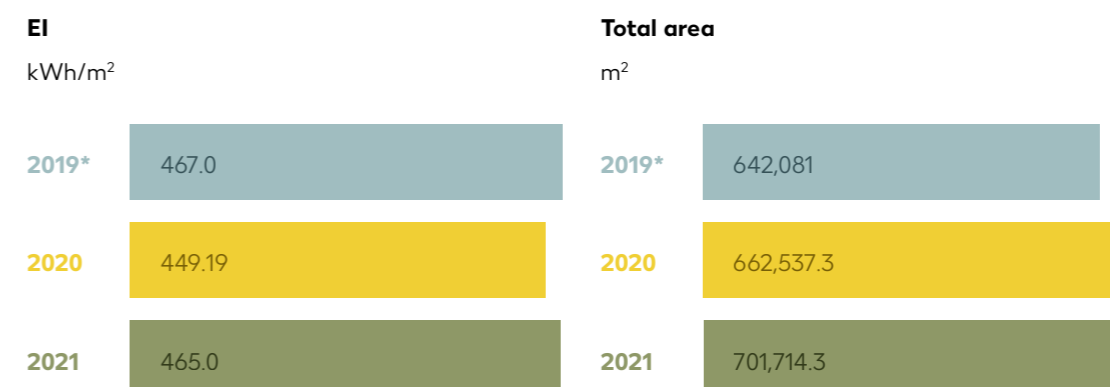
8.5 million lei.

Replacing the lighting systems with LED technology in the refrigerated display cases (22 stores), projects to make refrigeration plants more efficient and replacing the lighting system in 8 stores, from fluorescent tubes to LED, contributed to a **reduction in energy consumption of more than 200,887 kWh.**

Energy intensity

Energy intensity based on store and additional areas surface

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



Investing in electric charging stations for our customers

We want to help our customers in choosing greener transportation vehicles and make it easier for them to charge their electric cars.



In 2021 we continued to invest in installing electric charging stations in our parking lots, reaching a total investment of

4.839.325 lei.

Tackling Emissions



Climate Strategy of the Schwarz Group



We procure 100 % green electricity*

Optimization of the stores

- More than 800 buildings with sustainability certification
- Expansion of heating with waste heat
- Switch to sustainable refrigerants and LED lighting

Expansion of climate neutral**** product range

Over 1,300 buildings with photovoltaic systems

Climate neutrality** at Lidl from 2022, at Kaufland by 2025 at the latest

Plastics strategy REset Plastic

- 20 % less plastic
- Maximum recyclability
- Increased use of recycled material

Optimization of logistics processes

PET-bottles made from 100 % recycled plastic**** save over 79,000 t of CO₂ annually

More than 2,200 stores with e-charging stations

Our contribution to limit global warming to 1,5 °C

- Reduce 55 % of operational emissions by 2030 compared to 2019 levels
- Commitment by suppliers responsible for 78 % of product-related emissions to set themselves a climate target by 2026

* Excluding any purchase agreements that the Schwarz Group cannot influence, such as those for individual leased properties with a binding electricity procurement clause
 ** Remaining emissions (Scope 1 & 2) will be offset by carbon offset projects *** Climate neutrality through carbon offset projects **** Excluding label and lid

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).

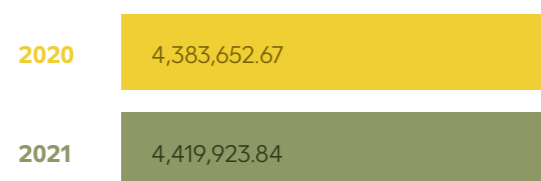
The conversion of data regarding CO₂eq consumption is based on emission factors. The methodology uses two types of emission factors:

- 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).

GHG EMISSIONS	2020	2021	Decrease/ Increase compared to 2020	
	tonnes CO ₂ eq	tonnes CO ₂ eq	%	
Scope 1	49,209.84	52,046.05	5.76	
Scope 2	Location-based	78,003.41	86,693.76	11.14
	Market-based	1,468.35	1,981.59	34.95
Scope 3	4,401,985.99	4,365,896	-0.82	
Total	4,383,652.67	4,419,923.84	-0.74	

Total GHG Emissions

tonnes CO₂eq



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

EMISSIONS INTENSITY	2020	2021	Decrease/ Increase compared to 2020	
	tonnes CO ₂ eq/m ²	tonnes CO ₂ eq/m ²	%	
Scope 1	0.07427	0.07417	-0.14	
Scope 2	Location-based	0.11773	0.12355	4.94
	Market-based	0.00222	0.00282	27.42
Scope 3	6.64413	6.22176	-6.36	
Total	6.72062	6.29875	-6.28	

EMISSION FACTORS - SCOPE 2	2020	2021
	kg CO ₂ eq/MWh	kg CO ₂ eq/MWh
Emission factor electricity - market based	262,6	205,3
Emission factor electricity - location based	334,9	345,2

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).



Materials and Waste

Materials and Waste

Materials and waste are an opportunity to improve our journey towards sustainability, as it prevents greenhouse gas emissions and reduce costs.

We are constantly improving our processes and daily operations so that responsibly using materials and recovering waste are a top priority for our sustainability strategy.

Within the company, material consumption and waste recovery fall under the responsibility of the Internal Procurement, Logistics and Sales departments. The collaboration between these departments helped us develop an efficient waste collection circuit.

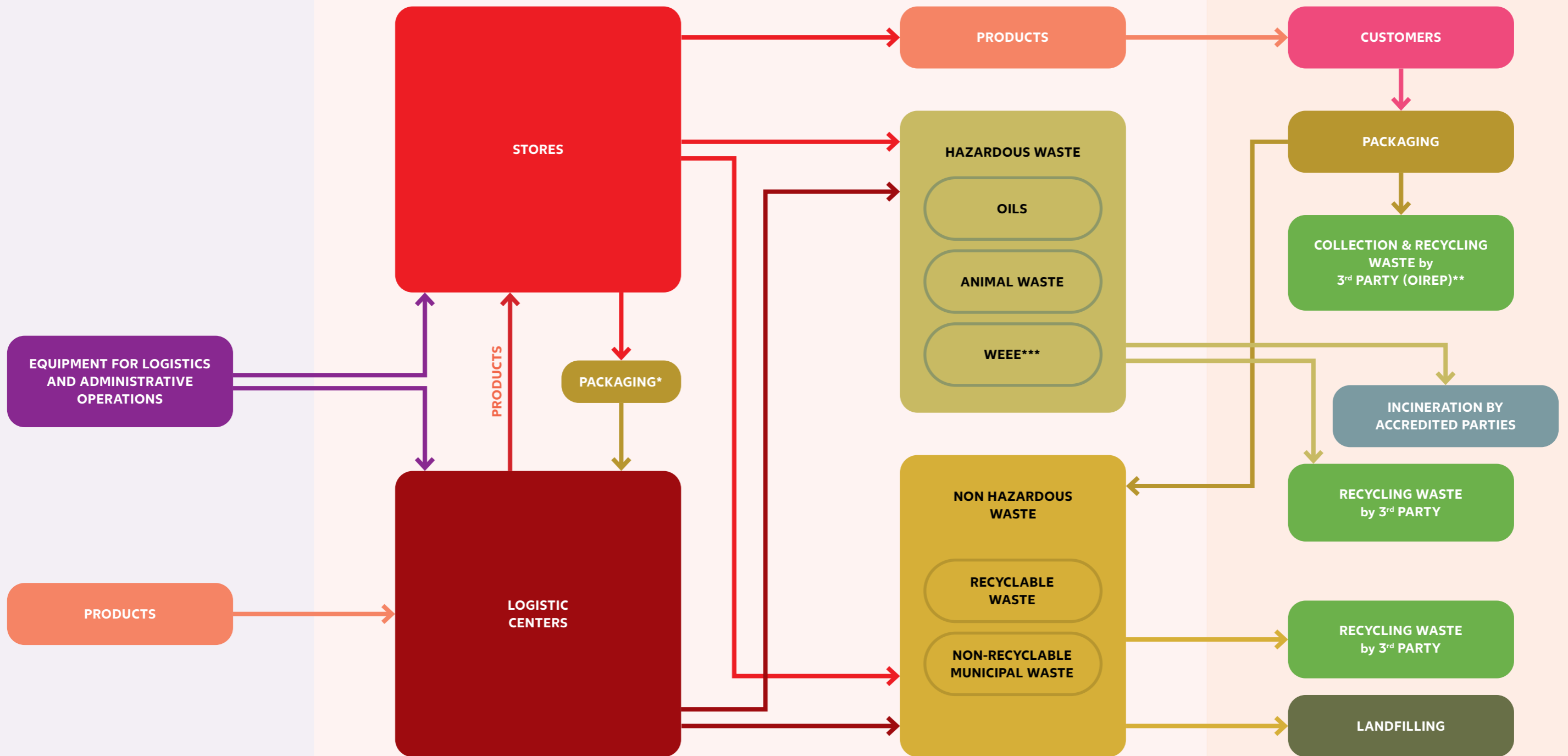
We also know that these practices, for better efficiency, should follow the value chain and therefore we work with our partners and also take measures in our stores to decrease the quantity of materials used and to increase the quantity of waste we recover.



UPSTREAM IN THE VALUE CHAIN

OWN ACTIVITIES

DOWNSTREAM THE VALUE CHAIN



*secondary and tertiary packaging, centralized in the logistic centers

**recycling quota in accordance with the legislation in force

*** Waste Electrical and Electronic Equipment

Waste generated in 2021

WASTE CATEGORY	Total amount of waste generated	Waste diverted from disposal	Waste directed to disposal (incineration with/ without energy recovery, landfilling)
	t	t	t
Glass	696.07	696.07	-
Aluminum	20.39	20.39	-
Plastic	2,061.31	2,061.31	-
PET	247.27	247.27	-
Cardboard and paper	31,174.90	31,174.90	-
Metal (steel)	1,125.46	1,125.46	-
Wood	441.80	441.80	-
Oil	49.38	49.38	-
Batteries	114.30	114.30	-
Lighting objects	8.52	8.52	-
WEEEs	319.17	319.17	-
Residual waste	17,415.35	-	17,415.35
Animal origin waste products	1,285.29	-	1,285.29
Fruits and vegetables	124.70	124.70	-
Total	55,083.90	37,793.25	18,700.64

Packaging Materials

Packaging performs important functions: it protects goods and provides product information, among other things. We are constantly striving to minimize the transport as well as outer packaging, such as shelf-ready trays, and product packaging used on our private label articles, increase their recyclability, and use more sustainable raw materials, trying to make packaging more sustainable.

Kaufland is a business that is continuously expanding, with more and more stores opening from year to year. Our growth is not only reflected in the increasing sales, but also in the amount of packaging that we place on the market.



In 2021, we reached the targets set by the Romanian legislation in force, regarding packaging waste.

PACKAGING MATERIALS	2019	2020	2021
	kg	kg	kg
Paper/Carton	17,677,100	19,353,356	23,262,927
Plastic	9,949,979	10,308,449	12,077,973
Glass	3,827,699	4,123,099	5,024,801
Aluminum	528,862	493,783	517,707
Metal	2,587,547	2,062,909	1,496,507
Wood	3,090,349	3,074,388	3,675,180

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.

Recycle and save campaign

To support environmentally responsible behavior, in September 2021, **Kaufland has equipped all its over 150 stores in Romania with recycling facilities for its employees and customers.** Recycling is easy, quick and everyone who chooses to collect selectively is rewarded with discount vouchers.

Objectives:

- 1) Increase the level of education on the seriousness of the current environmental situation, the planet's limited amount of resources, the impact of microplastics on human health and nature.
- 2) Raise awareness around solutions for slowing down pollution and climate change, especially recycling and responsible consumption.
- 3) Encouraging and building responsible behaviors among Kaufland customers and employees.

The program had two main directions of action:

- 1) Firstly, infrastructure - providing the necessary resources for the separate collection of waste to be recycled.
- 2) Secondly, informing, raising awareness, and educating the public on the importance of separate waste collection.

Under the slogan "Recycle and Save", Kaufland launched a wide campaign to encourage recycling, increasing the discounts offered on certain products on sale.

Kaufland's aim is to be the most accessible and convenient destination for recycling.

For every 5 PETs, bottles or cans disposed inside the automatic containers, the customer gets a discount voucher for a selected range of products, which changes bi-monthly.

In March 2022, we ran a special campaign with Pepsi. Between 16th and 22nd March 2022, customers who used our collection machines received discount vouchers allowing them to buy a Pepsi bottle made of recycled plastic at a 99% discount, for the price of 0,03 lei.

The campaign sparked customer interest in our recycling machines and **a record 603,956 containers were collected** during the period.

Going further, in May 2022, Kaufland has implemented a second nationwide recycling facility for PET, HDPE and LPDE plastics, which are used for the packaging of cosmetics and cleaning products.

This was also a premiere for the retail sector in Romania, as these plastics require a dedicated and complex reprocessing procedure. Customers who bring 3 such packs receive a 50% discount voucher on the purchase of new cleaning or personal care products.

Investing in recycling infrastructure for our communities

We want to be part of the solution and we are committed to support the removal of plastic and waste from the environment. One of our directions of action on this matter is to also make the recycling process easy and accessible for our clients.

We are aware of the importance of actively preventing plastic from entering the environment and of the fast-paced lifestyle of our consumers, so we constantly invest in recycling machines in our parking lots and stores, to best suit their needs.

Recycling 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 TOMRA machines.



In 2021, we installed an additional 49 TOMRA recycling machines in our stores, and expanded another 43 machines, investing a total of

25,724,905.49 lei*



>10.8 million

of recipients collected through the TOMRA recycling machines.

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

BROSCUTA 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.

To encourage eco-friendly behavior, customers who bring 3 empty packaging for recycling receive 50% discount coupons for the purchase of new care products under partnerships established by Kaufland with FMCG brands, with a different category of discounted products running each month. The initiative comes as a solution to the need for a circular economy, to counter the phenomenon of the uncontrolled spread of plastic - one of the biggest global problems, which is having a major impact on the environment, climate, economy, and people's health.

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



154.781 lei

invested for installing the infrastructure in the remaining 110 stores



>247.000

household and personal care recipients collected through our infrastructure

Transport and Logistics

We are constantly updating and streamlining our supply chain logistics operations and identify opportunities to follow sustainable operations.

We also place a great emphasis on reusing or recycling materials, replacing single use packaging for transport solutions with more sustainable alternatives.

For example, all the plastic wrap used when transporting products from the logistic centers to the stores is collected and sent back to the

logistic center. The plastic wrap that we use, must comply with specific requirements, therefore the plastic that we recycle has a low degree of impurities (less than 2%), resulting in a high efficiency of the revalorization process. We use the Dixi systems to press cardboard resulted from packaging, while both our logistic centers have a sorting and repairing pallets station.



CHEP Sustainability Certificate

In 2021, Kaufland managed to reduce carbon dioxide emissions by 1,400 tonnes, with 10% above the value recorded in 2020. At the same time, the retailer reduced the waste produced by 160,000 kg, so the amount of waste generated has decreased by 35%, compared to 2020. That is the equivalent of 37,618 trucks filled with waste.

The CHEP sustainability certificate also certifies the protection of forests with 1,400,000 dm³, or approximately 1,375 trees, an increase of 24% compared to last year. This result was obtained through acquiring the CHEP pallet reuse services for the transport of products. The calculations above were based on the Life Cycle Assessment (LCA) of CHEP Euro Pallet versus the white-wood equivalent. CHEP LCAs are independently peer-reviewed and ISO 14044 compliant. CHEP timber sources are 100% certified sustainable by the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC).

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 tonnes 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 the 10,031,149 rotations of EPS trays, during 2021. 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 for Logistic Centers

In 2020 we started the development of a renewable energy production program for our operations.

The investment, that took place in 2021, is
~€1.5 mill.

We have installed 3,700 photovoltaic panels with an installed power of 2,000 MWh year for the Turda logistic center and 3 of our stores. This is the first stage of the program, where the area covered by photovoltaic panels counts 12,800 m².

Own electricity generation renewable energies:

1,191,522 Kwh

Own electricity generation renewable energies

Kwh

Store	404,590
Distribution center/ warehouse	786,932

Valuing Food

Food waste is the result of a complexity of unsustainable behaviors, which occurs throughout the entire chain: supplier - distributor - retailer - end consumer.

Of all food that is wasted in Romania, 7% comes from the retail sector, this is why this a concern for us as we want to generate a positive impact in reducing food waste.

We focus on constantly improving our internal systems, so that we reduce the impact 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, picking 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



Within the company, the Supply Chain Management team exists and is responsible for ensuring that each store orders the optimal number of products that is needed for a certain period. We allocate stock found in warehouses so that we ensure availability for delivery to stores and at the same time do not overstock warehouses. Based on the sale history at store/item level, the system we use makes a daily order proposal for all store-item combinations. To achieve the best results, our colleagues who are in charge of the process guide the system, informing it about the "unforeseen factor" (season, weather, holiday etc.). Automated orders - One-day or two-day stocks - The shortest supply journey - Permanently monitoring and verifying expiration dates (FIFO - first in, first out).

In addition, through our partnerships with local non-profit organizations, we regularly donate food products to zoos and other associations taking care of animals, such as "Arca lui Noe" Association for Animal Protection or Reșița Zoo.

✓

In 2021, we donated

566 tonnes

of food products, in value of

>2.7 mil. lei.

Make food great again! campaign

On 29 September 2021, on "International Food Waste Awareness Day" Kaufland Romania launched "Make food great again!", the first integrated anti-food waste campaign, as part of the company's strategy to reduce food waste in all stores by up to 50% by 2030 and to raise awareness of this phenomenon among consumers as well.

Among the perfectly edible foods that most often end up in the bin are fruit and vegetables with a slightly damaged appearance falling short of the aesthetic ideal, or products that have reached their best before date. The taste of food is always more important than its appearance. Even when they don't look perfect, fruit and vegetables can taste great. To get consumers' interest, "imperfect" local fruit and vegetables were available in 20 Kaufland hypermarkets over the following period.

We introduced a surprise box containing imperfect fruit and vegetables at value prices in our stores. These were placed on a separate aisle to catch customers' interest.

Also, we have implemented in our stores a signalling scheme for both vegetable-fruit and bakery aisles, where consistent discounts of over 50% are applied in the afternoon for products that no longer look perfect or have been baked on that day. Customers are also informed about the discounts via in-store radio announcements.

As part of the mandatory regular training, our employees acquire the necessary knowledge about reducing product losses while adhering to our freshness and hygiene standards. We have also prepared a manual dedicated to avoiding food waste, actively communicated through articles on the internal platform, newsletters, posters and signalling in common areas such as the lunchroom and locker areas.

Objectives of the campaign:

- 1) Raise awareness among consumers on the environmental, economic, and social consequences of food waste.
- 2) We seek a paradigm shift in the minds of customers, leading to behavioral change through responsible consumption, as a way to prevent and combat food waste.
- 3) Reduce food waste in all stores by up to 50% by 2030, through providing information and practical solutions to employees, partners and consumers.

Our lines of action:

DISCOUNT:

as soon as the products are close to their expiry date, a gradual price reduction is applied. They are then clearly marked and displayed accordingly in Kaufland stores across the country. So, under the motto "Cheaper but still tasty", different groups of goods will be marked on the shelf to make them easier for customers to identify.

AVOID:

thanks to comprehensive stock management systems and automated processes, products are purchased only in the necessary volumes. This prevents overstocking, leading to waste. In the bakery aisle, only standard products are baked shortly before closing time. We also constantly review and adjust our logistics processes. For example, by optimizing pallets, we prevent pallet shrinkage and product damage.

EDUCATE:

as part of the mandatory regular training, Kaufland Romania employees acquire the necessary knowledge about reducing product waste while respecting freshness and hygiene standards.

USE AND RECOVER:

engaging in communities with NGOs and food banks to donate food that can still be used. In 2021, following Romanian anti food waste legislation we started donations with more than 10 certified operators, including all Regional Food Banks.

Beyond our internal systems and campaigns, we also are involved in different projects of our community partners that tackle food waste.

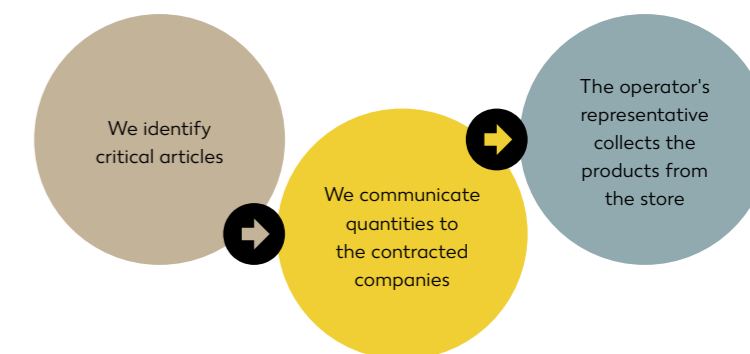
Food Banks

We continued long term partnership, supporting operational and logistic costs for Bucharest Food Bank. At the same time, we donated to the Food Bank and other non-governmental partners 7,5 tonnes of food products, totaling 85,128 lei.

We developed a guideline for donations to non-profit organisations, so that we can better plan our activity on the matter.

- » We identify the food products that are to be donated, based on a predetermined list of articles. Only articles within shelf life can be donated.
- » We communicate quantities to the contracted companies. And we also sort, register and store goods, according to their type and respecting the specially marked places. Our guideline includes the correct procedure for these processes.
- » A representative operator collects the products from our store.

How?



The Social Canteen

Launched in February 2021, the project addresses two main issues: reducing food waste in our stores and providing warm meals to low-income families and other vulnerable people in Bucharest and suburbs.

The Social Canteen is implemented together with the NGO Sansa Ta (Your Chance). A year after the inauguration, the canteen reached a capacity of 1,000 hot meals per day and since then, around 72 tonnes of products have been saved from being destroyed and over 186,000 meals have been prepared.





Water Consumption

Water Consumption

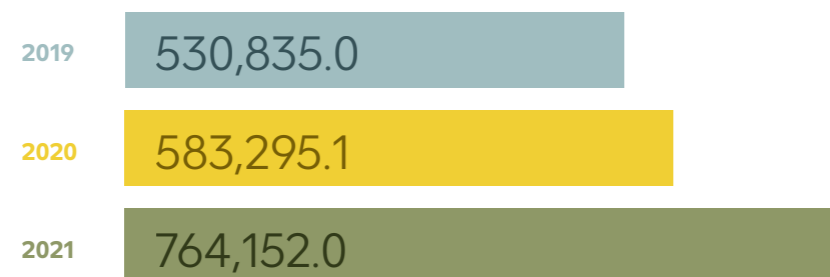
Monitoring water consumption and conserving water is important and we make efforts to be as efficient as possible inside our stores, as well as in the logistical centres and administrative offices.

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 consumption

m³



At the same time, the amount of rainwater collected, as extracted from our invoices was of 894,376.7 m³.



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. Diversity of species is one aspect of biodiversity, in addition to genetic diversity and the diversity of ecosystems. These three aspects are closely linked and form a network of biological diversity that makes our planet unique.

Millions of species are in danger of extinction

The diversity of species on land, in the water, in the soil and in the air, is key to having a functioning ecosystem and to the human food chain. Pollination by the variety of insects, like wild bees for example, ensures the preservation of 80% of the wild and cultivated plants on the planet. However, the populations of almost half of our insect species are in sharp decline, and scientists believe that many species could imminently become extinct. The reasons for this are the pervasive use of agricultural land, monocultures, and the use of agrochemicals. Many other species are also in danger of extinction.

The Kaufland Pesticide Management Strategy

For us, biodiversity is the basis of a comprehensive food assortment. Yet even the cultivation of our own products can have a negative impact on biodiversity. Thus, we have been installing a range of measures in place to enable us to play our part in protecting and preserving biodiversity and to minimize our negative impact on the environment. A key component of our activities is the Kaufland Pesticide Management Strategy for fruit and vegetables.

We have been working on projects with suppliers to promote integrated farming as well as to reduce and avoid the use of pesticides in fruit and vegetable farming since 2006.

Taking a systematic approach, we are reducing the use of pesticides and going beyond what is required by law. We consistently advocate that producers should only use pesticides when there are no viable alternatives from an agronomic perspective. We use regular independent checks to ensure that our internal standards are being met.

For our products, we use various certifications which also include biodiversity criteria, e.g. The EU Organic Label, 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, Fairtrade for cocoa, and others.

**Independent
Limited
Assurance
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 “Selected Information” and included in the Sustainability Report of the Company for the year ended 28 February 2022 (hereinafter – the “Sustainability Report”).

Selected Information

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 reporting criteria as defined below.

GRI Disclosure/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 Total financial value of sponsorships directed to community investments	Yes
Kaufland specific Commercial investments: Investment in EV Charging stations	No. Disclosed on page 60 of the Sustainability Report
Investment in recycling infrastructure for our communities	Disclosed on page 171 of the Sustainability Report
Kaufland specific Employees with disabilities	No. Disclosed on page 101 of the Sustainability Report

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 28 February 2022 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.

PricewaterhouseCoopers Audit S.R.L.
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Reporting Criteria

We assessed the Selected Information using relevant criteria, including reporting requirements, in the respective GRI Sustainability Reporting Standards 202, 203, 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 are appropriate given the purpose of our limited assurance engagement.

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.

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, 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.

Professional standards applied and level of assurance

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", issued by the International Auditing and Assurance Standards Board. 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.

Our independence and quality control

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 (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. 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; and
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

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 28 February 2022 has not been prepared, in all material respects, in accordance with the Reporting Criteria.












PricewaterhouseCoopers Audit SRL.

Bucharest, 14 December 2022

GRI Content Index

GRI Content Index

GRI Standard	Description	Sustainable Development Goal	Page/pages no. and/or URL	Omissions	External assurance
GRI 101: Foundation 2016					
General disclosures					
GRI 102: General disclosures 2016:	Organizational Profile				
	102-1 Name of the organization		7		
	102-2 Activities, brands, products, and services	 15	11, 13, 16, 20, 21, 43-51		
	102-3 Location of headquarters		7		
	102-4 Location of operations		21		
	102-5 Ownership and legal form		36		
	102-6 Markets served		16, 20, 21		
	102-7 Scale of the organization		20, 21, 26, 43		
	102-8 Information on employees and other workers	 8.5	93	 10.3	
	102-9 Supply chain		85, 140-142		

102-10 Significant changes to the organization and its supply chain		21
102-11 Precautionary Principle or approach		37, 52, 53, 142
102-12 External initiatives		30-34
102-13 Membership of associations	 17.3	30-35
Strategy		
102-14 Statement from senior decision-maker		5
Ethics and integrity		
102-16 Values, principles, standards, and norms of behavior	 16.3	24, 25, 32, 140-142
102-17 Mechanisms for advice and concerns about ethics	 16.3	39
Governance		
102-18 Governance structure		36
102-22 Composition of the highest governance body and its committees	 5.5	 16.7
Stakeholder engagement		
102-40 List of stakeholder groups		74, 75
102-41 Collective bargaining agreements	 8.8	All our employees are covered by collective bargaining agreements.
102-42 Identifying and selecting stakeholders		74-76
102-43 Approach to stakeholder engagement		74-76
102-44 Key topics and concerns raised		74, 75, 77, 78
Reporting practice		
102-45 Entities included in the consolidated financial statements		7
102-46 Defining report content and topic Boundaries		76-79, 84, 85
102-47 List of material topics		82, 83
102-48 Restatements of information		There were no restatements of information.
102-49 Changes in reporting		There were no changes in the reporting process.

102-50 Reporting period	 12.6	01.03.2021 – 28.02.2022
102-51 Date of most recent report	 12.6	Sustainability report 2020 (01.03.2020 – 28.02.2021): published in December 2021
102-52 Reporting cycle	 12.6	Annual reporting cycle
102-53 Contact point for questions regarding the report		7
102-54 Claims of reporting in accordance with the GRI Standards	 12.6	7
102-55 GRI content index		194-205
102-56 External assurance		188-191


Material Topics

COMPLIANCE/ ANTI-FRAUD

Anti-corruption

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		38, 84, 85
	103-2 The management approach and its components		32, 37, 38
	103-3 Evaluation of the management approach		28, 38, 39
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	 16.5	38
	205-3 Confirmed incidents of corruption and actions taken	 16.5	38


Anti-competitive behavior

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		37, 84, 85
	103-2 The management approach and its components		37
	103-3 Evaluation of the management approach		28, 38
GRI 206: Anti-competitive behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	 16.3	38



Socioeconomic compliance

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		37, 84, 85
	103-2 The management approach and its components		37
	103-3 Evaluation of the management approach		28, 38
GRI 419: Socioeconomic compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	 16.3	38

Public policy


GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		37, 84, 85
	103-2 The management approach and its components		37, 38
	103-3 Evaluation of the management approach		28
GRI 415: Public policy 2016	415-1 Political contributions	 16.5	38

Marketing and labeling


















GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		48, 84, 85
	103-2 The management approach and its components		44-51
	103-3 Evaluation of the management approach		28, 39
GRI 417: Marketing and labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	 16.3	39
	417-3 Incidents of non-compliance concerning marketing communications	 16.3	39



EXPANSION OF HEALTHY PRODUCT RANGE

Customer health and safety



GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		42, 84, 85
	103-2 The management approach and its components		42, 43, 52, 53
	103-3 Evaluation of the management approach		28, 39, 53
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	 16.3	39










ENVIRONMENTAL PROTECTION

Energy				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85, 148, 149, 152	
	103-2 The management approach and its components		148, 149, 152-155	
	103-3 Evaluation of the management approach		28, 152, 155	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	 	153, 154	✓
		7.2, 7.3 8.4		
	302-2 Energy intensity	 	155	
	12.2 13.1			
302-3 Energy intensity	302-3 Energy intensity	 	155	
		7.3 8.4		
	302-4 Reduction of energy consumption	 	155	
	12.2 13.1			
302-4 Reduction of energy consumption	302-4 Reduction of energy consumption	 	155	
		7.3 12.2		
	302-5 Reduction of energy consumption	 	155	
	8.4 13.1			
Emissions				
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		59, 84, 85	
	103-2 The management approach and its components		59, 60, 158-161	
	103-3 Evaluation of the management approach		28, 60	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	 	160	
		3.9 12.4		
		 	13.1 14.3	
		15.2		

305-2 Energy indirect (Scope 2) GHG emissions	 	160	✓
	3.9 12.4		
	 	13.1 14.3	
		15.2	
305-3 Other indirect (Scope 3) GHG emissions	 	160	
	3.9 12.4		
	 	13.1 14.3	
		15.2	
305-4 GHG emissions intensity	 	161	
	13.1 14.3		
		15.2	

Water and effluents

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85, 180
	103-2 The management approach and its components	180
	103-3 Evaluation of the management approach	28, 180
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	180
	303-2 Management of water discharge-related impacts	180
	303-4 Water discharge	 180
	6.4	
303-5 Water consumption	 180	
	6.4	

Waste 2020		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	62, 84, 85, 164
	103-2 The management approach and its components	166, 167, 170, 171
	103-3 Evaluation of the management approach	28, 29, 62-67, 70, 169
GRI 306: Waste 2020	306-1 Waste generation and significant waste related impacts	 3.9  6.3
		 12.4, 12.5
	306-2 Management of significant waste-related impacts	 3.9  6.3
		 12.4, 12.5
	306-3 Waste generated	 3.9  6.3
306-4 Waste diverted from disposal	 3.9  6.3	
	 12.4, 12.5	
306-5 Waste directed to disposal	 3.9  6.3	
	 12.4, 12.5	
	 3.9  6.3	














ENVIRONMENTALLY FRIENDLY PACKAGING








Materials		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	62, 84, 85, 164
	103-2 The management approach and its components	62-67, 166, 167
	103-3 Evaluation of the management approach	28, 29, 62-67, 70

GRI 301: Materials 2016	301-1 Materials used by weight or volume	 8.4  12.2	169
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RESPONSIBLE EMPLOYER


Occupational health and safety

GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85
	103-2 The management approach and its components		32, 114-116
	103-3 Evaluation of the management approach		28, 70, 117
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	 8.8	114
	403-2 Hazard identification, risk assessment, and incident investigation	 3.6  8.8	115
	403-3 Occupational health services	 8.8	114
	403-4 Worker participation, consultation, and communication on occupational health and safety	 8.8  16.7	116
	403-5 Worker training on occupational health and safety	 8.8	116
	403-6 Promotion of worker health	 8.8	108
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	 8.8	140, 141
	403-8 Workers covered by an occupational health and safety management system	 8.8	114
	403-9 Work-related injuries	 3.6, 3.9  8.8  16.1	117


Training and education			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85, 110
	103-2 The management approach and its components		110, 111
	103-3 Evaluation of the management approach		28, 70
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	 8.2	110
	404-3 Percentage of employees receiving regular performance and career development reviews		111
Diversity and equal opportunity			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85, 98
	103-2 The management approach and its components		98-101
	103-3 Evaluation of the management approach		28, 70, 98
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	 5.1, 5.5  8.5	36, 101-103 ✓
Employment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85
	103-2 The management approach and its components		88, 92, 95, 106-109
	103-3 Evaluation of the management approach		28, 70
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	 5.1  8.5, 8.6  10.3	94 ✓
Market presence			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85
	103-2 The management approach and its components		92
	103-3 Evaluation of the management approach		28, 70
GRI 202: Market presence 2016	202-2 Proportion of senior management hired from the local community	 8.5	36 ✓

Non-discrimination			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85, 98
	103-2 The management approach and its components		98-101
	103-3 Evaluation of the management approach		28, 70, 98
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	 5.1  8.8  10.3	98
SOCIAL STANDARDS/WORKING AND LIVING CONDITIONS IN AGRICULTURE AND RAW MATERIALS DEGRADATION			
Human rights assessment			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85, 142
	103-2 The management approach and its components		32, 141, 142
	103-3 Evaluation of the management approach		28, 141, 142
GRI 412: Human rights assessment 2016	412-2 Employee training on human rights policies or procedures	 5.2  8.5, 8.8  10.3  16.2	99
Freedom of association and collective bargaining			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		84, 85
	103-2 The management approach and its components		32, 141, 142
	103-3 Evaluation of the management approach		28, 141, 142
GRI 407: Freedom of association and collective bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	 8.8	There were no cases identified.
EXPANSION OF SUSTAINABLE PRODUCT RANGE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary		46, 84, 85
	103-2 The management approach and its components		46-51
	103-3 Evaluation of the management approach		28
	Number of certified products in our assortment		51

PREVENTION OF FOOD WASTE		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85, 174
	103-2 The management approach and its components	71, 174-177
	103-3 Evaluation of the management approach	28, 175
Projects implemented to reduce food waste	 12.3	176, 177




ANIMAL WELFARE PRODUCTS		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85
	103-2 The management approach and its components	43, 50, 51, 144, 184, 185
	103-3 Evaluation of the management approach	28, 51
Initiatives to promote good practices amongst animal products suppliers	 2.3, 2.4	144




POS - TRANSPARENCY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85
	103-2 The management approach and its components	48, 49
	103-3 Evaluation of the management approach	28
Measures to ensure POS transparency		49

PROMOTION OF LOCAL/NATIONAL PRODUCTS			
Procurement practices			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85, 140	
	103-2 The management approach and its components	43, 71, 140-145	
	103-3 Evaluation of the management approach	28, 141, 142	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	 8.3	145

GREEN LOGISTICS		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85, 172, 173
	103-2 The management approach and its components	172, 173
	103-3 Evaluation of the management approach	28, 172, 173
Measures to ensure sustainable processes in our logistic centers		172, 173

ENVIRONMENTAL-, CLIMATE- AND RESOURCE-FRIENDLY SUPPLY CHAIN/PRODUCTION		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85
	103-2 The management approach and its components	140, 141, 184, 185
	103-3 Evaluation of the management approach	28, 70
Measures to improve supply chain sustainability		143, 144

CUSTOMER SERVICE AND AWARENESS REGARDING SUSTAINABILITY TOPICS			
Indirect economic impacts			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85	
	103-2 The management approach and its components	155, 170, 171	
	103-3 Evaluation of the management approach	28, 155, 171	
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	 5.4  9.1, 9.4  11.2	155, 171

LOCAL/NATIONAL SOCIAL ENGAGEMENT AND ECOLOGICAL RESPONSIBILITY		
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its Boundary	84, 85, 122
	103-2 The management approach and its components	71, 122, 124-127, 130, 132-136
	103-3 Evaluation of the management approach	28, 70, 125
Total financial value of sponsorships directed to community investments	 4.4  11.2  17.17	123 ✓





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**Our
actions
do the
talking.**



Kaufland